QLD COMPETITION AUTHORITY

16 JUL 2012

DATE RECEIVED

Queensland Competition Authority. file ref:444089
Level 19,
12 Creek Street,
BRISBANE. QLD 4001

For the Attention of Angus MacDonald

Dear Sir,

Subject- **Irrigation Prices for Seqwater Central Brisbane WSS: 2013-17**

We are stakeholders in the Central Brisbane WSS and hold a current license to draw water from the Brisbane River between Wivenhoe Dam and Mount Crosby. We would be extremely concerned should the QCA come to the conclusion that the documentation provided by Seqwater provides a justification for any charge to be made for water taken direct from the Brisbane River under the capped 7000Ml agreement.

We note that the Fernvale Consultation meeting of 22nd June was attended by a very small proportion of the 130 License Holders. We consider that the views expressed about the level of charging per ML were not representative of our views or the views of the majority of license holders in the Central Brisbane WSS who attended a meeting of 10th July 2012.

We support the views expressed in the attached submission and request the QCA accept this submission on our behalf.

Yours faithfully,

Signature [redacted]

Print Name of License Holder..... FARNSEA PTY LTD.....

Date [redacted]

~~16.7.12~~
15-7-12

MBRI Inc
MID BRISBANE RIVER IRRIGATORS
Promoting Effective Sustainable Catchment Management

Submission to Queensland Competition Authority

In relation to

Seqwater Rural Water Supply Network Service Plan For the Central Brisbane River supply scheme

On Behalf of

The Members of Mid Brisbane River Irrigators Inc

This submission is prepared under 3 main headings

1. Substantiation for there to be no charges for the 7000ML of irrigation water to be taken from the Central Brisbane River.
2. Reasons why the Seqwater submission outlining costs is flawed.
3. Suggestions as to how improved productivity(maximum use of current licensed allocations) can be addressed under a no charge regime.

1. Justification for the 7000ml irrigation water to be taken free of charge

a) Neither Somerset nor Wivenhoe were financed and built for irrigation.

(b) In the 70 years since the completion of Somerset Dam and 30 years since completion of Wivenhoe, irrigators have never been required to pay water charges for drawing water from the river, despite a number of attempts in the past to do so.

(c) This matter was clarified once and for all in 1981 that the dams were constructed for domestic water supply and flood mitigation and not for the purpose, in part or whole, for irrigation. (attached submission 24-2-1981 to Minister of Water Resources & response to T.G. & L.A. Matthews 21-10-1981)
(c) Neither Seqwater, nor its predecessor have expended funds, either capital or operating, dedicated to the delivery of bulk untreated water for irrigation
(d) This stretch of the river has never needed either Somerset Dam or Wivenhoe Dam or any other infrastructure, to store water, and water has always been available for irrigation.

(e) Seqwater cannot identify the cost of any service that is used by irrigators in drawing water for irrigation purposes. This makes the current proposed charge, struck on a per megalitre basis, unrelated to the actual cost of a service to irrigators, and therefore at law should neither be recommended nor allowed by the Queensland Competition Authority

On the other hand the irrigators can point to several ways in which they have contributed to reducing Seqwaters costs and assisting with environmental obligations.

(f) Involvement of irrigators with SEQCatchments in Catchment improvement.
(g) During the millennium drought, raising the level of awareness and keeping the land adjacent to the river green, grassed, and productive. This action assisted in the control of treatment costs by reducing the volumes of sediment that accessed the river.
(h) Delaying the closure of the Brisbane Valley Hwy at times of flood. (Zanow Quarry)
(i)Members with local knowledge kept Seqwater informed about conditions on the river.
(j) MBRI and its committee contributed $40000 in Counsel fees and 1000's of hours professional pro bono work to prepare submissions and be represented at the Queensland Flood Commission. We consider this work assisted Seqwater and was influential in the Final Report by the Flood Commission.

2. The following items directly address the relevance of the group of costs that Seqwater have submitted for QCA assessment, and which Seqwater state make up an appropriate contribution from the irrigators.

(a) It is inconceivable that the Irrigators should be charged in any way for the cost of operation of Somerset Dam. Even if one discounts the reasons given in Section 1(above) we are unable to see why QCA should consider it can reasonable, fair, appropriate, or even sensible, to charge irrigators for holding the same water twice? All Somerset operation maintenance and staffing costs should be removed.

