



ISIS
CENTRAL
SUGAR
MILL
CO. LTD.

QUEENSLAND COMPETITION AUTHORITY

8 SEP 2010

DATE RECEIVED

Postal Address: PMB 1
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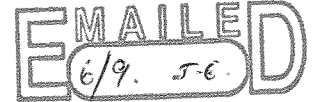
Telephone: (07) 4126.4400

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A.C.N. 009 657 078

JG.IH

5th September 2010



Mark O'Sullivan
Stakeholder Liaison Officer
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Mark

Re: QCA Proposed Investigation into Water Pricing Options for the Bundaberg WSS

Further to the discussions with the Board of the Isis Central Sugar Mill, and our letter to the QCA CEO on 27/8/10, I wish to respond to your request "to please provide documented evidence of the 'historical agreements and understanding' on water pricing (principles) for the Bundaberg WSS".

Please find attached detailed and compelling documented evidence of 'historical agreements and understandings' on water pricing principles for the Bundaberg WSS that originated from the highest level in both the Government and Public Service, namely the Minister for Primary Industries and the Water Resources Commissioner.

The attached letter from the Minister for Primary Industries, Mr Edmund Casey, in May 1991 (**Attachment 1**) is addressed to the Isis Central Mill and deals directly with the concept of differential water charges being proposed for the Bundaberg Irrigation Scheme. The Minister states:

"The scheme has always been seen as having community wide objectives with benefits accruing equitably across the local community. Differential charging is not consistent with these objectives.

I am not in favour, therefore, of differential arrangements applying to the Isis System whether it be in the form of increased Announced Allocations, water restrictions, or water pricing policy etc.

I trust the above information will allay your concerns..."

The Commissioner of Water Resources in a letter to Isis District Canegrowers on 29th May 1990 (**Attachment 2**) clearly confirms that "the Commission regards the Bundaberg Irrigation Area as one community scheme, with uniform conditions and uniform pricing throughout for the various types of services provided, regardless of individual sub area cost." The Commissioner goes on to discuss preliminary pricing proposals at that time and that the Commission would not be adopting these for the Mareeba scheme "because we would find it difficult to depart from the agreed principle on which the

scheme was approved, which is, 'the costs are to be shared across the whole community of users'."

The Commissioner goes on to discuss this principle in relation to the Bundaberg Irrigation Scheme and states:

"I know that there are some pressures from some areas of the scheme to reverse this decision. I do not believe this is possible for that to succeed, but to ensure that it doesn't will require constant reminders that the BIA is a community scheme, that everyone is subsidised (just some are more subsidised than others) and that the whole community, the whole of Queensland and Australia needs the extra production and stability from irrigated production at Isis and elsewhere".

It appears the words of the Commissioner were quite prophetic and we once again find ourselves in a situation where we need to 'provide reminders that the BIA is a community scheme' with 'uniform conditions and uniform pricing throughout regardless of sub-area cost'. We trust that these letters do 'act as a reminder' and do provide documented evidence of 'historical agreements and understandings' on water pricing principles for the Bundaberg WSS, specifically:

- That the BIA was established as a community scheme with community wide objectives
- That the concept of differential pricing has been previously considered and determined to be not consistent with the community wide objectives
- That the water pricing within the BIA is based upon uniform conditions and uniform pricing throughout, regardless of sub area cost.

The practice since inception and to date, has been and currently remains, consistent with these principles and we respectfully restate our request, along with the request from other peak representative bodies, that the QCA do not continue with the proposed investigation into water pricing options for the Bundaberg WSS.

