

Central Lockyer Irrigation Forum

Held: 7:00pm on 23 May 2016 at Gatton

Attendees: 18 irrigation customers were in attendance

The meeting commenced at 7:15pm.

Agenda Item 1 – Welcome and Introduction

Seqwater advised that these open customer forums replace the former customer councils. The forum was told that Seqwater proposed to continue with irrigator forums open to all customers of the Scheme unless customers requested an alternative arrangement. Seqwater advised that consultation forums would continue to be held at least annually. Additional forums may be held subject to customer or Seqwater demand. Seqwater further proposed that it would meet with any customer working groups formed to address specific issues. Customers were advised to signal the need for convening a forum by placing requests either by phone (1800 077 005) or email (irrigators@seqwater.com.au).

The forum was advised that Seqwater could only respond to operational matters. Matters concerning government policy were outside of its jurisdiction.

Customers were advised that the 2015-16 Central Lockyer Valley Water Supply Scheme Network Service Plan (NSP) was available on Seqwater's website and the 2016-17 NSP would be available from 30 September 2016 (see <http://www.seqwater.com.au/water-supply/irrigation/logan-river-water-supply-scheme>). Customers without internet access and wishing to receive a copy of the existing plan, and/or request the new plan when it is available, were asked to register their interest by phone (1800 077 005).

Agenda Item 2 – Renewals program

Seqwater reported on the current year renewals program and outlined the renewals works expected to be undertaken in 2016-17.

Seqwater advised that the replacement of 20 water meters has been rolled out and will be completed, under budget, by the end of the water year. The question was raised about the average cost to replace a meter and the forum was advised that the total costs included the replacement of pipework in many cases, not just the meters, to bring them into line with Australian Standards. There are also varying sizes of meters which make it difficult to give an average cost per meter however the work had been carried out by a contractor, obtained by competitive tender.

A question arose as to why the existing pipework had to be replaced. The forum was advised that sometimes the existing pipework needs to be raised so it is accessible and so that it meets Australian Standards for accuracy and calibration. It was acknowledged that an out-of-ground

installation will sometimes result in a loss of pressure however it is necessary in order to provide access that meets workplace health and safety regulations. Pipework is not replaced if it already is up to standard. In future, it is envisaged that only meters will need to be replaced and there will be a rolling program to ensure they are replaced at least every 10 years.

Several questions arose regarding whether farmers have a say about which meters get replaced and how Seqwater determines which meters get replaced and how many. The forum was advised that Seqwater carries out a desktop audit and targets the oldest to replace first. Condition assessments are also carried out in the field to try to confirm the need for replacement. There was general consensus that the installers that have been used for the past couple of years (Heaton) are giving irrigators plenty of notice prior to installation and are generally good to deal with.

Refurbishment of the pump within Clarendon Dam is nearing completion and the Jordan 2 Weir valve has been replaced. No renewals works were carried out on Morton Vale Pipeline in 2015-16.

Agenda Item 3 – Future renewals plan

Seqwater advised that the clearing of the channel and removal of debris from Clarendon will take place in 2016-17 together with the installation of 24 meters. There are no budgeted renewals for Morton Vale pipeline for 2016-17. Budgeted figures and actual expenditure for renewals works are reported each year in the Network Service Plans.

A number of questions were raised in relation to whether Seqwater had looked into options for re-lifting the water to the MV1 lateral which runs uphill from the gravity feed outlet from Clarendon Dam. Seqwater advised that investigations had been done however the costs involved are significant. Seqwater agreed to investigate the options again and identify the affected irrigators to discuss options.

Options Analyses

Seqwater explained that the price path includes an annuity component. The annuity is calculated by forecasting the projected scheme expenses for 20 years. Because these costs impact water prices, customers can choose to have Seqwater engage a consulting engineer to look at qualifying projects in order to see if there is any way to reduce costs. The costs of the consulting engineers would be borne by customers.

A high-level options analysis, for projects costing more than 10% of the total forecast renewals costs for the period 2022-37, would potentially cost around \$4,000. A detailed options analysis for projects costing more than 10% of the total forecast renewals costs for the period 2017-22 would potentially cost around \$12,000. The scheme has no qualifying projects.

After some discussion, it was clarified that these costs are capital costs, not routine repairs and maintenance.

As commencement of the next price path has been deferred until 2019, Seqwater proposed that discussions regarding costs and possible options analyses also be deferred until closer to that time. The forum agreed this was sensible.

