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19 April 2011

Angus MacDonald
Team Leader
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Sir

Re: Bundaberg Water Supply Scheme Bulk and Distribution System Network Service Plans

Further to the QCA Round 2 Consultations in Bundaberg on Friday 15 April I now wish, on behalf of CANEGROWERS Isis, to make some further points regarding the 5-year Irrigation Price Path negotiations.

Minister's QCA Referral Notice

Clause 1 'Matters the Authority must take into consideration', in particular Clause 1.1 a), it seems inconsistent that QCA is being asked on the one hand to provide a revenue stream for SunWater to recover efficient costs, if, on the other hand, current prices above those levels cannot be reduced. The requirement that those water prices be maintained in real terms based on an appropriate measure of inflation is only perpetuating the rate of return borne by those irrigators in the past and into the future.

Additionally, we would argue that the current pricing model does not require SunWater to reduce or minimise the costs. The review process seems only concerned with how the costs are to be passed on, not on how SunWater could be incentivised to reduce costs.

We suggest that QCA place more emphasis on Clause 1.1 a) i) in regard to the recovery of efficient costs; by developing a model that would encourage SunWater to continually strive for greater efficiencies so that those efficiencies can be passed on to customers.

SunWater must be more accountable to its customers because the sugar industry, in particular, are price takers and must remain competitive in the world market arena. SunWater should treat irrigators more as shareholders than simply as customers.

Bulk System Issues

The Bundaberg Water Supply Scheme is a complex system comprising 2 major dams on 2 rivers and a series of weirs and barrages with river and channel customers. To add a further layer of complexity, Bundaberg has 2 types of allocation water – commonly known as 'old' and 'new' water.

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The 'new' water is supplied from Paradise Dam with unsold allocations owned by Burnett Water Pty Ltd.

Both the 'new' and 'old' waters are now treated as one water for announced allocation purposes. However, the Burnett Water allocations totalling 144,000 ML (20,000ML HP and 124,000ML MP) must use the Bulk Assets owned by SunWater for distribution purposes.

QCA must ensure it is able to determine the costs of using SunWater Bulk Assets by this 144,000 ML of Burnett Water allocation are set aside and do not form part of this price path for SunWater customers.

Aurecon has recommended that actual expenses, if directly related to the Bucca Weir, should be allocated to the Bulk System. QCA must investigate and ensure this recommendation is actioned.

Water Ordering is not a requirement within the Bundaberg WSS so no costs should be included in this SunWater Price Path investigation.

Form of Regulation

CANEGROWERS Isis supports the price cap option but has concerns with the projected water use figure nominated by SunWater in the NSP. Storages are currently full, which suggests that given appropriate amendments to the Water Resource Plan and Resource Operation Plan, Bundaberg irrigators can be assured of a reasonable water supply for much of the term of the 2011-2016 price path. We would not be as confident if the storages were not full, given the recent history.

If irrigators only manage to use 50% of WDE, then the chances of selling/leasing the new Burnett Water allocations are very low.

QCA should model the potential impact a higher projected water use figure would have on water prices over the next 5 years, for consideration of irrigators.

Tariff Structures

Support exists for a continuation of the two-part tariff structure for the two segments – river and channel within the Bundaberg Water Supply Scheme. The 70:30 split is the right mix as it gives SunWater a level of security, while irrigators are not taking all the risks in years of limited water.

The Part B tariff should comprise a mix of fixed and variable costs, as it does now, including operating costs, repairs and maintenance and overheads. A portion of the operating costs, R&M and overheads is attributable to the percentage of WDE delivered and therefore rightfully lies within both Part A and Part B.

A high Part A charge does nothing to improve water use efficiency whereas maintaining a high Part B charge will continue to foster water efficiency gains at the farm gate. Much of the Bundaberg scheme uses flood or high pressure winch irrigation which should be converted to low pressure.
The suggestion that Part B should be only electricity is unacceptable.

QCA should address how SunWater has differentiated the costs to exclude Burnett Water's costs, given that Burnett Water Pty Ltd became a subsidy company of SunWater on 16 December 2005 and the new water uses the same distribution system.

Overhead costs

SunWater must achieve efficient overhead costs to maintain water pricing at acceptable levels. If SunWater was a commercial business it would lay personnel off in low demand periods. It requires a different labour management program, not dissimilar to the sugar industry where the industry

recruits labour for the harvest/crushing and planting seasons and cut back to a smaller permanent base at other times.

The centralisation of SunWater's personnel in Brisbane is a real concern because wage levels are potentially higher in Brisbane than in regional centres. QCA should investigate the impact on wages of SunWater's centralisation policy so that irrigators can have confidence that centralisation has reduced not increased costs. If costs have increased then QCA must recommend and take into consideration a cost off-set factor.

We also note that with Deloitte's benchmarking analysis, SunWater was compared with other monopoly providers. It would be interesting to see a comparison with utilities in a competitive market, such as telecommunications.

Distribution Losses
CANEGROWERS Isis supports channel charges based on actual distribution loss. We also believe that the costs should be apportioned according to deemed benefit.

Renewals Expenditure
Aurecon has made the point in both the Bulk and Distribution Systems that they are unable to validate past annual renewal expenditure and whether or not the projected spend is reasonable or not.

QCA must investigate this matter and to take action to remedy any over spend on renewals in the last few years before the costs are passed onto customers.

Renewals Annuity
We do not support the proposal to extend the annuity period from 20 years to 30 years.

Channel Capacity and Customer Service Standards Foregone
In 2004/05, SunWater presented data showing that all channel systems, with the exception of Woongarra, had spare capacity of 15% (5% Woongarra) which was taken and utilised by SunWater to market 15% of Burnett Water's new allocations with a 'Peak Flow' entitlement.

Existing (old water) allocation holders in effect suffered a lower standard of service to accommodate the new water, which SunWater sold at higher rates because this water effectively then had a flow rate entitlement in the existing channels.

The remaining unsold Burnett Water allocations are offered as 'off-peak' entitlement (to be taken outside peak demand periods) or the irrigator can pay to upgrade the channels.

Because both Burnett Water's 'peak' and 'off-peak' allocations will use SunWater's Distribution Systems, QCA should ensure those costs are separated and removed from the costs subject to this SunWater price path negotiation.

Capital Replacement Analysis
It seems to us that the capital replacement program is determined by anticipated life of the equipment. We are also told that technological advancement has come a long way since the Bundaberg scheme was commissioned.

We suggest to QCA that SunWater should be continually modelling such advances in technology to ascertain if savings can be achieved in operational and maintenance cost by replacing equipment sooner rather than later. A rolling cost benefit analysis on capital spending should be completed as part of SunWater's normal operations.

This is more important given the anticipated rise in electricity charges from the Federal Government's proposed Carbon Tax legislation.

Electricity supply
QCA should investigate the options for delivering cheaper electricity charges for the Bundaberg Water Supply Scheme by moving to the contestable market. While SunWater may prefer to stay with Ergon Energy, it may be to irrigators' advantage in Bundaberg to swap to another electricity supplier.

Part A Charge subsidy
When the announced allocation is 20% or less for at least two consecutive quarters the government has provided a subsidy for Part A water charges. We would see this arrangement continuing as it gives irrigators some confidence that they are not paying for nothing and it has the benefit that government will put pressure on SunWater to make the available water more available.

This is particular important in the Bundaberg Scheme because of the quantity of unsold water held either by SunWater or Burnett Water.

Other matters
SunWater' consultation with irrigators is terrible. The current Bundaberg WSS Irrigator Advisory Committee cannot discuss and is not engaged in matters outside local operations and maintenance issues. There was considerably more discussion and engagement of the previous body known as the Bundaberg WSS Customer Council. It would be prudent for QCA to recommend that SunWater engage with customers on a more regular basis on broader issues.

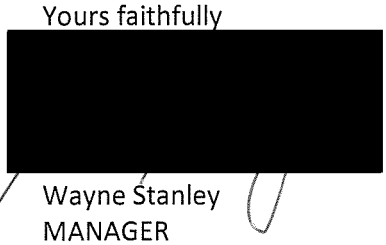
I have taken the liberty of attaching the Constitutions of the following:

- Bundaberg WSS Customer Council; and
- Bundaberg WSS Irrigator Advisory Committee.

You will see the differences between the two bodies. Representation on such a committee/council must include representatives of the local industry bodies and elected representatives.

Finally, the preparatory time to make and lodge this submission was very short and we reserve the right to bring forward new issues and to provide further information on matters raised in this submission as the need arises.

Yours faithfully



Wayne Stanley
MANAGER

Attach.

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Water Supply Services Operations & Maintenance Engineering Services Corporate

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12 August 2004

Dear Customer Council Member

DISCUSSION PAPER FOR BUNDABERG CUSTOMER COUNCIL MEETING TO BE HELD ON THE 19TH AUGUST 2004

Please find enclosed a discussion paper for the Bundaberg Customer Council meeting regarding Channel Capacity Issues associated with new Water Allocations.

If you have any queries, please do not hesitate to contact this office on the above phone number.

Yours sincerely

[redacted]

Warren Hutton
BUSINESS MANAGER

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Discussion Paper for Bundaberg Customer Council

Channel Capacity Issues Associated with New Water Allocations

Introduction

Whilst the pattern of demand for the new water allocations from the Burnett River Dam is still unknown, it is assumed at this point that there will be significant interest in supply to land within the service area of the current distribution network. At one extreme, this could double the demand for distribution services in some areas.

This paper does not set out to discuss the products or pricing of new allocations, but seeks to explore the current distribution arrangements and how new allocations might be serviced by the distribution network. This paper does not imply any position from SunWater, but is presented to engage in discussion.

Current Design Basis

Current customers in the distribution system have two distinct services which are reflected in the two separate service contracts they hold:

1. Provision of water available in the river under a Water Allocation. This service requires headworks and cross catchment transfer systems to collect, store and release water to the designated zone at which the water allocation is held.
2. Transport of this water from the extraction point on the watercourse to the agreed supply point.

The first service relates to the registered Water Allocation held and the fixed costs of the service are proportional to that allocation – variable costs are proportional to use.

The second service has no formalised entitlement, but is dependent upon the design criteria for the distribution system. The fixed costs are proportional to the size of the channel/pipe/pumping station as measured in litres/sec or ML/day of Distribution Capacity flow rate. Variable costs are proportional to use and are dominated in some areas by energy costs at pumping stations. The current Pricing Direction applies the prices for these services uniformly across the whole water supply scheme i.e. "postage stamp" pricing.

The design criteria in the distribution systems varies between main channels and subsidiary channels based broadly upon the number of customers served by each part of the system:

- In the main channels, the peak flow rate capacity is the design water allocation divided by 90 in ML/day. That is, the main channels could deliver the total allocation in 90 days at peak flow. This stems from evapotranspiration rates over the area of crop for which the scheme was designed and assumptions of annual water requirement in ML/ha. However, the time of year over which this water requirement may occur was never formalised. It was assumed that there would be full demand "in the middle of summer", but there was no attempt to formally define monthly flow rate requirements. The patterns of use assumed

that other months would be less than the "middle of summer", and thus were not a controlling factor.

