

Queensland Competition Authority
Level 19
12 Creek Street
BRISBANE 4000

SUBMISSIONS FROM THE MURGON MEETING OF THE 14 APRIL 2011

1. Aurecon Report

- a. The data available for analysis of the scheme is totally inadequate for the consultant to provide a full analysis of prudence and efficiency. Barker Barambah irrigators need to be able to review the final report to see whether data deficiencies have been addressed to allow an adequate investigation.
- b. The last price path applied a medium priority allocation of 29,453ML. This price path, SunWater has advised a total medium priority allocation of 32,079ML. Barker Barambah irrigators cannot determine how these additional allocations have been determined and are concerned that the increases have further undermined water reliability in the scheme.
- c. Further analysis is required of the significant growth in labour costs since 2008. Why have scheme management and scheduling costs increased during an extended period of very low supply. Note that supply data includes urban supply. Question whether costs of investigations into securing Murgon supply are being recovered from irrigators (see notes 3a & c below).
- d. Have the efficiency gains effecting direct costs targeted in the 2008 initiative by SunWater been fully implemented. There is insufficient analysis of the prudence and efficiency of operation costs.
- e. Further analysis must be conducted of operational costs and components of these costs (labour, corrective & preventative maintenance) before 2007 to assess any significant correlation between headworks operating costs and water usage in this scheme.
- f. The scheme has a significant ongoing negative renewals balance. What is the cause of the current negative balance. Further analysis is required of the forward renewals program to assess prudence and efficiency.
- g. Recreation costs should be covered by local government. Dam is a significant regional recreation facility.
- h. Has revenue from the sale of temporary trade water been taken into account?

2. Deloitte's report

- a. Have the efficiency gains effecting indirect and overhead costs targeted in the 2008 initiative by SunWater been fully implemented.

3. QCA presentation

- a. Irrigators should not bear responsibility for the costs of free water to local government. Clarification is sought on the allocation of high priority that has been made available for Murgon township and possibly other centres under Water Act regulations which irrigators have to pay for. Consideration should be given to irrigator's voluntary surrender of allocation of 2122ML to secure Murgon's high priority supply subject to this water being returned as the 'first available water' (see attached submission to QCA dated 28th April 2010)
- b. DERM has provided additional allocations of Silverleaf weir (562 high priority and 700ML of medium priority). This will have an impact on the reliability of irrigation medium priority supply once the project goes ahead. What are the implications for the future price of irrigation water?
- c. HUF approach reflects the impact of high priority allocations and recent adjustments to secure high priority supply. Also the surrender of allocation to secure Murgon's supply needs (Item 3a above) is further evidence of adjustments to secure urban reliability needs. This proposal should be taken into account in the assessment of the HUF.
- d. Irrigation customers will find it difficult to pay a very high Part A tariff during extended periods of low to zero supply in drought periods. (See attached submission dated 20 April 2011)

Yours faithfully

Peter Enkelmann