Further background documentary evidence is attached for your reference as follows:

- Original unanimous support for the scheme amongst industry stakeholders can be traced back to the minutes of the 'Bundaberg & District Irrigation Committee' meeting on 29/4/1969 where there was a motion proposed and carried as follows "That the Committee unanimously endorse the report by the Department of Primary Industries and the Irrigation and Water Supply Commission on water conservation, underground water supply and irrigation in the Bundaberg Region" (**Attachment 3**).
- Section 9-8 of the March 1969 Report by the Department of Primary Industries and the Irrigation and Water Supply Commission on water conservation, underground water supply and irrigation in the Bundaberg Region, details the nature of 'Water Charges From Irrigation Systems' as a common charge. It states "Water rights would be allocated on the basis of 0.8 acre feet per acre of assigned land and additional supplies (Sales Water) equivalent to the volume of water right would provide a total of 1.6 acre feet per acre of assigned land per annum. An annual charge for water rights an water sales of \$10 per acre foot is proposed" (**Attachment 4**)
- The August 1972 Report on Phase 2 Bundaberg Irrigation Project by the Department of Primary Industries and the Irrigation and Water Supply Commission, is consistent with the common nature of water charges in the report

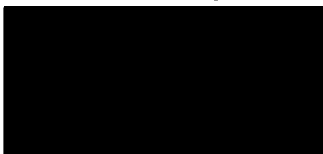
in attachment 4 and on page 28 states: "Annual revenue from the Phase 2 works will be derived from- (a) Water charges for the supply of water from the Irrigation systems supplied as water right and sales of water in excess of water right - \$10 per acre foot". (**Attachment 5**)

- The common nature of water charges across all scheme participants is further evidenced by the Minutes from the Walla Weir Steering Committee on 25/10/94 where under section 3 funding arrangements in relation to the construction of the Walla Weir, the minutes state: "Irrigators and other water users have agreed to a total contribution of \$1.50 per megalitre each year for a period of 20 years on the basis of nominal surface and river water allocation". (**Attachment 6**)
- Similarly, the August 1996 submission from the 'Local Management Group for the Water Infrastructure Task Force Submission- Bundaberg / Isis Region' to the 'Water Infrastructure Task Force' in relation to the construction of Paradise Dam Stages 1 and 2, claims under section 9 :Cost Sharing Arrangements, "This local Management Group represents almost the entire population and all of the major industries within the Bundaberg / Isis Region and has been unanimous in its high level of support for increased water infrastructure within the region. It is proposed that a capital charge of \$20/MI per year be made for all new allocations". (**Attachment 7**- note this is from the final draft report).

The full documents / reports discussed above can be provided for your review if required.

The Board of the Isis Central Sugar Mill looks forward to your response to the request that the QCA do not continue with the proposed investigation into water pricing options for the Bundaberg WSS.

Yours faithfully



John Gorringe
GENERAL MANAGER

Attachment 1 of 1.

52/71
52/012
52/012



Minister for Primary Industries



POSTAL: G.P.O. Box 46, Brisbane Qld 4001
OFFICE: Primary Industries Building
8th Floor—80 Ann Street, Brisbane
TELEPHONE: (07) 239 3000
FACSIMILE: (07) 229 0260

Mr J.A. Dixon
General Manager
PO Box 1
Isis Central Mill
CHILDERS QLD 4660

Dear Mr Dixon,

BUNDABERG IRRIGATION AREA WATER CHARGES

I wish to acknowledge receipt of your letter dated 15 April 1991 in which you and Mr Bonanno expressed concern about local proposals for differential water charges within the Bundaberg Irrigation Area.

I can understand your concerns about having differential charging introduced whereby each locality of the Scheme would pay its own costs.

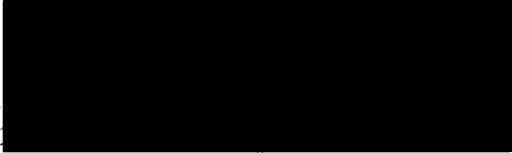
I appreciate the patience of the Isis farmers during their wait for the scheme to be extended to this area and the number of severe dry periods your growers have suffered during that time.

The scheme has always been seen as having community wide objectives with benefits accruing equitably across the local community. Differential charging is not consistent with these objectives.

I am not in favour, therefore, of differential arrangements applying to the Isis System whether it be in the form of increased Announced Allocations, water restrictions, or water pricing policy etc.

I trust the above information will allay your concerns and I look forward to the time in the very near future when all Isis farmers can enjoy the benefits of the scheme.

