

M/s 1552
MURGON 4605
20 April 2011

Queensland Competition Authority
Level 19
12 Creek Street
BRISBANE 4000

Dear Sir

**SUBMISSION RE WATER PRICING FOR BARKER BARAMBAH WATER
SUPPLY SCHEME**

We submit that the water price for this scheme should be based on a two-part tariff of 20% Part A, and 80% Part B, or 30% Part A, 70% Part B, based on 60% yield on medium priority allocation. Based on \$27 Meg as a Part A single charge, this would require \$5.40 and \$36.00 on the 20/80 split and \$9.00 and \$30.00 on the 30/70 split.

The advantages of this pricing are as follows:

- Allows irrigators to pay the greater amount of fees in the years they are using water
- Less fees when the whole community is greatly impacted by drought
- Irrigators have little option to mitigate low or nil allocation as we have seen in the last five years
- With no temporary transfer water available in low or nil allocation years, underground water development under embargo, there is little option to manage the variability of this scheme.
- Water use efficiency is enhanced with the higher water charge on water use, rather than fixed charge.
- History has shown that very poor returns to the irrigators and the community occurred when high Part A and low Part B charges have been employed. People have pumped water with very marginal returns to try to recover some part of the high Part A charge.
- Sunwater's business is spread across the State so would not be affected to the same extent as irrigators.
- Low Part A negates the necessity of rebates under drought and exceptional circumstances.
- Part A rebates are problematic in that some irrigators receive a full rebate whilst others receive 20-25% rebate, because of the \$10000 rebate cap.

Yours faithfully

Peter Enkelmann