

14 December 2018

Chairperson
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Sir,

**SOMERSET REGIONAL COUNCIL SUBMISSION
UNDER SECTION 23 OF THE QUEENSLAND COMPETITION AUTHORITY ACT 1997**

Regarding submissions into the Queensland Competition Authority's investigation into the pricing practices of SEQ Water.

The Somerset Regional Council fully supports the submission lodged by the Lockyer Valley Irrigators for the schemes listed.

- Atkinson Dam
- Lake Clarendon
- Mortonvale Pipeline
- Bill Gunn Dam

As demonstrated in the Irrigators submission, the performance of the above Water Supply Schemes has been particularly poor over many years, resulting in a lack of water being available for use by Irrigators. As a result, it is not equitable to apply Part A charges because the poor performance of the Water Supply Schemes has made it difficult for Irrigators to generate income from those Schemes. Charges for water from these Schemes should remain volumetrically based in order to create a more equitable distribution of costs based on user pays. Volumetric charging will reflect water availability and the Irrigators actual ability to generate agricultural production and cash flow.

Whilst in local government potable water supply schemes the concept of an access charge and volumetric charging is well established, there is a clear and distinct difference in relation to water supply from Atkinson Dam. Local government water supply schemes have virtually 100% reliability of supply.

Even in the wholesaling of water by South East Queensland Water to retail water suppliers, ie QUU, the dual charge of access and volumetric can be supported because such schemes have virtually 100% reliability of supply. As the submission by irrigators details, reliability of supply from particularly Atkinson Dam, is extreme poor over a long period of time and as such the dual pricing model is not applicable and certainly not applicable in the high percentage being proposed for the access charge.

In addition, Council supports the Lockyer Valley Irrigators other recommendations included in their submission, specifically that:

1. New pricing principles should be defined for Water Supply Schemes where supply performance is well below acceptable levels.

2. Reduce or prevent cross subsidisation by introducing Nodal pricing based on the different costs incurred for distribution of water from the different Schemes..

Thank you for considering this submission and should you have any queries please do not hesitate to contact me.

Yours sincerely

Cr Graeme Lehmann
Mayor Somerset Regional Council