



Hon Stephen Robertson MP
Member for Stretton



**Minister for Natural Resources
and Mines**

Ref N/05/01899 DY
CTS 03357/05

14 JUL 2005

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

Dear Mr Laurie

I refer to your letter of 25 May 2005 enclosing a copy of Petition No. 474-05 lodged in the Queensland Legislative Assembly.

The Petition draws to the attention of the House the objection of the \$50 fee for licenced water bores and dams as well as the interim \$3 per megalitre charge for water harvesting. The Petition also requests the House to not impose these taxes 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.

The purpose of the annual licence fee, which was introduced in April 2003, is to recover a small amount (about \$1 million per year) of the total annual costs incurred by the State in managing the State's water resources (\$68 million).

The \$50 annual fee is only payable when current licences are due for renewal. The cost to licence holders is less than \$1 per week to access our water resources. The fee is only payable where a licence exists.

Water licensing with respect to bores arises only in the Great Artesian Basin (GAB) and in those areas of the State where sub-artesian areas are declared that is, in areas of high demand for water where aquifers are under stress or where groundwater is a significant resource. More than 85 per cent of the 14,000 licences for stock and domestic use are for taking water from aquifers in the GAB, with stock and domestic being the major users of the water. When all stock bores are capped and piped, stock and domestic use will still be some 70 percent of total water use in the GAB.

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Stock and domestic users in the GAB benefit from resource management undertaken by my Department in the following ways:

- the Great Artesian Basin Sustainability Initiative is restoring artesian pressure which benefits all stock and domestic bore owners, not just those who have had bores repaired under the program;
- the licensing system protects stock and domestic users from impacts that could otherwise be caused by other water users; and
- the monitoring, assessment, planning and licensing system provided by the State ensure that the GAB will be sustainably managed for the future benefit of stock and domestic as well as its other users.

In 2002, my Department removed the need to hold a stock and domestic licence in many sub-artesian groundwater areas. As a result, approximately 13,000 stock and domestic licences have been repealed since this time with regulation continuing through works approvals for the bores. In remaining surface water and declared groundwater areas, stock and domestic licences are required to ensure effective management of water resources.

The \$3 per megalitre charge also announced in April 2003, was an amendment to an existing charge under the *Water Regulation 2002* and only applies to water harvesters who are currently charged (about 1,000 licences – less than 3 percent of the State's irrigators). The only difference from the previous charge is that the \$3 was standardised across the State and water harvesters now pay for all water used, not just the first 500 megalitres.

Most water harvesters do not pay more for their water than previously, as they use less than 500 megalitres. Those who take more than 500 megalitres (about 120 licences) can no longer take this water at no cost.

Both the \$50 annual fee and the \$3 per megalitre charge for water harvesting are interim charges set at levels that should minimise the effect on individual users while the State Government carries out a review to determine the long term policy on water charges.

It is incorrect to suggest that the interim charges are a tax on unsupplemented water. Water resource charges are consistent with the user-pays principle whereby those who benefit from a service contribute to the costs of providing this service. The principle of cost recovery for planning and management is an essential element of the National Water Initiative agreed to by the Council of Australian Governments (CoAG) and strongly supported by both farming and conservation groups.

Consultation on the long term policy on water charges was carried out with peak industry bodies including AgForce, CANEGROWERS, Queensland Resources Council, Queensland Conservation Council, Queensland Irrigators Council and the Local Government Association of Queensland. The discussion paper on *Water Resource Charges* was advertised in 16 Queensland newspapers between 28 and 31 July 2004 and consequently on radio and television stations throughout Queensland. It was also sent to all natural resource management stakeholder groups in Queensland.

The advertisements stated that the State Government was reviewing water resource charges; who the new charges would apply to; the closing date for public submissions; and where the discussion paper was available. The discussion paper was distributed to all interested parties with 3,000 copies being distributed in total. Detailed briefings were held on request with local councils in south east Queensland, Cotton Australia, Queensland Farmers Federation Water Committee, Commerce Queensland and the Queensland Great Artesian Basin Advisory Council. SunWater customer council chairs were briefed before and after its release. Over 170 submissions were received from a range of stakeholders and industry groups.

The social and economic effects of the charging regime will be considered in developing the final policy.

Thank you for bringing this matter to my attention.

Yours sincerely

STEPHEN ROBERTSON MP