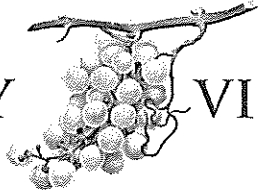


BURNETT VALLEY VINEYARDS PTY LTD



4 November, 2019

The CEO
Queensland Competition Authority

BY FAX 3222 0599

Dear Sir

Barker Barambah Water Supply Scheme (Scheme) Price Review

Burnett Valley Vineyards Pty Ltd (BVV) holds a number of megalitre allocations in this Scheme, the bulk of which are in the Redgate Relift.

I have a number of concerns (which I share particularly with Sunwater customers in the Scheme including Greg and Sue Louis) and I outline them as follows:

1. You clearly make the point that supply reliability concerns should not be addressed through the tariff structure. That is taking a strict economic approach and ignoring the severe impact the current inability of Sunwater to supply is having on the farmers in the Scheme.
2. This is, of course, not the first time that customers in this Scheme have had no water.
3. We understand the legitimate desire of the State Government through its statutory authority Sunwater to obtain a return on the investment that has been made in the Scheme. However, that economic goal should not be pursued where blind adherence to it produces adverse economic outcomes to customers.
4. When the BP dam was constructed it was lauded as an inter-generational piece of infrastructure spending that would assist the South Burnett from being a marginal farming region to a diverse and prosperous region. Unfortunately the reliability and cost of water has prejudiced that vision.
5. Schedule A illustrates that in the last 18 years customers have had less than 40% allocation in 8 of those years, and in 4 of them, the allocation was at zero for all, or part of the year.
6. While it may not be the appropriate forum to raise the issue, for completeness, Sunwater should be addressing the reliability issue by extending the size of the BP dam and also undertaking the feasibility work to divert Barambah Creek flood water to the BP Dam.
7. I now turn to the specific pricing concerns:
 - a) How on any objective test can Part A be charged, let alone be increased, when Sunwater cannot provide any water? This is unfair and unconscionable.
 - b) It is been noted the Government should address the issue of fees being charged for no service by way of drought relief. If so, that should be announced contemporaneously with any increase.
 - c) What is the justification for the Redgate Relift price to be over 5 times the Regulated Rate? The farmers in the Redgate Relift feel discriminated against as a consequence.

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- d) Of even more concern is the threat/warning that the tariffs will be increased to "cost reflective prices" in coming years.
8. With no water to supply, it would be appropriate to seek assurances that Sunwater has taken all possible steps to reduce its fixed costs for the Scheme.
 9. To the economists who drafted this Report it is requested that regard be given to the flow on effect on small communities of decisions founded on narrow policy.
 10. I expect I speak for many families in the region – good hard working people, environmentally conscious, wanting to either maintain or grow their farming operations for the next generation. They understand the Government cannot control the weather. However the Government can direct Sunwater to take a broad view on economic return and take into account the employment and health issues arising from a Draft Report indicating that over the next few years Part A will increase to over \$50 per megalitre – whether water is available or not. It must be appreciated how deflating that can be on a farming family to learn of the magnitude of the "gradual transition path" for one of their most significant costs and the driver of production.
 11. The State Government subsidises large number of organisations for a variety of policy reasons. Does it really matter if the Scheme fails to achieve "cost reflective" prices and results in a subsidy, if other material benefits are achieved for the region.
 12. The Review refers to two key factors in that "gradual transition path":
 - Customers capacity to pay;
 - Historical regional development driver.
 13. There is unfortunately not the capacity to pay and the impact of expensive water on the development of the South Burnett Region cannot be underestimated.
 14. Lest you take the view that the submission is submitted by a corporate, with no soul in the soil, my family has been farming in the South Burnett for 115 years. I am passionate about the district that sadly lacks the infrastructure and employment opportunities required to encourage children to remain in the area to live and farm.
 15. I sat on the South Burnett Economic Development Committee for a number of years and quickly realised that population numbers and employment were the key factors in establishing the South Burnett as a vibrant area. Unfortunately the South Burnett does not share the mining, infrastructure and farming scale enjoyed by for example, the Darling Downs or North Burnett. That is why reliable and sensibly priced water is critical to the future of the South Burnett so that high value crops can be consistently produced and sold.

I am confident that my fellow farmers would be grateful to meet with QCA and Sunwater representatives and the Minister for Natural Resources Mines and Energy, Dr Anthony Lynham to outline their concerns face to face.

