



Hon Stephen Robertson MP
Member for Stretton



1 DEC 2003

**Minister for Natural Resources and
Minister for Mines**

Mr N J Laurie
The Clerk of the Parliament
Parliament House
Alice and George Sts
Brisbane Qld 4000

Dear Mr Laurie

I refer to your letter of 17 October 2003 forwarding a copy of a Petition lodged in the Queensland Legislative Assembly, requesting the House not to impose the \$50 fee for licensed water bores and dams as well as the interim \$3 per mega litre charge for water harvesting until such time as meaningful consultation has been undertaken with Queensland's water using communities and a social and economic impact study has been conducted to determine the effect of the taxes on water users and their communities.

I understand the concerns and the unfavourable reaction that many water users may have had to the charges. Therefore, I would like to explain the reasoning behind the charges and respond to the issues raised in the petition.

Firstly, the current contributions from unsupplemented users cover only about two percent of the State's total water management costs. Although some water users may perceive that they do not benefit from current government water resource management activity, they benefit significantly from the use of the water itself, and also from the protection inherent in the licences that entitle them to use the water, and most users benefit from monitoring arrangements.

Water management activities carried out by the State include:

- 1) measuring and assessing existing water availability, including 350 stream gauging stations and 5000 monitoring bores;
- 2) collecting and recording of available data and using it to develop hydrology models;
- 3) development of region and catchment-wide plans to determine how much water is available for consumptive use, and future water supply options;
- 4) monitoring the operations of large dam operators, both in terms of water releases and dam safety issues;
- 5) managing the State's 53,000 water licences, including changing details, property sales, amalgamations and renewals;
- 6) compliance and complaints dealings – dealing with complaints from neighbours and ensuring people are only taking that to which they are entitled;

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- 7) ecological monitoring of fresh water quality; and
- 8) monitoring rural town water supply status to ensure local communities have necessary advice and assistance.

In addition, the development of Water Resource Plans and Resource Operations Plans will provide greater certainty for water users into the future, and improved management processes, policy options and technical knowledge and capabilities developed in the course of making those plans are brought to bear on water systems throughout the State.

My Department also maintains a database that contains information on artesian and sub-artesian aquifers. This assists those proposing to establish bores determine the likelihood of striking a suitable supply of water, the depth at which such supply might be struck and the drilling conditions that might be encountered.

Where a link can be shown between services and beneficiaries, it is reasonable to expect that the people who are the beneficiaries (from the water licensing system) should be contributing in some way to those costs.

The \$3 per megalitre water harvesting charge is an alteration to pre-existing arrangements and does not apply to licensees who are not currently being charged. This amendment improves the consistency, transparency and equity of water charging arrangements by removing both the prejudice against low volume water users and variation between water management areas, while also promoting efficient water use.

The charges are being paid by only 1,200 of the State's 2,500 water harvesting licensees, with many water users with irrigation licences and area based licences paying no charge. For most water users throughout the State who previously paid charges, the interim water harvesting charge actually amounts to a reduction from the current charge. Previously, the water charges varied largely according to the water management areas. These variations have been removed and the water charges set at a flat rate across all water management areas.

The interim charges are moderate and were deliberately set at levels which should minimise the effect on individual users. The vast majority of the State's 1,200 licensed water harvesters who will be affected by the changed water harvesting charge take less water than the 500 megalitre cut off for the application of charges that existed under the old charging system. Only the very large irrigators, who make up approximately 10 percent of all licensed water harvesters and who for years have derived significant profits from the exploitation of the limited public resource that is water, are effected by the amendment.

Previously, someone using 500 megalitres was paying the same water harvesting charges as someone using 100,000 megalitres. This way of charging was inequitable and did nothing to encourage water use efficiency. As stated earlier, under the new system some harvesters are actually paying less than they did previously. In some cases the reduction is significant. For example, in the Dawson River water management area, the amended \$3 per megalitre charge represents approximately a 19 percent reduction in that area's previous charge, which was \$3.72 per megalitre. For users taking 500 megalitres of water a year, that amounts to a \$357 saving.

Hence, the vast majority of water harvesters in Queensland will actually save money under the new charging arrangements. This majority tends to be made up of the small-scale harvesters, as opposed to the few large licence holders. In addition, the charges only apply to water taken and, in that sense, the unsupplemented charge will not apply in those years where there is no water taken, such as in times of drought.

The \$50 fee per year was an amendment to the previous charging regime, and is seen as a mechanism for recovering some of the administrative costs associated with water licences, including the operation of the water licence database. These administrative fees arise each year and are not connected in any way to the amount of water taken under a licence.

This interim water licence fee is less than full cost recovery and the cost to manage the State's water resources remains subsidised as a consequence. This sum is also not unreasonable, amounting to less than a dollar a week for water licence holders. If a number of different licences are held by the same property owner then, where possible, these are amalgamated before the change is made, thereby reducing the total annual charge.

When the new charging arrangements were introduced, I stated that they are interim pending a wide-scale review of the water management costs and value of water. The review will determine what the total costs of managing the State's water resources are and how these costs will be apportioned between the public and private beneficiaries will also be determined.

The recently announced National Water Initiative will include consideration of resource management charges. For that reason, it is appropriate that consultation on the Queensland review occur after the inter-governmental agreement arising from the National Water Initiative has been settled.

While acknowledging there was no consultation in introducing the interim charges in Queensland, detailed consultation will occur as part of the review following the establishment of the inter-governmental agreement.

Thank you for bringing this matter to my attention.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Robertson', with a long horizontal flourish extending to the right.

STEPHEN ROBERTSON MP