

ETON IRRIGATORS ADVISORY COMMITTEE

C/- Mrs B Walker
PO Box 145
MIRANI QLD 4754

27th April 2010

Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Sir

RE: Irrigation Prices for SunWater Schemes: 2011-2016

Please be advised that the Eton Irrigators Committee express their interest to participate in local stakeholder meetings and receive issues papers and reports related to this investigation.

At this juncture it is important to clarify some misleading information provided by the Synergies Report and also comment on operational inefficiencies before making comment on the Issues Papers.

Comments on the Synergies Report on the Eton Water Supply Scheme

- Storage capacity of Kinchant Dam is quoted as 65,600 ML. This is no longer achievable due to structural problems with the dam wall. The dam is only capable of storing 62,800 ML, this would therefore reduce the amount of WAE
- Announced allocations are reported as 100% for the years 2006 through to 2009. This is misleading as announced allocations start in the region of 75% and then rise to 100% at the end of the season when the crop demand is reduced. This situation is exacerbated in drier years and as an example announced allocations at the start of the water year 2005 was as low as 15%. This situation is exacerbated by the implementation of the Pioneer Valley Water Resource Plan which has reduced allocations of groundwater supply within the Eton Scheme.

Operational Issues

- Stage 2 pumps are still not operational even though a study was to be implemented as part of the last price path negotiations. This reduces the volumes that will be able to be pumped in dry years and have a negative impact on supply reliability.
- The inability to utilise the fabri-dam to create a pumping pool above the level of the main Mirani weir will increase the costs of water harvesting. Mainly as a result of the extra head created in getting the water up over the bank. Pump station three was designed to be utilised in conjunction with the fabri-dam inflated. Further inefficiencies are created as there is not a sufficient reservoir and pumps would have to operate on a stop start scenario.

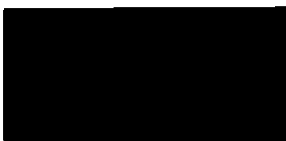
Comments on the Issues Paper

The Eton Irrigators Committee opposes the Governments brief to QCA for the following reasons.

- The approach to rate of return on headwork assets is not consistent with that adopted in southern states and is likely to result in water prices in SunWater schemes that are not competitive and would give an unfair advantage to competitors. There are State and Commonwealth Government investment programs which are providing funds to aid southern state schemes to modernise and be competitive. The New South Wales Government has deemed that all assets including headworks prior to 1997 be considered as sunken costs.
- Eton Irrigators have provided funds and carried significant costs in building and maintaining the infrastructure not only for the benefit of themselves but also for their communities. Eton Irrigators have also carried the added burden of paying a renewals annuity.
- Irrigators are unlikely to agree to further investments in infrastructure, social or environmental issues if they are asked to pay for both cost recovery and a rate of return on assets.
- This approach provides no encouragement to Irrigators to take a strategic view of increasing water usage nor the implementation of water use efficiency measures, thereby improving the viability of growers, millers and scheme operators (SunWater).
- Eton Irrigators Committee are perturbed by the monopolistic structure of scheme operators at both a local and state level. It would be critical to have independently audited reports on efficiencies and cost data for SunWater as part of this QCA process.
- There is no provision to consider the restructure of schemes to local management which may reduce the need for increased water charges.

The Eton Irrigators Committee wish to thank you for the opportunity to be involved and look forward to an open and transparent consultative process.

Yours faithfully,



Colin Dunn
Chairman (Eton Irrigators Committee)