



Pioneer Valley Water Co-operative Limited.

A co-operative formed under the *Cooperatives Act 1997*.

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13 March 2013

Department of Energy and Water Supply
PO Box 15456
CITY EAST QLD 4002

Dear Sirs

RE: Queensland's water sector: a 30 – year strategy

This submission on the “Discussion paper: Shaping our water future” is from Pioneer Valley Water - an irrigation water service provider. It supplies irrigation water to some 250 farms in the Pioneer Valley at Mackay most of which grow sugar cane.

At the outset we would advise that we, along with a number of local agencies, provided considerable resources towards the preparation of the Mackay Whitsunday Regional Water Supply Strategy (MWRWSS) in recent years. That strategy was being prepared by the then Department of Natural Resources and Water and, to our knowledge, has never been finalised. The primary goal of the MWRWSS was to provide a long term, whole-of-region strategy for managing the regions’ water resources to best meet future urban, industrial, mining and agricultural water needs. We see studies such as the MWRWSS as vital in striving for meeting the Queensland Government’s commitment to build agriculture as one of the four pillars of the economy. It is indeed very disconcerting that such an important document has been dormant for an extended period and this lessens our enthusiasm for contributing to further work.

We also contend that any 30 year water strategy cannot be considered to be complete unless it incorporates future water demand and supply aspects such as addressed in the MWRWSS. This is imperative if the strategy is to address how the rural water sector is to encompass the Government’s commitment to building agriculture.

Although agriculture is the largest user of water in Queensland, from review of the Discussion Paper and from the forum held on 7 March we note the specific focus of the strategy on the urban water supply sector. The level of regulation applied to the irrigation sector’s water use in recent times has been burdensome. Irrigation water service providers have been regulated at very similar levels to urban providers when the applicable standards of service should be significantly lower than those necessary for potable water supply and sewerage services.

We welcome the proposal in the paper to move towards “light handed regulation” which we see as an opportunity to rationalise regulation of the distinct sectors (irrigation and urban and industrial) to appropriate levels. Since introduction of the Water Act 2000 and replacement of sections with the Water Supply (Safety and Reliability) Act in 2008 we, as an irrigation water service provider, have been

subjected to a level of regulation above what is appropriate for the irrigation sector. We refer to areas such as Strategic Asset Management Plans, System Leakage Management Plans, Drought Management Plans and Customer Service Standards that are highly appropriate for urban water supply and sewerage services. However imposition of the same level of regulation on irrigation providers creates additional costs for questionable benefit where irrigation customers can accept lower level of service in recognition of the direct link with costs. We understand that many of the above regulatory requirements are under review and we look forward to an appropriate level of regulation being established for irrigation water service providers.

In regard to regulation we must make specific comment in relation to National Metering standards and the impacts on rural water supply. The standard now in place for non-urban metering requires a very high level of accuracy for water meters in irrigation schemes. We accept that accurate measurement of water use is necessary for effective management of the resource but the costs associated with attaining that level of accuracy appear to have been ignored by all levels of Government. In a climate of spiralling costs of all inputs for irrigators, we are now facing a multi-million dollar cost to replace non-compliant water meters and alter existing pipework to meet the standard. There has been no consideration for undertaking in situ testing of existing meters to determine their accuracy, simply a broad assumption that all existing meters are non-compliant with the new standard.

The Discussion Paper proposes the creation of a water sector that has the capability to deliver integrated catchment-based recreation, water supply, sanitation, irrigation and environmental services at lowest cost. We consider that, in relation to urban activities, the catchment based approach has been achieved in many areas through the amalgamation of local governments in Queensland in 2008. Any further moves to integrate services particularly if moving to outside individual catchments may not realise any further economies of scale.

We do not support the integration of irrigation water services into an all sector catchment based arrangement and believe that they should remain separate from urban services. As discussed above in regard to regulation, integration of irrigation with urban could impose a higher level of regulation and hence cost on irrigation services. We would support amalgamation of irrigation services within catchments but with them remaining separate from urban services.

We consider that a major impediment in the water sector is the number of separate Government Departments involved in managing the water sector and the reality that many of these operate in isolation of the other departments. A prime example of this is where the water planning process deals with water security and environmental objectives in total isolation from the infrastructure cost potentially associated with meeting the objectives set under water planning. Water planning sits within the Department of Natural Resources and Mines while water pricing is within the Department of Energy and Water Supply.

The water planning process in the Pioneer River catchment has led to a requirement for the outlet works from Marian Weir to be upgraded so that water can be released from the weir to meet high downstream demand with the weir below full supply level. The current small outlet works does not have the capacity to meet the high demands downstream and water must pass over the weir in those situations. The cost for the outlet upgrade is high and the flow through into annual water charges of this cost will add yet another factor in spiralling costs for irrigators.

Another compounding factor is that other non-infrastructure related options are available for consideration in addressing the requirement set through water planning. These include release strategies from the two other weirs, reducing supply reliability and substitution of reserve unallocated supply within the system to allow for the weir remaining full so that overtopping can meet high demands downstream. These possible alternatives and the costs for the infrastructure modifications have not been considered at any stage through the water planning process.

While we commend the preparation of the 30 year water strategy, we implore all involved to ensure that the cost of water to the consumer remains paramount in all deliberations on the strategy. This is particularly critical for the agriculture sector where the finest strategy possible for managing water into the future will be of little benefit if consumers are forced out of the sector due to unaffordability of the water service. Further with electricity being a major cost component for water both for service providers and for individual irrigators, the inextricable link between water and electricity costs must also be foremost in all deliberations.

Irrigators are predominately price takers and are unable to pass through with their produce any of the input cost hikes they are being confronted with. The water planning process introduced in the early 2000's separated water allocations from land so that a market in water could develop and move water to its highest and best use. The situation has now developed in the Pioneer River system and probably elsewhere in the State where a water market has never developed to any significant extent and is now stagnant. Consequently although now able to be sold separate from land, water has become a major liability for many irrigators. This is due to the increasing costs of water through both water and electricity charges with irrigators unable to afford to use water and also unable to dispose of their water due to a non-existent market. As these charges increase further the situation compounds for irrigators who have no means to mitigate their water costs. This will be a serious impediment to building agriculture through increased irrigation water use.

Thank you for the opportunity to provide this submission of the 30 year strategy for the Queensland water sector.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'J R Palmer', with a long horizontal flourish extending to the right.

J R Palmer
MANAGER