

Submission

IPART

Draft Determination for WaterNSW Rural Bulk Water Services

Southern Riverina Irrigators (SRI) is the peak body representing 1200 businesses in southern NSW who rely on the availability of affordable productive water. SRI commenced operations on the 1960s and is the peak lobbying organisation within the foot print of Murray Irrigation Limited, providing advocacy for our membership which comprises five landholder associations.

The irrigation system serving our members was developed by the NSW government between the 1930s and 1960s. It remained under government control and operation until 1995 when the NSW Government privatized the system. On March 3rd 1995 Murray Irrigation Limited formed as an unlisted public company and took control of the system.

This irrigation system is the largest privately owned irrigation system in Australia and before the Murray Darling Basin Plan it delivered water to over 2300 farms owned by 1200 farm businesses in southern NSW.

Affordable and accessible water is essential to our members, increasing water reform on its own has put unnecessary and increased stress, including financial, on the regions food and fibre producers. Water reform has seen the price of temporary water increase, and now due to the reduced amount of resource delivery costs are set to sky rocket. The draft determination for WaterNSW rural bulk water services is one more weight in a long list of decisions that impacts on the resource so critical to our members, the region and the nation.

The increase in MDBA charges, along with the change in the MDBA tariff structure is the only reason why bulk water charges will rise for NSW Murray general security entitlement holders.

The Murray and Murrumbidgee are the only two valleys in NSW that pay MDBA charges, this on its own is a big enough disadvantage to our food and fibre producing region. Firstly there is no transparency around these charges, what do these charges actually fund? The MDBA was established due to the Murray Darling Basin Plan, which is meant to be for the good of the entire nation. Surely, if this is the case then the costs for implementing and delivering the Basin Plan must be socialised amongst every water user in the Murray Darling Basin. The costs associated with the MDBA should not come down to a select few, who are already wearing the biggest costs associated with water recovery.

While we note that there has been a reduction in the usage and General Security fixed bulk charges, of biggest concern is the change to the portion of MDBA charges for Murray NSW. The draft determination paper will see MDBA charges change from a 40:60 (fixed:variable)

Peak body for five landholder associations and 1600 irrigators in the Murray Valley

model to a model which results in the majority of cost collection coming from an 80:20 (fixed:variable) model.

This means that productive water users in NSW Murray will be left with a fixed cost to their business whether they have that resource available to them or not. The current model that sees the majority of charges collected associated with actual delivery is a model that our business are comfortable with as this is when they have cash flow. The new model will increase the pressure on businesses in our region. Focussing on fixed charges will create an expense to businesses in our region year in and year out, whether they have access to the driver of their business or not. If water is not delivered on farm cash flow in our member's businesses is reduced, so an 80:20 model of is impractical.

NSW Murray has been severely impacted by water recovery, this has put a huge strain on the district as it readjusts to a climate with up to 28% less resource. With the possibility of further removal of productive water as the Basin Plan is rolled out, a change in price structure that relies on 80% fixed charges is not sustainable for our district.

We would like to make the following recommendations to the IPART Draft Determination Water NSW Bulk Water Services.

1. Costs associated with the MDBA be socialised amongst all water users in NSW, as currently occurs in South Australia.
2. That there is greater transparency and accountability around the MDBA charges.
3. The ratio of MDBA charges are reviewed as an 80:20 model places entitlement holders in Murray NSW at risk.

We appreciate the opportunity to speak on behalf of our members who are impacted by decisions made through this process.

Graeme Pyle,



Chair
Southern Riverina Irrigators