

Attachment 1: Mary Valley - Submission from N. Callow (2013)

Table 1: Summary of Mr Neil Callow's Submission on the Draft Report and Authority's Response

<i>Summary of Submission</i>	<i>QCA Response</i>
<p>Flood management</p> <p>As a cost effective tool, for not only irrigators, but local authorities and the Queensland Government, Borumba Dam storage can be utilised as an aid to the mitigation of floods. Although without raising the current dam wall, the short time intervals between recent floods (Jan – Feb 2013) adds a degree of difficulty to this task.</p> <p>A one-dimensional approach has been taken for the management of Borumba Dam. Dam levels should be managed to provide increased available storage capacity ahead of significant rain events, that is, Borumba Dam should be used to provide a greater flood mitigation role. Hydrologists in conjunction with the Bureau of Meteorology should be directed to develop an action plan.</p>	<p>The proposal that Borumba Dam could be used as an aid to flood mitigation is considered a water planning issue and therefore outside the scope of the Ministerial Direction.</p> <p>Assessing the scope for using Borumba Dam for increased flood mitigation would require hydrological analysis. This is effectively a proposal to change the current Resource Operations Licence (ROL) and/or Resource Operations Plan (ROP).</p> <p>It is understood that flood damage causes costs to irrigators and that consequently agencies (e.g. Queensland Rural Adjustment Authority) may provide funding to some primary producers. Consideration of such broader matters is more appropriately addressed by the Department of Natural Resources and Mines (DNRM) as water planning regulator and outside the Authority's remit.</p> <p>There is therefore no change to the Authority's findings, recommendations or conclusions made in the Final Report.</p>
<p>Urban Demand</p> <p>Costs to irrigators could be driven down by using water from Borumba Dam to supply increased urban domestic and industrial demand. This could include supplying Brisbane, as Borumba Dam has sufficient elevation that water could be delivered cost-effectively by gravity, potentially enhancing that capability and reducing the pressure for irrigation cost recovery. This interconnection also has the potential to deliver operational cost efficiencies.</p> <p>Irrigation demand is falling with the continued decline in the dairy industry. A trend line for medium priority irrigation water use shows that in 4-5 years water use will be approaching zero.</p> <p>This is an indicator that irrigators are unable to cost effectively utilise water through a combination of the rapidly increasing cost of irrigation water delivered on the ground and contemporaneously diminished revenues.</p> <p>Maximum effort is required to drive down costs for all irrigators to enable the effective use of Borumba Dam as an important long-life communal asset.</p>	<p>The issue of increasing urban demand from Gympie was noted in the Final Report (pp 7 and 133, Vol 2, Mary Valley WSS). The Authority commented that the issue of increasing urban demand requires discussions between Seqwater and Governments about the long term transition of Pie Creek from irrigation to urban demand.</p> <p>Connecting Borumba Dam by pipeline to supply Brisbane is outside the scope of the Ministerial Direction.</p> <p>The decline of dairy was acknowledged in various sections of the Final Report, particularly in regard to Pie Creek.</p> <p>There is therefore no change to the Authority's findings, recommendations or conclusions made in the Final Report.</p>

Recreational Costs

There are significant expenses associated with recreational facilities and that these should be shared 50/50 between the Queensland Government and the Gympie Regional Council.

Costs associated with recreational areas are to be included in (all sectors) prices as set out in the Ministerial Direction. However, this is a policy position of previous governments.

Following the January 2013 floods the current State Government successfully argued that the Federal and Queensland Governments should bear the costs of making good to recreational areas rather than these costs becoming the responsibility of the relevant local authority.

Recreational areas are utilised by the community as a whole. The recreational facilities associated with Borumba Dam are utilised by not only members of the local community but also from intrastate and to a lesser extent interstate.

In a detailed examination of SEQWater expenses SEQWater has suggested that maintenance of Borumba Dam grounds may be less than one FTE employee. There are other expenses associated with recreation such as re-sealing of access roads.

As Gympie Regional Council is well equipped to undertake maintenance of its vast array of recreational facilities throughout its local authority area, it is proposed that SEQWater examine the feasibility of Council undertaking the maintenance of recreational areas on behalf of SEQWater.

