

5th December 2019

Mr Darren Page
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Mr Page

RE: Rural Irrigation Pricing Review 2020-24

BRIA Irrigators Ltd would like to provide additional information which the Queensland Competition Authority may wish to consider before finalising its recommendations for 2020-2024 irrigation pricing tariffs in the Burdekin Haughton Water Supply Scheme. The additional information is listed below.

1. A discounted tariff in Haughton Zone A/GBA should not continue when the principles upon which the tariff was originally established no longer apply.
2. The principles established approximately 30 years ago, were that the scheme operator (State Water Projects) would provide 20,500ML of Burdekin river water, which had no entitlement to a distribution loss or peak flow entitlement (PFE), through the channel distribution scheme to supplement an estimated 19,700ML of groundwater in the GBA. This would provide a total of 40,200ML of allocation which if paid at 51% of the channel distribution tariff would allow the scheme operator to recover 100% of the cost of supplying channel water to Haughton Zone A/GBA.
3. There have been significant changes in Haughton Zone A/GBA in the last 30 years, including an increase in area under irrigation, removal of the inflatable bag of the Val Bird Weir resulting in reduced storage capacity, and many customers preferring to pump surface water instead of utilising the groundwater.
4. This has resulted in SunWater supplying 33,000ML a year on average over the last 19 years which amounts to 95% of GBA customers annual usage, not the agreed 51%.
5. Very little natural yield is being utilised by Zone A/GBA customers and SunWater will continue to under recover costs should the current discounting pricing arrangement be continued.
6. SunWater has diverted 16,000ML to the GBA since the beginning of the 2019/2020 water year and with diversions currently 250ML/day, it is highly likely that in excess of 22,000ML of channel distribution water will be diverted in the first half of the 2019-2020 water year ending 31st December 2019.

7. It is unreasonable for GBA customers to expect a tariff which is discounted for estimates of natural yield when it is not being utilised, and suggestions that the estimated 19,700ML be recognised as a pre-existing allocation when it is not being utilised is ludicrous.
8. Assertions that a discounted rate is justified because Zone A/GBA supply requires minimal infrastructure ignores the fact that channel water supplied by SunWater to Zone A/GBA requires the Burdekin Dam, Clare Weir, Tom Fennwick Pump Station, 30km of Haughton main channel and two Haughton river weirs and re-lift pumps to deliver the Zone A/GBA supply.
9. BRIA rejects any suggestion that discount pricing should apply to any section of the BHWSS because of lower productivity. Tariffs that are discounted for low productivity would result in a different tariff for each sub-section of the BHWSS and potentially different tariffs for individual customers. The BPS Productivity Report shows that Leichardt and Stockham Road customers of the BHWSS who pay the full channel tariff have equally low productivity as the Giru and Shirbourne customers in the GBA.
10. Statements that data contained in hydrology reports commissioned by SunWater and the QCA together with data contained in the Kavanagh Report are flawed and inaccurate, are not accepted by BRIA. It is inconceivable that SunWater would employ consultants and then provide them with flawed data. In the unlikely event that this has occurred it would raise serious concerns in relation to SunWater's competency and their commitment to resolving the GBA pricing issue.
11. BRIA has concerns that reliance on hydrology reports which state that the GBA is self-sufficient in most years, would result in regular and significant water shortages for GBA customers who require the same reliability of supply as channel customers. GBA customers suffered severely in the 2013/2014 water year when SunWater was unable to maintain their irrigation requirements through the channel distribution system for a brief period of less than one month.
12. There is now a meter at the Haughton Balancing Storage which records megalitres diverted from the channel system to Zone A/GBA, and when compared with the metered usage of Zone A/GBA customers, provides an accurate means of establishing any natural yield that is being utilised. Transparency and accountability for all BHWSS customers could be provided by telemetry with diversion meter readings being accessible on the SunWater website.
13. BRIA has proposed a tariff adjustment methodology which recognises any usage in excess of diversions as the amount of natural yield utilised by Zone A/GBA customers in any given year. Zone A customers immediately below the Haughton Balancing Storage diversion and above the GBA should be subject to the same tariff, as they were sold GBA allocation by State Water Projects, and lease additional allocation requirements from GBA customers which are charged at the GBA tariff.
14. The evidence does not support the continuation of the current pricing tariff in Zone A/GBA, and should it be continued during the 2020-2024 price path BRIA recommends that all costs associated with SunWater supplying water to Zone A/GBA should not be recovered from the prices applying to the remaining water entitlements in the BHWSS, or included in calculations of lower bound costs for BHWSS channel distribution customers.

Should you have any further queries please contact - Russ McNee *Manager* 0427 450 265

or Mario Barbagallo *Chairman* 0429 181 276