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Sent: Thursday, 17 April 2014 1:19 PM
To: State Water Submissions
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Subject: Submission - Draft Determination on Proposed New Water Pricing for Bulk Water (Peel Valley)

If I were to relocate my existing haymaking enterprise in its present form to the Murray Valley and employ the same practices, the main factor governing the difference of input costs would be the cost of irrigation water.

Producing on average 2400 small bales/season off one 4ha paddock using 36ML of water my cost to produce one bale would be 4 cents in the Murray. If the cost increases as proposed are put in place the cost of water per bale would be 83 cents (@\$55.13/ML) or 108 cents (@\$71.92 /ML without subsidy) in the Peel. I fail to see that this large anomaly is not a created perverse outcome.

I am advised that a state-wide standard regulated water usage charge would be in the order of \$7.37/ML. This would mean that the increased cost of water to produce a bale in the Murray Valley in the enterprise described above would be 11 cents up 7 cents. This would also mean a decrease in the cost of water per bale in the Peel Valley of 72 cents or 97 cents respectively. To me all this displays a desperate act of discrimination towards the water users of the Peel Valley.

If the ACCC claims to promote competition and fair trade I have no doubt that if discrepancies of the order of the difference in water charges above were applied to items such as fuel, food, power and registration there would be great public unrest. However as the Peel Valley has only approx. 200 irrigators compared to even the Namoi Valley which by the way pays less than half our water usage charge and receives approx. 95% of the long term average end of stream flow from the Peel, with its users having substantially more financial resources and political strength than the Peel Valley will ever have. It is common political recourse to antagonise the few in order to justify an action to initiate a reform.

The Peel alluvium is administered by NSW Office of Water with IPART as its regulator while the Peel Regulated Water Source is administered by State Water with ACCC as its regulator. Any concept to rationalise this situation appears to be virtually impossible to implement in the real world because of the bureaucracies involved. The cost of operating two authorities and two regulators appears to be significantly greater than necessary and the irrigators would have these costs passed on to them. State Water prices are set on a Valley by Valley basis with the water users sharing the cost of dam operation etc. and with only approx. 200 irrigators the Peel Valley is one of the most expensive in the state.

Even though the Peel Valley has lodged a detailed submission with ACCC objecting to State Water's proposed price increases I have little confidence that this submission will carry any weight and I fully expect that the ACCC will simply approve State Water's proposed price increases for the Peel Valley just as we have been summarily dismissed by IPART on every prior occasion. To date we have been unable to convince anybody of the seriousness of the impact that the proposed new prices will have on the irrigation industry in the Peel Valley and the irrigation businesses in the Tamworth Region.

Of course it can be said that we already receive a subsidy from the State Government which only helps to disguise the high cost of Peel Valley water in order to help diffuse complaints from water users. As there is no certainty that this subsidy will not be withdrawn at any time such action would expose the Peel Valley to a potential further increase of \$16.79. I fully believe that at the next election if the present government were returned and if our local representative were to be a labour or independent candidate that this subsidy would be one of the items withdrawn as an act of retribution.

Quick fixes such as subsidies are not a long term solution and it is incumbent on government to act fairly and honourably as the current method of calculating water usage charges is the root cause of inequitable pricing outcomes across NSW. Massaging figures to achieve the desired result is not the answer. The solution lies in the political arena to introduce state-wide water usage charges and introduce a Bill limiting the water usage charges to a weighted average figure for all regulated valleys in the Murray- Darling Basin.

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