Yours sincerely,



EDMUND CASEY
Minister for Primary Industries

G/MANAGER	C/ENGINEER
SECRETARY	FACT. SUPT.
<u>BOARD</u>	C/CHEMIST
TIMEKEEPER	INSP.
REC - 8 MAY 1991	
ANSWERED.....	
C/ACCTNT	C/ELECTRICIAN
LIBRARY	STORE
CORRESP.	T/LINE ENGR.

21/5/91



Department of
Primary Industries

Water Resources Commission

Mineral House, 41 George Street, GPO Box 2454, Brisbane, Qld 4001

Telephone (07) 224 2111, Facsimile (07) 221 9312, Telex 41761

Enquiries to Mr. D. Morwood
Telephone 224 7220

Address all correspondence to:
The Commissioner of Water Resources

Your reference

Our reference 90/13337

Date 29th May, 1990

Mr H R Bonanno
C/- Isis District Canegrowers
PO Box 95
CHILDERS Q 4660

Dear Harry,

Thank you for sending me the papers causing your concern over future water pricing proposals in the B.I.A.

I start by assuring you once again that the Commission regards the Bundaberg Irrigation Area as one community scheme, with uniform conditions and uniform pricing throughout for the various types of service provided, regardless of individual sub-area cost.

The type of service categories we are looking at are:

- Channel and pipeline supplies (wherever located)
- Regulated streams
- Groundwater

The break-up of costs for each of these is dependent on further discussion, although some preliminary proposals have been made. The "user charge", "allocation charge" and "use fee" concept outlined in the Bundaberg paper is very much a favoured concept. It is possible that the "user charge" could be constant across all service types, but most improbable that the others would be.

I expect your concern was generated by the "sub area" costing detail given in the consultant's report on the Mareeba Dimbulah Scheme. It is true that this brings to light some differences in sub area costs, and some economic reasons for having prices in line with sub area costs. However, if you read the last paragraph of the section, the consultants actually do not recommend that the resulting cross subsidies should be eliminated (in the short term) because of the problems introduced.

We have adopted this recommendation, for the long term too, for the Mareeba scheme because we would find it difficult to depart from the agreed principle on which the scheme was approved, which is, "the costs are to be shared across the whole community of users".

I know that there are some pressures from some areas of the scheme to reverse this decision. I do not believe it is possible for that to succeed, but to ensure that it doesn't will require constant reminders that the BIA is a community scheme, that everyone is subsidised (just some are more subsidised than others), and that the whole community, the whole of Queensland and Australia needs the extra production and stability from irrigated production at Isis and elsewhere.

I hope you will take a positive helpful stand in the discussions about the proposed tariff system. We aren't wedded to it, but it seem a real improvement on the old system to me.



for COMMISSIONER OF WATER RESOURCES

BUNDABERG & DISTRICT IRRIGATION COMMITTEE

Bingera Plantation,
via BUNDABERG. Qld. 4670.

NOTICE OF MEETING

A meeting of the above Committee will be held at the Cane-growers Office, Bourbong Street, Bundaberg on Tuesday 17th June, 1969 at 7.30 p.m.

BUSINESS : Report of Publicity Sub-Committee
General.

Yours faithfully


G.A. Chenery.
SECRETARY.

P.S. Enclosed herewith are the following documents :-

- (a) Minutes of Meeting held on 29th April, 1969
- (b) Report on the activities of the Publicity Sub-Committee.

Balance as at last meeting	1,686.46
<u>Less</u> Accounts then passed for payment	341.41
	<hr/>
<u>Less</u> Accounts since paid and to	1,345.05

MINUTES OF A MEETING OF THE BUNDABERG & DISTRICT IRRIGATION COMMITTEE
HELD IN THE CANEGROWERS ROOMS, BUNDABERG ON TUESDAY 29TH APRIL, 1969
AT 7.30 P.M.

PRESENT : Mr Ben Anderson, (Chairman), Mr G.A. Chenery, (Secretary) and Members and Visitors as per signed Attendance Sheet in Minute Book.

OPENING OF MEETING AND WELCOME TO MEMBERS AND VISITORS : In opening the meeting the Chairman welcomed Committee Members and Visitors including Messrs G. Doherty, F. Henke, and T. Swanton who were attending an Irrigation Committee Meeting for the first time.

