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QLD COMPETITION AUTHORITY

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Submission to QCA

Regarding

Seqwater Rural Water Supply Network Service Plan (NSP) For the Central Brisbane supply scheme

On Behalf of

Mid Brisbane River Irrigators Inc and Members with signed letters attached

This submission is prepared under 3 main headings

1. Substantiation for there being no charges for the 7000ML of irrigation water to be taken from the Central Brisbane River.
2. Reasons why the Seqwater submission 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 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 (see Annexure A)

(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 environmental obligations.

(f) Involvement of irrigators with SEQ Catchments 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) With local knowledge keeping 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 be on submissions and representation 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+ GST. 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 repeated requests from Council to increase the opportunity for the community enjoyment of their extensive areas of unused land. 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 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 both in Jan 2010 and 2011 due to damage /destruction of pumps, associated infrastructure and 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 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.

