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18<sup>th</sup> May 2001

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Water Pricing  
PO Box 2290  
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Dear Sir / Madam,

**Re: Submission on bulk water pricing in NSW - Namoi / Peel Regulated System**

The Namoi Regulated River Management Committee (NRRMC) would like to draw your attention to their concerns over water pricing in the Namoi and Peel Valleys. These concerns are in three main areas:

**Weighting of cost on entitlement v' usage:**

The committee considers that the high proportion of the water pricing that is tied to entitlement will force inactive licences to activate and put increased demand on the water resource. The committee considers that the current pricing structure can only be detrimental to the riverine environment and does nothing to encourage water use efficiency. Whilst the committee is aware of the requirements to supply a base funding arrangement for the Department of Land & Water Conservation, it believes sufficient funds can be generated from the usage component of water charges to achieve this goal.

**Socio-economic implications:**

The Committee have expressed their concern over the socio-economic implications of the increased cost of water, that this pricing structure will force the trading of water to the highest value use and will force a monoculture environment that is not consistent with the current principles of sustainable catchment management. Along with this concern is the potential for dewatering of river reaches such as the Peel Valley who's irrigators will no longer be able to economically retain their water entitlements and be forced to sell, as their crops can not recover the price of the water used to grow them. This water most likely will be sold downstream for monoculture uses on high value crops. This will not sustain our region or communities in the future and can only lead to damage to the socio-economic fabric of the valley.

**Identification of the real beneficiary and user pays:**

Several members of the Committee expressed concern that the real user pays system is not being implemented. The current system does not identify all the beneficiaries of irrigation dams in the State and prices water to reach full cost recovery from the irrigation industry when there are many others benefiting from having the dam in place. Other benefits gained from irrigation supply dams include, recreational opportunities, flood mitigation functions for townships down stream, reliable stock and domestic water supplies, and general benefits to the community of a reliable water supply providing employment and an industry base for the region. The cost should be spread equally amongst all beneficiaries, not just the irrigation industry.

Your consideration of these comments would be appreciated when deliberating over the bulk water pricing for 2001/02 and 2003/04.

Yours faithfully,

**Jim McDonald**  
Chair  
Namoi Regulated River Management Committee

**Securing Our Water Future**

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