The Chairman announced that there was an attendance at this meeting of over 40 persons.

APOLOGIES : Apologies tendered on behalf of Messrs C.A.F. Nielsen, L. Drinnen, K. Livingston and S.A. Woodall were accepted by motion proposed B.M. McLellan, seconded H.H. Innes and carried.

MINUTES : Minutes of the meeting held on 13th February, 1969 were taken as read and approved for signature by the Chairman as a correct record of the proceedings by motion proposed E.H. Churchward, seconded C.E.C. Young and carried.

CORRESPONDENCE: The Inward Correspondence, including that specifically mentioned hereunder, was received and the outward endorsed by motion proposed G.W. Moore, seconded R.S. Kingston and carried.

1. Mr Claude Wharton, M.L.A. Burnett, reported on discussions he had had with the Premier and the Conservation Minister regarding the release of the report, the adoption of the scheme by the State Government, and approaches to the Commonwealth for the necessary funds for its implementation.

2. The Queensland Cane Growers Council, advised that a meeting of the sponsors of the Corrosion Investigation being undertaken within the Department of Chemical Engineering at the University of Queensland had been arranged to be held at the offices of the Maryborough District Canegrowers' Executive on Sunday 20th April, 1969 at 7.30 p.m.

REPORTS : 1. Finance

The Secretary reported on the Committee's financial position as follows :-

	\$
Balance as at last meeting	1,686.46
<u>Less</u> Accounts then passed for payment	341.41
	1,345.05
<u>Less</u> Accounts since paid and to	

able document and the works proposed in it were absolutely necessary to stabilise the Bundaberg district.

AH 3

3 of 3

Mr R.C. Gibson congratulated those responsible for the compilation of the report but stated his concern at the estimated construction period.

Mr C.S. Brewer stated that the Committee should aim to get the whole scheme recognised by the Commonwealth but that the preservation of the district's underground supplies was an urgent matter and that an approach should be made to the State Government to start the smaller aspects of the scheme some of which could be financed from State funds.

Mr G.A. Chenery stated his opinion that the prime aim of the Committee should be to have the scheme as a whole adopted by the Commonwealth and that any alternative plans for commencement of sections of the scheme should be delayed pending finality of the major approach.

Mr C. Manderson stated that the pushing of the smaller sections of the scheme at the present time may jeopardise the future of the major scheme.

Mr C. Wharton said that on the basis of financing proposed in the report the State had already signified its willingness to accept responsibility for some of the funds and that the main objective of the Committee should be to obtain the Commonwealth acceptance of the scheme.

Mr R.H. Belcher stated that pressure might ultimately have to be brought to bear on the State Government to provide funds if the Commonwealth does not accept responsibility.

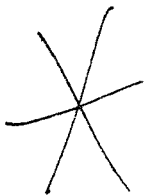
Mr J. Francis urged that the Committee adopt more direct means of obtaining Commonwealth assistance.

Ald. C.J. Nielsen stressed the necessity to push forward with plans to protect the underground supplies, whilst Mr E.H. Churchward stated that the lower stream barrages would serve a useful purpose but that they could only be fully effective with the back-up of the major storage.

Mr E.W. Deeley stated that the whole project was a major undertaking and that in an endeavour to secure early Commonwealth acceptance, Federal Cabinet Ministers should be induced to come to Bundaberg as soon as possible to view the state of the district at the present time and the scheme as a whole.

The following motions were then proposed :

1. That the Committee unanimously endorse the report by the Department of Primary Industries and the Irrigation and Water Supply Commission on water conservation, underground water supply and irrigation in the Bundaberg Region; moved C.A.N. Young, seconded H.H. Innes and carried.
2. That the Committee endeavour to secure the earliest possible adoption of the scheme by the Commonwealth



A 2

QUEENSLAND

DEPARTMENT OF PRIMARY INDUSTRIES
IRRIGATION AND WATER SUPPLY COMMISSION

REPORT ON

WATER CONSERVATION
UNDERGROUND WATER SUPPLIES
AND IRRIGATION

BUNDABERG REGION

DEPARTMENT OF PRIMARY INDUSTRIES
IRRIGATION AND WATER SUPPLY COMMISSION

Brisbane
31st March, 1969.

