

20th November 2018

Ms Renee Wallace
Manager Water and Waste Water
Southern Downs Regional Council
www.lgtenderbox.com.au

Dear Renee,

The Stanthorpe and Granite Belt Chamber of Commerce (SGBCC) is submitting a response to Tender request 19_069 Transfer of Project Approvals for the Emu Swamp Dam Project (the Approvals).

The schedule of requested Evaluation Criteria and Definitions and Information Required is responded to in Part B of the SGBCC Tender.

However the Chamber feels that to fully understand the development, funding and granting of the Approvals and their role in the Granite Belt Irrigation Project (GBIP) that the Chamber's tender should also include additional information to fully reflect the context and history of the Approvals and their importance in progressing the development of the Granite Belt Irrigation Project.

I look forward to your advice as to the success of this tender, and would welcome any requests for further information to assist Council's understanding of the GBIP and its deliberations regards disposal of the Approvals.

Yours Sincerely

Bill James
President

PART A. Additional Information

Tender request 19_069.

Transfer of Project Approvals for the Emu Swamp Dam Project

Development of the Coordinator General's EIS Approvals were initiated in March 2007 when the draft terms of reference for the EIS were released for public consultation. The process culminated in the Approvals being provided to the SDRC by the Coordinator General in September 2014 and extended to include Commonwealth approvals in November 2014.

In this nearly eight year period significant funds, support activities and expertise were contributed in the development of the Approvals by State Government officers from the then DNR, QDPI and Dept State Development, State Government grants, private funds as well as ratepayer funds. Consequently the Stanthorpe and Granite Belt Chamber do not believe the 'cost recovery' for disposal of the Approvals by just one party is equitable or morally correct.

The Approvals were sought for the purpose of developing a dam and pipeline network, not for sale or cost recovery if the project did not proceed under the Council's stewardship. The costs were incurred by the Council, representing the community, from annual expenditure and it is believed that the Approvals were never classified as assets.

The Approvals were extended in 2017 for 12 months and in October 2018 for six months and will now lapse on 2 April 2019. In approving the latest extension the Coordinator General noted that "there has been very limited progress securing further approvals or finance required for the project since the CGER was released" and that "the case for a further extension is therefore not strong"

The Coordinator General also recognised that the SDRC was requesting an extension solely so it could pass the approvals to another entity, and recognised that the Chamber was working on a dam proposal. In effect the Coordinator General identified the caretaker role the SDRC had played since 2014, and would do until 2019. The only costs incurred during this caretaker role have been the fees paid to the Coordinator General for extensions.

The Chamber considers it unfortunate that the SDRC has chosen to undertake a process which, on the advice of the SDRC's Chief Executive Officer in May 2018, will take some 42 days to complete. This will result in any decision to transfer the Approvals not being completed until approximately the 11 December 2018 which is some two months after the extension was granted. Also as the process will conclude immediately before the Christmas holiday period it will effectively require a new proponent to commence work on progressing the project in early January, only three months from the expiration of approvals.

The conduct of SDRC is further disappointing because when the Queensland and Federal Governments approved the Chamber concluding a detailed business case for the Emu Swamp Dam Feasibility Study in January 2018, SDRC had already determined not to progress the project as a result of accepting the advice contained in a consultancy report in 2017. SDRC acknowledged this in May 2018 when the Chamber of Commerce was attempting to obtain the approvals from the SDRC and identify a suitable project proponent.

It is also disappointing that the SDRC would seek to recover the funds expended on obtaining the Approvals that it, and its predecessor the Stanthorpe Shire Council, properly authorised as part of discharging their local government responsibilities. All decisions made by the SDRC to fund activities associated with the Emu Swamp Dam Project reflect the current planning processes under which the Council operates including:

- Southern Downs 2030 Community Plan Section 4.2 “securing a sustainable water supply to support industry;”
- Southern Downs Regional Council Corporate Plan 2014-2019 Revised Edition ‘The Environmentally Sustainable Southern Downs’ Section 6.8 “Develop and Review plans for Emu Swamp Dam including associated risk management strategies;” and
- Operational Plan 2012-13 No. 43 required the progression of Supplementary EIS for Emu Swamp Dam.
- Operational Plan 2015-16 S6.8 ‘progress Emu Swamp dam project’
- Operational Plan 2016-17 S6.8 ‘Progress Emu Swamp dam project conditions of approval’ – funding provided from operating budget. It should be noted that no progress was made on progressing the approvals.
- Operational Plan 2017-18 S6.8 ‘Progress Emu Swamp Dam project conditions of approval’ – funding provided from operating budget. (It is noted that no progress was made on progressing the approvals.

