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Water Act 2000 (Section 1013D)

RURAL WATER PRICING DIRECTION NOTICE (No. 1) 2013

Short title

1. This notice may be cited as the *Rural Water Pricing Direction Notice (No. 1) 2013*.
2. Queensland Bulk Water Authority, trading as Seqwater is directed to comply with this notice when charging rural irrigation water prices in Seqwater water supply schemes and distribution systems for the period commencing on 1 January 2014 and ending on 30 June 2017.

Prices for rural irrigation customers in Seqwater water supply schemes and distribution systems

Bulk water supply schemes

3. The rural irrigation water prices for Seqwater bulk water supply schemes are the Recommended Final Prices in –
 - Table 7.26, page 255 of the Queensland Competition Authority's *Final Report Seqwater Irrigation Price Review 2013-17 Volume 1* (April 2013)* (QCA Final Report).

Distribution systems

4. The rural irrigation water prices for Seqwater distribution systems are the Recommended Final Prices in –
 - Table 7.27, page 256 of the QCA Final Report
5. The charging components in the Recommended Final Prices comprise a—
 - a. River Part A charge payable for each megalitre of water entitlement; and
 - b. River Part B charge payable for each megalitre of water used under the water entitlement; and
 - c. Part C charge payable for each megalitre of water entitlement; and
 - d. Part D charge payable for each megalitre of water used under the water entitlement.

Termination fees – Pie Creek

6. The rural irrigation termination fees for Pie Creek are the Recommended Final Report Termination Fees in –
 - Table 7.28, page 257 of the QCA Final Report.
7. The rural irrigation termination fees for Pie Creek are the maximum Seqwater can charge. Seqwater may decide to charge a fee that is lower than the rural irrigation termination fee determined in paragraph 6.

Recommendations related to Pricing Practices

8. In regard to the recommendations detailed in Schedule 1, Seqwater is directed to implement the recommendations in line with the timeframes specified by the Queensland Competition Authority (the Authority).

Duration of the notice

9. The requirements of this *Rural Water Pricing Direction Notice (No. 1) 2013* are effective from 1 January 2014 until 30 June 2017 unless amended, replaced or rescinded before 30 June 2017.

SCHEDULE 1

QCA Final Report Page Reference	Recommendation
98	The Authority recommends that Seqwater implement improvements to its renewals planning and processes as outlined in the Sinclair Knight Merz Final Report by 30 June 2015.
101	The Authority recommends that Seqwater adopt modern equivalent replacement costs and/or more specific asset class indices, as appropriate, when preparing renewal expenditure estimates.
122	<p>The Authority recommends that, in forecasting renewals expenditure, Seqwater should consult with irrigators to establish whether there is a need for, and the nature of:</p> <p>(a) high-level options analysis for material renewals expenditures expected to occur over the Authority's recommended planning period (with a material renewal expenditure being defined as one which accounts for 10% or more in present value terms of total forecast renewals expenditure); and</p> <p>(b) detailed options analysis for all material renewals expenditures expected to occur within the subsequent five-year regulatory period.</p>
173	<p>The Authority recommends that:</p> <p>(a) Seqwater continue to upgrade its policies, procedures, and information for the budgeting, incurrence and management of costs for irrigation tariff groups.</p> <p>(b) Seqwater annually publish enhanced network service plans (NSPs) on its website by 30 September each year (starting in 2013) for each water supply scheme (WSS) comparing actual operating and renewals costs against forecast and account for significant variances.</p> <p>(c) Seqwater establish and support irrigation advisory committees.</p> <p>(d) Seqwater recover the proposed annual costs (\$49,000), associated with the NSPs and irrigation advisory committees, from irrigators only – shared equally across the seven WSSs (i.e. \$7,000 per WSS annually).</p> <p>(e) After consulting on the basis of these NSPs and through the irrigation advisory committees, Seqwater should annually publish on its website any stakeholder submissions and Seqwater's responses and decisions.</p> <p>(f) Whilst Seqwater's Statement of Obligations now requires Seqwater to consult with irrigation customers, as it does not specify (at least) annual consultation, Seqwater should amend its Strategic and Operational Plans to this effect.</p>

* The *Queensland Competition Authority Final Report Seqwater Irrigation Price Review: 2013-17 Volume 1* is available on the Queensland Competition Authority's website <http://www.qca.org.au/files/W-QCA-SeqwaterIPR-201317-Vol1-0513.pdf>

ENDNOTES

1. Made by Minister McArdle on 16 December 2013.
2. Made by the Treasurer on 18 December 2013.
3. Published in the Gazette on 19 December 2013.
4. Not required to be laid before the Legislative Assembly.