

## 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):** Nogoia-Mackenzie WSS and Emerald distribution system

**Date:** Wednesday 13 February 2019

### Dam safety upgrade capital expenditure

- Some stakeholders said they had originally been told that they would not have to pay for the costs associated with the dam safety upgrades to Fairbairn Dam. However, some of these costs are now expected to be incurred beyond 1 July 2020, and therefore could be incorporated in prices.
- Concerns were raised that the QCA will assess dam safety on the basis of the 'flood mitigation dam' definition proposed in the dam safety consultation paper. Fairbairn Dam was not built as a flood mitigation dam, but still provides flood moderation benefits to the community. The dam has allowed the community to grow and has reduced costs to the community associated with previous floods.

### Inspector General Emergency Management (IGEM) review costs

- Stakeholders want more information on how IGEM costs have been allocated to schemes. Some dams operated by SunWater have been left out of the scope of this review, but would also incur IGEM costs. There were concerns that IGEM costs have only been allocated to regulated dams.
- One stakeholder noted that irrigators are already paying for flood monitoring activities, which the Bureau of Meteorology (BOM) uses to update its forecasts.

### SunWater's proposed costs

- Concern was raised that the long term maintenance costs of the modernisation works to the Selma Channel sub-system may outweigh the benefits of additional water allocations available to sell to customers.
- One stakeholder wanted more information regarding the definition the consultant will use for renewals expenditure. They considered that the consultant should consult with local people who have local knowledge, and indicated that they want to be more involved in the consultant's assessment of projects.
- One stakeholder indicated a dislike for the rolling annuity due to the uncertainty involved with forecasting renewals, and considered that a regulatory asset base (RAB) approach may be more suitable.
- Concerns were raised that the renewals costs are too high. It was considered that flood costs should be removed from the renewals annuity as irrigators are paying the interest of a negative annuity balance.
- Stakeholders wanted to assess the differences between a 30 year and 20 year annuity planning period.

### Other issues

- Stakeholders were concerned that the QCA may allocate time and costs to assessing Emerald distribution system which may be wasted if this system transitions to local management arrangements prior to the QCA's draft or final reports.