It is disappointing that the SDRC is seeking to profit from activities funded from other sources that have contributed to the EIS and the Supplementary EIS. The Stanthorpe Community Reference Panel, made up of 24 community representatives and 20 growers, contributed approximately \$150,000 toward the EIS to demonstrate their interest in the dam project progressing, and assist the Council when it did not have budgeted funds to pay for tasks arising to progress the project.

The funds expended by the Stanthorpe Community Reference Panel were donations made by its members, and from funds transferred from another community organisation; SWAG (Stanthorpe Water Action Group) that was active around 2000 and ceased independent operations after several years activity. SWAG’s funds were also collected from community members (urban and rural) and were transferred to the SCRCP to assist with advancement of water security for Stanthorpe and its industries. Also funds were received from the Queensland Government under the “Smaller Communities Assistance Program”. All these funds were used to undertake studies that informed the outcome of the EIS.

The tender process adopted by the SDRC, in the Chambers view, are unnecessary in the light of alternative courses of action legally available to them under the Local Government Regulations (2012). Exemption provisions in section 236 (1) (a) to (e) would have allowed the disposal of the Approvals by a quicker, less expensive and in the Chamber’s view, more appropriate method. The SDRC Mayor and all Councillors were made aware of these exemptions in correspondence from the Chamber on 16th October 2018.

The commencement of the tender process will mean that the detailed business case for the GBIP will be concluded without the ability of a forward implementation timetable due to the uncertainty surrounding the EIS approvals.

**PART A. Addressing the evaluation criteria and provision of the information required
Tender request 19_069.
Transfer of Project Approvals for the Emu Swamp Dam Project**

PRICE

1. Price Schedule

The Stanthorpe and Granite Belt Chamber of Commerce (SGBCC) recognises that the Southern Downs Regional Council expended funds in 2018 for the sole purpose of disposal of the approvals and agrees that the outlays for extension of the Approvals, are a legitimate cost to be recouped from any new proponent of the project.

The SGBCC tenders the price of \$8,000 plus GST for transfer of the project approvals for the Emu Swamp Dam Project.

EXPERIENCE IN SIMILAR PROJECTS

2. Statement of Experience and Capabilities

The SGBCC has established a wholly owned, subsidiary Emu Swamp Dam (ESD) Pty Ltd as the vehicle for progressing the project, post submission of the detailed business case to the Queensland Government on 30 November 2018.

ESD Pty Ltd is chaired by Mr. Dan Hunt GAICD, formerly Chairman of Queensland Bulk Water Supply Authority (SEQWater) who is also a former Director General of the Queensland Department of Energy and Water Supply, and Department of Natural Resources and Mines and the Department of Mines and Energy. Mr Hunt has also held non-executive board and governance positions on the Australian Water Recycling Centre of Excellence Ltd; DBCT (Dalrymple Bay Coal Terminal) Holdings Pty Ltd; University of Queensland Sustainable Minerals Institute; and the Centre for International Minerals and Energy Law.

The SGBCC and ESD Pty Ltd have separately entered into a Teaming Agreement (Memorandum of Understanding) with Jacobs Group (Australia) Pty Ltd. Jacobs is a global services firm skilled at managing large, complex programs, and demonstrate that it can also help provide the project with cost solutions that are both efficient and minimised to keep costs down by staffing substantial, multi-year programs. JACOBS is a full service, fully integrated firm, with the ability to design, engineer, and construct projects from beginning to end. It is a major employer of field services personnel with years of hands on experience. They have displayed the ability to develop and maintain strong relationships and delivery of innovative design and cost advantages and growth to its clients.