- In small channels, a slightly higher rate was used to deal with the statistical likelihood that the pattern of demand on any particular day could lead to higher localized demands which would not be evened out across the whole area as would be the case for a main channel.
- At the meter outlet, capacities are generally three times the main channel flow rate or higher. This allows for rostering where individuals could take water out at three times the average rate for one third of the time; it allows for higher rates of use to suit farm conditions when demand is not at a peak; and it is governed by standard meter sizes which at times means physical diversion capacities are quite high.

Current Operation

Where possible, the systems are run on demand with irrigators taking water at the rate which suits them. Many meter outlets have a tag on them which indicates a flow rate in litres/sec. This came about in the early 1990s when announced allocations were 200% and the channels were operating at full capacity for months on end. These tags were a part of a roster system indicating the flow rate which could be taken on certain days in a roster cycle. At present the system is that when there are restrictions, irrigators are limited to 1% of their allocation per day. This is a much lower flow rate than the roster approach, but is on the basis that this flow rate is continuous, not rostered on/off. The 1% is effectively full supply of allocation in 100 days, as a simplification of the original criteria of supply in 90 days. The climatic impacts of the last 8 years do not, however, give good data on what demand will be in years of full water availability and high demand in hot weather.

The Significance of the Issue

The current distribution system has a replacement value of several hundred million dollars. On the basis of a supply in 90/100 days, if we allowed 85% availability (we should be able to exceed this), the system will only operate at about 30% of capacity over a 12 month period. That is, 70% of its capability is unutilised.

If new allocation was to be introduced into the area on the current design criteria without any attempt to utilise any of this spare capacity, then the costs of upgrade could be well over $100 million. Thus, it is in everyone's interests to analyse carefully what opportunities there are to use some of the underutilised capacity to service the new allocations.

However, to establish an offering for those wishing to take up the new allocations, it is preferable that we first of all clarify service standards/rights of existing users.

The cost of upgrading piped systems will be greater than upgrading open channels, but in both cases continuing incremental upgrades will be more costly than single stage changes. Upgrading will be more costly per megalitre or hectare served if it is at the end of current systems or indeed needs an extension to current systems compared with new demands which would draw water from near the start of the current channels.

Scenarios of Demand

At this stage it is unclear to us what will be the nature and pattern of demand for new Water Allocations. It is probably not realistic to expect an answer to that without an indication of pricing of the new services. Similarly, it is not possible to determine pricing arrangements without taking some position on channel upgrade requirements. The question is somewhat circular, so we need to assume some scenarios to start the analysis.

Noting the circularity issue, it would still be useful to gain a feel on the type of demand for new water within the area served the distribution system.

i) How big might the demand be:

- for vertical expansion on existing crops which might not demand increased peak flow but might see that peak flow occur over a longer period of time
- for additional land to be irrigated with demand for peak summer flow
- for additional land to be irrigated with the time of take outside traditional peak flow periods or outside what might become peak flow periods due to the demands above

ii) Where might the demand nodes be in the context of the scheme segments?

Options to Cater for New Distribution Demand

Many options could be considered, but five are presented to start the discussion. Some of the comments raised in one option may also relate to other options, but are not repeated for simplicity.

1. No upgrades and manage congestion

It could be argued that this would be similar to the days of 200% announced allocation when the response was to tag peak flow rates and roster users. On the other hand, if there was to be a significantly increased area of irrigation in a segment, this could create a lot more congestion than the situation in the early 1990's when the additional volume was largely going to the same irrigated area. If the expansion is all for summer crops, then the evapotranspiration rates over more hectares will increase the peak demand whereas more volume over the same hectares will lengthen the period of peak demands.

Those requiring an extension to service new lands would presumably pay for that extension, but in this scenario, there would be no other upgrades.

2. Upgrade on the Basis of Proven Congestion

In this option new Water Allocation would be sold and users in an area who were not satisfied with the resulting pattern of congestion would seek an upgrade of channel capacity. SunWater would then price that upgrade and levy users accordingly.

This option would probably be efficient in the use of capital in that users would presumably seek to find a mutually acceptable pattern of sharing of Distribution capacity prior to

committing to an upgrade. However, it may not be an acceptable basis on which to invest in new developments and current users may have concerns about the cost sharing for upgrades.

Those requiring an extension to serve new lands would pay for that extension as well as any share of general upgrades to get the water to their extension.

3. Full Upgrade to Current Design Criteria

In this option, upgrades would be made so that the current design criteria was maintained for all users. This could be totally at the cost of purchasers of new water allocation or with a contribution from existing users of that infrastructure on the basis that upgrades would allow better standards of service at off-peak times.

Costing could be on a "postage stamp" basis, i.e. all users in the scheme or a segment paying the same, on a cost reflective basis related to the upgrade "caused" by a parcel of new water allocation, or someway between these. Charges may be a mixture of upfront and ongoing additional rates. Charges could be completely separate from charges for the water allocation or integrated together.

4. Define Existing Arrangements and Market Multiple Products

If it was considered important to firstly ensure existing standards of service are defined and maintained, then we could move to define those rights and then market Distribution Capacity products without imposing on those standards. This could be done in the following way:

- Establish flow rate Distribution Capacity as a defined product on a monthly basis which would be a tradeable commodity as distinct from the volumetric water allocations. That is, all customers could take water whenever they wished to whilst demand could be met, but if congestion occurs, then users would be restricted to their defined number of days of use in that month. If they wanted to use water in a particular month at peak demand times over and above their Distribution Capacity entitlements, they would need to trade flow rate Distribution Capacity from someone else.
- Define the entitlements of existing users by asking them to nominate the number of days per month for which they wish their existing design criteria to be recognised. In theory this could allow allocation holders to nominate a number of days in each month to a total of 90 days at 1.11% of allocation per day or 100 days at 1% per day. However, it would probably be too restrictive to expect users to select only this number of days when they have to be limited to specific months as the climate is not predictable. However, even if users were allowed to nominate say an extra 30 days, this would still leave 60% of the total capacity available to offer to purchasers of new Water Allocations.
- Someone purchasing new allocation would be able to purchase Distribution Capacity which would entitle them to the purchased peak flow rate applied for the same number of days as existing users (i.e. 90 or 100 or 130 as determined above). If the days nominated for access would push the entitlements past the existing capacity in any particular month, then the charge for channel access would be at a higher rate reflective of the need to upgrade the system capacity. If the days selected fitted within the pattern of underutilisation, then a lower charge would apply.

  This methodology would seek to firstly protect existing standards of service, but then use the economic signals of price to seek to maximise the utilisation of the distribution assets.

It would establish a new set of formalised entitlements for SunWater to register (these would be contractual entitlements with SunWater, not entitlements registered with the State) and to maintain a system of trading.

This could be linked to a tariff system with fixed annual charges for the distribution system based on flow rate entitlements to protect against asset stranding, or it could be managed with the current style of tariff structure linked to allocation.

5. **Define Existing Arrangements, Segments to Upgrade and Market Multiple Products**

In this option, upgrades would not occur until users in a segment decided that the congestion or potential congestion warranted that upgrade. This could be decided through a plebiscite with a majority of, say, 2/3 required for it to go ahead. At that point, the entitlements would be established and existing users would pay for a proportion of the upgrade, but in return get increased Distribution Capacity entitlements which they could keep for their own use (maybe in conjunction with new Water Allocations) or which they could trade to others. SunWater would contribute the other portion of the upgrade costs, for which it would gain proportional Distribution Capacity entitlements for sale to new entrants.

The Next Steps

This discussion paper is to allow the issues to be raised and explored. At this stage it is for discussion between SunWater and the Bundaberg Customer Council on 19 August 2004. The next step should be resolved at that meeting.

OPERATIONAL ISSUES FOR A PEAK/OFF-PEAK REGIME OF CHANNEL DISTRIBUTION

What Does Peak/Off-peak mean Practically?

As has been set out in previous analyses, the main channels were designed to provide the original Water Allocation (WA) in 90 days. That is, the Distribution Capacity (DC) was designed at DC = WA/90 Ml/day. The WA could be taken at this rate at any time, or at a greater rate if there was less than full demand. Alternatively, rostering was used to provide a higher flow rate for part of the time: e.g.
DC (rostering) = WA/30 Ml/day for one-third of the time.

If there is to be a 15% lessening of the standard of service to minimise the cost of channel upgrading, then the peak DC = WA/105 Ml/day (technically WA/103.5, but rounded for simplicity). Alternatively, if parts of the scheme wish to operate on higher flow rates in a rostering arrangement, then this can be scaled up e.g. DCx3 for one-third of the time providing meter outlet capacity allows for this.

Off-peak WA means that water allocation which can be taken when there is spare capacity in the distribution system after those with peak WA have their flow requirements (up to peak DC) met on a particular day. However, it is proposed that this needs to be defined pragmatically to allow for effective management of the system. It is argued that it is not practical in most instances to monitor which water is actually going through a meter – WA with peak rights or off-peak rights – if there is a regime where most users have a mix of the two products. Thus, it is proposed that the rules allow for someone with a peak WA to take water at that peak DC at any time, irrespective of whether the WA going through the meter is actual peak or off-peak WA.

If we assume that the distribution system is 85% available throughout the year, then a peak WA holder could take 'continuously' for 310 days in the year, and take effectively three times the volume of the peak WA at that DC. However, given that it is not proposed to offer off-peak WA of twice the volume of the peak WA, this would not be the standard pattern of take. It is expected that there will be considerable capacity for users to take peak and off-peak WA at rates higher than their peak DC rates.

In theory, if all users with peak are satisfied on a particular day, then the residual DC in the system could be shared out on the basis of some formula: e.g. the hierarchy could read:

1. Satisfy the new peak DC requirements
2. Determine what additional flow rate is being sought, looking at an additional 15% of the peak DC (presuming there was an initial reduction in peak of 15%) and the off-peak requests
3. Offer the spare DC to those identified in 2 in proportion to the water allocations held by each of those seeking more. That is, 15% of peak WA would be added to the off-peak WA and the analysis carried out progressively until all demand is satisfied or the system is at full capacity, taking into account the branching nature of the channel system, and the need to maintain main channel capacity to meet lateral capacities.

In practice, depending on the control method as discussed below, there would be practical decision made e.g. if there was only a small amount of spare, it would not be sensible to give a lot of people a tiny amount of increased flow.

How Could a Peak/Off-peak System be Managed?

1 *Water Ordering*

In this option, users would hold WA which is tagged in SunWater's system as 'peak' and 'off-peak', and they would put in their orders for water delivery by (say) 10.00am the day before they seek supply, nominating the flow rate at which they would like supply and the period of proposed take. The system would then calculate the DC available, and respond with an advice of the flow rate available to each individual as described above or as refined in consultation with the Customer Council. This would provide a tight regime of determining flows rates which can be met and would give users a high degree of certainty that the flow rate will be constant through the period of take. It avoids the need for the users to know what is happening anywhere else but at their own properties, and sets up a firm platform for water officers to monitor the usage and deal with any abuse of the system to protect the rights of those working within the agreed rules.

In practice irrigators would be restricted to their maximum flow rate of WA(peak)/105 ML/day, unless advised otherwise by SunWater that there is spare DC in the system on a particular day, and for that day their maximum flow rate could be increased to a specified level based on the system rules.

This type of system is used successfully in other channel systems managed by SunWater. It is understood, however, that the users in the Bundaberg Water Supply Scheme would prefer not to move to a water ordering system.

