

26 November 2013

Dear SunWater customer

We write to advise that the date for submitting our business proposal to government in relation to Local Management Arrangements for the Mareeba channel scheme has been extended to March 2014.

This additional time will allow proper consideration of the impact of engineering due diligence reports on the future cost of running the scheme and complete the financial modelling necessary to determine if our local management proposal is viable into the long term.

To date our interim board has started the engineering and legal due diligences, which will feed into the Financial Model for the scheme and Draft Business Proposal. We anticipate we will have a consultation draft developed for your feedback at the end of February or beginning of March next year. This will provide you with an understanding of what local management could mean for you and an opportunity to comment on whether local management in Mareeba should proceed.

The alternative to local management for the irrigation scheme is unclear but in the short term the scheme is likely to remain with the restructured SunWater, whose core business is bulk water assets. We suspect a reduced number of irrigation schemes to run will impact SunWater's costs to run the scheme but one thing we do know is that Mareeba-Dimbulah irrigators are likely to have more say in a locally run entity.

The choice between local management and SunWater is one that requires careful consideration. The decision will have long term implications for individual businesses, families and communities. Our investigations so far have identified some efficiencies from operating the scheme as a business locally.

The Mareeba channel scheme has about 1200 customers of which 40 per cent are large users, while 60 per cent are small lot holders. The scheme has a diverse number of crops including sugar cane, bananas, mangoes, avocados, papaya, lychees, citrus, coffee, tea trees and also a wide range of vegetable crops. An important part of the process is to ensure we engage with all customers and present a business proposal that has broad support from irrigators and the wider community.

A number of customer forums were held in September and I took this opportunity to reassure small lot holders that there would be no change to water entitlements if local management was to proceed.

In addition, the customer forums underlined the importance of considering:

- An office in Mareeba so customers have access to front counter customer service, staffed by local people who know the requirements of irrigators and can co-ordinate temporary transfers
- A request for certainty around bulk water pricing
- An adequate separation payment from government to allow long-term management and sustainability of the scheme
- The need for clear guidance on how LMA would operate in relation to the ROP (Resource Operations Plan)
- An entity, whose members are the scheme customers, which consults with the wider community
- Opportunities for the new entity to modernise scheme and undertake activities that allow benefits to return to scheme and its irrigators.

Early next year we will receive our due diligence report on the condition of the scheme assets, which will allow us to complete financial modelling on the viability of the scheme. This information is a critical input required for the interim board to assess whether local management is in the best interest of the Mareeba-Dimbulah scheme.

We look forward to being able to talk to you about the future of the scheme in the early part of 2014. In the meantime, for further information please don't hesitate to contact me on 0418 966 960 or email [mareeba-dimbulah@lmairrigation.com.au](mailto:mareeba-dimbulah@lmairrigation.com.au).

All the best for the festive season and for the New Year,

Joe Moro  
Chair  
Mareeba Dimbulah Interim Board  
<http://www.lmairrigation.com.au/mareeba>