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Promoting Effective Sustainable
Catchment Management

1st April, 2013

Mr John Hall
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
BRISBANE Qld, 4001

Dear Mr Hall,

Subject- MBRI/QCA Meeting of 26th March regarding Irrigation Water Pricing.

Gentleman,

We refer to the above Meeting and thank you on behalf of MBRI members for the constructive approach displayed, considering the very tight schedule under which QCA is completing Final Report on Irrigation Water pricing. However we must place on record our extreme concern as to the risk of unfairness and lack of natural justice that stem from completing this Final Report on the current timetable. This is the first pricing path for charges for irrigation water in the CBRWSS, and while we may acknowledge your position, that may need to be more of a political outcome in the case of MBRI and that prices will be reviewed again in 5 years, these are not a legitimate reason for us to accept other than a thoroughly researched and transparent outcome. As of writing this letter, we do not accept that the latter is what has been applied to the CBRWSS in its first price setting report. We outline below some matters that remain unresolved;

- Seqwater and QCA have been unable to produce documentation that shows any specific release of water for irrigation. The current evidence indicated by QCA is, that Seqwater release flows to accommodate the water volume requirements of Mount Crosby treatment station and then add a bit for the irrigators. We contest the veracity of that statement. We further assert there is an obligation in the Water Resource Plan that demands the destination of all releases from the Dam to be documented concurrently with the release. We do not accept that such documentation exists and consider therefore that no service to irrigators has been provided by Seqwater. Such an abrogation of their legal obligations by Seqwater denies any right they may consider they have in relation to these charges.

- MBRI remain unconvinced by the QCA that the current methodology they are adopting to establish the proportion of the cost attributable to the CBRWSS and the makeup of those costs, (despite the indications of a massive change in opinion by QCA since they received the MBRI Response to the Draft Report) is fair and just. If in the time available there is no resolution of what is a fair outcome, then MBRI object in the strongest possible terms to current indications from QCA as to the portion of cost applied to the CBRWSS. The basis of our objection has been clearly spelt out to the QCA and includes every component, from inappropriate charges, to incomplete revenue offsets, and lack of proof of any specific service or service standards. We understand that QCA has been charged with recommending Irrigation water prices, but we do not accept that, because the Moreton ROP describes certain extraneous infrastructure does not of itself make them a relevant consideration as a component of this water for irrigation pricing calculation, in particular if they clearly have nothing to do with an irrigation release service
- The basis for the variable volumetric usage charge is flawed and grossly benefits Seqwater over the term of the pricing regime. The usage is based on a period where both irrigation water and town water supplies have gone through significant restrictions and structural change and unfairly penalises the irrigator. In addition to the above we have a situation where Seqwater took over from DERM the task of recording irrigator usage. We are aware that the log book use has been spasmodic and limited since 2009 but Seqwater should also be aware that their responsibility for these records has been at a time of significant and repeated rainfall when nobody in their right mind uses other than a minimal part of their allocation. MBRI have already provided evidence of a statement by responsible managers from Seqwater declaring that MBRI usage over a long period had been, on average, close to or over the stated allocation. We have also provided documentation showing the Minister and the Department's recognition of efficient use of logbooks during the years of restrictions between 2005 and 2009. To ignore contemporaneous evidence and base a possible variable price on 40% town water usage is just wrong and a significant penalty to MBRI members.
- QCA has not accepted the documented position that MBRI put forward in relation to the financial benefits that Seqwater gains from the property management by irrigators. Neither do QCA accept the documented extent to which Seqwater dam management impacts the irrigators businesses and properties. We do not accept that sufficient research has been undertaken by QCA to justify their current refusal of these matters as an offset to any charges claimed by Seqwater. Inadequate resources or time to properly consider these price mitigating factors is not an adequate reason for inflicting a financial penalty on MBRI irrigators for the following 5 years.

WE consider the only proper action by QCA would be to recommend to Government that further time is needed to properly address the specific concerns in the CBRWSS and it would be premature to set a price particularly the first price under these inappropriate time restraints.

Yours faithfully,



Tom Wilkinson
Chairman MBRI