2 *Management of Laterals by Users*

In this option, a group of users on a lateral or a larger section of the scheme would self-manage rosters and rates of take within the total capacity of that section of the system. That is, they would be given a maximum draw of 'x'Ml/day at an agreed point, and management of sharing of that rate of take downstream of that point would be up to the parties involved. This would require a mechanism for those in the group to monitor and resolve issues and to be able to ensure that the overall rate of take is not exceeded. It would also require an authoritative point of contact for the water officers to deal with if the rate of take exceeded that allowable, or for advice from water officers that a higher flow rate could be taken for a particular period of time.

It is suggested that this would be most likely applicable only to quite small areas of the scheme, where local arrangements work well on small laterals.

3 *Within an On-demand System*

In this option, the arrangements would be take on demand within peak DCs (other than any localised rostering arrangements) with off-peak users or those with peak wanting to take at higher rates needing to advise the water officers if there is unlikely to be congestion and to order/request first if their use is likely to cause congestion. In this option, there is a higher need for monitoring and control arrangements to protect users ability to access DC and to minimise the variability of supply rates through a day.

This methodology if largely managing 'after the event' compared with a full water ordering system, and the monitoring and control functions discussed below would seek to minimise conflicts.

It should be noted that all of these options would have continuing problems if water users do not monitor their own rates of take and stay within their entitlements.

Monitoring and Control Functions

The essential elements of these functions are competent systems of:

- monitoring flow rates to see the system performance at multiple points in the network and to determine what is causing any problems which arise
- determination of corrective action
- advice to users to take corrective action.

Without a comprehensive system in place, users towards the ends of the system are likely to experience reduced and/or fluctuating flow rates. The methods SunWater generally uses to identify irrigators who are taking more than their fair share of water are in three basic categories:

1. Field Surveillance
2. Information From Irrigators
3. Remote Surveillance

Each of these methods is discussed below related to the possible future situation in Bundaberg.

Field Surveillance

Field Surveillance is undertaken by SunWater staff and involves field observations of meters and actual irrigation practices. Field Surveillance is generally most effective when either a time based roster system is introduced, or under a regime of water ordering.

Field Surveillance would also be effective in identifying irrigators wrongfully using an off-peak product during peak periods in situations where outlets are designated as off-peak only. It would, however, find it difficult to monitor higher usage rates through a peak outlet.

Information From Irrigators

Because irrigators generally live and work on their properties, they are well place to provide information to SunWater in relation to capacity problems and the potential causes. This can be a starting point for investigation of problems, sometimes before they arise, and generally SunWater acts promptly on relayed irrigator concern and advice. However, it does require increased staffing and would not be uniform in its effectiveness. In a scheme with over 850 customers, it can be very difficult to achieve effective corrective action if there is no culture of water ordering.

Remote Surveillance

In this option, meters would be fitted with data loggers and transmission devices so that the rate of take could be monitored by staff and by computer. For the user, this meter information could be available through SunWaterOnline as a management tool and it would help them to understand what was being recorded at any point in time. For the water officers, this would allow issues to be captured as they emerge, rather than after there has been a problem identified in the field by a user. That is, the system could maintain a calculation of the flow rates in the various laterals and main channels, and provide warnings to the water officers if a section is nearing or has reached capacity. It would be evident where the extra demand was coming from, and corrective action could be taken quickly, even if after the problem has already started.

There would need to be a system of contacts in place to allow the water officers to quickly reach those who may need to throttle back. This system would not be as tight as water ordering, but it would provide a much greater level of surety than a 'free for all'.

There would need to be capital spent by SunWater to make the meter readings accessible remotely. This could be staged to install 'smart meters' firstly in areas of regular concern; on outlets with large flow rate capacity or capacity substantially above the peak DC rate; or on outlets where off-peak allocation is used. At the same time, it needs to be recognised that unless existing users manage their rates of take, there will be problems, and it could be that smart meters are needed in most places fairly quickly.

Water Trading

The system of peak and off-peak WAs described in this paper would need to be reflected in SunWater's registration system for the purposes of trading. These arrangements do not lead to a separate trading of DC entitlements as the peak/off-peak DC is tagged to the WA. It would be necessary to keep track of peak and off-peak WAs and to ensure that the system was able to satisfy the arrangements inferred by those tags prior to a trade occurring.

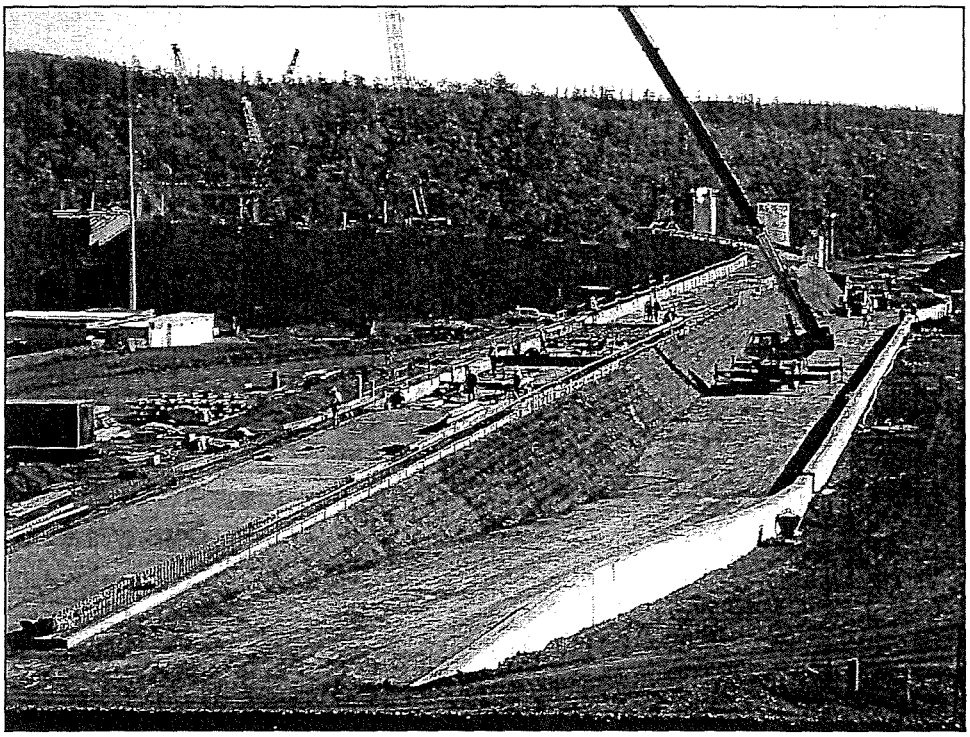
In the long term, it may be found more appropriate to separate the DC from the WA, but it is suggested that that would not need to be considered until the new water is largely allocated and there is demand for significant trading of WA across the channel systems.

BURNETT RIVER DAM WATER ALLOCATIONS

WATER PRODUCTS AND PRICING

Meeting of Bundaberg Customer Council – 21st July 2005

SunWater



WATER ALLOCATIONS

- Created by the construction of the Burnett River Dam.
- 124,000 ML medium priority water and 20,000 ML high priority water.
- To be granted to Burnett Water Pty Ltd (BWPL).
- To be granted at the time SunWater purchases the shares of BWPL and SunWater is granted the ROL.
- SunWater acts as the agent for BWPL in all transactions.
- Water associated with water allocations is d in the river.

HOW CAN I ACCESS THE WATER ALLOCATIONS?

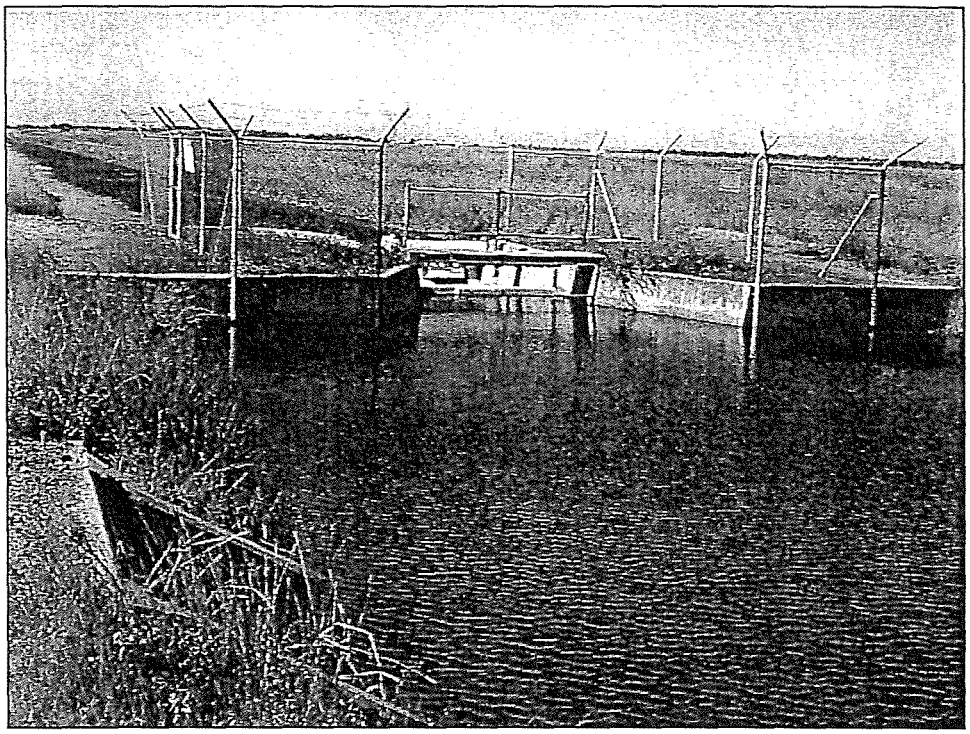
- WAs are available for purchase, or lease, or a combination:
  - Purchase up-front.
  - Purchase up-front and in later years.
  - Purchase up-front and in later years and lease all the volume from the start, until purchased.
  - Lease for 5 years with 4 more 5 year options.
- WAs will be made available by a tender process.
- Successful bidders will enter into purchase and/or lease contracts.

SUPPLY CONTRACT

- WA holders will be required to enter into a Supply Contract with SunWater – the ROL holder.
- The contract is to supply the water available under the WA into the river at the point required.
- Annual charges will be involved.

THE CHANNEL SYSTEM

- Through another Supply Contract, SunWater will deliver the water available under the WA from the river to the point in the channel system as required by the customer.



REMINDER OF PREVIOUS OUTCOMES

- The delivery system has some spare capacity.
- 'new' allocations up to 15% of current allocations can be delivered within the channel system (5% in Woongarra) as 'peak' delivery with little actual impact on current users.
- Further allocations can be delivered as 'off peak'.

