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2 FAIRBAIRN IRRIGATION NETWORK

2.1 ABOUT

The Fairbairn Irrigation Network Pty Ltd (FIN) is registered under the Corporations Act 2001 (Cth) as a Special Purpose Vehicle (SPV) to implement the transition to local management with a locally appointed board. The owner of the SPVs during the transition phase will be the Government. The ownership of the company and scheme will transfer to the water allocation entitlement customers of Emerald once all matters relating to the transfer of the business have been resolved. FIN have finalised the terms of the transfer agreement and are awaiting signing by all parties.

2.2 DIRECTORS

Independent Board Chair	Anne Marie O'Callaghan
Shareholder Director	Ross Burnett
Independent Director	Emma McCullagh
Shareholder Director	Hamish Millar
Shareholder Director	Peter Galea
Independent Director	David McDougall

3 THE EMERALD IRRIGATION DISTRIBUTION SCHEME

3.1 FAST FACTS

- ✓ The area irrigated by the distribution system is about 15,000 hectares, sourced from the Fairbairn Dam
- ✓ Irrigated crops - Cotton, cereals, citrus and other crops such as macadamias and grapes
- ✓ Customers = 150 irrigators
- ✓ Channels and pipelines = 126km
- ✓ Pump stations = 4
- ✓ Balancing storages = 0
- ✓ Drains = 144km
- ✓ Off takes = 237
- ✓ Water transported = 86,000 ML
- ✓ Water Allocation Entitlement's = 83,000 ML
- ✓ Distribution Losses = 29,643 ML

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4 QUEENSLAND COMPETITION AUTHORITY (QCA) PRICE PATH REVIEW

FIN thank the Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships for directing the Queensland Competition Authority to review the monopoly activities of SunWater and for recommending prices that reflect prudent and efficient operational, maintenance and administrative costs.

FIN look forward to working with the QCA to assist with the process and invite the relevant project leads to connect with our business. Should Emerald move to local management, FIN will be a large customer of SunWater's. Furthermore, FIN is committed to championing on behalf of our future customers to ensure that bulk water prices are reasonable. We strongly urge the QCA to host a public consultation in Emerald and would be pleased to assist the QCA in facilitating this opportunity.

5 SUMMARY OF ISSUES

Please accept this as our initial submission. We look forward to presenting a more exhaustive presentation during the next round of consultation. FIN have identified the following concerns, these include, but are not limited to;

5.1 DAM SAFETY PROGRAM COSTS

FIN reject that the cost of these works should be borne by irrigators. Dam Safety is a community benefit and should be socialized accordingly. SunWater have called this program the Dam Improvement Program (DIP). This is a disingenuous label given the investment does not result in any operational improvement.

5.2 BULK WATER PRICE INCREASE (HIGH PRIORITY)

Forecast prices for Bulk high priority water increases substantially over the price path. Consideration needs to be given to this and the impact of a predicted nearly 50% price increase over 5 years.

5.3 RENEWALS ANNUITY

There has been an significant increase in renewals annuity. This is reflected across all schemes. FIN request that the QCA consider how SunWater manage their annuity and asset management system to ensure that their expenditure is reflective of actual value. It is noted that the overspend is passed through to this price path with no consequence for SunWater's obvious inability to manage their costs.

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5.4 FLOOD MONITORING AND REPORTING COSTS

FIN reject accepting the full cost of flood monitoring and reporting. FIN maintain that this is a whole of community benefit and should be apportioned appropriately.

5.5 RECREATION COSTS

FIN agree that the cost of providing recreation facilities should be passed on to the wider community. To ensure that there is no confusion about the allocation of these costs, FIN request that the QCA review the categorisation of all the costs and ensure that they are not included in bulk.

5.6 ELECTRICITY AND INSURANCE COSTS

Electricity – SunWater must be held accountable for their electricity usage and be encouraged to implement more efficient use.

Insurance- SunWater need to consider their insurance profile and only insure relevant assets and for appropriate risk.

6 CONCLUSION

This is an initial summary of our concerns and we look forward to further consultation throughout the process. We look forward to working with the QCA to ensure SunWater is able to deliver water services efficiently and cost effectively.

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