



Pioneer Valley Water Co-operative Limited

NEWSLETTER

Issue 16

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FINAL REPORT ON IRRIGATION WATER PRICING

In this Newsletter we cover the following areas:

- Final Report on Irrigation Water Pricing

The Queensland Competition Authority (QCA) last Thursday released their final report on the SunWater Irrigation Price Review 2012-2017. The report is in two parts – Volume 1 (587 pages) covering the QCA review for all irrigation schemes and Volume 2 which gives an individual report on the detailed review for each of the 30 irrigation schemes in Queensland. The Pioneer River Water Supply Scheme Volume 2 report is a further 147 pages. The full reports are available on the QCA website at <http://www.qca.org.au/water/sun-irrig-price/>.

We have been closely involved with the QCA review and have been able to achieve what we consider is the best result possible under the terms of reference for the review given to QCA by the previous Government. We have provided a number of written submissions to QCA and have been part of the Queensland Farmers Federation working group established to liaise directly with QCA during the review. Our various submissions on the review can be found on our website at <http://www.pvwater.com.au>

The final prices recommended by QCA for the SunWater Bulk Water Charge for the Pioneer for the next price path period (2012/13 to 2016/17) are shown in the following table.

	Current Price \$/ML	QCA Recommended Prices \$/ML				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Part A	12.60	12.46	12.77	13.09	13.42	13.75
Part B	8.26	2.62	2.69	2.76	2.83	2.90
Total	20.86	15.05	15.46	15.85	16.25	16.65

Under their initial cost information provided to QCA by SunWater in the Network Service Plan, charges in the Pioneer would have started at \$13.50/ML (Part A) and \$14.50/ML (Part B) for the new price path. Our detailed submissions in which we closely questioned many of SunWater costs have resulted in the much more palatable price arrangement recommended above.

The following are the main areas in which our close questioning has resulted in QCA scrutinising SunWater costs in their review.

Palm Tree Creek Outlet (Cone Valve) from Teemburra Dam

QCA have rejected expenditure by SunWater of \$1.3 million during the current price path from our submission that customers should not be required to pay three times for the one piece of infrastructure.

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Marian Weir Outlet Upgrade

QCA have allowed only \$1.08 million out of an estimated \$4.08 million total cost for the outlet upgrade following our submission that a major project like this should be subjected to a cost/benefit analysis in full consultation with all stakeholders. We also submitted that non engineering options should be examined as part of the consultation to meet the Resource Operations Plan requirements to lower water level in Marian Weir.

These options could negate the need to lower Marian level and include substitution of part of the SunWater reserve allocation, adjusted operation arrangements for Mirani and Dumbleton Weirs and adjusting supply reliability for customers. We consider that it is critical that all possible options for Marian Weir be examined **in full consultation** before any further expenditure is incurred on a project that would see water charges in the Pioneer need to increase substantially.

Mirani and Dumbleton Weirs Fabridams

SunWater provided an estimate of cost of \$17.4 million to reinstate temporary storage in the weirs following the deflation of the fabridams in 2008. Again our submission to QCA on this was that full consultation with all stakeholders including consideration of non engineering options must be completed before any further action is taken on replacement of fabridams. QCA have not allowed any costs for fabridams replacement in the new price path.

On the matter of consultation with customers, QCA have recommended that there be a legislative requirement for SunWater to consult with customers about any changes to its service standards and proposed renewals expenditure program.

The recommended prices from QCA are now with the Minister for Mines and Water Supply in the new Queensland Government for his final determination.