

Hunter Valley Water Users Association

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Re review of Rural Water Charging Systems. May 2012

The Hunter Valley Water Users Association represents the water users of the regulated sections of the Hunter Valley as well as co-operating with water user's associations on unregulated streams and ground water systems throughout the Hunter Valley. The Association is also a full member of NSW Irrigators Council and strongly represented on the State Water Coastal Valleys CSC.

Whilst we understand that the current IPART review will apply mainly to the MDB areas and there is to be a separate review into Coastal Valleys we believe principals covered in this review may influence the Coastal Valley review. We understand that Government has not sought to "opt in" for the ACCC to undertake determination of State Water prices in the Coastal Valleys. (Advice from David Harris to Coastal Valleys CSC of 13.6.2012). Accordingly this submission will mainly comment on broad principals and major issues in coastal valleys

Cost Shares

Due to the comparatively small number of irrigators and relatively low percentage of total water yield that is allocated to consumptive users we believe separate cost shares should be determined for coastal streams. For example the Hunter Regulated WSP provides that at least 80% of long term average flows is reserved for the environment meaning less than 20% is available for consumptive use. Similarly in the Paterson 95% is reserved for environment with less than 5% being available for consumptive use.

Additionally of the water storage available in the Hunter 20.8% (52000ML) is not charged for being stored for the benefit of basic rights holders, environmental contingencies, and maintenance of minimum flows. We contend that that water should be paid for at high security rates and not be a cost born by identifiable consumptive users.

Another example is flood storage. Glenbawn dam has 13.7% (120000ML) of its capacity reserved for flood storage. Current cost shares for flooding are 50% whilst flood works in the Hunter protect major towns such as Muswellbrook, Denman, Singleton and Maitland. The consumptive water users make up a minimal %age of residents/beneficiaries.

Indeed with the much higher populations and comparatively small amount of water used by consumptive users it is obvious that government/user shares should be lower.

We believe this inequity needs to be addressed as soon as possible and considered in the coastal review.

Volatility allowance

In the last determination coastal valleys were required to contribute to the volatility allowance despite the fact that there is very little variation in sales in the Hunter system. In addition the Hunter (and Toonumbar) have agreed and paid on a 60/40 fixed /usage charge which again reduces the need for a volatility payment.

Lostock Dam

As previously mentioned Hunter users have for many years had to provide a subsidy to Paterson water users. Whilst we do not expect that Paterson water users can afford to pay higher charges we believe this subsidy should be in the form of a CSO paid by government not by Hunter Irrigators.

Drought relief

We note the various options being canvassed to assist users in extreme water shortages. We support waiving of fixed charges at a certain trigger point and such relief should be automatic. We suggest a suitable trigger point should be based on reduction of available water determination fall to less than 10% of long term averages for that valley. That is to say that if a valley has a long term AWD of 90% the trigger would come in at 9%. Should the long term average AWD be 50% the trigger would be 5%. (Under Hunter WSP carry over is lost if AWD falls below 50% and high security AWD falls 1% for every 3% of general security fall once general security falls below 50%. Such waiver in fixed charges should be seen as an exceptional circumstance and paid to State Water by governments under accost sharing

Affordability of water

Current charges are such that many users are questioning the viability of irrigation, particularly those on the Toonumbar and Brogo systems and to a lesser extent the Hunter. This is added to by the ever increasing cost of energy as nearly all coastal irrigation is through pressurised systems. Under a full cost recovery system and only small demand for water in some areas from a limited number of users it would seem that it is quite possible that the cost burden would be such that there may be no sales of water.

Many industries do have accurate cost figures available which may be more reliable than ABARE. These may be available to IPART to determine the true effect of water pricing on farm incomes for various industries under various conditions.

We trust this submission is of help in IPART,s considerations and look forward to the Coastal Valley Review in due course.

Arthur Burns

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