

BURDEKIN RIVER IRRIGATION AREA COMMITTEE

141 Young Street
AYR QLD 4807
Telephone: (07) 4783 4800

PO Box 933
AYR QLD 4807
Fax: (07) 4783 4914

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Queensland Competition Authority
GPO Box 2257
BRISBANE Q 4001
water.submissions@qca.org.au

Dear Authority Members,

First of all it must be mentioned that this Committee's view is that it is not in a position to provide good submissions due to insufficient information in the SunWater's Network Service Plans (NSP) for the Burdekin Haughton Water Supply Scheme (BHWSS).

Issues and comments that the Committee would like to submit though are:

1. BHWSS Irrigators should not be paying any bulk or distribution costs for the supply of any supplemented water for any other supply scheme; any non price path water; and any water held in any of the reserve categories. The Committee believes that the BHWSS irrigators should only pay their fair and equitable share of the head works costs associated with the allocation of approximately 300000 mega litres of the 1.1 million mega litres available at the Clare Weir.

2. Bulk water users that use the distribution system for taking water should be paying the full Part A on their allocation (they should be treated as part of the distribution system). It is unfair and inequitable that part of the distribution system, currently 4%, of the Tom Fenwick pump station and the Haughton main channel, can be segregated out and allocated as bulk assets. (Do irrigators have the same option of only contributing to the section of channel that they use, or are we in an entire system?) The entire allocation (i.e. entitlements and reserves) held by NQ Water should be added into the total BHWSS allocation for the cost calculation to the irrigators.

3. Recreational costs indicated in the NSP should not be allocated to the BHWSS.

If SunWater are unable to shift these facilities to local Council operations then they should either scale down the level of the facility or initiate a user pays system to recover the costs required to maintain these facilities.

4. Electricity transmission replacements which are major renewals projects required in twelve years are being questioned as there is very little detail as what is involved in this project and with the likelihood of hydro generation being established at the dam we question whether provision for replacement is even warranted.

5. Losses estimated by SunWater for distribution appear exceedingly excessive and should be able to be quantified on a realistic basis, SunWater have estimated approximately 50 per cent of losses from the Clare Weir to an irrigators outlet where as we have been told previously by SunWater that they are in the order of 10 per cent across the schemes operated by SunWater in Queensland.

It would be a very simple calculation, and one that any private enterprise would have already done, to calculate the real losses by subtracting sales volume from pumped volume.

The apportionment of this high level of losses to the renewals affects the irrigator's share of expenditure at head works level.

6. Service agreements, the Committee supports ARUP's recommendation that a review of the customer service standards that involves the Committee and irrigators should be conducted as part of this review.

The Committee also would like transparency and regular reporting regarding the progress of bulk and distribution annual renewals expenditures.

7. Tariff Structures, there needs to be incentive to SunWater and irrigators to be efficient, the Committee is content to leave the BHWSS as a part A and part B dissection on the current split of 61/39.

Drainage in the BHWSS should be kept at the current hectare rate but once again irrigators are looking for more accountability, transparency and efficiency from SunWater.

8. Head Office costs – in regards to the direct costs approach used by SunWater, the Committee supports Deloitte's in saying that this approach is not appropriate and their proposal to use a different allocation methodology as mentioned at the recent round of QCA consultation meetings.

9. Fish ladders – the costs indicated in the NSP to redesign and reengineer the fish ladder on the Clare weir should not be attributable to irrigators of the BHWSS, this facility is an environmental requirement and as such should be funded across all of community. Anyhow we struggle to understand the requirement for fish ladders whereas in the absence of any weirs or dams fish would have had to rely on seasonal conditions to travel up the river and not a fish ladder.

10. Costs of review – this Committee questions the value of this pricing review process compared to the Tier 1 – Tier 2 process used in the current price path. We request that the QCA reconcile and provide the final costs that have been incurred by all parties (QCA, consultants, industry officials eg. QFF CANEGROWERS, SunWater) associated with the irrigation water pricing review process.

Should you have any specific questions arising from our submission, please don't hesitate to contact me. I can be reached on 0429 181 276 or mario.barbagallo@bigpond.com. BRIAIC looks forward to ongoing dialogue and discussion with the QCA in the next phase of this review.

Yours sincerely


Mario Barbagallo
Chairman