

ROUND TWO CONSULTATION – ISSUES ARISING

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

Scheme: Lower Lockyer Valley Water Supply Scheme

Date: Thursday, 24 January 2013

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1. Water Planning Processes

- Support was expressed for the Authority's recommendation that permanently tradeable water allocations be established within two years of the commencement of the regulatory period. Irrigators that are not currently using water would then be able to sell WAE, presumably to higher value / more productive users.

2. Draft Prices

- Irrigators generally considered that the recommended increase in Part B Charge to \$43.77 was not justified and needed to be moderated.
- The high Part B charge is based on water use over the past ten years which has been very low due to drought then flood. A longer period than ten years is required to determine a typical year. Typical conditions are considered to be returning and water use will be far higher over the regulatory period than over the past ten years.
- The introduction of permanent water trading is likely to move water to active water users. This will increase water use above the average of the past ten years as productive users buy water allocations.
- Irrigators considered that the draft recommended prices provided a disincentive to use water. It is not appropriate for high percentage water users to have a greater increase in their bill than low percentage water users. High water users should be encouraged to use water and to create economic activity.
- Irrigators generally considered that the Part B charge should decrease and accepted that the Part A charge would need to increase in order to maintain current revenues. It was noted that many of the irrigators present are large water users. Consequently, any move to increase Part A and decrease Part B charges, would favour such (high) water users.
- A declining block tariff was suggested so that irrigators pay less Part B as the amount of water they use (as a percentage of their nominal WAE) increases. Alternatively, to encourage use, irrigators could be charged for 30% of their nominal WAE, irrespective of use, to encourage irrigators to use at least 30% of their nominal WAE
- Due to several years of drought conditions, irrigators have installed infrastructure to access other water supplies such as bores and the capture of overland flows. This water can be used without direct cost for water – only marginal pumping costs. If the Part B for supplemented water is too high, irrigators will not use supplemented water, and the scheme will not be used. This is not considered efficient.