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The Chairman
IPART
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Dear Sir,

I wish to make the following submission regarding the Review of bulk water prices from 1st July, 2001.

I represent a family farming business which has been an irrigator for 22 years using water from the Copeton Dam on the Gwydir River system. Our business employs 18 full time persons and up to 60 casuals during the year. We also utilise the services of several contractors providing both employment and services.

We are deeply disturbed by the continuing attack on private enterprise by Government policy and regulations. The proposal to increase water costs, which is a very important resource to our business, is going to make running an economic and viable business very difficult, in times of very low commodity prices, very weak \$A (which many irrigators are unable to take advantage of because of standing commitments) and greatly increased costs of production, eg fuel, electricity, wages, repairs, chemical and fertiliser costs. Machinery costs have risen dramatically because of the low exchange rate with US where most machinery is sourced.

The DLWC's pricing rationale point 1 states that pricing regimes should be based on "*full cost recovery*". How can this be fair to expect that irrigators will be the only ones paying? Doctors and nurses earn their living using the facilities provided by government eg

hospitals - but they do not pay for the upkeep and depreciation on the hospital. School teachers also use government provided facilities, but are not responsible for the upkeep and eventual replacement cost of the Schools. In this context, why should irrigators pay for the upkeep and replacement of dams?

Principle No 2 - *"The cost of service provision should be borne by those benefiting from the services"* Why? Doctors, nurses, school teachers etc do not have this responsibility. What about others benefiting from the water that is now being targeted on irrigators? Holidays and weekends will show many happy holidaymakers camping at Copeton Dam. They camp, swim, boat, fish, ski, yacht, canoe, bushwalk and generally enjoy the wonderful facility that damming the Gwydir at Copeton has provided. Downstream we have power generated, more fishing, swimming, irrigating, boating etc. We also have flood mitigation that has saved many potential floodings since Copeton Dam was built. Towns and villages have water to use, farms have a reliable stock and domestic supply, and irrigators have the resource to enable them to make a living. The Gwydir Wetlands have abundant water and graziers in the wetland have continuing stockfeed. It seems that a 50% split with safety and environmental, and users is not fair to irrigators.

Perhaps it may be fair to say that if irrigators are making their living from using Copeton Dam water, then maybe the DLWC staff should also pay a share because they are benefiting from the water too - it provides employment. Or maybe the retailers in Moree, because if irrigation was stopped where would they sell their wares?

Further in the DLWC submission it states that *"This submission is premised on overall operating costs being efficient"* - many people in Moree do not believe that DLWC and State Water are being efficient, because they have so many of their staff located in Tamworth, Dubbo and other larger cities, rather than in places like Moree, which is the hub of the Gwydir irrigation area.

We also do not believe that the plethora of "committees" that have no real authority, are an efficient way to seek public consultation.

1.3 of the Submission states *"A key driver of the Water Reform Framework is the need to stem the widespread natural resource degradation caused by inappropriate pricing practices of bulk water"*. This suggests that DLWC is trying to price water so highly that irrigators will have no choice but to not use it. *"The underpricing of bulk water services will perpetuate ecological degradation because water services are not allocated to those users who value them most"* What is this supposed to mean? Again it infers that a large scale irrigator values water less than a small irrigator. *"As a result water is used in an inefficient manner"* Again this statement infers that large irrigators are less efficient than small irrigators. The environment is a very thirsty user of water and if DLWC was really concerned about efficient use of water, they would act responsibly and reasonably when directing flows into the Gwydir Wetland, and send what is needed rather than as much as possible, which does nothing more than satisfy so-called environmentalists, produce cattle

feed for graziers in the wetland, and cause an almighty problem with aquatic weeds. This is not efficient use of water.

2. Bulk Water Operations

"State Water recognises that it has a range of customers" - but in the 2.5 Customer Profile it does not acknowledge the recreational users, which must be a large untapped customer base which benefits from the water and should be prepared to pay for the privilege of using it.

The fact that such an important customer base is ignored, does not give much credibility to best practice principles and employee development activities. Surely for a service provider, the most important asset they have is their customer base?

3. Resource Management

"Full cost recovery is an incentive to reduce water extraction" - as an irrigator I do not look on full cost recovery as an incentive, rather another tax on the right to use natural resource in an attempt to make a living, and provide employment. I also do not believe that DLWC has the right to play God with natural resources. They should be fair and equitable, not set themselves up as a judge and jury on what is a very debateable situation regarding what is in fact an environmental problem caused by water regulation and extraction, and what is natural to Australian rivers over past centuries - well before regulation.

4.4.2.1 Total Asset Management Plan

I do not believe it is realistic to include "replacement" of major capital works - in the current political environment it is beyond belief that a dam would be built again. Therefore it is wrong to allocate funds for something that would not be allowed to happen.

6.2 Impacts on farm enterprise

I use the Department of Agriculture Budgets and I would caution on the following points

- in the irrigated cotton budget (which is the major enterprise in the Grwydir valley) cotton prices are presently not achievable and indications are not favourable for the next season.
- the dramatic fall in the \$A has a flow on effect on costs - particularly fertiliser, chemicals and machinery costs.
- energy costs have risen substantially - eg electricity, fuel.
- merchants premium and discount sheets are heavily weighted against the producer, with growers finding they have substantial discounts.

Another factor that has seriously affected many irrigators in the Gwydir this season, has been the severe flooding that has decimated crops. Many farms received flooding in November when crops were establishing, and again in February. Crop yields in cotton on our farms have been down one bale per acre on average yields. There are many farms in similar circumstances.

I would urge you to consider the points that I have raised. I believe any increase will impact severely on irrigators this coming season, as they have struggled with a very adverse season and marketing conditions during the 2000/2001 season. A little encouragement rather than another hit below the belt would help a lot of people.

Yours faithfully,
PECHELBA TRUST

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