(b) Even if it is considered that a proportion of the operation and maintenance costs should be charged the current ratio of 2.4% is not sustainable. This ratio is based on allocation and covers all the variable costs allegedly resulting from these water volumes. However there is no proof of usage, no warranty on water quality

or volume. There is no compensation should dam water damage our equipment, or our land, through mismanagement. No guarantee that irrigators will be warned about deliberate releases within dam management control with the potential to cause damage. There remains a right to for Seqwater to recover from irrigators costs in excess of those nominated, for matters beyond the control of dam management. These costs are more than likely to be a double penalty for the irrigators who may already have incurred similar costs of their own.

(c) In the period 2004 to 2012 there is no doubt that the full allocations have not been used. There are two primary reasons which are, reduced allocation available from Seqwater/DERM and extraordinary weather. Neither are within the control of the irrigator yet the result of these circumstances is that the irrigators cost of water under the Seqwater proposal would be $175,84. This would be on top of failed crops due to failed water supply, and a 75% reduction in income during probably 4 of those 7 years-another double penalty.

(d) We understand from Somerset Regional Council that Seqwater resists requests from Council to increase the opportunity for the community enjoyment of their extensive areas of land for recreation. The reason is given, that it will increase the cost of water treatment. Why should the irrigator pay towards the up keep of these community service provisions when they are under-used in order to save treatment costs to the benefit of Seqwater.

2(e) The Seqwater cost structure includes provisions for maintenance to redundant equipment which is contrary to our understanding of what would be considered eligible costs.

(f) Seqwater see the cost of water harvesting (pumping into off-stream storage) in systems unconnected with Central Brisbane, as a legitimate part of irrigators costs. This seems extraordinary and inappropriate.

(g) Seqwater documented the fact that the Lowood/Fernvale and the Central Brisbane Flood plain is used in a deliberate strategy, to be sacrificed to assist reducing flood levels in Brisbane. This information was not shared with Somerset Regional Council or the irrigators prior to January 2011. Neither is it

planned to be changed. This created considerable cost to Irrigators from the Wivenhoe Dam water releases in Jan 2010 & Jan 2011 due to damage/destruction of pumps, associated infrastructure & riverbanks where pumps were located resulting in disruption/cessation of production."

After the flood, releases from Wivenhoe regularly incurred high operational cost and risk. This should be discounted against Seqwater's cost.

3. The MBRI considers there is a proportion of the 7000ML per annum not being used productively for a variety of reasons. It will support attempts to address improved productivity, review the reasons, and suggest a strategy that could reverse this trend. It would be wrong to use an unjustifiable price per ML in an attempt to improve the productivity, so that all irrigators pay an un-affordable unit price when the proper solution should be to encourage the use of these allocations. However it should be noted that the water Licenses issued under the provisions of the Water Act 2000 were not subject to a beneficial use condition. (see letter from Stephen Robertson to Mr Don Livingstone MP on 26th August 2003.

Queensland
Water Resources
Commission

References 81/8841/16 L9216
Telephone 224 7378 Mr. B. Fawcett

GPO Box 2454
Brisbane
Queensland 4001

21st October, 1981

Messrs. T.G. & L.M. Matthews,
M.S. 861,
FERNVALE. Q. 4305

Dear Sirs,

IRRIGATION FROM BRISBANE RIVER
WIVENHOE DAM TO MT. CROSBY WEIR

In April last, irrigators on the Brisbane River between Wivenhoe Dam and Mt. Crosby Weir were advised that charges would be implemented after 1st July, 1981 for water diverted from the River for irrigation.

I now have to advise that following representations from irrigators, the Government has decided that no charge will be made for water diverted for irrigation.

However, the total volume of water which may be diverted each year shall not exceed 7 000 megalitres.

Licensees may elect to have either an area allocation or a volumetric allocation. If the former is chosen, the area authorised on any property will not exceed 50 hectares which is equivalent to 350 megalitres per year or 7 megalitres per hectare per year.

If an irrigator considers that his annual use of water will be less than 7 megalitres per hectare, he may elect to have a volumetric allocation not exceeding 350 megalitres per year which will enable him to irrigate whatever area he wishes, providing his annual use does not exceed his authorised allocation. In such cases, the licensee will be required to pay for the supply and installation of a meter, which shall remain the property of the Commissioner, to record annual water use.

Because presently indicated requirements exceed 7 000 megalitres per year, it will be necessary to adjust some proposed allocations, either area or volume, to reduce the gross allocation to 7 000 megalitres.

2/..