Yours faithfully



J B L HEADING
Chairman
Burnett Valley Vineyards Pty Ltd
Email: brettheading@bigpond.com

Schedule A

Barker Barambah Announced Allocations History

Effective Date	Priority	Rate %	Increase %	ROL System	ROL Zone
1-Jul-19	Medium	0	0	Barker Barambah	ALL
1-Jul-19	High	100	100	Barker Barambah	ALL
01-Feb-19	Medium	34	11	Barker Barambah	ALL
19-Dec-18	Medium	23	8	Barker Barambah	ALL
15-Oct-18	Medium	15	5	Barker Barambah	ALL
1-Jul-18	Medium	10	10	Barker Barambah	ALL
1-Jul-18	High	100	100	Barker Barambah	ALL
1-Apr-18	Medium	66	11	Barker Barambah	ALL
21-Mar-18	Medium	55	23	Barker Barambah	ALL
1-Jan-18	Medium	32	9	Barker Barambah	ALL
1-Nov-17	Medium	23	6	Barker Barambah	ALL
1-Jul-17	Medium	17	17	Barker Barambah	ALL
1-Jul-17	High	100	100	Barker Barambah	ALL
20-Apr-17	Medium	100	26	Barker Barambah	ALL
1-Oct-16	Medium	74	9	Barker Barambah	ALL
1-Jul-16	Medium	65	65	Barker Barambah	ALL
1-Jul-16	High	100	100	Barker Barambah	ALL
1-Jan-16	medium	100	6	Barker Barambah	ALL
1-Oct-15	medium	94	5	Barker Barambah	ALL
1-Jul-15	Medium	89	89	Barker Barambah	ALL
1-Jul-15	High	100	100	Barker Barambah	ALL
1-Jul-14	Medium	100	100	Barker Barambah	ALL
1-Jul-14	High	100	100	Barker Barambah	ALL
1-Jul-13	Medium	100	100	Barker Barambah	ALL
1-Jul-13	High	100	100	Barker Barambah	ALL
1-Jul-12	Medium	100	100	Barker Barambah	ALL
1-Jul-12	High	100	100	Barker Barambah	ALL
1-Jul-11	Medium	100	100	Barker Barambah	ALL
1-Jul-11	High	100	100	Barker Barambah	ALL
1-Oct-10	Medium	100	29	Barker Barambah	ALL
1-Jul-10	Medium	71	71	Barker Barambah	ALL
1-Jul-10	High	100	100	Barker Barambah	ALL
26-Mar-10	Medium	100	79	Barker Barambah	ALL
4-Mar-10	Medium	21	21	Barker Barambah	ALL
1-Jul-09	Medium	0	0	Barker Barambah	ALL
1-Jul-09	High	100	100	Barker Barambah	ALL
6-Apr-09	Medium	32	20	Barker Barambah	ALL
2-Oct-08	Medium ✓	✓ 12	6	Barker Barambah	ALL
1-Jul-08	Medium ✓	✓ 6	6	Barker Barambah	ALL
1-Jul-08	High	100	100	Barker Barambah	ALL
14-Feb-08	Medium	46	46	Barker Barambah	ALL
14-Dec-07	High	100	100	Barker Barambah	ALL
1-Jul-07	High	0	0	Barker Barambah	ALL
1-Jul-07	Medium ✓	✓ 0	0	Barker Barambah	ALL

Barker Barambah
Announced Allocations History



Effective Date	Priority	Rate %	Increase %	ROL System	ROL Zone
29-Jan-07	High	100	42	Barker Barambah	HD
29-Jan-07	High	100	42	Barker Barambah	HC
1-Oct-06	High	58	43	Barker Barambah	HD
1-Oct-06	High	58	43	Barker Barambah	HC
1-Jul-06	High	15	15	Barker Barambah	ALL
1-Jul-06	Medium	0	0	Barker Barambah	ALL
1-Oct-05	Medium	47	13	Barker Barambah	ALL
1-Jul-05	Medium	34	34	Barker Barambah	ALL
1-Jul-05	High	100	100	Barker Barambah	ALL
1-Jul-04	Medium	100	100	Barker Barambah	ALL
1-Jul-04	High	100	100	Barker Barambah	ALL
10-Feb-04	Medium	100	20	Barker Barambah	ALL
16-Jan-04	Medium	80	20	Barker Barambah	ALL
1-Jul-03	Medium	60	60	Barker Barambah	ALL
1-Jul-03	High	100	100	Barker Barambah	ALL
1-Jul-02	Medium	100	100	Barker Barambah	ALL
1-Jul-02	High	100	100	Barker Barambah	ALL