With due respect to the advice that the SDRC has received from McCullough Robertson, the SGBCC does not interpret the letter of extension of the Approvals from the Coordinator General dated 2nd October 2018 to require the transferee to have the experience and capabilities to deliver the project. That letter states that “for any further extension beyond 2 April 2019 to be considered I would need to be satisfied that any new proponent has the capability to deliver the project in a timely manner.”

Thus if the SGBCC was to obtain the Approvals from the SDRC and was to proceed with the GBIP it would have to extend the Approvals beyond 2nd April 2019, and then demonstrate to the Coordinator General (not the SDRC) that it had the capability (not necessarily experience) to deliver the project.

Throughout the development of the detailed business case Chamber has established professional relationships with individuals and business that have the demonstrated capability and experience in developing irrigation projects.

The Stanthorpe Community Reference Panel (membership list attached) is a local representative organisation with skills based members, and the ability to appoint further skills based members as the need arises. The SCRCP is an incorporated body that was formed by the Qld Government and the Stanthorpe Shire Council. Its members have participated in many of the processes, including the development of the EIS, that have brought the GBIP thus far. The SCRCP has acted as a member of the projects expert review panel and has committed to assist deliver in the delivery of the project with experience and capabilities of its current and future members.

However if the project were to proceed then suitable contractors would be engaged with regard to their track record and contract experience. This would include an examination of their management systems (Health and Safety, Environmental, Quality Assurance and Traffic Management) as the tender request correctly highlights the importance of these in a project such as the GBIP. Progression of the project to construction would be by an appropriate tender process and the current commitments of successful nominated contractor teams and details of proposed subcontractors would be an appropriate consideration in that process, as the SDRC tender request has correctly highlighted.

3. Resources

The SGBCC is an organisation of modest assets with an annual turnover of approximately \$30,000 per year. However it successfully demonstrated to the Australian and Queensland Governments its ability to complete a detailed business case for the GBIP, and was granted \$3,520,000 of funding under the National Water Infrastructure Development Fund on 28th February 2018. The completed DBC document will be delivered to Government on 30th November 2018.

To conduct the DBC the Chamber has demonstrated that it can assemble the resources needed for a large project. It has demonstrated the capability to contract and manage the required organisations and professionals needed for the project, and has done so with a high level of probity and governance. The Chamber is well qualified to enlist the required assistance needed to progress the GBIP to the next stage of project delivery.

4. Management Systems

The management systems of the SGBCC are those that are required of an organisation of its size, aims and activities. That is they have adequate financial controls, hold the appropriate insurances, are subject to annual financial audits, and they comply with the requirements of an incorporated body. The entity that would progress the GBIP is a Company that is subject to the standard ASIC controls and requirements.

CAPACITY TO DELIVER

5. Risk Management Plan;

The identification of risk, mitigations and consequences for every stage of the project such as the GBIP are many and varied. A detailed and regularly updated risk schedule was developed as a very early part of the detailed business case for the GBIP and will be available to the SDRC once the DBC is approved by the State and Federal Governments.

The risks identified in the current stage of the GBIP are tabulated below, as are some other risks that the SDRC may be cognisant of when considering the transfer of the Approvals.

If the Approvals are not transferred from the SDRC to a new proponent, and the new proponent cannot get them extended past April 2019 because they cannot satisfy the Coordinator General they have the capability to deliver the project in a timely manner, the Approvals will lapse. The Chamber submits that one obvious component of capability that the Coordinator General would seek would be the successful completion of a detailed business case. As the SGBCC is about to complete a DBC it follows that they would be the potential successful tender with the greatest chance of seeking an extension of the Approvals to enable delivery of the GBIP. Thus the greatest risk, and the one that the SDRC can help mitigate, for the benefit of the region, is Risk no. 1. In fact if the Council actually wishes to see the GBIP proceed it should assess that this can only be achieved by transferring the Approvals to the SGCC.