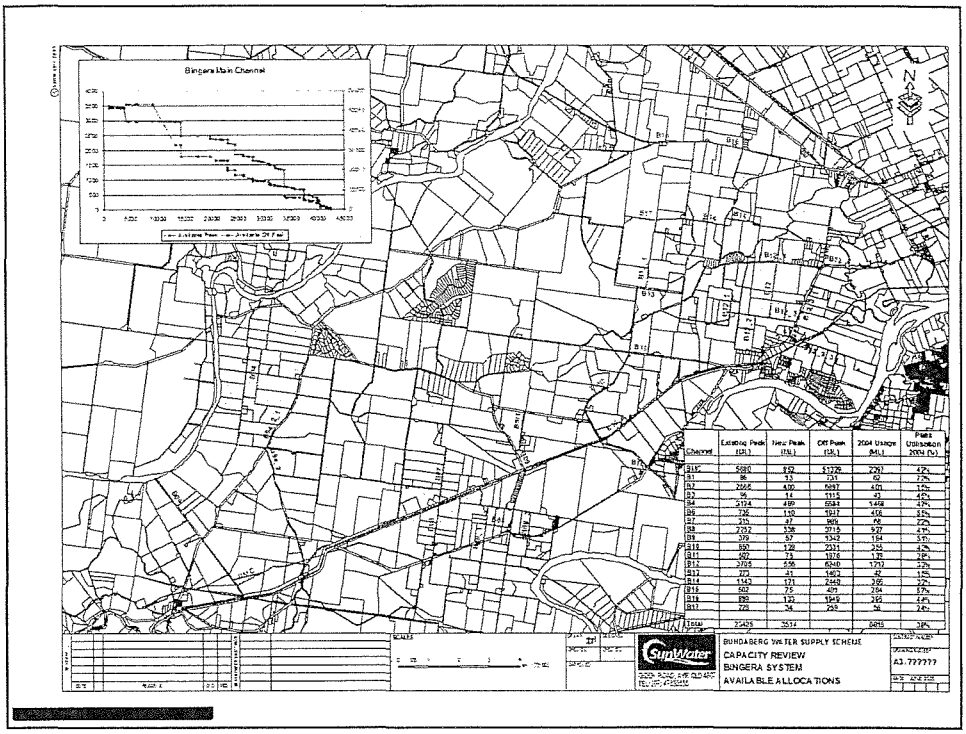
SunWater

UNDERTAKINGS AT PREVIOUS MEETING

- Volumes of WAs that can be delivered as 'peak' and 'off-peak' will be calculated at various points within the distribution system
- The capacity of the distribution system will be assessed to ensure that deliveries can occur:
  - ➢at the volumes agreed
  - ➢with reliability of the distribution system
  - ➢with management of any congestion arising

WORK UNDERTAKEN SINCE LAST MEETING

- Available distribution capacity for 'peak' and 'off-peak' volumes have been calculated at many points within the distribution system.
- Maps showing the available capacities will be available at the time of tender.



WORK UNDERTAKEN SINCE LAST MEETING (continued)

- Assessment has been made of the work involved in providing for reliable and consistent performance of the distribution system.
- Assessment has been made of the work involved in the future management of congestion through monitoring, water ordering and metering.

WORK ON THE DISTRIBUTION CAPACITY

- Capital will need to be spent to provide for these undertakings i.e. to ensure that deliveries can occur:
  - ➢at the volumes agreed.
  - ➢with reliability of the distribution system.
  - ➢with management of any congestion arising.

ACCESS TO THE DISTRIBUTION CAPACITY

- Three services proposed:
  - ❖ new WAs delivered with a 'peak' access right.
  - ❖ new WAs delivered with an 'off-peak' access right.
  - ❖ new WAs delivered with a 'peak' access right, but requiring specific distribution upgrade at the customer's cost.
- The 'right' is allocated to the WA and is not separable to the WA.
- Existing WAs will be tagged as 'peak'.

SUPPLY CONTRACT

- The contract is to deliver the water available under the WA at the river to the required point in the distribution system
- An access charge for the 'peak' and 'off peak' services in the distribution capacity will be required
- Annual charges will be required

CHARGES

CHARGES – RIVER

- Water Allocation
  - Undisclosed reserve price for sale and lease of WAs, both high and medium priority
- Annual charges
  - Part A, medium priority – TBA
  - Part A, high priority – TBA
  - Part B – TBA, the same as the current Part B i.e. $5.64
  - If Part B changes because of rural price review, then Part A will be adjusted to be cost neutral

CHARGES – DISTRIBUTION SYSTEM

- There are 3 sets of costs to be borne in the distribution system:
  (i) fixed costs of O,M,A&R
  (ii) new capital to allow 'new' water
  (iii) variable costs.
- Work on the distribution system is required for distribution of 'new' WAs only.
- Current channel customers will benefit from the work to ensure reliable and consistent performance of the distribution system and the future work required for management of congestion through monitoring.

CHARGES – DISTRIBUTION SYSTEM (continued)

- The rate of uptake of 'new' water is unknown, and the capital spend will be dictated by the uptake rate.
- The fixed costs of O,M,A&R will be required anyway.
- Therefore, for the next 5 to 10 years, it is proposed that:
  - o existing allocations (pre-BWPL) pay O,M,A&R
  - o 'new' allocations pay for capital upgrade and a small contribution to account for the cost of Water Allocations that will be lost in the system.

SunWater

CHARGES – DISTRIBUTION SYSTEM (continued)

- ACCESS (05-06 charges):
  - o Peak access (with no major augmentation costs):
    $200/ML if purchased up-front
    $30/ML/year if leased
  - o Off-peak access:
    $100/ML if purchased up-front
    $15/ML/year if leased
  - o Peak access (with major augmentation costs):
    by individual negotiation

SunWater

CHARGES – DISTRIBUTION SYSTEM (continued)

- Annual Charges:
  - o It is preferable to have a segment approach to energy costs i.e. an average charge within each segment, but differing from segment to segment and reflecting actual costs.
  - o This ensures that new entrants pay their way
  - o The Part A charges in this scenario would be similar to current charges for peak supplies (excluding the river component) and 50% for off-peak
  - o With this proposal:

SunWater

Description *	Charge (Channel only)
Part A, 'peak'	$25/ML/year
Part A, 'off-peak'	$12.50/ML/year
Part B:	
Gin Gin/Bingera	$19.00/ML/year
Abbotsford	$46.00/ML/year
Gooburrum	$9.00/ML/year
Woongarra	$15.00/ML/year
Isis	$32.00/ML/year

SunWater

* Based on 75% usage

Note: Part B river = $5.64

CHARGES – DISTRIBUTION SYSTEM (continued)

- The previous table had Part B reflecting electricity costs in each segment.
- The Part B for the river charges need to be added to this
- However, the Part B for all water needs to be the same.
- We cannot assume the Part Bs which will be settled in the pricing review for existing services
- Therefore, to recoup actual costs, Part A must vary between segments to absorb the balance of electricity costs.
- With this proposal:

SunWater

Description *	Charge (Channel only)
Part A – 'peak':	
Gin Gin/Bingera	$27.70/ML/year
Abbotsford	$47.90/ML/year
Gooburrum	$20.20/ML/year
Woongarra	$24.70/ML/year
Isis	$37.40/ML/year
Part B (channel + river)	$21.07/ML/year

* Based on 75% usage

and: →

SunWater

Description *	Charge (Channel only)
Part A – 'off –peak':	
Gin Gin/Bingera	$15.20/ML/year
Abbotsford	$35.40/ML/year
Gooburrum	$7.70/ML/year
Woongarra	$12.20/ML/year
Isis	$24.90/ML/year
Part B (channel + river)	$21.07/ML/year

* Based on 75% usage

SUMMARY

Variable Part B

Variable Part A

PEAK WATER	Part A	Part B (channel)	Part B (river)	Part B (total)	Part A (channel)	Part B (total)
Gin Gin/Bingera	$25.00	$19.00	$5.64	$24.64	$27.70	$21.07
Abbotsford	$25.00	$46.00	$5.64	$51.64	$47.90	$21.07
Gooburrum	$25.00	$9.00	$5.64	$14.64	$20.20	$21.07
Woongarra	$25.00	$15.00	$5.64	$20.64	$24.70	$21.07
Isis	$25.00	$32.00	$5.64	$37.64	$37.40	$21.07
OFF- PEAK	**Part A**	**Part B (channel)**	**Part B (river)**	**Part B (total)**	**Part A (channel)**	**Part B (total)**
Gin Gin/Bingera	$12.50	$19.00	$5.64	$24.64	$15.20	$21.07
Abbotsford	$12.50	$46.00	$5.64	$51.64	$35.40	$21.07
Gooburrum	$12.50	$9.00	$5.64	$14.64	$7.70	$21.07
Woongarra	$12.50	$15.00	$5.64	$20.64	$12.20	$21.07
Isis	$12.50	$32.00	$5.64	$37.64	$24.90	$21.07

CHARGES – DISTRIBUTION SYSTEM (continued)

- These tariffs will need to be adjusted on a revenue neutral basis if the Part Bs change in the current pricing process.
- SunWater will keep a record of revenue received from the 'new' water charges.

CHARGES – DISTRIBUTION SYSTEM (continued)

- Annual charges will be fixed for 5 years except for CPI increases or adjustments to Part A because Part B of 'old' water changes.
- Review of charges after 5 years:
  annual charges will be reviewed at the next rural pricing review and if there are mutual benefits to merge the charges for 'old' water and 'new' water, then this will be done.
- If not, annual charges will be fixed for a further 5 years except for CPI increases.
- There will be another review of annual charges after year 10.

BUNDABERG WATER SUPPLY SCHEME CUSTOMER COUNCIL

PO Box 95 Childers Q 4660
Phone: 4126 1444 Fax: 4126 1902

22 April 2005

Mr Andrew Greenwood
Chairman SunWater Board
SunWater
PO Box 536 Albert Street
BRISBANE QLD 4002

Dear Andrew

This customer council wishes to indicate its serious concern regarding the approach being taken by SunWater in proceeding with planning for sale of water from the Burnett River Dam. Council members are seeking some reasonable explanation of how this approach can satisfy acceptable standards of due process and accountability. In particular the involvement of this committee in the consultation and policy and development process is in question. A meeting of this council held on 7 April 2005 to discuss issues relating to water sales with your consultant PSI Delta and Regional SunWater Management highlights the concerns, which we are bringing to your attention.

At the conclusion of this meeting, council members were presented with the attached newsletter. Given the discussion during the meeting and the strong views expressed by council members on uncertainty of current and proposed delivery arrangements, and water pricing policy, members were extremely surprised to read what was presented in the newsletter. This was made more offensive when we were advised that the newsletter would be posted that day. The content of the newsletter was in no way representative of the views of the BWSCC and to suggest so in SunWater communication would be a gross misrepresentation

At the meeting a number of issues were raised and I have listed them below. I am sure that you will agree that your Board will need to adequately address these before the sale process progresses any further

- The sales time frame has been shortened. Water sales should commence in early 2006 rather than in July 2005 so that the product offered can be defined following water pricing policy and ROPS determination.
- There is currently great confusion given that
    - the ROP has not been finalised,
    - water pricing policies have not been set for new allocation
    - water prices have not been set for existing allocation.

- SunWater wants a silent tender process to extract money off potential bidders while industry wants an open and transparent auction to establish competitive market value.

- SunWater has suggested that future tenders will occur in 5 and 10 years time if not all water is sold. This is again to try and force growers to buy water now and bid up the price because of its monopoly power. It is not acceptable and to hand SunWater the monopoly power to sell water when in a commercial world it would not have this power to extract monopoly rents.