The Honourable the Minister for Local Government and Conservation

The Honourable the Minister for Primary Industries

Sirs,


We have the honour to present herewith a Joint Report by the Department of Primary Industries and the Irrigation and Water Supply Commission on Water Conservation, Underground Water Supplies and Irrigation - Bundaberg Region.

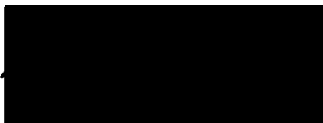
This Report presents proposals for a comprehensive irrigation scheme primarily to serve almost all the existing sugar lands of the Bundaberg Region, either directly by supply of surface water, or by enabling demand on existing underground water supplies to be reduced to a safe level. In addition, it would provide a source of surface water to augment supplies to the City of Bundaberg.

It supersedes a previous Report of December, 1966 which proposed a scheme to serve the Kolan Section (lands along and between the Kolan River and the Burnett River) of the Region.

The Report is submitted for your consideration for inclusion in the State programme of water conservation and irrigation works.

The assistance of the Snowy Mountains Hydro-Electric Authority in engineering investigations and of the Bureau of Sugar Experiment Stations in agricultural investigations is gratefully acknowledged.


J. M. Harvey, D. Sc., F. R. A. C. I.,
Director General,
Department of Primary Industries.


F. B. Haigh, M. B. E., F. I. E. (Aust.),
Commissioner,
Irrigation and Water Supply
Commission.

- (d) Water charges to the City of Bundaberg for bulk supplies at the Bundaberg Barrage.
- (e) Charges to the six sugar mills in addition to any charges for which they may be liable as irrigators, to provide a contribution towards an assured supply of irrigation water.

WATER CHARGES FROM IRRIGATION SYSTEMS:

Water rights would be allocated on the basis of 0.8 acre feet per acre of assigned land and additional supplies (Sales Water) equivalent to the volume of the water right would provide a total of 1.6 acre feet per acre of assigned land per annum. Annual payment for water rights would be required whether this quantity was used or not.

An annual charge for water rights and water sales of \$10 per acre foot is proposed.

WATER CHARGES FOR SUPPLIES FROM THE KOLAN AND BURNETT RIVERS:

A maximum allocation of 1.6 acre feet per acre of assigned land would be made available to licensees diverting water from the Kolan and Burnett Rivers, at a charge of \$3 per acre foot.

Licensees would be required to pay for 50% of the total allocation whether or not this quantity was used.

CHARGES TO LANDHOLDERS USING UNDERGROUND SUPPLIES:

Licenses for bores issued to landholders in the areas where use of groundwater for irrigation is to continue would include conditions allocating an annual supply per holding of 1.6 acre feet per acre of gross assignment and/or 2 acre feet per acre of crops irrigated other than sugar cane.

The license would also include a condition requiring payment of a fee for water pumped annually with 50% of the annual allocation to be paid for whether used or not.

The proposed fee is \$1.50 per acre foot.

These charges would not apply to the Burnett Section until completion of Monduran Dam.

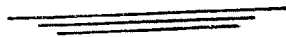
WATER CHARGES TO CITY OF BUNDABERG

A water allocation of 2,500 acre feet per annum for the initial of Stage I development, 5,000 acre feet per annum for Stage I and 10,000 acre feet per annum for Stage II would be made available at the Barrage to the City Council and the Council will require to provide their own pumping and reticulation facilities.

Water supply is at the rate of 100 g.p.m.



DEPARTMENT OF PRIMARY INDUSTRIES
IRRIGATION AND WATER SUPPLY COMMISSION



REPORT

ON

PHASE 2

BUNDABERG IRRIGATION PROJECT

QUEENSLAND
IRRIGATION AND WATER SUPPLY COMMISSION
DEPARTMENT OF PRIMARY INDUSTRIES

Brisbane,

15th August, 1972.

