

Boyne River Irrigator Advisory Committee
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Re: - QCA Round 2 Consultation, 13/4/11 ,Boyne River and Tarong WSS

To Queensland Competition Authority,

Submission on NSPs & Consultants' Draft Reports
Due 22 April 2011

As chairman of the Boyne River Irrigator Advisory Committee, I would like to put forward my submission on behalf of all Boyne River Irrigators. The issues that are relevant to the Authority's current investigation into water pricing for the Boyne River and Tarong water supply are as follows:-

1. The information provided by the QCA Round 2 Consultation was lacking in some areas.
2. The Boyne irrigators need to be able to comment on the consultant's final report to see if the data deficiencies have been addressed to allow an adequate investigation.
3. Presenters on the day did not show knowledge of the schemes specific problems, nor had any of them read my previous submission. It leaves questions on the integrity of the consultation process.
4. The Boyne irrigators need to validate indirect & overheads for scheme compared with Tarong. All costs for the Pipe line to Tarong must be seen to be segregated.
5. The unreliability of the Boyne R. due to the 70,000ML cut off must be taken into account in usage assessment.
6. The conversion of 2,000ML of MP to HP has not been considered in indexation of usage against 2004.
7. The conversion of 2,000ML of MP to HP has reduced the amount of allocations to pay for the same level of costs. Further Trading of MP to HP will only increase the cost burden to the irrigators.
8. There is a need to see further analysis of operating costs before 2007 to assess correlation of costs & usage. A significant proportion of these costs are variable costs. We need to see this analysis before recommendations are made on tariffs.
9. More explanations of the renewals projects for 2017 & 2030 are needed.
10. Boyne irrigators can't cope with higher part A costs with supply cuts ranging from 3 to 6 years plus.
11. Specific analyses have been conducted of the scheme by Sunwater & DERM that verifies the application of HUFs (hydraulic utilisation factors). The scheme is a special case that warrants special consideration.
12. Special consideration, given our HUFs, is needed when considering renewals, capital cost allocation & operating costs.

13. Cost sharing for the previous price path (2006 – 2010) was 70% HP, 30%MP. The recent conversion of Medium Priority water to High Priority water for the South Burnett Regional Council will have changed the costing structure. The Boyne Irrigators were assured by DERM and Sunwater that all costs associated to the conversion would be passed on. The Boyne Irrigators **do not** want their water prices to go up because of fewer licences associated with the scheme. The conversion of Medium Priority water to High Priority water was only to happen if the viability of the Boyne Irrigators was not affected! We will be looking to the QCA to enforce these issues for this price path and the next.
14. The cost sharing from the last price path of 70% HP and 30%MP was based on water usage. The Boyne Irrigators would argue that the cost sharing should be based on water storage volumes 80% HP: 20% MP. We share the top 70% of Boondooma dam volumetrically with Tarong 70:30, with the bottom 30% being the 70,000 ML cut off limit, which is not used by the irrigators. The Boyne Irrigators would at maximum use 20% of the storage facility, but are hit with 30% of the usage bill. When Sunwater ask for a return on their asset, it is unfair that the Boyne Irrigators are asked to pay more than their share! High Priority users must store a lot of their water to gain their reliability, therefore they should pay for the water stored that they don't use.
15. With the water pricing review process underway a lot of the irrigators are expressing concerns with their ability to pay. The economic down turn, increasing costs, electricity up 15%, are all putting economic strain on all farmers. Farmers are price takers and not price setters, which mean we cannot pass costs on to consumers. We would ask the QCA to consider this, how will Sunwater get a return on investments, if the irrigators cannot afford to use the water?
16. The Boyne Irrigators are unique in the Burnett River Basin with the lowest water reliability of 76%. In the last 10 years we've had 4 years of no released water from Boondooma dam (the level of the dam was under the 70,000ML cut off). This has put an enormous economic strain on the viability of irrigators on the system. Of the 4 years drought, 3 years were consecutive. Irrigators through this time had 2 choices. 1. Stop irrigating and suffer a reduction in production or 2. Invest heavily in capital structures like storage dams and flood harvesting equipment to keep the water flowing. Both options have caused economical strain, not to mention the emotional and physiological strain that a prolonged drought brings. The Boyne Irrigators are also unique in the fact that the drought was not altogether weather related. The drought for the Boyne Irrigators was caused, in part by the mismanagement of the scheme by the Qld Government. When the Qld Government implemented the 70,000ML cut off rule, it robbed the Boyne Irrigators of its reliability so that South East Queensland could have a reliable water source for Tarong Power station, with no compensation to the irrigators. In conclusion it seems unfair for the Boyne Irrigators to pay Sunwaters costs through a Qld Government implemented droughts. The Boyne River is unique in the Burnett River Basin and should be given special consideration. **We believe that the Government has caused excessive droughts in our system and the irrigators should not bear the extra economic burden.**

On behalf of the irrigators, please consider our thoughts on water pricing for the next 5 years.

Regards,

Ken Darrow
Chairman
Boyne River Irrigator Advisory Committee