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**FAX**

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Subject			
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Please see attached.



File Ref: L NCC Burnett WRP Review 27Mar02 GN amended MM.doc

28 March 2002

Mr Ed Willett  
Executive Director  
National Competition Council  
GPO Box 250B  
Melbourne Vic 3001

Dear Mr Willett

I refer to the recent announcement by the National Competition Council (NCC) that it would re-examine the Burnett Water Resource Plan (WRP) in the light of the amendments made to the plan in December 2001 by the Queensland Government, and the associated links to the environmental commitments under COAG water reform.

In June 2001 this company, Burnett Water Pty Ltd, was established to obtain all of the approvals necessary for a set of water development projects in the region.

Environmental impact assessments were completed relating to five water storage projects in the Burnett Catchment. These projects included the Burnett River Dam, Eidsvold Weir and Barlil Weir and the raising of Jones Weir and Walla Weir. It should also be noted that for the EIS, the Company had access to previous studies and engaged the experienced consultant (Sinclair Knight Merz) that had been undertaking work for the former proponent.

Following the rigorous EIS process, both State and Commonwealth Government environmental approvals have now been received for the Burnett River Dam, Eidsvold Weir, Barlil Weir and the raising of Jones Weir. (The Walla Weir Environmental Impact Statement (EIS) approval was deferred by the Queensland Coordinator-General awaiting further studies).

Burnett Water is firmly of the view that the proposed projects are both ecologically sustainable and economically viable, the two key requirements of the COAG water reform agenda.

With respect to economic sustainability, the EIS work incorporated an assessment of the regional economic impact and an economic cost benefit analysis. This work, carried out by a consortium of Network Economic Consulting Group, Professor John Mangan of the University of Queensland and Alliance Economics, is available on our website ([www.burnettwater.com.au](http://www.burnettwater.com.au)).

The projects are shown to be economically robust and to provide substantial net economic and social benefits to what is currently a depressed region. The regional economic benefits to be created by the five proposed water storages are expected to include:

- Net benefits estimated at between \$1.7 billion and nearly \$2.9 billion.
- Increasing the available water supply in the region by 70% and improving the reliability of water delivery in the region.
- Assisting in the growth and development of value-added services and products.
- Increasing the region's financial security due to more reliable agricultural production.
- Increased opportunity for the establishment and retention of service industries and employment and training opportunities in the region for youth and indigenous people.
- Producing nearly 1200 full-time jobs and the retention of 1700 jobs during the construction phase of all of the proposed projects. Nearly 900 of these jobs are attributable to the construction of the water infrastructure projects and complementary infrastructure.
- The creation of further employment as a result of the new infrastructure including 7500 jobs in agricultural production and more than 1000 jobs from proposed value adding projects.
- Increased turnover (output) of over \$1.6 billion per annum in agricultural production. Together with proposed value adding projects, this could be expected to create nearly \$2 billion per annum in increased total output.
- More than \$850 million of economic growth (GDP) and stability, including proposed value adding projects.

In relation to environmental sustainability, the Environmental Impact Studies (EIS) undertaken by Burnett Water considered a range of alternatives in balancing the need for water for non-environmental purposes with the State Government's Water Resource Plan.

Investigations into the development of the Barlil and Eidsvold Weirs, the raising of Jones and Walla Weirs and the construction of the Burnett River Dam extensively utilised the official DNRM IQQM model.

Analysis showed that the development of all five proposed water infrastructure projects would comply fully with the high and medium flow objectives of the WRP at 16 of the 19 measurement nodes in the catchment. At two of the remaining three nodes, only one of the six objectives specified for each node would not comply, and the degree of non-compliance would be too small to be of practical significance. At the remaining node, four of the seven objectives specified would not have been met but three of these were within a few percent of the WRP requirement. The remaining statistic, the 1.5 year average recurrence interval daily volume flow (1.5 year ARI), is modelled at 52% compared to the required 69%. This means that the required flow would be achieved every 19.8 months instead of every 18 months as specified in the WRP.

The EIS for the Burnett water infrastructure projects found that minor amendments to the Burnett WRP would be required to enable the implementation of the projects.

In his report on the EIS process, the Queensland Coordinator-General, taking into account all relevant inputs, concluded that *"water resources matters associated with the proposed Dam [and the other proposed infrastructure] are considered to be adequately addressed in the draft EIS and Supplementary Report. It is considered that the flow outcomes represent practical compliance with the intentions behind the flow objectives of the Water Resource Plan, and that Government consideration of an appropriate amendment to the WRP is justified"*.

Those minor amendments were made by the Queensland Government via the *Water Infrastructure Development (Burnett Basin) Amendment Act* in December 2001. In proposing the amendments, the Queensland Minister for State Development, Hon Tom Barton, acknowledged that, in preparing the EIS reports, significant effort was directed to developing infrastructure operation strategies that enable the environmental flow objectives to be met and that the strategy adopted enabled a high degree of compliance to be achieved.

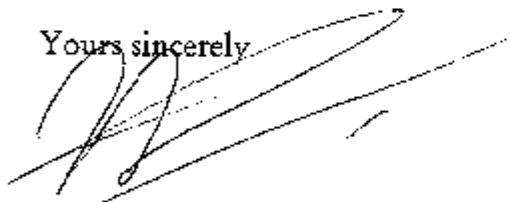
The amendments will result in only minor changes to a small number of flow figures in the Burnett Basin WRP. As identified by the Coordinator-General, these changes do not threaten the integrity of the WRP nor its effectiveness as a tool for managing the water resources of the Burnett catchment.

It is worth noting that the processes for both the initial Water Resource Plan for the Burnett Catchment and the development of the new infrastructure saw extensive public consultation. In the latter case, 265 submissions were received, of which 92% were favourable.

The next stage of the State WRP process for the Burnett region under the *Water Act 2000* is the preparation of the resource operations plan (ROP). This Company is participating fully in this process, the completion of which is a condition precedent to the final commitment of the Burnett River Dam and the relevant weirs. Every effort will be made when this plan is prepared to further refine infrastructure operation strategies to improve upon the environmental flow targets in the WRP where this is environmentally and economically practical.

Should you require any further information or if you have any queries, please do not hesitate to contact either myself or Graeme Newton (telephone 1800 803 303).

Yours sincerely,



Michael Montefiore  
Director