The Honourable the Minister for Conservation, Marine and Aboriginal Affairs

The Honourable the Minister for Primary Industries

Sirs,

We have the honour to present herewith a Joint Report by the Department of Primary Industries and the Irrigation and Water Supply Commission on "Phase 2 of the Bundaberg Irrigation Area".

The Legislative Assembly in October, 1970 approved the phased development of the Bundaberg Irrigation Project as funds become available and "subject to such re-arrangement of irrigation works as is necessary to suit possible substitution of existing sugar assignments to other parts of the project area in the Gin Gin, Bingera and Isis Areas".

This provision for substitution was made because certain existing assigned lands within the Bundaberg Irrigation Area involved high pumping heads and steep topography, while other areas were so severely eroded as to be of doubtful suitability for irrigated sugar cane production.

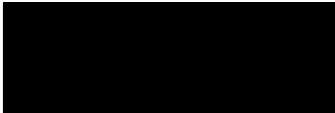
This Report sets out proposals for the substitution of the badly eroded and other steep lands considered unsuitable for irrigation, and outlines details of the necessary re-arrangement of irrigation works to provide for these substitutions which were highlighted as a result of the detailed land use studies conducted in the Isis and Gin Gin Areas by an Inter-Departmental Committee. Reports by this Committee have already been considered and approved by Government.


In addition to setting out the proposals for substitution and re-arrangement of the proposed works, the Report also updates the estimated costs for Phase 2 of the Bundaberg Irrigation Scheme and the benefits that would result from the installation of such irrigation works in the Gin Gin, Bingera and Isis Districts.

A request has already been submitted to the Commonwealth Government for a further grant from the National Water Resources Development Fund to implement Phase 2 of the Bundaberg Irrigation Scheme and this Report has been prepared in support of this request.

It is submitted for your consideration.

Yours faithfully,


J. M. Harvey, D.Sc., F.R.A.C.I.,


F. B. Haigh, M.B.E., M.E., F.I.E. (Aust.),

The above includes the costs of pumping and distribution of water throughout the channel systems plus a proportionate cost of operation and maintenance of storage plus maintenance of minor works including drainage and major soil conservation waterways.

Annual Revenue:

Annual revenue from the Phase 2 works will be derived from -

- (a) Water charges for the supply of water from the Irrigation systems supplied as water right and sales of water in excess of water right - \$10.00 per acre foot.
- (b) Charges to the sugar mills in addition to any charges for which they may be liable as irrigators, to provide a contribution towards the assured supply of irrigation water - \$1.00 per ton of sugar allotted as mill peak in respect of farms served by the channel system.

The estimated annual revenue which would be obtained from farms served by the Phase 2 works is shown in Table XVI. In this tabulation provision has been made only for the increased water charges which would be payable by the farms in Sheepstation Creek and Bingera Plantation, which would convert from river supply to channel supply when Phase 2 is implemented.

TABLE XVI

ESTIMATED ANNUAL REVENUE - PHASE 2

System	Estimated Annual Revenue		
	Water Charges (\$)	Mill Charges (\$)	Total Revenue (\$)
Balance Bingera	281,800	72,800	354,600
Isis	293,500	97,800	391,300
TOTALS -	575,300	170,600	745,900

Comparison of Annual Revenue and Expenditure:

Table XVII sets out the estimated annual revenue together with the annual costs of operation and maintenance from each system, the surplus of direct revenue over annual cost and the capital cost serviced by such surplus revenue (interest 6 percent and redemption 1/2 percent).

WALLA WEIR STEERING COMMITTEE

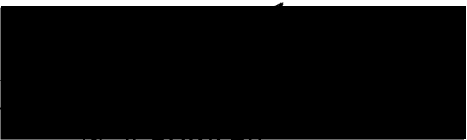
PO Box 953
BUNDABERG QLD 4670

G/MANAGER	
CO. SECRETARY	
BOARD	
PERSONNEL	
18 NOV 1994	
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CORRESP.	CANE RAIL

14 November 1994

NOTICE OF MEETING

- Date:** Tuesday, 22 November 1994.
- Time:** 9:00 a.m.
- Venue:** CANEGROWERS' Building, Bourbong Street, Bundaberg.
- Business:** Funding Arrangements - Local Government contributions;
 Walla Weir Water Board Membership;
 Environmental Study;
 Project Progress;
 Site Inspection - as discussed at the previous meeting all members will be travelling to the Walla Weir site and inspection with Water Resources to provide lunch;
 and General.



