

Queensland Competition Authority

SUBMISSION ON BEHALF OF THE CONDAMINE PLAINS WATER

SUNWATER IRRIGATION PRICE REVIEW UPPER CONDAMINE

1. We appreciate the recognition that Medium Priority Users have a much lower utilisation of headwork's than previously claimed. This is exacerbated by the fact that there has been no allocation in dry years when water is most valuable. We therefore support the Fixed Cost Allocation of 11% of costs to Medium Priority Users.

2. The North Branch Diversion Scheme has always been seen as addition to the Upper Condamine Irrigation Project. The cost of gates and weir may be socialised in the total supply scheme, but the full cost of the diversion pumping station – operating, maintenance and renewal should be fully allocated to North Branch Users, as was intended in the original differential charge. The Cost Reflective Prices tabled do not allow for this.

3. It is unreasonable that the recommended prices for Medium Priority Users are so much higher than, the Cost Reflective Prices. We understand that there is a Ministerial Directive that prices should not fall. The Upper Condamine Scheme is different from other schemes in that the major beneficiary of the works are the high priority users. The High Priority Users should pay their Full Cost Reflective Prices – If this is not charged by SunWater, it is their responsibility and it is not reasonable to push these costs onto Medium Priority Users.

4. It should be noted that Medium Priority Users have long paid at higher rates than the now established Cost Reflective Prices. The Negative Reserve Balances in the Renewal Annuity reflect the past undercharging of High Priority Users and should not be burdening Medium Priority Users. The previous high charges should be credited to the medium priority users Renewal Annuity Account.

5. Alternatively there should not be an annual increase in the price charged until the annually adjusted Cost Reflective Price reaches the current recommended prices.

F.R.Brazil

Chairman

21 December 2011