	Identified Risk	Mitigation	Short term consequences	Long term consequences
1	The Approvals are not successfully transferred from the SDRC to the SGBCC	Submitting a successful tender to the SDRC	The project cannot be delivered.	Loss of 700 new jobs. Annual flow of \$68m into local economy forgone. Urban water shortages.
		Development of new EIS and new Approvals sought.	Significant delays in the project (7+ years).	Local economic development delayed. Urban water shortages.
2	The Approvals are transferred to the SGBCC but are not extended past 2 April 2019 by the Coordinator General.	The SGBCC demonstrates to the CG it has “the capability to deliver the project in a timely manner.”	The project cannot be delivered and the Approvals would lapse in April 2019.	Local economic development is forgone. Urban water shortages.
3	The Approvals are transferred to the SGBCC but the project does not proceed due to the DBC not being accepted by the State or Federal Governments.	Completion of a successful DBC with sound technical inputs (engineering and economic) and rigorous external review.	The Approvals would lapse in April 2019.	Any new proponent would have to develop a new DBC and seek new Approvals.
4	Approvals are transferred to the SGBCC but the project does not proceed due to required water not being available in new Border Rivers and Moonee water plan.	Successful submission to the draft water plan by the SGBCC, and the cooperation of the SDRC regards water allocations being obtained.	The Approvals would lapse in April 2019.	Any new proponent would have to develop a new DBC to align with the water plan, and seek new Approvals.
5	The Approvals are transferred to the SGBCC but the project does not proceed due to Government funding being unavailable or grant applications being unsuccessful.	Development of suitable applications for grants made available by Government.	The project cannot be delivered and the Approvals would lapse in April 2019.	Local economic development is forgone. Urban water shortages.

6. Conflict of Interest forms

Conflict of interest declarations are not seen as necessary for the transfer of the Approvals from the SDRC to the SGBCC as the Chamber is a community organisation which cannot directly benefit from the transfer of the Approvals nor from the progression of the GBIP.

However members and non-members of the Chamber can and will indirectly benefit if the GBIP comes to fruition. Most, if not all local businesses, residents, workers, organisations and service providers (including the Regional Council) will benefit from the project. The indirect benefits of the transfer of the Approvals and the progression of the GBIP will include enhanced economic activity, improved liveability in the region and reduction of risks of drought in the region. All these benefits are core aims of the Chamber and as such are not considered conflicts with the aims of the Chamber as stated in its constitution.

In the development of the detailed business case the members of the Chamber that were on the project steering committee completed appropriate declarations to reveal any potential, perceived or real conflicts of interests. The opportunity to update conflicts of interests was formally provided at the commencement of every steering committee meeting. This level of governance would also apply if the GBIP proceeds past the DBC stage.

7. Statement of Approach

A simplified outline of the approach for delivery of the GBIP project is to seek a successful outcome to the following processes;

1. Completion of the detailed business case by 30th November 2018
2. Acceptance of the DBC by State and Federal Governments
3. Successful application for grant for funds under the NWIDF program
4. Transfer of the Approvals from the SDRC
5. Obtain sufficient water in the Border Rivers and Moonee River new water plan for the project
6. Gain an extension of the Approvals from the Qld Coordinator General before April 2019

SUPPORT FROM THE PRIVATE SECTOR

8. Letters of Support

The GBIP has very wide community support. Several local community and business organisations have expressed support for the project, including;

The Stanthorpe and Granite Belt Chamber of Commerce supports the GBIP. Chamber identified the progression of the GBIP as their major goal within their strategic business plan, developed with the assistance of the SDRC in 2016. The SGBCC has over 100 members and is a very active representative body that has devoted significant resources to the investigation of the project viability and realisation of the many benefits that can be unlocked for business, residents and visitors to the region. The SGBCC has concluded that the project would be 'transformative' for Stanthorpe.

