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HON WARREN TRUSS MP
Minister for Agriculture, Fisheries and Forestry

Mr E J Hall
Chief Executive
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

03 JAN 2003

Dear Mr Hall

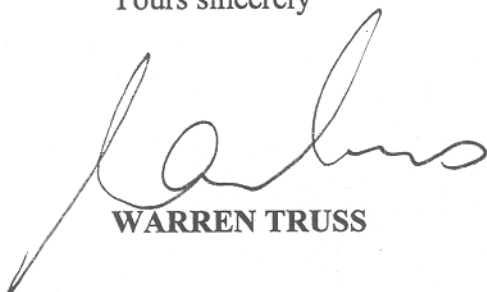
Thank you for your letter of 6 December 2002 concerning the Commonwealth Grant for the Burdekin Falls Dam.

As I pointed out in my letter of 19 November 2002, "the Commonwealth financial assistance was by way of non-repayable, non-interest bearing grants" and "clearly the Commonwealth had no intention of recovering these funds". It therefore follows that it was the intention of the Commonwealth to ensure that the price of water to users would be less than it would otherwise have been. In practice, of course, without the Commonwealth and State subsidies the price of water would have been so high as to make irrigation from the project uneconomic.

It is therefore clear to me that the Commonwealth funding for the dam was provided with an expectation that it would be used to make water affordable to users, even though this may not have been specifically documented in those pre-COAG-agreement times.

I reiterate that it is the Commonwealth's view that any attempt to recover a return on the Commonwealth grant would be contrary to the intention of that grant.

Yours sincerely



WARREN TRUSS

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2002 Year of the Outback