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Promoting Effective Sustainable
Catchment Management

11TH February, 2013

Mr. E. J. Hall,
Chief Executive,
Queensland Competition Authority,
GPO Box 2257,
BRISBANE QLD 4001

Dear Mr Hall,

Subject- Central Brisbane River WSS Replacement for the HUF calculation

We refer to the proposal by QCA to replace the HUF principle in calculating the price per ML for the above WSS. The way in which this alternative calculation is represented in the Draft report is indicative of a simplistic if not opportunistic approach to calculating what could be a business busting charge to farmers in the Mid Brisbane area. The costs proposed by Seqwater and accepted by QCA after consultation with SKM, an organization that also consults to Seqwater, are stated to be the costs of operating the assets defined in the Resource Operations plan of 2009. One can only assume that those costs apply to the management of all water stored in those assets, and water that is not dependent on the Dam storage, but flows from other tributaries of the Brisbane River System. Seqwater documentation indicates that the average water passing Savages Crossing Gauge is 906,776ML (plus 4,000 used by MBRI members per annum post Wivenhoe Dam).

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In view of the above, can QCA please provide documentation that would support their proposed methodology in the Draft Report, which appears to inadequately address the situation. Despite the above water being shared with Splityard, Stanley WSS, Toowoomba, Lowood, Qld Bulk Water Authority, Qld Grid Manager, Glamorgan Vale Water Board, Ipswich City Council, Coominya Abattoir, Somerset Regional Council, and the environment, it appears that QCA chose to pro rata the costs solely between the Mid Brisbane River Irrigators and the Brisbane Zone Water supply. We also advised the QCA on 24th January at Fernvale, that we consider a pro rata approach to allocating costs, is oppressive, when one of those organizations is insignificant relative to the base organization. In simple terms should MBRI not participate, the savings in cost to Seqwater would be irrelevant. This is particularly so where the level of service is undefined, and the product charged for, cannot clearly and without doubt be shown to emanate from the organization claiming the charge. Our research also leads us to suggest that there has been a test case that decided that current pricing should not include a component of cost for unutilized capacity.

We consider this is such a basic and significant part of the pricing assessment, that we should not be forced to spend scarce resources having professional reviews of the QCA financial data, until the above complex matter is at least professionally revisited.

Yours faithfully,



TOM WILKINSON

CHAIRMAN,

MID BRISBANE RIVER IRRIGATORS INC.

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