- Growers are committed to the lower bound for water charges and industry supports a contribution towards a return on investment on new infrastructure embedded in the purchase price of new water allocation

- Forcing up cost of supplying water. If SunWater does sell water, this will result in a higher water delivery charge (part A & B) compared to if all water was sold. This is unreasonable and government or SunWater should bear the cost of this or force SunWater to sell all water.

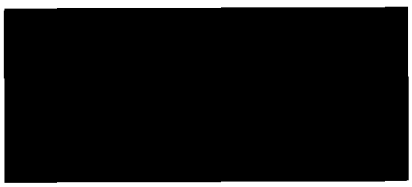
- There is no consideration for long-term profitability of growers. SunWater is solely focused on extracting every last cent out of growers rather than considering longer-term issues.

- Zones described in the ROP may significantly impact on the ability for many growers to buy water and may also drive up the price in some zones. The zones need to be freed up considerably.

We are of the opinion that SunWater is expediting the water sale process with undue haste and in total disregard for the critical outstanding issues requiring resolution. The SunWater proposal to ignore these real issues and commence sales in July lacks logic. There can be no real opportunity to properly determine a value for this water while these matters are undecided.

There are many issues and most of the critical information is not being divulged to potential purchasers. This lack of transparency and accountability is not conducive to good customer relations and the BWSSCC is extremely disturbed that SunWater would even attempt to finalise a sale price given that buyers are unable to carry out proper due diligence on what they are buying.

Yours sincerely



Wayne Stanley
SECRETARY

CC Hon. Stephen Robertson MP Minister for Natural Resources and Mines
CC Hon. Terry Mackenroth MP Deputy Premier, Treasurer and Minister for Sport
CC Mr Peter Noonan Chief Executive SunWater
CC Mr Dale Holliss Manager CANEGROWERS Bundaberg
CC Mr Scott Coleman CEO Bundaberg Fruit & Vegetable Growers

www.sunwater.com.au ABN 17 020 276 523

Level 9, 120 Edward Street PO Box 536 Brisbane Albert Street, Qld Australia 4002

Water Supply Services | Operations & Maintenance | Engineering Services | Corporate

Your ref:
Our ref: 233917
05-104696/001
Contact Name: Peter Noonan
Telephone: (07) 3120 0054

27 May 2005

Mr Wayne Stanley
Secretary
Bundaberg Water Supply Scheme
Customer Council
PO Box 95
CHILDERS QLD 4660

Dear Mr Stanley

BURNETT RIVER DAM – SALE OF WATER

I have received your letter of 22 April 2005 concerning the release of water allocation from the Burnett River Dam. I would like to convey to you that SunWater will be seeking to implement a pricing framework that is based on commercial principles. Furthermore, I would like to respond to concerns raised by some of your members.

In deciding to invest in the Burnett River Dam, the government recognised that it would not fully recover the cost of the development through the sale of Water Allocations and ongoing service delivery charges. However, in recognising its obligations under national water reform agreements, it did commit to achieving the best commercial return possible. It has been clear since the 1994 COAG agreement that commercial cost recovery should be the preferred approach to new water infrastructure investments in Australia.

This means that commercial market mechanisms should be used to seek recovery of a significant proportion of the capital cost of the infrastructure as well as future costs of managing and operating it. It is also considered appropriate to seek some return to capital from the ongoing service delivery charges as well as from sales or lease of Water Allocations.

SunWater does not see the need to link charges for the new service to current charges other than for the usage (Part B) tariff. We believe that adjustment processes can be put into place to modify new charges on a cost/revenue neutral basis if there is a change in Part B rates for existing customers in the current price setting process. This means that it is not necessary to await the determination of prices for current water services prior to setting prices for new water.

Thus, SunWater intends to advise the annual charges which will be set for new water, and tenders will be sought for purchase or lease of Water Allocations taking into account that charging regime for service delivery. This is, as a package, a market based process, and is quite different from the price setting process we have discussed for existing services.

Some of the points raised in your letter are not consistent with SunWater's intention for the sale process. That may be because we have not finalised our position on all the details and are still in the phase of raising options with you. To clarify, SunWater is not intending to set service delivery charges based on the quantity of water sold. That is, there is no intention to drive up charges to cover the cost of SunWater holding unsold allocations.

As explained earlier, it is not expected that the combination of revenue streams will recover the capital cost of the dam and this is recognised in SunWater's purchase of Burnett Water Pty Ltd.

It is not expected that there will be a full take up of the Water Allocation in the first tender process, and it is proposed to hold tenders every three to four months for some time to provide continuing access to potential users.

SunWater is keen to see the new water taken up quickly and used in profitable pursuits. At the same time, it has a responsibility to use available market processes to maximise the value of the government's investment. Please do not confuse market processes with monopoly power as I can assure you that there will be no monopoly rents sought from the process.

I understand that there has been a long process of consultation with you by SunWater staff on channel capacity issues and agreement has been reached. I appreciate the effort that has been undertaken as part of this process by the Customer Council. The current process is to discuss products and release strategies with you. I trust that you will work with staff on these, but ask that you recognise the distinction between consultation on these issues and the commercial decisions which SunWater needs to make as set out in this letter.

There are also good reasons for the first tenders to precede the completion of the dam. I know you have waited a long time to get access to further water allocations. I trust that you look closely at the opportunities which are now becoming available to do just that.

Finally, I can assure you that the sales documentation will comprehensively explain what is available to buyers, so they can make considered decisions in the tender processes.

Yours sincerely

[redacted]

Andrew Greenwood
CHAIRMAN

WATER OPPORTUNITY

Burnett River Dam Project Newsletter

April 2005

Issue 1

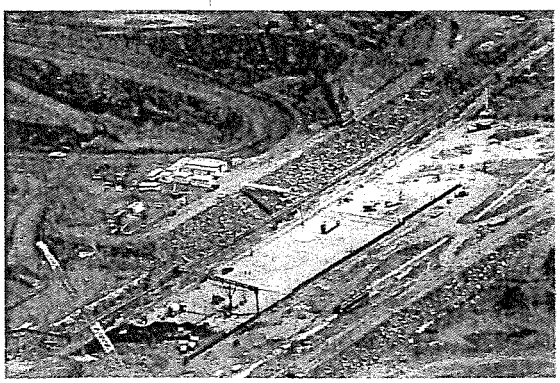
The opportunity

Land values in Bundaberg's rural region are high because it is one of Australia's premier agricultural regions. New agricultural industries are developing rapidly in the region with outside investors showing interest. The same volatility that has taken sugar prices to current lows could increase sugar prices.

With water the critical limiting factor for production of so many crops, the Burnett River Dam water is a major opportunity to invest in future profit.

The dam

The Burnett River Dam is currently being constructed by Burnett Water Pty Ltd near the old mining town of Paradise, about 80 km south-west of Bundaberg. The dam will yield 124,000 ML of medium priority water and 20,000 ML of high priority water when construction is complete in November 2005.



Burnett Water Pty Ltd will contract SunWater to operate the dam and to act as its agent to market the water allocations.

Warren Hutton, SunWater's Business Manager for the Bundaberg Region says "This is one of the biggest irrigation developments to occur in Australia in recent years. It shows the Government's expectations of growth in the region"

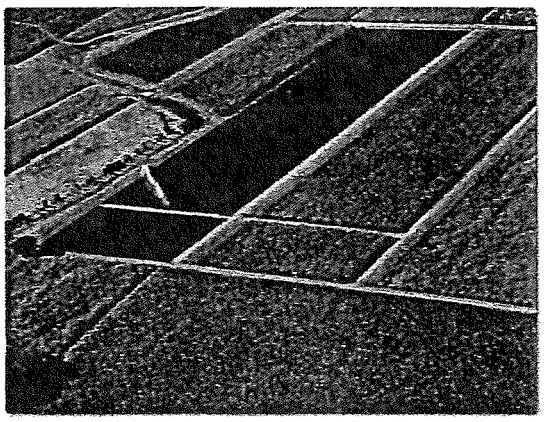
Water will be available to customers by the 2006-07 irrigation year but, depending on inflows to the dam some water may be available in 2005-06.

The Dam will provide water in addition to existing allocations and at similar levels of reliability. Allocations from the Dam have been calculated to have a minimal impact on existing allocations.

Service area

All customers in the current Bundaberg supply area will be eligible to access the new water allocations.

People who are not currently connected to the SunWater channel system may still be able to access new water. This includes river customers and current groundwater users.



Water quality

As water will be of the same typical quality as water already supplied by SunWater, potential users of the water from the dam include vegetable, sugarcane, fruit and nut farmers.

Water sales

Water allocations are set to be sold in July 2005. It is proposed that water allocations will be sold by tender with an undisclosed reserve. Potential customers will also be able to lease water for a term. Before water sales can commence, an amendment to the Burnett Basin Resource Operations Plan to take the dam into account has to be approved by the State Government.

All existing water allocation holders will be posted a sales pack prior to this and extra copies can be obtained from SunWater in Bundaberg (see contact details below).

WATER OPPORTUNITY Issue 1

April 2005

Annual charges for the new water

The charging arrangements for the "new" water are likely to be as follows:

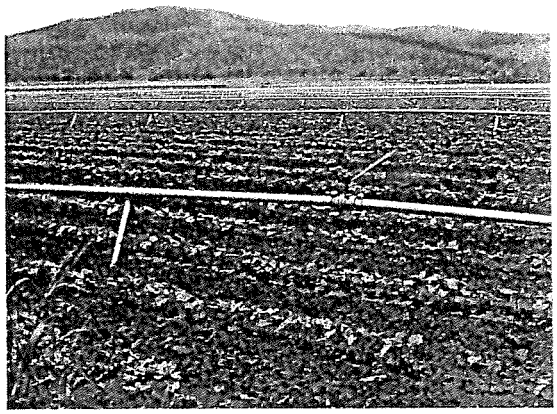
- Part A and B charges for supply in the river;
- Part A and B charges for channel delivery of the water where required; and
- An additional one-off charge for 'peak' or 'off peak' usage in the channel system.

The Part A charges will relate to the cost of the assets, while the volumetric Part B charges will remain the same as current Part B charges.

The 'peak' and 'off-peak' charges will give channel customers two levels of priority in accessing water from channels during times of peak demand. These payments will be used to minimise congestion at peak times and to contribute to any system upgrades required to handle peak flows of both new and existing allocations.

All annual charges will be made clear when the water is offered for sale.

These charges will be identified separately from charges associated with current water allocations.



Consultation process

Consultation is currently underway with the customer committee regarding the impending sales process. Passing your comments through to your local committee member is the best way to have your views heard.

Your project contacts

Warren Hutton
SunWater, Bundaberg 4132 6200

Dan Besley
Psi-Delta (Sales process) 0425761500

BUNDABERG WATER SUPPLY SCHEME CUSTOMER COUNCIL

Circular to Irrigators and Potential Purchasers of Water from Burnett River Dam

October 2005

Water Sales Process

This communiqué to irrigators from the Bundaberg Water Supply Scheme Customer Council with regard to the proposed sales process for new water from the Burnett River Dam is meant to increase potential purchasers awareness and to identify those areas where the Council does not endorse the process. The interpretation and explanation of the sales process and actual charges is a matter for SunWater and in the first instance, questions should be directed to them.

Capital Charges

The Customer Council is opposed to the proposed level of arbitrarily imposed capital charges on the grounds they (SunWater) will price water beyond the reach of many irrigators.