To enable licences to be amended or issued, it will be necessary for licensees and applicants to indicate whether they wish to have an area or volumetric allocation and accordingly, I look forward to advice from you within two weeks from the date of receipt of this letter. If no reply is received, it will be assumed that an area allocation is required.

Yours faithfully,

[redacted]

W.N. Meredith,
SECRETARY.

Submission to the Honourable The Minister for Water Resources and Aboriginal and Island Affairs by a deputation appointed by a meeting of landowners held at Wanora on 24th February, 1981.

Sir,

Irrigators on the Stanley or Brisbane Rivers downstream from Somerset Dam have never been required to pay charges for the water used. Somerset Dam was constructed under the provisions of Section 6C of the Bureau of Industry Act. The purposes for which the dam was built are stated in that Section as "For the purpose of ensuring an adequate storage for the supply of water to the City of Brisbane and the City of Ipswich, and for the further purpose of preventing as far as may be destruction by flood waters in or about the said cities." The provision of water for irrigation was not a purpose for which the dam was built. The Act for the construction of the Wivenhoe Dam does refer to "water storage amongst other things, but does not refer to storage for irrigation, and neither the Premier's speech introducing it in Parliament nor any other speeches made in relation to the Bill make any reference to the need for water for irrigation.

The financial responsibility for the construction of Somerset Dam was divided between the Government, the Brisbane City Council and the Ipswich City Council, with the Brisbane City Council being responsible for the major part (56.6%). The dam became operational in 1943 but it was not until 1959 that responsibility for its control and maintenance was transferred to the Brisbane City Council. That Council was

then required to bear something over 90% of the costs involved - the balance being made up by the Ipswich City Council. Formal control was handed over in 1959. At no time between 1943 and 1959, while the dam remained under Government control, was any suggestion made that irrigators downstream should be charged for water. Immediately after control was vested in the Brisbane City Council it applied to the Government for the right to meter all pumps between the dam and Mt. Crosby. The application was refused. There were further requests on more than one occasion but on each occasion permission was refused. Statements have been made to the effect that at least one reason for the refusals was the Government's view that there had always been ample water for irrigation in the lower reaches of the river and that Somerset Dam had not been intended to improve and had not in fact improved the position of irrigators. However, documentary support for these statements has not been forthcoming at present. Be that as it may, the fact that the statement about ample water, if made, was correct is illustrated by the events of drought years before Somerset came on stream in 1943. On a number of occasions, it is believed in 1902, 1915, 1923, 1937 and finally in 1942 the season was so dry that the Brisbane City Council could not get sufficient water at Mr. Crosby to supply its needs. While the normal flow in the river was adversely affected, there was plenty of water available in long reaches up to a mile or more in length and up to 30ft. deep. These reaches, however, were separated by sand and gravel bars, preventing sufficient flow to keep Mr. Crosby treatment works supplied. Horse teams with scoops were sent

up the river to cut through each of the sand bars in turn in order to get the water down to Mt. Crosby. Clearly there was ample water available for all irrigation. The trouble was to get water for Brisbane and, of course, that is what Somerset was intended to do and has done.

Where other storages have been constructed with irrigation as one of the purposes for which the storage was being constructed, the proposals in relation to irrigation were made public and all aspects were thrown open for debate in the district concerned, for example the Leslie Dam, and the Moogerah Dam. Potential irrigators who would benefit from the storage had ample opportunity to say whether or not they would be happy to pay the charges which were proposed.

Without any consultation with the landowners concerned the Minister for Water Resources apparently proposed to the Government about August 1980 that in future all irrigators on the Brisbane River below Wivenhoe should be metered and charged $4 per megalitre for water. This involved asking the Government to rescind a decision made about 1973 having the effect that no such charges should be levied. In 1973, of course, the levying authority would have been the Brisbane City Council, but the principle is the same.

There was remarkably little publicity about this proposal. Most irrigators concerned had heard nothing about it right up until January 1981 when rumours began to circulate in the district. Finally early in February the Water

Resources Commission wrote to the irrigators concerned telling them they were going to be charged from 1 July.