Agenda Item 4 – Operations questions and answers

An irrigator asked if the weirs were going to be cleaned. Seqwater advised that this is currently being looked at with a view to getting a sand and gravel business to come in and dredge the weir at no cost, retaining the sand and gravel for sale.

Agenda Item 5 – 2016-17 announced allocation

The process for determining the announced allocation is defined in the Resource Operations Plan (ROP) and this was explained in more detail. Attendees were advised that the Announced Allocation (AA) only applies to Morton Vale allocation holders, Crowley Vale and the Laidley Golf Club at present. With Bill Gunn Dam currently at 8% and Clarendon Dam at 16%, the forecast announced allocation for the start of the 2016-17 water year on 1 July is expected to be 70% for Morton Vale and 0% for Crowley Vale and the Laidley Golf Club. Seqwater advised that if the announced allocation is less than 100%, it will be reviewed each month to determine if it can be increased.

There was discussion on whether the Part A charge should be reduced proportionally by the AA percentage. Seqwater advised that the Part A charges were calculated by the Queensland Competition Authority (QCA) based on the fixed costs to run the system. It was also explained to the forum that this is a matter of Government policy and Seqwater must comply with the Government's pricing direction notice. A question was raised as to why there is Part A/B/C and D pricing on Morton Vale. It was explained to the forum that this was to comply with an Australian Competition and Consumer Commission (ACCC) ruling to separate the costing and pricing of the services provided by the headworks (dams) from the distribution systems (channels and pipelines) to avoid cross-subsidies.

A question was raised whether Queensland's water pricing policy changes with each change of government. Seqwater advised that the current price path process was started by the Bligh government, was implemented by the Newman government and continues to be endorsed by the Palaszczuk government.

An irrigator stated a concern that there appears to be no conduit to government to discuss issues. Queensland Farmers Federation noted that the Queensland government sets the terms of reference for the QCA and therefore irrigators have a voice through their local Member of Parliament.

Agenda Item 6 – Irrigation water price path going forward

The current price path ends 30 June 2017. As per the recent notice that was sent to all irrigators on behalf of the Department of Energy and Water Supply, the next price path has been deferred for two years.

For 2016-17, Part A and Part B charges will apply to the Crowley Vale Water Board and the Laidley Golf Club. Part B only will continue to apply to groundwater and surface water users who do not have volumetric interim water allocations. Morton Vale allocation holders will continue to be charged Parts A, B, C and D.

The price path at 30 June 2016 will be extended with prices being increased by \$2 plus CPI of 2.5% each year for Part A and by CPI only for Part B. For Morton Vale, Part A will be increased by \$2 plus CPI each year and Parts C and D will increase by CPI.

Seqwater presented charts showing that the current actual expenditure is tracking well against the forecast expenditure used to determine the current price path and that renewals are also

tracking well against budget. It was noted that Morton Vale costs are less than budget, largely due to soil stability reducing pipe breaks.

After some discussion regarding the renewals budget and how it works, an irrigator asked if any thought had been given to including in the renewals program, a pump to capture overland flood water going past Clarendon Dam wall. Seqwater advised that this had been looked at previously but it was decided that the low depth of the water flowing past was difficult to capture and the size of the pumps required made it very costly. However, Seqwater will consider revisiting the idea.

Agenda Item 7 – Volumetric water allocations project

Seqwater advised that the allocation of volumes to licences is a DNRM project and forms part of the rollout of the Resource Operations Plan (ROP) to the scheme. Once the ROP is in place, water entitlements will convert to tradeable allocations and customers will be required to have a supply contract in place as per the *Water Act 2000*.

A customer asked if trading would be for river allocations only or if groundwater and pipeline allocations would also be tradeable. Seqwater referred customers to DNRM to discuss these issues and express their concerns.

Agenda Item 8 – Future consultations, other matters

Seqwater will continue to hold forums every 12 months unless they are needed more frequently, particularly coming up to the next price path. Attendees confirmed the time and venue were convenient for the forums.

Customers can find more information about the scheme on the Seqwater website under Everyday Water/Irrigation Schemes/Central Lockyer Water Supply Scheme. If there is specific content that customers would like to see on the website, they should contact the irrigation team by email at irrigators@seqwater.com.au or phone (1800 077 005).

The question was raised as to why two people were needed to read the meters. Seqwater advised that this was partly due to a safety issue because staff travel to remote areas and there is always the possibility of snake bite or other injury. Seqwater have also reduced the amount of vehicles allocated to the scheme, resulting in overall costs savings.

Agenda Item 9 – Meeting close

With all agenda items completed and no further questions, the meeting was closed.