Long standing Canegrowers policy has been that there should be no positive rate of return on old or existing water infrastructure, but that irrigators are prepared to contribute towards a positive rate of return for newly developed infrastructure.

The position the Customer Council takes is that the competitive tender price paid is the return on investment referred to in previous policy. SunWater have ignored this justifiable approach and will apply three separate capital charges – the purchase price plus the On-peak $200.00, Off-peak $100.00 and an arbitrary charge applied to the river Part A component which is yet to be announced.

The river Part A for the Eidsvold scheme was inflated by a capital charge of $29.00 per ML. Peak and Off-peak charges are additional and will be added to tender prices.

The Customer Council has challenged this overall pricing structure without success, suggesting a one off capital charge at tender, with annual charges reflecting lower bound only.

Irrigators purchasing water will pay tender price for water in the river, a Peak or Off-peak once only charge, plus annually a Part A river charge (includes capital component), a Part C channel access charge, a Part B delivery charge, and a Government imposed resource management charge of $4.00/ML.

Peak and Off-Peak Allocation

To understand the concept of Peak and Off-peak allocation you need to understand the overall water situation.

For 30 years, we have lobbied various Governments for the completion of the Bundaberg Scheme. Now the new dam is a reality and 124,000 ML of medium priority and 20,000 ML of high priority water will be available for distribution.

The Customer Council was faced with two options – to contribute to major channel upgrades or extensions or install a water access regime, which will harness the full capacity of the present distribution infrastructure until such time as expansion becomes the only remaining option.

Future channel upgrades, should they become necessary, will be negotiated with irrigators on scheme sections.

It has been agreed, on the basis of SunWater presented data, that for all sections other than the Woongarra a 15% increase in allocation (peak allocation) could be delivered through the current infrastructure without serious negative impacts. For the Woongarra only 5% increase could be accepted.

This 15% and 5% peak water would have the same delivery security (flow rate conditions) as existing allocations, albeit slightly reduced overall.

The remaining approximately 85% of the new water will be sold as 'Off-Peak" allocation and will have no flow rate and will only be accessible when channel capacity is available. This 'Off-Peak" allocation will be subject to a discounted Part C channel access charge.

The Customer Council endorses this concept on the basis of information provided by SunWater and modelling of historical and assumed future consumption. However the Customer Council does not approve of the charging structure applied to it.

Part "C" Charge

The differential Part C charge essentially replaces the old Part A channel charge and is variable for different

sections of the scheme because it includes an element of the attributable energy (delivery) costs, which were historically included in the Part B charge.

The differential Part C also allows for the introduction of new water, and the trading or leasing of water across high and low cost scheme sections without negative impacts on all water users.

While the Customer Council generally accepts energy costs being met where they are incurred, it opposes any portion of energy costs which are by nature variable, depending on the season, being included in the fixed cost component, to be paid for whether allocation is used or not.

Announced Allocations – ROP Issues

The Customer Council successfully argued that Announced Allocations should be based on current Nominal Allocations and current storage levels, until such time as the Burnett River Dam has stored significant water.

The amended Resource Operations Plan to take aboard the new dam water allocation has increased the caps on the trading zones to allow for the introduction of new allocation and trading and leasing of allocation generally. Zonal caps may remain a consideration for some sections prior to tender.

The level at which transfers of water from Fred Haigh Dam to the Burnett must cease has been increased as requested by the Customer Council and SunWater from 45,000 ML to 200,000 ML at the commencement of the water year.

On this basis north side irrigators will be able to purchase allocation from the Burnett River Dam with a similar supply security expectation.

The Resource Operation Plan will be made available just prior to the call for tenders and will be important to potential purchasers decision-making process.

Legal Contracts

Included in the sales process is the need to sign a legal contract and the Customer Council advises the need to consult a solicitor prior to tender.

The Customer Council wishes to emphasize that there is 124,000 ML of medium priority and 20,000 ML of high priority water allocation available and there will be subsequent regular tenders called.

The Customer Council reinforces its opposition to the excessive impost of arbitrary capital charges and the certain negative impacts this will have on irrigators' ability to profitably apply adequate irrigation water to many crops.

Irrigators considering purchasing water under the SunWater arrangements are well advised to seek legal and financial advice on the commercial arrangements and legal contracts, which are involved. They should also ensure that they have received confirmation from SunWater as to the actual charges and delivery arrangements, which would apply, to their particular circumstances and section of the scheme.

Public Meetings

Public meetings are to be held to discus this water sales process for all interested parties. The Customer Council recommends that all potential purchasers and current allocation holders attend these meetings to gain an understanding of those arrangements, which are to apply to this process.

List of Customer Council Members

Noel Baldwin	*Chairman*
Geoff Chivers	*Deputy Chairman*
Maurice Chapman	Scott Coleman
Mal Forman	George Green
Alwyn Heidke	Max Henke
Mark Hochen	Gary Longden
Ivan Philpott	Joe Zunker

THE BUNDABERG WATER SUPPLY SCHEME CUSTOMER COUNCIL

CONSTITUTION

1. NAME OF COUNCIL

The name of the Council shall be the **Bundaberg Water Supply Scheme Customer Council.**

2. DEFINITIONS OF TERMS

a) Water User: Any person or persons holding a contract with the Operator.

b) Scheme: The irrigation area works centred around Bundaberg including the diversion, storage and management of water in the Kolan River for the ponded area of Fred Haigh Dam and downstream to AMTD 14.5 km which includes the ponded area of Bucca Weir and the Kolan Barrage, the Burnett River from AMTD 117.6 km to 25.9 km which includes the ponded area of Walla Weir and Ben Anderson Barrage, the Isis and Woongarra Balancing Storages, and water users in the Woongarra, Isis, Gooburrum, Gin Gin/Bingera and Abbotsford systems and diversions from the Kolan and Burnett Rivers.

c) Section: A specific sub-area of the scheme, e.g. Gin Gin/Bingera Channel.

d) Operator: The supplier of water and/or water services to the scheme, i.e. SunWater

e) Council: The Bundaberg Water Supply Scheme Customer Council.

f) Council Member: The person appointed by the industry association/group, sugar milling company, and local government body mentioned in Section 4.

3. PURPOSE

a) To advise and assist the Operator to formulate policies affecting or relating to the assessment, development, conservation, protection, management, utilisation and distribution of the water resources available for irrigation, urban and industrial purposes from the Bundaberg Water Supply Scheme and associated works.

b) To provide a forum for representatives of the Operator and water users to discuss matters of mutual interest.

c) Provide advice on the proposals put forward by the Operator.

d) To make recommendations in relation to the annual announced allocation.

e) Suggest improvements to the operation and enhancement of the scheme, including determining the optimum level of service to the licensees from the Bundaberg Water Supply Scheme and associated works.

f) To discuss and make recommendations on rationing or priority of supply in times of general shortage.

g) Report to and gather issues or suggestions from contract holders and grower groups/associations, sugar milling companies, and local government bodies and DNR.

h) Recommend, through resolution, courses of action to be taken by the Operator when dealing with specific issues.

i) To strive to ensure all water users within the Scheme receive a reliable, efficient and cost effective supply of water and services from the Operator, and that only the costs of meeting the operation (delivery), maintenance, and refurbishment of systems (at a zero rate of return) of the water supply and service are passed on to the water users.

4. PERSONS ELIGIBLE TO SERVE ON THE COUNCIL

Representation on the Council shall be confined to water users from specific industry associations/groups, sugar milling companies, and local government bodies only. The industry associations/groups, sugar milling companies, and local government bodies entitled to hold membership on the Council are as follows:

1. CANEGROWERS Fairymead – 1 Member
2. CANEGROWERS Bingera – 1 Member
3. CANEGROWERS Millaquin – 1 Member
4. CANEGROWERS Isis – 1 Member
5. Bundaberg Sugar Co. – 1 Member
6. Isis Central Sugar Mill Co. Ltd. – 1 Member
7. Bundaberg Fruit & Vegetable Growers Association – 1 Member (Fruit & Veg.)
8. Bundaberg Fruit & Vegetable Growers Association – 1 Member (Orchardist)
9. Bundaberg Macadamia Nut Growers – 1 Member
10. Childers & District Fruit & Vegetable Growers Association – 1 Member
11. Bundaberg City Council – 1 Member
12. Burnett Shire Council – 1 Member

Total – 12 Members

Observers-
Where the Manager/Chief Executive Officer of the member industry association/group, sugar milling company, or local government body is not the appointed member on the Council, then the Manager/Chief Executive Officer shall be entitled to attend meetings of the Council in the capacity of observer.

The Council may invite other observers from time to time.

Observers may participate in all relevant discussions, but as they are not members of the Council have no voting powers.

5. TERM OF OFFICE

The term of office for members of the Council shall be at the discretion of the representative industry association/group, sugar milling company, and local government body.

6. ELECTION OF COUNCIL MEMBERS

Each representative industry association/group, sugar milling company and local government body mentioned in Clause 4 will be invited to appoint one representative on the Council.

Ongoing representation would be a matter for each association/group, company, and local government mentioned in Clause 4.

Where the industry association/group, company and/or local government body makes no appointment, the Council shall have the right to appoint a water user from the representative bodies section of the scheme as a Council member.

7. ELECTION OF CHAIRPERSON and DEPUTY CHAIRPERSON

The members of the Council must elect a Chairperson at each of their first meetings..

The Council may also elect a Deputy Chairperson. The role of the Deputy Chairperson is to preside over meetings in the absence of the Chairperson.

The Chairperson and Deputy Chairperson hold office for twelve (12) months, or until the person earlier resigns or is removed as a member.

8. APPOINTMENT OF SECRETARY

The members of the Council may appoint one or more Secretaries of the Council and may at any time terminate the appointment or appointments.

The Secretary of the Council must keep minutes of its meetings and may carry out any act or deed required by this Constitution.

9. VACANCY ON COUNCIL

The following terms shall apply in relation to vacancies on the Council.

a) The position of any member who is absent for three (3) consecutive meetings without leave may be declared vacant by the Council. The Council will inform the industry association/group, sugar milling company and/or local government

body of the vacancy and invite a further appointment by the industry association/ group, sugar milling company and/or local government body to the Council.

b) When a member of the Council is unable to attend a Council meeting, representation by proxy in writing from the absent member or industry association/group, sugar milling company or local government body will be permissible and the elected member's absence will not be recorded for the purpose of Clause 8 (a).

c) In the event of a permanent vacancy occurring in the membership of the Council, a new member appointment is to be made in accordance with Section 6, by the industry association/group, sugar milling company or local government body.

10. COUNCIL MEMBER DUTY

Members of the Council will be required to work not only for the benefit of their individual sectors, but also for the mutual good of all water users in the Scheme. In addition, all Council members shall be bound by, and act in accordance with, the Council's Purpose as stated in Section 3.

11. POWER OF COUNCIL

The powers of the Council shall be that of advising the Operator on matters of mutual interest and taking actions which maybe required to ensure that the purpose of the Council (Section 3) is fulfilled.

12. QUORUM FOR COUNCIL MEETINGS

A meeting of the Council shall not proceed unless a majority of members, at least seven (7) members, are present at the nominated meeting time and place.