Quite apart from the lack of consideration of the view of the landholders concerned the decision is unfair and unreasonable. The opening paragraph of the letter sent by the Commission infers that the justification for the charge is the fact that the two dams make the water available. As pointed out above, there is absolutely no justification for this inference. There was ample water for irrigation in this section of the Brisbane River before the dams were built and there would still be sufficient water for that purpose if the dams had not been built. At no time previously and certainly not at any time in connection with the legislation authorising the two dams had it ever been suggested that a reason for building the dams was to make water available for irrigation. Furthermore it is completely contrary to the decisions which the Government had made on more than one occas from 1959 on, that irrigators along the river were not to be charged for using the water, even though it may have been released from the dam. No attempt was made in this lette from the Commission, and none has been made elsewhere, to explain why more than 35 years after the Somerset Dam had been completed it was necessary to begin imposing charges. If the was or is any justification for the charge, that justification arose as soon as Somerset became an effective storage - not in 1980.

No one would argue that it is not reasonable for charg

to be imposed where a substantial, if not the only, reason for the construction of a water storage was to give an assured suppl in a stream which did not naturally supply sufficient water for irrigation in a dry time. This was the situation in the example given above - Moogerah and Leslie. Both the Warrill Creek area and the Condamine area did not have water in a dry time and the construction of the two storages even with the necessity to pay for water used was a very sound proposition for the irrigators downstream. This was not the position with the Brisbane River, particularly that part of the river downstream from Wivenhoe.

The effect of the recent decision is to impose a new tax upon landholders who purchased farms in one of the few areas of Queensland where there was sufficient water for irrigation without the need for any artificial supplement. In the context of the current public discussion it would be about as good (or rather as bad) an example of ~~our own~~ unjustified resources tax as one could imagine. Its immediate effect is to wipe substantial amounts off the value of those properties, because obvbusly a property with a right to irrigate from the river without charges is worth more than the same property where charges up to $1400 per farm depending upon the amount of land the farmer is entitled to irrigate are payable for that right. And it must be kept in mind that in the case of those farms which have been purchased by their present owners since 1959, they were bought with the apparently established fact that irrigation licences did not car a condition that water charges were payable, and that right

must have been a component in the price.

The proposals have other unfair and unreasonable provisions. At present each irrigator has his licence which normally limits the size of the pump he can use and the area land he can irrigate - both reasonable provisions. Under the new scheme the irrigator is required to nominate the amount of water he proposes to use and to pay for at least 75% of that water whether he uses it or not. As most, if not all, of the land being irrigated consists of alluvial flats along the river, the farmer could be put in the position of having the whole of his crops wiped out by floods, but still having to pay for water he cannot use because of the flood. Demand for water varies substantially between the season of average rainfall or above and a dry time. To limit the amount of water a farmer can use in a dry time and to make him pay for 75% of that amount when he cannot use it in a wet year is unfair and unreasonable. It is realised that this condition is imposed using water from a storage constructed with irrigation as one of the reasons for the project. But the two cases are very different. When the provision of water for irrigation is the, or one of the, reasons for the construction of the storage the cost of that water must be taken into account when preparing the necessary budget. Obviously the authority responsible for maintenance and running costs must have a continuing and reliable source of funds. It could face financial disaster if it lost a substantial part of its income in years when there was a substantial drop in irrigation requirements, Consequentl the need for minimum charges is part of the price the irrigat

must be prepared to pay to get an assured or an improved supply That is not the case here. Neither Somerset nor Wivenhoe was necessary to the irrigators in question.

Another objectionable provision is that if for reasons which he considers adequate a farmer decides to cease irrigation for a period, he is in danger of losing his licence altogether with a threat that it will never be renewed. There are many instances along the river where for one reason or another the property owner has decided to limit irrigation at least temporarily. One actual case involves a situation where the husband has died and the widow, not wishing to leave her home of many years and not being able to handle the irrigation, nor requiring it for her livelihood, has decided to stay in the ho property as long as she can, using it to run cattle with part-time help of family. Under the new rules she must surrender her licence or have it taken away from her, and the effect on the value of her property will be disastrous. Anoth case involves a farmer who has made the decision to rest his l from intensive agriculture for some years. He has converted it to pasture and uses it for grazing. Again unless he goes back to irrigating immediately he risks losing his licence. In this instance he estimates that he has permanent irrigation installations, pumps, underground mains, and so on valued at more than $20,000. The capital value of the licence to the property cannot be calculated, but unless he immediately start irrigating it again, like it or not, he loses the value of bot There is at least one case in which officers of the Commission have already persuaded a property owner who was not irrigating

to surrender his licence. All these factors will do no good for the State, and will impose very severe burdens on the pro owners concerned.

For these reasons, Sir, we respectfully request that you take action to have the decision to meter irrigation pumps and impose charges for the use of water on that section of the river, ~~be~~ rescinded.

27th April, 1981.