

W. J. & A. SEERY
PARTNERSHIP

MOREE.

PHONE:

FAX:

29 July 2015

Deputy Commissioner
Water Reform & Evaluation
Department of Primary Industries
Office of Water

Pricing Submission to IPART

Dear Sir

I am writing to you in regards to the letter I received on 6 July 2015 as to the proposed changes to water management charges.

It is my submission there should be a decrease in water management charges for the following reasons:

1. The charges should better reflect irrigators share in the available water. Irrigators have been asked to contribute 60% of the cost of operating the dam and associated infrastructure whilst the Government pays the remaining 40% on behalf of other stakeholders. In 1993 irrigators had access to 35% of the total flow of the Gwydir River where as now they have access to only 24%. For some time irrigators have been paying a disproportionate share of the charges and their share should reduce to 24% with the Government share increasing to 76%.
2. Irrigators are paying for delivery and services which are not being provided by the Government Authorities. For example:
 - 3 Embargoes were imposed earlier this year preventing irrigator's access to supplementary flows. The effect of the embargoes was to cause substantial economic loss not only to irrigators through loss of production but also the communities within the Gwydir Valley. ABC News reported on 4 May 2015 that these embargoes represented a loss of approximately \$20 million of on farm economic activity and multiplying that with the general use, the loss in the Gwydir Valley is in the order of \$40-\$60 million.
 - In April this year as an exception to the embargoes, the Minister authorised irrigators in the Lower Gwydir River below Boolooroo Weir to pump against their supplementary allocation. However by the time State Water issued the authorisation the supplementary flow had mostly passed and only a small number of irrigators at the very end of the River were able to benefit. As a result, of the available 14,403 megalitres only 796 megalitres of water or less than 6% was pumped.

The embargoes and mismanagement for which Government Authorities are responsible has had a catastrophic effect on the continuing viability of the irrigation industry. Those losses can never be recovered as the industry receives no compensation or means to make up the loss which it has sustained. As the Water Sharing Plan makes no provision for compensation or right to recover missed opportunities to pump supplementary flows from future environmental flows, as a minimum all water charges should be suspended in any years embargoes are imposed.

3. The Government wishes to achieve a 7% return on its investment in infrastructure used by irrigators but expects irrigators to survive on a significantly smaller return. I consider our farming operations amongst the most efficient and our average return on investment in average seasons has been 2.6%. In the last three (3) years we have averaged less than half that amount with returns of 2.53%, 5.65% and - 3.80%. As can be seen over the last two (2) years where we have had negative returns as they were adversely impacted by the embargoes and mismanagement previously referred to.


The Government believes it's running a commercial business. The reality is it holds a monopoly and is not subject to market forces and competition in which it must successfully operate to remain viable. Unlike irrigators there is no pressure on Government to improve its own efficiency and management. Rather it attempts to pass on increasing expenses to irrigators who operating at the limit of their efficiency in achieving maximum production from limited water availability.

The economic reality is the irrigation industry has been in significant decline and unless there is a change in Government policy such as reducing its expectation as to the return it requires on its investment, the industry will not have a future in the Gwydir Valley.

For the Government to even consider increasing charges does not satisfy any fairness or reasonableness test. The inefficient of delivery of water management services does not justify any increase in water management charges in the Gwydir Valley. To the contrary the Government should look to increase service and delivery of water to irrigators and decrease the cost if there is to be any prospect of having a sustainable irrigation industry and communities in the Gwydir Valley.

Yours faithfully,

WJ & A Seery Partnership


Per: John Seery

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