N. J. Poulsen
SECRETARY

**MINUTES OF MEETING OF WALLA WEIR STEERING COMMITTEE
HELD IN THE CANEGROWERS' BUILDING, BOURBONG STREET,
BUNDABERG, ON TUESDAY, 25 OCTOBER 1994, COMMENCING AT
9:20 A.M.**

PRESENT: Messrs N S Baldwin, M Hochen, C Robson, G Maclean, W Chappell, W Souter, J G Francis, B Glasgow, G S McLennan, N J Poulsen and Crs M W Neubecker, W Trevor, V Chase and J Cunningham. Mr G Illett joined the meeting at 10:00 a.m.

APOLOGY: An apology was received on behalf of Mr B Geddes.

1. ELECTION OF CHAIRPERSON

Mr C Robson took the chair and called for nominations for Chairperson.

Moved by Cr V Chase. Seconded by Cr J Cunningham.

"That Mr Baldwin be nominated for the position of Chairperson."

There being no other nominations Mr Baldwin was declared Chairperson

2. WORK PLAN

Mr Robson provided an update on the progress of the Environmental Impact Statement (EIS). He referred to the notification requirements for the Walla Weir Water Board and provided a chart of the project schedules for the formation of the Water Board, the Environmental Process design and construction.

Mr Robson referred to an extract from the Water Resources Act, sections 9.2 and 9.3. He noted that while some progress has been made the Board may not be formally in place until October 1995. It was noted that contributions were not obtained from irrigators in the 1993/94 water year and may not be available for 1994/95. It may be necessary to seek the deferment of payments to Treasury in order for all repayment calculations to remain within the budgeted figures. Mr Robson indicated that he would determine if funding contributions could be collected from irrigators prior to the formation of the Water Board.

3. FUNDING ARRANGEMENTS

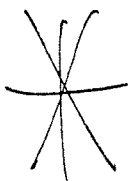
Mr Robson advised that a prerequisite for the report to the Executive Director of DPI Water Resources requesting the formation of the Walla Weir Water Board is that all funding arrangements for the Boards contribution to the capital costs of the Weir must be finalised.

Irrigators

Irrigators and other water users have agreed to a total contribution of \$1.50 per megalitre each year for a period of 20 years on the basis of nominal surface and river water allocation.

Local Government Contributions

Mr Baldwin referred to a letter dated 17 August 1993 from CANEGROWERS Bundaberg to Local Governments seeking financial support for the project. He noted



Attachment 7 1 of 2

BUNDABERG/ISIS REGION**SUMMARY OF SUBMISSION**

This submission to the Water Infrastructure Task Force (WITF) has been prepared to identify potential new infrastructure projects worthy of further detailed development. An accompanying detailed report has been prepared by Consultants, Sinclair Knight Merz to fully support this submission. Their assistance in the development of the submission is acknowledged.

S.1 NAME OF PROJECT:

Water Resources Development Project - Bundaberg/Isis Region.

This Submission covers the Burnett, Kolan and Isis Shires and the City of Bundaberg. The region of representation for the Bundaberg/Isis Local Management Group is shown in *Figure 1 - Burnett Basin Sub-Catchment*.

S.2 LOCAL MANAGEMENT GROUP REPRESENTATION:

The Local Management Group for the Water Infrastructure Task Force Submission - Bundaberg/Isis Region includes the following organisations.