The issue of recreational costs was raised in submissions from other stakeholders (p72, Vol 2, Mary Valley WSS).

While the proposal of a 50/50 cost sharing between Governments was not noted or commented upon, the Authority indicated in response to similar submissions that it is required under the Ministerial Direction to include recreational facilities costs.

There is therefore no change to the Authority's findings, recommendations or conclusions made in the Final Report.

Water Meter Replacement

The life of the water meters is not known, but lower than anticipated water use has the potential to extend the life of meters. The option of refurbishment should be considered and tested on a sample of meters to determine whether refurbishment is an alternative to replacement.

For the Draft Report, SKM reviewed Seqwater's meter replacement costs (p37, Vol 2, Mary Valley WSS) and concluded that the unit costs were efficient but that a longer life could be assumed, thus reducing the cost base. While Seqwater was concerned with this conclusion, the Authority maintained the SKM estimates in the Final Report (p42). The meter itself comprises about 11% of the cost of installing a new meter (p41, Vol 2 Mary Valley WSS).

SKM was asked to review the efficiency of meter replacement, and consideration was given to least-cost approaches including meter refurbishment (rather than replacement in every case). Seqwater submitted (refer QCA website) that it does refurbish and recondition meters where they can be made serviceable, and retains reconditioned meters or components thereof to use as spare parts. SKM and the Authority were satisfied that the final recommended costs reflect a prudent and efficient approach.

SKM's detailed approach and the Authority's Final Report have addressed this matter.

There is therefore no change to the Authority's findings, recommendations or conclusions made in the Final Report.

Water Trading

Trading in the Mary Valley has been limited – over four years there has been virtually no permanent water trades. Demand for irrigation water is diminishing.

The cost for surrendering water allocation is 11 times the fixed charge component of the water price. Confirmation was sought that the fixed charge applied is the year of the trade and not the fixed charge as at 2017.

The Final Report noted that no data on permanent trading was provided by Seqwater (p 8 Vol 2, Mary Valley WSS). Available data related to temporary trades and leases.

The Authority noted that WAE in the Mary Valley and Pie Creek cannot be surrendered (p 8, Vol 2 Mary Valley WSS). The comment that a termination fee would apply to surrendered volumes is therefore not relevant and not applicable to river customers holding WAE in the Mary Valley WSS.

There is therefore no change to the Authority's findings, recommendations or conclusions made in the Final Report.

Pie Creek Termination Fees

The Draft Report termination fee of almost \$4000/ML would produce a downgrade in property values. The Government should subsidise the cost to Pie Creek irrigators of withdrawing from the scheme. The cost should be comparable to the fees paid by Mary Valley irrigators for surrendering WAE.

Following the Draft Report, the Authority received similar comments in other submissions (pp 20, 131, Vol 2, Mary Valley WSS). In response, the Authority recommended that the termination fee be set using recommended rather than cost reflective fixed charges, giving a termination fee in 2013-14 of \$154/ML rather than \$3,595/ML. As noted above, there is no termination fee applicable to Mary Valley as entitlements cannot be surrendered. The matters raised were therefore addressed in the Authority's Final Report.

There is therefore no change to the Authority's findings, recommendations or conclusions made in the Final Report.

Seqwater consultation

The proposed additional consultation would result in costs being passed on to irrigators and given that there is already a substantial increase in costs for irrigated water, there may be a reluctance to engage with Seqwater.

Seqwater should develop a proposal for communicating with irrigators and that a budget of \$20,000-\$25,000 would be reasonable for these communications.

Similar comments were received from other submitters (p 56, Vol 2, Mary Valley WSS).

Seqwater proposed an annual cost of \$7,000 per scheme, including for consultation in the Mary Valley WSS and this was accepted in the Final Report (p57, Vol 2). The Authority also suggested that the precise detail of the consultation should be decided by Seqwater in consultation with irrigators. The Authority considers that the benefits of the recommended consultation outweigh the approved costs. The matters raised were therefore addressed in the Authority's Final Report.

There is therefore no change to the Authority's findings, recommendations or conclusions made in the Final Report.
