

2025-29 rural irrigation price review Clare workshop – summary of issues raised

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

Scheme: Burdekin-Haughton

Date of workshop: 1 August 2024

Topic	Issues raised
Usage and efficiency	<ul style="list-style-type: none"> A stakeholder queried how the QCA addressed the difference between Sunwater's proposed (average) usage and actual usage. Some stakeholders had concerns with the QCA's methodology for estimating usage, stating that it should be based on grower allocations and not total allocations (which include distribution losses), to reflect what is saleable. Some stakeholders noted that using a 20-year average is not helpful in encouraging efficiency gains. It was further noted that Sunwater lacks incentives for efficiency gains in this scheme as it is unable to sell excess 'loss' entitlements that are converted to 'use' entitlements due to a lack of demand.
Fixed versus variable cost split	<ul style="list-style-type: none"> A stakeholder said that fixed costs should reflect the actual proportion of Sunwater's costs that are fixed.
Stakeholder submissions	<ul style="list-style-type: none"> A stakeholder said that the QCA's final report should include a tally of stakeholder positions that the QCA has accepted.
Exclusion of pre-2000 assets	<ul style="list-style-type: none"> A stakeholder objected to the QCA's draft report referring to the exclusion of a return on pre-2000 assets as an additional subsidy.
Renewals program	<ul style="list-style-type: none"> A stakeholder queried how the QCA would ensure that proposed efficiencies in the renewals program would not be achieved at the expense of a reduction in service levels.
RAB versus annuity approach	<ul style="list-style-type: none"> There was discussion about the differences between these approaches, including the pros and cons of each approach as discussed in the draft report. Some stakeholders expressed a preference for maintaining the annuity approach but improving outcomes under this approach by requiring Sunwater to engage customers with better and more transparent information on the renewals program.
Billing system cost allocation	<ul style="list-style-type: none"> A stakeholder considered that cost allocation for the billing system should be based on customer numbers.

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Giru Groundwater tariff group	<ul style="list-style-type: none"> Some stakeholders disagreed with the draft report findings on the extent of supplementation of Haughton Zone A, stating that natural yield had not been recognised. Some stakeholders said there is a different level of service for Giru Groundwater tariff customers, and that it is unfair and uncompetitive if these customers pay the same price but get a lesser service. Another stakeholder suggested Giru Groundwater tariff group customers could pay for water from the Haughton Balancing Storage, as well as costs specific to Giru Benefited Groundwater Area (GBGA), and that other channel customers should not be disadvantaged by having to cover the costs of losses in the GBGA.
Electricity cost pass-through mechanism	<ul style="list-style-type: none"> A stakeholder said that in the absence of this mechanism being implemented, it was important to retain the reporting aspects of the proposal to ensure the improved transparency on Sunwater's electricity costs was maintained.
Regulatory fee	<ul style="list-style-type: none"> It was suggested that the QCA's regulatory fee should be spread across all water users, not just irrigation customers (as Sunwater may use review information in its dealings with other water users).
Term of price path period	<ul style="list-style-type: none"> It was suggested that a longer price path period for future irrigation price reviews could be included in the QCA's recommendations.