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The Chairman

Iparr

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Dear sir,

Re: Bulk Water Prices - Draft Report

I refer to the Draft Report of the Bulk Water Prices and wish to *make* the following comments.

~~My~~ main problems with it are

- 1. The philosophy that is never addressed - that the environmental water has a cost and must be paid for by the community.**
- 2. There is no expectation that DLWC and State Water must run an efficient business. They are ignoring a customer base of recreational users that could be used to set up a viable business that could be a significant income earner, and there is no evidence of cost efficiencies.**
- 3. The increases in the price of water will have a very detrimental effect on water users and the resulting social and economic effects on the citizens of New South**

Wales are completely untenable.

Specifically.

Page 8/112 *"Impactor pays - significantly reduces the risk of inappropriate cost allocation"* - seems to me to be a lump it on the irrigator rather than take the time and trouble to allocate costs fairly.

Page 9/112 *"Balance the need to implement these commitments with other important considerations including the ability of bulk water users to absorb the price rises required to achieve full cost recovery and its own obligations under the IPART Act."*

Any financial information PART would have used to assess the ability for cotton growers to pay, would have only got much worse. Can not impress strongly enough the dire straights a lot of cotton growers are in with both currency commitments and unsold cotton at historically low prices.

Reading the submissions on the PART site, it is obvious that the lucerne growers on the Peel are also extended beyond the "ability to absorb".

Page 10/112 Obligations under PART Act *"required to achieve appropriate balance between a range of economic, social and environmental considerations"*

I do not believe this has been addressed at all. The Departments in question have no incentive to run an efficient operation, water users will be forced out of business causing social upheaval in country towns, and the environment is receiving water at no cost, and with no value attached to its distribution. The wider community who should be making decisions on this balance, are not informed of the cost or consequences of the decisions being made on their behalf

CSC's are not effective - look at Gwydir CSC meeting of 16th August, 2001. Action 0108.02 was to write to PART raising concerns about the need to identify beneficiaries and concerns regarding content of the ACIL report. Fax was not received from CSC Program Support Officer until 3rd September which was nine days after submissions closed,

Page 13/112 Reports and Accounts

The calls for performance standards to be set, measured and evaluated. CSC's have not had timely access to financial accounts.

Page 14/112 Ring Fencing

“State Water should be established as separate legal entity. Potential conflicts interest between service provision and regulation, .risk costs incorrectly allocated and ~~of~~ being double counted” Self explanatory but a real concern. Is there any evidence that there has been cost savings by splitting the Departments, or has it just led to another duplication of bureaucracy?

Page 16/112 Consultation - CSC's - lack information, late financial information, late consultation on costs and service levels.

“The tribunal is concerned that the objective of the CSC's to enable stakeholders to influence decisions about how bulk water services are delivered in their Valley - may not be realised”

I certainly agree with this comment. I think the experience of Gwydir CSC is that it is generally a waste of time - we don't influence decisions that are made in Tamworth or Bridge Street.

Page 27/112 ***Dam upgrades so it can meet new guidelines in relation to floods and seismic activities.***

The cost of demanding standards that are to meet an impossible risk exposure, are not the responsibility of farmers. This must be a decision of the community, and paid for by the community.

Page 40/112 **MDBC Water Resource Management Costs**

Under a user pays principle if salinity is the objective then salinity must be measured and charged against its source.

Page 55/112 **Sydney Water**

Why is water that is used to water a Sydney park charged at a lesser rate than water that is used on a Moree farm?

Page 57/112 **Aquatic weeds levy.**

If a waterway has a problem it should be addressed efficiently and effectively.

Page 61/112 ***“It is possible that the costs on some coastal valley rivers will never be fully recovered”***

“new levels costs recovery on unregulated rivers and ground water are still significantly lower than the level on regulated rivers”

This comes right back to every meg of water has a value and needs to be transparent.

Page 63/112 Implications for customers - *"The tribunal believes its proposed price path represents a fair balance between the interests of customers, the DLWC and the broader community"*

I do not agree. The environmental water must have a value attributed and the broader community ultimately decide whether the community is prepared to pay the cost of using water to flood the environment. As has always been stated of irrigators, without the value is high enough, a valuable resource will be wasted, why is it any different for the environment?

Page 67/112 Options for reducing the impact of price increases

"In making this draft determination, the tribunal recognised that price increases could have severe impacts on the profitability of some farms. However it believes that this is better addressed through mechanisms other than pricing. It therefore investigated some possible options available to farmers to mitigate these impacts. These include trading water on regulated rivers, handing back entitlement volumes in over allocated valleys and using the assistance schemes available to farmers facing financial difficulty"

What an admission of a major social disaster. If this is the best PART can come up with then God help us all.

The option to trade water - we are irrigators not traders. Farmers have machinery, infrastructure to upkeep, and families to support.

Hand back entitlements- No way. Property rights must be granted as some protection for farmers who have invested heavily in their industry.

Use assistance schemes - IPART is keen to take it all isn't it? - After sending the farmers bankrupt, having them hand back their entitlements, now they take away all they have left - their dignity.

Page 71/112 Implications for environment

"The role of water pricing in this context is to ensure DLWC has adequate funding to cover its water resource management costs and to encourage demand management"

The DLWC should be required to act responsibly and run a business efficiently. It should not be funded at the expense of bankrupted farmers, and country towns that lose their viability because its citizens are run out of business because of DLWC inefficiencies and

its totally unreasonable push to draw the environment in free water.

Page 72/112 Encouraging demand management.

“Most irrigators incur substantial costs in using bulk water...would send some signals encouraging the efficient use of water and price increases ...will serve to further reinforce these signals”

This is a particularly condescending statement. Irrigators do not deserve to be treated in this manner. Some “signals” need to be sent to the government and the environmentalists that enough is enough. Water for the environment does have a cost. Eventually it will be up the wider community to decide how much is a fair thing to pay.

The attitude of IPART will ensure that the irrigators are brought to their knees and in the current economic climate - this will not take long. Please wake up before its too late.

Yours faithfully,
PECHELBA TRUST

Per:



Robyn Cush
Director