13. NOTICE OF COUNCIL MEETINGS

The Chairperson must convene, by notice, meetings every three (3) months and shall have the power to convene additional meetings as required, or, if requested to do so by at least two (2) members of the Council.

At least seven (7) days notice of meetings is to given to each member, in addition to providing an agenda for the meeting. However, where it is necessary, the Chairman may convene a meeting on short notice.

The Chairperson, or the Deputy Chairperson shall preside at each Council meeting.

14. ANNUAL MEETING

The Council must convene a meeting of water users at least once each year, and the meeting must be held within three (3) months of the close of the water year, being 30 June.

Notice of the meeting is to be published in a publication circulating in the Water Supply Scheme's area. at least fourteen (14) days before the meeting.

15. CHANGES TO THE CONSTITUTION

If the Council feel that change(s) is/are required to this Constitution, then such changes shall only be effected if two thirds of all the specific industry associations/groups, sugar milling companies, and local government bodies named in Section 4 are in agreement. The required change(s) is/are to be documented and distributed to the industry associations/groups, sugar milling companies, and local government bodies named in Section 4. The industry associations/groups, sugar milling companies, and local government bodies will be given one month to respond to the change(s).

At the expiry of one month the responses will be tallied. A failure to respond will be taken as a vote in favour of the change(s). If two thirds are in favour of the change(s), then the Constitution will be redrafted to include only those alterations which constitute the change(s). If more than one third reject the change(s) then the Constitution shall remain unchanged.

What's the Customer Council all about –
(according to the Constitution)

The Constitution is quite specific as to the purpose of the Customer Council –

- to advise and assist SunWater to formulate policy on a range of issues –

  The Council has contributed to the development and refinement of the following-

  - Scheme Rules and Service Targets
  - Annual Maintenance Shutdown Program
  - Supply Contracts
  - Carry overs / Forward/Advance Draws
  - Temporary Transfers
  - Penalty System for Unauthorised Water Use
  - Drought Management Strategy
  - Trading Rules (Caps)
  - Water Relocation Rules

- to provide a forum for representatives of SunWater and water users to discuss matters of mutual interest –
  - Submission on Burnett Basin ROP
  - Carry overs & Forward/Advance Draws
  - Capacity Sharing Rules
  - SOMP
  - Credit Water
  - Temporary Pump for Fred Haigh Dam

- to provide advice on proposals put forward by SunWater –

  The Council's input is generally welcomed and sought after by SunWater. However, in some cases SunWater is bound by the rules e.g. IROL.

- to make recommendations in relation to the annual announced allocation –

  This is an area where the greatest change occurred when the Advisory Committee became Customer Council. The Council would like to have a greater say in setting the announced allocations. However, as I have said in the preceding dot point, SunWater is bound by rules e.g. IROL where the announced allocation becomes an automatic calculation without taking into account the consequences for following years.

- to suggest improvements to the operation and enhancement of the scheme, including determining the optimum level of service to the licensees –

  This is covered in dot point 1. The Customer Council has made suggestions towards the Scheme Rules and Service Targets.

- **to discuss and make recommendations on rationing or priority of supply in times of general shortage –**

  The Council helped develop the Drought Management Strategy. The Council has made recommendations on the operation of restrictions and the need for a temporary pump at Fred Haigh Dam.

- **report to and gather issues or suggestions from contract holders and grower groups/associations, sugar milling companies, and local government bodies and DNRM –**

  This is possibly an area where the Council could improve reporting to contract holders, although in saying this I acknowledge that CANEGROWERS uses its District Newsletters to disseminate information. I can't comment on the other producer bodies. The Council members do raise issues brought to them by contract holders.

- **recommend, through resolution, courses of action to be taken by the operator when dealing with specific issues –**

  The Customer Council has always performed this duty

- **to strive to ensure all water users within the Scheme receive a reliable, efficient and cost effective supply of water and services from the Operator, and that only the costs of meeting the operation (deliver), maintenance, and refurbishment of systems (at a zero rate of return) of the water supply and service are passed on to the water users –**

  This has always been the charter of the Customer Council. The Council has met with Anne Stuart and made our opinions known. The chair and members have attended public meetings and expressed those same comments. The Customer Council will continue on this premise during the period of consultation on the Price Path negotiations.

General Comment –

The Customer Council membership is broad enough to express the views of the majority of water users, however, the Council has made the offer to involve other parties for specific matters e.g. Kolan Shire Council's interest in the development and use of the Fred Haigh Dam facility in its Shire.

Wayne Stanley
SECRETARY
BUNDABERG WATER SUPPLY SCHEME CUSTOMER COUNCIL

0 . . . 2003

BUNDABERG

IRRIGATOR ADVISORY COMMITTEE

CHARTER

10 June 2008

Table Of Contents

1. APPLICATION

This Charter shall apply to the Bundaberg Irrigator Advisory Committee (BIAC).

2. DEFINITIONS

Chairperson	Any member of the Irrigator Advisory Committee elected to coordinate the activities of the Irrigator Advisory Committee, preside over Irrigator Advisory Committee meetings and represent the interests of the Irrigator Advisory Committee in interactions with SunWater
Irrigator Advisory Committee	A group of irrigators within the scheme that have been elected by irrigation customers by either direct election or through industry membership to represent the interests of the broader irrigation customer base in relation to scheme operations and water supply issues and improvements with SunWater.
Irrigation Customer	An irrigator who holds a contract with SunWater for the supply of water and/or water services within the irrigation supply scheme.
Issues Based Working Group	Issues Based Working Groups are established on an "as required" basis to deal with: ▪ contentious issues that arise within schemes that need policy or high level decision making; ▪ issues that have implications that extend beyond a single scheme's operations; ▪ statewide policy matters of substance; and ▪ "issues-in-common" across a number of schemes/customer groups. Groups are formed to deal with specific issues and conclude when the issue has been resolved. The membership of each Issues Based Working Group is dependant on the issue to be resolved, but is expected to have a majority of water users making up membership. Coordination of Working Groups and communication of Working Group activities to customers is primarily the responsibility of SunWater, with strategic contributions from customer representatives.
Quorum	The minimum number of representatives in attendance to conduct a meeting
Representative	Any person elected as representing irrigators in accordance with membership eligibility criteria
SunWater	The supplier of water and/or water services to the scheme

3. PURPOSE OF THE IRRIGATOR ADVISORY COMMITTEE

The Bundaberg Irrigator Advisory Committee will focus on scheme operational issues by:

- providing advice and recommendations to SunWater regarding scheme operational issues
- representing the interests of the broader irrigator base in respect of SunWater's ongoing operation of the water supply scheme
- providing a mechanism by which SunWater and customers raise and discuss matters of mutual interest in relation to the management of the physical aspects of the scheme and customer relationship issues

From time to time issues may be raised and discussed at the Irrigator Advisory Committee that do not fall under the above operational focus of the Committee. Such issues may serve as a catalyst for the establishment of an Issues Based Working Group.

The Bundaberg IAC will not be used for any price path negotiations.

4. REVIEW OF CHARTER AND IRRIGATOR ADVISORY COMMITTEE FUNCTIONALITY

SunWater and the Irrigator Advisory Committee intend to review the terms of the Charter at least annually to ensure that it accurately reflects the purpose for which it is in place and any new directions as agreed, and SunWater will amend the Charter to incorporate those changes, if any. SunWater, will as part of a review, consult with irrigators, industry bodies and other interested parties in the scheme to seek feedback on the effectiveness of the functioning of the Committee in meeting the objectives of those stakeholders.

The Irrigator Advisory Committee acknowledges that SunWater may need to review and amend the Charter at other times to ensure legal compliance with any changes in the law or as operational practices imposed on SunWater by the Regulator. SunWater will where possible, give the Irrigator Advisory Committee reasonable opportunity to comment on the changes, before SunWater implements those necessary changes. The Irrigator Advisory Committee also acknowledges that such changes may be needed immediately to ensure compliance with laws, regulations and directions, and that SunWater may not be able to provide advance notice of such changes. In such cases, SunWater will report on these changes at the next scheduled meeting with the Irrigator Advisory Committee.

5. IRRIGATOR ADVISORY COMMITTEE REPRESENTATION

5.1 A total of 14 representatives will form the Irrigator Advisory Committee with representation to come from the two processes described in 5.2 and 5.3.

5.2 There will be 6 representatives on the Irrigator Advisory Committee elected on the basis of a duly conducted nomination/election process (see section 7) conducted by SunWater directly with irrigator customers for each of the following segments of the scheme:

- The Kolan River
- The Burnett River
- The Gin Gin/Bingera Channel system
- The Isis Channel system
- The Woongarra Channel system
- The Gooburrum Channel system

5.3 There will be a further 8 representatives on the Irrigator Advisory Committee comprising nominations from the following local irrigator industry bodies:

- Bundaberg Canegrowers Ltd
- Canegrowers Isis Ltd
- 2 from Bundaberg Fruit and Vegetable Growers Cooperative (nominations to represent Small Crops and Tree Crops)
- Childers Fruit and Vegetable Growers Association Inc
- Bundaberg Sugar Ltd
- Isis Central Sugar Mill
- Bundaberg Regional Council

5.4 The Irrigator Advisory Committee in conjunction with SunWater's Regional Manager may, at the expiry of each term, review the representative structure to ensure appropriate representation. A change in total membership numbers, industry representation and segments represented can only occur with the support of SunWater and the Irrigator Advisory Committee.

5.5 All persons eligible to be elected as a representative of the Irrigator Advisory Committee must be a SunWater irrigation customer. Elections for segment representatives will be as per Section 7 – Election of Representatives. .

5.6 Participation as an Irrigator Advisory Committee representative is voluntary and honorary.

6. TERM OF REPRESENTATION

The term of representation for all members elected from their segment (including the Chairperson if applicable) shall be three (3) years. Representatives may be re-elected by irrigation customers or re-nominated by their industry body.

7. ELECTION OF REPRESENTATIVES

Prior to the expiry of each term, SunWater's Regional Manager will call for nominations from the 6 segments of the scheme as defined in section 5. The election process will be coordinated by SunWater's Regional Manager.

Each nomination shall be in writing and include the signature of the nominee and the signature of at least one other irrigator in the nominee's segment of the scheme.

If more than the required number of eligible nominations is received for a segment of the scheme, the irrigators within the relevant segment of the scheme shall be required to vote to elect the representative.

If there is a tie, SunWater's Regional Manager shall draw lots to determine the successful representative.

Where the required number of nominations are not received, the elected Irrigator Advisory Committee representatives in conjunction with SunWater's Regional Manager can select and appoint an irrigation customer from that segment of the scheme or another segment of the scheme, as an Irrigator Advisory Committee representative.

In relation to the 8 representatives nominated from the industry bodies defined in section 5, it is expected that these bodies will conduct regular elections for their members and that the nominations to the Irrigator Advisory Committee will be representative of their body's irrigator member base as they relate to SunWater.

8. CHAIR RESPONSIBILITIES

Committees will preferably be chaired by a customer representative, otherwise by SunWater's Regional Manager. At the first meeting of the Irrigator Advisory Committee (following an election), the representatives must **elect** a Chairperson (by consensus). SunWater's Regional Manager will preside over meetings in the absence of the Chairperson.

