

QCA irrigation workshop: issues arising

[This note records issues identified and views expressed by stakeholders present at the meeting. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's draft report.]

Scheme/(s): Lower Mary WSS and distribution system

Date: Monday 4 February 2019

Government pricing principles

- Stakeholders questioned the value of the QCA review for schemes above lower bound costs as they already know the pricing outcome.
- Stakeholders supported removing recreation costs.
- Stakeholders questioned why fixed charges were increasing by \$2.38/ML and not \$2/ML.

Pricing framework

- Concerns were raised that the scheme is not reliable enough. At the beginning of the water year irrigators are allocated 100 per cent of medium priority allocations, but this can be cut off three months later.

Electricity costs

- Stakeholders noted they were taking a double hit in electricity prices—through increase in water prices and on-farm costs. Stakeholders discussed the challenges with improving on-farm electricity operational costs as this required significant capital outlays (e.g. changing irrigation technology).
- Stakeholders noted that if electricity costs continued to increase then the nature of agriculture will be different in the area.

Public interest matters

- The discussion on moderating bill impacts focussed on the variable component of bundled charges for the distribution system.
- Costs are going up faster than inflation—this is problematic for farmers as they are price takers for inputs and outputs.
- Some irrigators are already responding to price increases by substantially reducing irrigation (e.g. only irrigating at night).

Other issues

- Stakeholders questioned on what basis will the QCA's regulatory fee be allocated, for example, according to water allocation entitlements or scheme specific issues?
- Stakeholders wanted to know whether the QCA had access to all local management arrangement (LMA) documents to avoid duplication and reduce review costs.