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15th April 2014

Mr Sebastian Roberts

General Manager – Water Branch

ACCC

GPO Box 520

MELBOURNE VIC 3001

Dear Sir,

I hereby forward my submission on the report which was recently handed down by ACCC on bulk water pricing for the Peel Valley.

I believe if the ACCC proceeds with their pricing options for the Peel Valley as indicated, that in a very few short years the Peel Valley water users will be out of business.

My submission highlights the necessity of using Namoi's usage charge and 1/3rd of their entitlement charge, and does not seek cross-subsidisation from Namoi irrigators. We are requesting a subsidy from State Government to enable the long-term sustainability of the Peel, to cover the shortfall. Because of the restriction of the Valley Cap, Peel Valley water users do not have access to sufficient water to defray the huge cost of the charges.

The Namoi's usage is about 60% to 70% of their entitlement over a ten year period whereas the Peel's usage, if the Cap is taken into account, will be closer to 20%.

In the proposal I have highlighted below, the State Government would always have to subsidise the balance as our Valley will not be economically viable without some assistance.

Bringing our Valley charges into line with our neighbouring water users is a logical way forward for the sake of the irrigation industry in the Peel Valley.

All of the calculations below are based on the present Peel Valley Cap restricting irrigators to 20% of their entitlement over the timeframe of the Peel Valley Water Sharing Plan, presently in place and with a hypothetical 100 mg licence.

We trust that all submissions will be given fair and due consideration of the issues raised and look forward to a reasonable outcome for our Valley.

Yours faithfully

Geoff Swain

Irrigator and Farmer.

Scenario One – Peel Prices – State Water 2013/14 charges

General Security –

Entitlement charge – \$2.77

Usage charge – \$41.61

\$2.77 x 100 = \$277.00

Plus 20 mg @ \$41.61 = \$832.20

Total charge = \$1109.20

20 mg use would equate to = \$55.46 mg.

State Water Charges 2014/15

Entitlement charge – \$3.03

Usage charge – \$45.56

\$3.03 x 100 = \$303.00

20 mg @ \$45.56 = \$911.20

Total charge = \$1214.20

20 mg use would equate to = \$60.71 mg.

State Water Charges 2015/16

Entitlement charge - \$3.34

Usage charge - \$50.12

\$3.34 x 100 = \$334.00

20 mg @ \$50.12 = \$1002.40

Total charge = \$1336.40

20 mg use would equate to \$66.82 mg

State Water Charges 2016/17

Entitlement charge - \$3.67

Usage charge - \$55.13

\$3.67 x 100 = \$367.00

20 mg @ \$55.13 = \$1102.60

Total charges = \$1469.60

20 mg use would equate to \$73.48 mg.

Scenario Two - If Peel adopted Namoi prices –

Namoi Prices 2013/14

Entitlement charge - \$9.09

Usage - \$19.98

\$9.09 x 100 = \$909.00

20 mg @ \$19.98 = \$399.60

Total charges = \$1308.60

20 mg would equate to \$65.43 mg

Namoi Prices 2014/15

Entitlement charge - \$7.94

Usage charge - \$20.61

\$7.94 x 100 = \$794.00

20 mg @ \$20.61 = \$412.20

Total charges = \$1206.20

20 mg use would equate to \$60.31

State Water Charges 2015/16

Entitlement charge - \$8.00

Usage charge - \$20.77

\$8.00 x 100 = \$800.00

20 mg @ \$20.77 = \$415.40

Total charges = \$1215.40

20 mg use would equate to \$60.77

Scenario Three – If Namoi Usage Charge and 1/3rd of Namoi Entitlement Charge

Again with Peel Cap taken into account and based on only 20% water per year with hypothetical 100 mg licence

State Water Charges 2013/14

Entitlement charge - \$9.09 divided by 1/3rd = \$3.03

Usage charge - \$19.98

\$3.03 x 100 = \$303.00

Usage \$19.98 x 20 = \$399.60

Total charges = \$702.60

20 mg usage would equate to \$35.13 mg

State Water Charges 2014/15

Entitlement charge - \$7.94 divided by 1/3rd = \$2.65

Usage charge - \$20.61

\$2.65 x 100 = \$265.00

20 mg x@ \$20.61 = \$412.20

Total charges = \$677.20

20 mg usage would equate to \$33.86 mg

State Water charges 2015/16

Entitlement charge - \$8.00 divided by 1/3rd = \$2.67

Usage charge - \$20.77

\$2.67 x 100 = \$267.00

20 mg x \$20.77 = \$415.40

Total charges = \$682.40

This would equate to \$34.12 mg

I do not have the figures for 2016/17.