Queensland Competition Authority

## Giru workshop—issues raised

*This note records issues identified and views expressed by stakeholders present at the QCA's initial workshop for the 2025–29 irrigation pricing review. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's draft report.*

**Scheme:** Burdekin-Haughton

**Date:** 14 February 2024

| Topic | Issues raised |
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| Classification of GBGA weirs | • Stakeholders raised issues with the change of the classification of the weirs in the Giru Benefited Groundwater Area (GBGA) from bulk to distribution assets, which they said occurred during the local management arrangements (LMA) review process. |
| Natural yield | • Stakeholders raised issues with the removal of the 19,700 ML of natural yield that was acknowledged in the interim resource operations licence but was excluded from the final resource operations plan.<br>• Stakeholders want the QCA to return the previous natural yield to the GBGA tariff group for pricing purposes. It was claimed this was removed in the previous review due to incorrect information.<br>• A stakeholder questioned the impact of water imported into the GBGA on prices.<br>• Concern was expressed about how natural yield would be shared given potential for increased demand arising from government policy (such as fish ladders, environmental flows etc).<br>• It was suggested that the QCA's draft report should also include a price that reflects an adjustment for natural yield. |
| Level of service | • Stakeholders indicated that the level of service (cost to serve) is different between channel water, surface water in the river and bore water. It was also noted that on-farm costs are significantly higher for GBGA irrigators.<br>• A stakeholder said that the recognition of natural yield was in compensation for the lower level of service provided to GBGA customers due to the historical decision to serve GBGA customers by constructing weirs on the Haughton River, rather than a channel. However, it was noted that GBGA customers now pay the same amount as channel users (due to being treated as part of the same cost base), without the same level of service provided by a channel. |
| Electricity cost pass-through mechanism | • Stakeholders indicated that the Burdekin area was supportive of the principles of an electricity cost pass through mechanism but not the methodology proposed by Sunwater. |

| Topic | Issues raised |
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| RAB vs annuity approach | • Stakeholders indicated that a transition to a RAB approach is not supported by the Burdekin region.<br>• A stakeholder questioned whether original renewals amounts were carried forward. Stakeholders also queried what happens to the annuity they have been paying if there is a change to a RAB approach. |
| Rising groundwater issue | • A stakeholder asked if we would look at how current pricing is affecting the issue of rising groundwater in the Burdekin-Haughton region.<br>• A concern was raised that the percentage of total costs allocated to the fixed tariff component results in surface water being prioritised over groundwater. |
| Sunwater's proposed costs | • Stakeholders queried several aspects of Sunwater's proposed costs, including: electricity costs; costs for distribution infrastructure that is not used; inflation; and corporate overheads.<br>• A stakeholder asked how the QCA will benchmark Sunwater's costs. |