The Stanthorpe Community Reference Panel supports the GBIP. The Reference Panel is an incorporated body created by the State Government and Stanthorpe Shire Council over 15 years ago to give advice to all levels of Government on water issues. It's membership is a broad base of qualified and experienced professionals, business people, agri-business owners, environmentalists and community representatives. In the past it has been chaired by two Stanthorpe Mayors and an acting Mayor and is currently chaired by Mr Vic Pennisi.

The Panel has assisted the Federal Government with many Murray Darling Basin deliberations and in 2016 was appointed the primary consultation group to the Queensland Government's Dept of Natural Resources and Mines to assist with the review of the Water Resource Plan for the Border Rivers. It has assisted past local Councils with advice and significant funds to progress and evaluate water options in the region.

The Granite Belt Community Association supports the GBIP.

The Association is an independent community-based, not-for-profit organisation that was formed in the Granite Belt portion of the Southern Downs Region and incorporated in 2016. Its aims include working to support the future of the communities of the Granite Belt by working cooperatively with Local, State and Federal Government representatives, Departments and authorities and other relevant organisations in order to resolve the concerns of communities and their residents and to improve their futures. As an example of the Association's community representative powers, it has harnessed significant community support (5,500+ petition signatures, public meeting of 1,200 residents and \$60+k fundraising) for the de-amalgamation that it identified as worthy of community consideration.

The stewardship and development of the detailed business case and this tender should be taken as indicative of the support that the Stanthorpe and Granite Belt Chamber of Commerce has for the GBIP. Letters of support for the GBIP from the Stanthorpe Community Reference Panel and Granite Belt Community Association are attached.

The Queensland Farmer's Federation and the Apple and Pear Australia Limited have made submissions to the draft water plan for the Border Rivers and Moonie that include strong support for the development of the GBIP.

The development of the detailed business case for the GBIP included two extensive surveys of potential water customers. This 'Demand Assessment' was required under the Building Queensland guidelines that the DBC adhered closely to. This process demonstrated commercial demand for the project with 56 local agri-businesses signing purchase intent documents. The demand has 'over-subscribed' the project and committed \$23.4m of private funding.

Letters of support are attached from the following businesses;

- Powercat
- C&A Accountants
- Power Tynan
- M&D Auto Parts
- Netpro

Support from all the above community and industry organisations and businesses for the GBIP can only be realised if the Approvals are successfully transferred to the SGBCC as the new proponent of the project.

LOCAL BUSINESS AND INDUSTRY

The successful progression of the Granite Belt Irrigation Project will make major contributions to the local economy. The economic benefits identified and quantified in the detailed business case include;

- The creation of 282 new full time equivalent jobs directly in the agricultural sector
- The creation of 418 new full time equivalent jobs in support industries
- The creation of 135 full time equivalent jobs over the three year construction period of the dam and pipeline.
- A \$68 million increase in gross agricultural production in the region

There are several initiatives within the GBIP designed to promote and support the local community. Specifically;

- The GBIP contains a provision to supply emergency water to the town of Stanthorpe when the current water supply (Storm King Dam) falls to critical levels. This provision is planned at no capital cost to ratepayers. Drought-proofing a major town in the Southern Downs Region will support liveability and promote the town as a desirable destination for young families and retirees to move to and for young people seeking employment to stay in.
- Riverine health and biodiversity will be improved by the establishment of greater water resources in the region. This will add to the already high natural environment values held in the region and valued by its residents and visitors.
- The GBIP will develop a new 200 hectare lake with 300 hectares of surrounding vegetated reserve that will be a major addition to the recreational and tourist facilities of the region. The dam at Emu Swamp location will be close to five times the size of Stanthorpe's existing Storm King dam and will also create additional sporting opportunities for the region.

The contributions to the local economy and the initiatives to support the local community listed above can only be realised if the proponents of the detailed business case (SGBCC) can successfully obtain the required Approvals and bring the project to fruition.

9. Local Industry Participation Plan

Because this tender only relates to the transfer of Approvals and not the initiation of any construction the development of a local industry participation plan and/or local procurement and pricing policy is premature.

However because one aim of the SGBCC is to act as a custodian of local industry and businesses there has been meaningful input into the detailed business case to ensure that the local economy benefits during the construction of the project.