- | | |
|--|---|
| <input type="checkbox"/> CANEGROWERS Bundaberg | <input type="checkbox"/> Isis Central Sugar Mill Company Ltd |
| <input type="checkbox"/> CANEGROWERS Bingera | <input type="checkbox"/> Bundaberg Fruit and Vegetable Growers |
| <input type="checkbox"/> CANEGROWERS Fairymead | <input type="checkbox"/> Childers and District Fruit and Vegetable Growers' Association |
| <input type="checkbox"/> CANEGROWERS Millaquin | <input type="checkbox"/> Bureau of Sugar Experiment Stations (BSES) |
| <input type="checkbox"/> CANEGROWERS Isis | <input type="checkbox"/> Burnett Catchment Care Eastern Sub-Group (ICM) |
| <input type="checkbox"/> Isis Shire Council | <input type="checkbox"/> Queensland Irrigators Council (Burnett Representative) |
| <input type="checkbox"/> Bundaberg City Council | |
| <input type="checkbox"/> Burnett Shire Council | |
| <input type="checkbox"/> Kolan Shire Council | |
| <input type="checkbox"/> Bundaberg Sugar Ltd | |
| <input type="checkbox"/> Department of Natural Resources | |

S.3 CONTACT NAME: Secretary/Project Coordinator - John Poulsen
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S.4 PROJECT DESCRIPTION:

The submission provides for the development of additional water storage and associated distribution infrastructure for the Bundaberg Irrigation Area (BIA) to meet present and future demands for water for agricultural, industrial and urban use. *Figure 2 - Bundaberg Irrigation Area* shows the extent of the Irrigation Area within the Bundaberg/Isis Region.

Proposed short-term and long-term projects are as follows.

Short-term Projects

- Ground Water Rescue Package with surface water supplementary supplies.
- addition of inflatable bag to Walla Weir
- addition of inflatable bag to Bucca Weir

(i)

8.3 Long-Term Project

Paradise Dam Stages I and II has been selected as the most suitable option. Full economic assessments were performed by consultants Sinclair Knight Merz.

A construction period of three years has been assumed for Stage I with a further five years for uptake of allocation, resulting in an annual income of \$74.5M. At a discount rate of 6% over 100 years, which is the expected life of the project, this equates to an NPV of \$581M and a B/C of 2.45 with a capital expenditure of \$142.7M. This is considered to be an exceptional return in any industry and is largely attributed to the low level of utilisation of existing infrastructure and the economic efficiency of irrigation in the Bundaberg/Isis Region.

The manufacture and fitting of gates for Stage II has been assumed to be completed in a two-year period with a further five years for uptake of allocation, resulting in an annual income of \$148.2M. This equates to an NPV of \$599M and a B/C of 1.43 for a capital expenditure of \$104.5M.

If both Stages are combined over a construction period of three years with a five-year period of uptake of allocation, this results in an NPV of \$1,182M and a B/C of 1.66.

8.4 Population Growth

The average growth of the residential population for the Bundaberg/Isis Region increased at a rate of 3.2% per annum for the 1989-95 period, with rates in the four local authority areas in the range of 1.8% to 5.9%. Population growth trends indicate a total regional growth of 24,247 people from 1995 until 2011.

Secure urban water supplies will secure future expansion opportunities within a growing community and raise the level of confidence within urban development and will maintain a local focus on investments.

8.5 Employment

The high unemployment level in the Wide Bay-Burnett Region (the smallest area for which statistics are available) is a significant social issue particularly as the youth unemployment level is one of the highest in Australia. The Wide Bay-Burnett has the highest unemployment rate in Queensland with 16.7% compared with a State average of 9.7%. Youth unemployment (15 - 19 years) is at a record 34.1%.

Regional growth in industry and agriculture is required to ease the current situation. The high unemployment levels also indicate a resource available to industry and agriculture for new developments.

8.6 Economic Returns on Existing Infrastructure

Economic benefits will accrue from increased agricultural production, industrial and urban growth. The increased water supply will optimise economic returns to existing public investment in infrastructure as well as providing growth opportunities for the district.

9. COST SHARING ARRANGEMENTS

This Local Management Group represents almost the entire population and all of the major industries within the Bundaberg/Isis Region and has been unanimous in its high level of support for increased water infrastructure within the Region. Group representatives have also actively participated on the Burnett Water Development Group in order to establish a coordinated development of water infrastructure.