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MS 54
AYR Q 4807

10 April 2002

Queensland Competition Authority
GPO Box 2257
BRISBANE Q 4001

Dear Sir

RE: WATER PRICING IN THE BURDEKIN

I write to you as an Irrigator who together with other members of my family have purchased blocks of land at Auction 22.

There are four points which I wish to draw to your attention:

(1) No mention was ever made in the literature appertaining to the auction or indeed at the auction itself that Irrigators would be expected to pay a return of investment within their water charge. If I and my family had been made aware that a return on investment component was going to be required to be paid then we would not have offered to pay the price for the land which we did. Indeed we may not have purchased the blocks at all.

(2) Purchasers of blocks at Auctions 20,21 and 22 did not receive Cane Production Area when the blocks were sold. Some has recently been granted but has been done so on considerably less favourable terms than existing Irrigators receive their CPA.

The differential amounts to a potential figure of $2.07 per tonne and this is made up as follows:

(a) An infrastructure levy of $1.00 per tonne is payable to CSR Ltd.
(b) No continual crushing allowance is paid to new CPA holders. This is worth 47 cents per tonne to existing CPA holders.
(c) Existing CPA holders have the potential to obtain an additional 60 cents per tonne when the reason length extends to a 25 week period. This potential is not available to new CPA holders.

(3) The issue of CPA was calculated on the basis that each grower entity would be issued with sufficient CPA so that he had 85% of the combined area of his existing and new lands assigned. This meant that growers like myself who had original farms fully assigned only received CPA to bring us up to a total CPA of 85% over our old and new lands. In my case I only received 80.3HA of CPA for my block.

The total area of the block is 147 HA which means that in essence, only 55% of it has been granted CPA.

(4) My family purchased blocks in June 1998 and work was immediately commenced to clear and level the blocks ready for planting in September. Unfortunately an unusual rain event (20 inches of rain in 24 hours) occurred in late August 1998 and this prevented planting taking place in 1998 at all. As a result, we missed having one season's crop, which placed additional strain on cashflow and the ability to meet land and water payment commitments which resulted from the purchases at the auction.

The above points need to be considered in light of the general difficulties faced by all cane growers at this time with a series of low sugar prices and poor crop yields.

I would ask you to give real consideration to the points raised in this letter and to take them into account when reaching your determination.

If any points in my letter require clarification or further information, then please do not hesitate to let me know.

Yours Sincerely

Nev Haselton

N. R. J. Haselton