8.1 Role of Chairperson

The Chairperson is responsible for the coordination and management of the activities of the Irrigator Advisory Committee. As such, the Chair has a number specific responsibilities including:

- chairing meetings;
- develop the agenda for meetings in conjunction with the Regional Manager;
- developing meeting reports in conjunction with SunWater's Regional Manager;
- representing interests of customers in various forums (e.g. meetings with NRM); and
- representing the Irrigator Advisory Committee in interactions with SunWater.

Irrigator Advisory Committee Chairs may, periodically meet with members of SunWater's Board of Directors to enable the Board to gain an appreciation of customer issues and receive direct feedback on scheme management initiatives and for the Board to provide feedback on SunWater's direction.

9. REPRESENTATIVES' RESPONSIBILITIES

Representatives will be required to work not only for the benefit of their individual segment of the scheme, but also for the mutual good of all irrigation customers represented by the Irrigator Advisory Committee.

Irrigator Advisory Committee representatives must undertake their duties and responsibilities in accordance with this Charter.

9.1 Role of Representatives

Collectively, representatives play an important role in the operational aspects of SunWater schemes. Representatives are responsible for:

- working with SunWater to improve the effectiveness of water supply and scheme operations;
- remaining abreast and increasing their awareness and knowledge of water resource issues that may impact on customers and scheme effectiveness;
- participating at meetings as a representative of scheme customers;
- raising and discussing customer issues, ideas and concerns with the Irrigator Advisory Committee;
- representing the Irrigator Advisory Committee at various forums;
- providing feedback to customers regarding Irrigator Advisory Committee work and outcomes; and
- providing information and feedback to customers regarding SunWater activities.

While representatives carry out the above responsibilities, these activities do not replace SunWater's commitment to communicate effectively with all customers.

9.2 Dispute Resolution

If a representative considers that a fellow representative is not acting in accordance with the Charter, they must outline the issues (in writing) to the Chairperson.

The Chairperson shall notify the representative concerned and provide the representative with the opportunity to respond (in writing) within a reasonable timeframe.

The Chairperson shall discuss the issue with SunWater's Regional Manager. Following this discussion, the Chairperson and SunWater's Regional Manager shall hold a meeting between the relevant parties to attempt to resolve the issues.

If the issues are not able to be resolved, an Irrigator Advisory Committee meeting shall be called for representatives to vote on whether to remove the representative from the Committee. At this meeting, the Chairperson shall present the issues raised and response provided. The outcome of the vote must reflect the majority of the Irrigator Advisory Committee.

In the instance when the Chairperson is the complainant or the complaint is regarding the Chairperson, SunWater's Regional Manager shall chair this meeting.

10. ADMINISTRATIVE SUPPORT

Administrative support will be provided by SunWater. This support will include:

- preparation of the agenda for meetings;
- minute taking;
- correspondence – preparation, receipt and distribution;
- payment of allowances to representatives e.g. travel;
- payment of expenses e.g. meeting room hire; and
- records management

11. VACANCIES

A vacancy on the Irrigator Advisory Committee shall exist when:

i) A representative resigns their position as an Irrigator Advisory Committee representative;
ii) A representative ceases to be an irrigation customer; or
iii) A representative is absent for three (3) consecutive meetings without notice of leave
iv) One of the industry bodies (defined in section 5) fails to appoint a nominated representative.

12. RESIGNATION

A representative may resign from the Irrigator Advisory Committee by giving written notice to the Chairperson. The resigning representative shall return all Irrigator Advisory Committee property.

13. NOTICE OF MEETINGS

The Irrigator Advisory Committee shall hold a minimum of two (2) meetings per annum. The Chairperson may convene additional meetings as required, or, if requested to do so by SunWater's Regional Manager or at least two (2) representatives of the Committee.

The last action of a Irrigator Advisory Committee meeting will be to nominate the date for the next meeting. At least seven (7) days prior to the meeting, a notice of a meeting, agenda and minutes of previous meeting must be provided to all representatives. The Chairperson may convene a meeting on short notice in exceptional circumstances.

14. QUORUM FOR MEETINGS

A meeting of the Irrigator Advisory Committee shall not proceed unless a majority of representatives are in attendance.

In the instance when a quorum does not occur, the Irrigator Advisory Committee meeting will be rescheduled for a later date and all representatives will be advised.

15. OBSERVERS

Where the Manager/Chief Executive Officer of the member industry association/group, sugar mill or council is not the appointed member on the Committee, then the Manager/Chief Executive Officer shall be entitled to attend the meetings of the Committee in the capacity of observer. The Irrigator Advisory Committee may also invite SunWater irrigation customers to attend meetings as observers. While the role of the observer is generally restricted to observing only, an observer may with prior approval of the Chairperson, submit an agenda item and participate in discussion in relation to that issue.

Observers are not representatives of the Irrigator Advisory Committee and do not have voting powers.

16. MEETING PROCESS AND RESOLUTIONS

The Irrigator Advisory Committee shall operate cooperatively and reach decisions by consensus. Resolutions made shall reflect the majority of the representatives. Any motions of dissent shall be written into the minutes if requested by the dissenting representative(s).

The Chairperson, or SunWater's Regional Manager in his/her absence, shall preside over meetings in accordance with the agenda.

SunWater will distribute the minutes of the meeting to all representatives within ten (10) working days of the meeting.

The Chairperson, in consultation with SunWater's Regional Manager shall develop the agenda. SunWater will prepare and circulate the agenda to all representatives.

The Chairperson has the casting vote.

17. PROXIES

Any representative may appoint a proxy to attend and vote at a meeting on his behalf. A written advice of the appointment of a proxy is to be provided to the Chairperson and tabled at the commencement of the meeting.

18. INSURANCE COVERAGE

Sunwater's travel insurance policy covers Irrigator Advisory Committee representatives. Claims are dealt with by SunWater's insurer. Coverage does not include loss of income, property damage, or cover persons other than Irrigator Advisory Committee representatives or their participation in other committees or other purposes.

The policy applies to:

- travel to and from Irrigator Advisory Committee meetings from place of business or home via the most direct route; and
- travel to and from Irrigator Advisory Committee activities undertaken at the express request of SunWater from place of business or home via the most direct route.

SunWater's public liability insurance cover is extended to cover Irrigator Advisory Committee representatives whilst engaged in SunWater business.

19. REPRESENTATIVE LIABILITY

The main function of the Irrigator Advisory Committee is to liaise with irrigation customers and provide advice to SunWater. This advice has no statutory force and it cannot "bind" SunWater or any other person to undertake or restrain from any conduct.

Representatives cannot be compelled to provide advice.

SunWater carries full responsibility for all decisions it makes and will endeavour to protect representatives acting in the ordinary course of their functions under the Charter.

All individuals are responsible for their own actions outside the Irrigator Advisory Committee such as providing expert opinion to others.

20. COMMUNICATION WITH CUSTOMERS

SunWater's Regional Manager and Chairperson (or a delegated committee representative) will share post meeting communication obligations. As the nature of communications are often dependent on the issues for discussion and customer requirements, specific communication activities will be developed consultatively with the Irrigator Advisory Committee.

Communication requirements should include:

- Summary of meeting outcomes posted on the SunWater website within 10 working days of a committee meeting;
- Irrigator Advisory Committee representation at industry/customer group forums;
- Articles in SunWater scheme newsletters

Other communication mechanisms may include:

- Annual meetings of all customers may also be convened
- Information sheets to customers (distributed by SunWater on behalf of Irrigator Advisory Committees)
- Direct communications/conversations with customers
- Participation at local networks and community forums

21. COMMUNICATION WITH SUNWATER

Communication with SunWater can occur across a number of levels:

i) **Regional Manager**
SunWater's Regional Manager is the primary contact for the Irrigator Advisory Committee regarding scheme based issues (e.g. announced allocations and shutdowns). The Regional Manager will also seek information and advice from the Irrigator Advisory Committee formally through meetings and informally on an "as needs" basis.

ii) **Senior Management**
From time to time, SunWater's senior management may attend Irrigator Advisory Committee meetings to discuss strategic or policy issues that may impact on scheme operations. Senior management also provide a secondary mechanism to discuss complaints or difficult issues that cannot be resolved locally.

iii) **Board of Directors**
Periodically, the Chairperson may meet with representatives of SunWater's Board of Directors to enable the Board to gain an appreciation of customer issues and receive direct feedback on scheme management initiatives and for the Board to provide feedback on SunWater's direction.

iv) **Irrigator Advisory Committee – Consultation Advisor**
The advisor provides the Irrigator Advisory Committee with an independent mechanism, external to line management, to communicate with SunWater. The role works with the Irrigator Advisory Committee to:

- assist with their functioning and effectiveness;

- identify and raise issues with the SunWater Board and management team in relation to scheme issues and concerns (strategic and operational);
- resolve points of difference and disputes within the committee and with SunWater; and
- provide feedback to SunWater regarding current and emerging issues identified by the Irrigator Advisory Committee as impacting on the water industry.
- receives any complaints about the functioning of the Irrigation Advisory Committee

22. COMMUNICATION WITH MEDIA

Any information or comment provided to the media on behalf of the Irrigator Advisory Committee, shall only be undertaken by the Chairperson and occur following consultation with SunWater's Regional Manager.

SunWater
CUSTOMER CONSULTATION FRAMEWORK

The SunWater Customer Consultation framework was developed in consultation with peak industry following feedback from customers. The key drivers of the framework are to enhance customer consultation and to work with customers to provide:

- better outcomes for their businesses
- more transparency in SunWater's decisions
- more responsiveness from SunWater to customer needs.

The framework does this by providing mechanisms for customers to work with SunWater on issues and by providing clarity for how and where issues are best addressed. In addition to communicating directly with SunWater, the framework has two key mechanisms for customer consultation:

- Irrigator Advisory Committees
- Issues Based Working Groups.

IRRIGATOR ADVISORY COMMITTEES

Each scheme has an Irrigator Advisory Committee which focuses on scheme operational issues. The Irrigator Advisory Committee:

- provides advice and recommendations to SunWater regarding scheme operational issues
- represents the interests of the broader irrigator base in respect of SunWater's ongoing operation of the water supply scheme
- provides a mechanism by which SunWater and customers raise and discuss matters of mutual interest in relation to the management of the physical aspects of the scheme and customer relationship issues.

The membership and functioning of Irrigator Advisory Committees are governed by the Irrigator Advisory Committee Charter.

ISSUES BASED WORKING GROUPS

Issues based Working Groups are established on an "as required" basis to deal with:

- contentious issues that arise within schemes that need policy or high-level decision making
- issues that have implications that extend beyond a single scheme's operations
- statewide policy matters of substance
- "issues-in-common" across a number of schemes/customer groups.

Groups are formed to deal with specific issues and conclude when the issue has been resolved. The membership of each Issues based Working Group is dependent on the issue to be resolved, but is expected to have a majority of water users making up membership.

Communication of working group activities to customers is primarily the responsibility of SunWater, with strategic contributions from customer representatives.

CONSULTATION WITH PEAK INDUSTRY

The framework enables SunWater to continue to work closely with peak industry groups on statewide policy issues by implementing an approach similar to the model applied for the rural water pricing process. The model allows for, on an "as needs" basis, the creation of extension groups to consider and provide advice on specific policy issues. Engaging with peak industry groups enables the strategic monitoring of water issues and provides a further avenue for customers to raise issues in relation to scheme operations and management.