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17th April. 2017

The Chairman  
IPART  
RE Review of prices for WaterNSW's rural bulk water services.

Dear Sir,

I attended the Public Hearing in Sydney 4th April 2017 and was impressed how professional everyone was and I apologise that I cannot meet the same standard.

Firstly before a business invests in a venture they do a certain amount of preliminary investigations to determine the viability. They will consider the amount of use that is likely to be generated by that expenditure and in this case what is the likely cost of a megalitre of water? Is the megalitre cost likely to be comparable to other valleys?

Chaffey Dam was never built for full cost recovery and it was built before the Government wanted full cost recovery on this asset. Also the rules of water extraction were made before the government wanted full cost recovery, and the rules are still changing which does not enhance the prospects for the Peel Irrigators.

The Government will not allow cross subsidisation between Valleys but it is quite happy for their water extraction rules to maintain a heavy cross subsidisation within the valley. There is a strong influence between the aquifers and the Peel (regulated) River. There is often in excess of 20 mgs disappearing between Chaffey Dam and Tamworth. This is easily established when regulated users are not allowed to extract water. The aquifers are topped up by the Peel River as they are depleted and at times the aquifers will maintain the river flow even if only for a short time. Last year when Chaffey Dam was so low, there was still an average of 27 mgs per day entering the Namoi River for which the Peel Regulated users were expected to pay. Over one year this equates to 9855 mgs, which is over one and a half times the general security average annual usage. Last year the majority of water used on our farm was unregulated water from the Cockburn or tributaries yet we paid the Peel regulated prices in excess of \$50.00 per mg. Once this water passed through our country the same water was charged out at much lower costs being the Namoi water costs.

Not all wells in the Peel Valley are correctly identified. I know of one fracture rock well that is topped up with regulated water, and I believe that there could be more. I believe that fractured rock users are treated more favourably than those who use the aquifers and in turn the regulated users are treated the least fairly.

It is well known how unfairly the Peel regulated users are treated but everything is 'above board' and all the rules are adhered to. We have not had any luck in changing the rules. Neighbouring irrigators cannot understand how we can continue to irrigate and pay the high costs. These costs are not sustainable and irrigators will stop irrigating as is already the case. Those of us still irrigating are hurting and it is only a

matter of time before we will say enough is enough. In my case the cattle are subsidising the irrigation.

One solution for active irrigators in the Peel is to have the fixed to variable costs changed from a 40:60 split to an 80:20 split. This would bring our usage charge much closer to our competitors and I believe that it would be very beneficial to our industry. NSW Water and the Peel Valley Water Users want an 80: 20 split but unfortunately Tamworth regional Council want to maintain a 40:60 split.

I did not expect that it would cost Tamworth Regional Council so much more but on closer examination I do understand why.

Water NSW have stated that the cost of operating a Dam does not vary much if a lot of water is used or if very little water is used. Therefore as you move toward an 80:20 split you can see how the inactive licence holders contribute a fairer share of the costs attributable to the Dam. At present the active water users are picking up the bulk of the water costs and as less water is used those who still want to irrigate will have to meet even more costs. It is normal for people to want the cheapest option, however, is it fair that those inactive users who continually do not want to use the water until the right situation arises should benefit by not paying their fair share of costs?

A representation was made to the Council at their last meeting however we could not persuade them to change to an 80;20 split. This was understandable because of their increased cost. Tamworth Region Council (by their figures) have the largest single entitlement of inactive use (2016/17 Entitlement 16400 mgs use 4715mgs) and it is because of their inactive use that they do not want to change to an 80:20 split. In Bruce Logan's working papers to the Councillors no mention was made of the water used from Dungowan Dam or aquifer water used. It is normal for a business to use the cheapest water first and keep the more expensive water until last but this comes at a cost to the active regulated water users in the Peel. If the Council had a higher active use from Chaffey Dam they would support an 80:20 split.

As an irrigator in the Peel Valley I am hurting and do wonder how long I can continue to use expensive water to irrigate. An 80:20 split would keep the irrigation industry viable.

Yours faithfully,

Thomas G Woolaston