CANEGROWERS

BURDEKIN

CANEGROWERS Burdekin Limited
ABN: 43 114 632 325
141 Young Street (PO Box 933)
AYR QLD 4807
T: 07 4790 3600 F: 07 4783 4914
E: bdk@canegrowers.com.au

4th November 2019

Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001

www.qca.org.au/submissions

Re Irrigation Price Review 2020-24 Proposed Giru Benefitted Area Pricing

Thank you for the opportunity to provide a submission in response to the Authority's draft report *"Rural Irrigation Price Review 2020-24 Part B – SunWater."*

CBL is a small not for profit, member owned company with voluntary membership. As a collective and a grower's representative, we offer the region's cane farmers the CBL Cane Supply Agreement (CSA). We individually represent approximately 30% of the Burdekin cane farmers which equates to between 2.5 million to 3 million tonnes of cane.

The Burdekin's economy has a major reliance on the cane industry. The average annual crop of 8 million tonnes equates to between $280m and $320m of revenue for our small economy and the industry is by far the largest employer. To provide an example of the region's reliance on the cane industry, cane farmers pay close to half the Burdekin Shire's general rates.

Canegrowers Burdekin Ltd has considered the draft report in relation to the Authority's proposal for the Giru Benefitted Area. We have major concerns with the proposed prices for the grower members who farm in the Giru area. We provide the following for the Authority's consideration.

Aquifer still in existence and performance:

The chronicle contained in any of the recent reports or assessments that QCA is relying on do not indicate the pre supplementation history that qualifies and quantifies the Haughton aquifers in the Giru area. The pre dam Haughton River contribution to the aquifer of 19700 ML is acknowledged in the first Resource Operation Licence under the Burdekin Basin Water Plan and the water allocation entitlements for the Giru area.

In fact, the 1971 IWSC Report cites the improvement to groundwater supplies in the area.
The identification history is supported and contained in government and grower committee correspondence and meeting minutes included with this submission.

The most recent data available, which is included in this submission, from DNR&M monitoring locations in the Giru area confirms aquifer existence and performance as indicated by the levels of aquifer recharge and groundwater rise that has occurred over a twelve month period after the river flows from the February 2019 flood event which was subsequent to the period of peak demand for irrigation had transpired during 2018 and the beginning of 2019.

Assessment deficiencies:

There are three assessments/reports on the Giru area that QCA has relied upon - OD Hydrology, Kavanagh and Water Solutions. All three appear to rely on estimated information provided by SunWater. SunWater did not intend the information to be used to determine water pricing. There appears to have been no interrogation or challenge of the SunWater information that has been relied upon. When reviewing the tables and the assumptions, it is difficult to establish or identify any relevance or trends with any confidence when the information is incomplete (e.g. seasonal transfers and losses have not been accounted for), inaccurate (presumption SunWater delivery efficiency is 100% where in the past has been at 65% and only recently improved to 80%), unscientific and dubious at best.

Asset Reclassification:

QCA should investigate the Giru and Val Bird weirs assets classification. These assets were established to assist with aquifer recharge and performance hence they should be determined as a bulk asset and not a distribution asset. Unbeknown to the Giru irrigators it appears that there has been a unilateral decision made without any consultation regarding the weirs on the Haughton river to be reclassified from Bulk to Distribution. The distribution classification does not conform with the original intention for establishing the weirs which could be distorting water pricing for the Giru irrigators.

The case for pre dam yield to be a CSO:

The existence of an aquifer and river flows pre supplementation and pre the establishment of the Burdekin Falls Dam has been established.

There are unintended and undesirable effects of the QCA GBA draft recommendation. It is reasonable to assume that the irrigators expectations when they along with the sugar milling company and government contributed to the costs to establish weirs for aquifer recharge and water availability that the resource would be available with an improved reliability so as to continue to grow sugar cane crops for sale to the local sugar mill for then and well into the future.

Any notion or perception that other irrigators in the BHWSS are maybe paying for this component in water pricing for the BHWSS needs to be resolved now and for ever. The QCA should consider and recognise that the pre dam flows and the right to access an existing aquifer and river flows that supported the establishment of irrigated agriculture and a sugar mill around the township of Giru and the Haughton River (that has no natural connection with the Burdekin River) should be enshrined in a Community Service Obligation so that what was originally accepted for businesses and livelihoods and were predicated upon is retained under the original expectations.

The issue needs to be resolved as the pre dam aquifer and river flow component in the Haughton River is under attack of discounting and at risk of being lost. It is unfair and inequitable if the Giru area irrigators lose the established conditions for water pricing that they have operated under for over 30 years.

It also needs to be recognised that the Giru irrigators do not have any channel infrastructure that facilitates water delivery on farm; instead they have to establish bores plus maintain and operate (using electricity which the cost has increased substantially) additional water delivery and pumping infrastructure to irrigate their crops.

The Giru irrigators do not have the security or any entitlement to peak flow that irrigators on channel infrastructure have. Peak Flow Entitlement is the non-divisible share of the available flow capacity of the channel system able to be taken by customers who own a non-divisible peak flow entitlement share, during a peak flow period. As the Giru irrigators are effectively at the end of the line the risk is that in times of peak demand there may be no water available for diverting to the Haughton river for aquifer management and irrigation.

The productivity of the Giru & Shirbourne Zones:

The attached report from Burdekin Production Services for 2018 confirms that all the production metrics for sugar cane in the Giru productivity zone are in the lower decile of the productivity zones in the Burdekin district.

Growers have established their cropping businesses growing sugar cane based on the price of irrigation water that for over 30 years has recognised the existence of an aquifer and natural yield component recognition in the price of irrigation water.

Based on the returns and costs of growing sugar cane, growers will not have the capacity to pay the prices for irrigation water that QCA has recommended in the draft. The viability of irrigated cropping of sugar cane in the Giru area will be severely impacted to the point that there will be no production which will have consequences for the survival of a township, the sugar mill and other associated businesses and services such as harvesting, planting, land preparation, agribusinesses plus declining land values.

In closing, we restate that we have major concerns relating to the Authority's draft recommendation that proposes prices that transition to a cost-reflective price target for Giru Benefited Area customers that is the same as for Burdekin Channel tariff group customers.

A strong cane industry in Giru contributes to a strong Burdekin economy and job security.

As to other matters and issues arising in the QCA draft CBL relies on and supports the submissions lodged by Qld Farmers Federation and the Qld Cane Growers Organisation.

We appreciate the opportunity to make a submission on this extremely important issue and welcome the chance to discuss this submission further.

Yours sincerely

Wayne Smith
General Manager
CANEGROWERS Burdekin
Mobile 0428 834 802