

Submission to IPART – by G. L. Swain.

15th June, 2010.

As a Peel River Regulated water user, I am writing to express my extreme dismay that the NSW Office of Water are seeking such huge increases in the water charges such as –

At present \$1.17 – proposed increase of entitlement charge to \$4.86mg.

At present \$2.12 – proposed usage charge increase to \$8.83mg.

These extraordinary proposed increases in costs of water will promote the end of small irrigation farming in the Peel Valley.

Irrigators have had to slash their costs 'to the bone' over the last few years just to keep ahead of Government costs, while it appears that Government monopoly organisation administration and running charges just keep increasing at an exponential rate.

Surely there is a practical commonsense resolution to this problem – why must monopoly organisations continue to expand at the cost of the demise of a small highly productive industry, manned by farming families in a small rural valley?

Why were State Water and NSW Office of Water split, supposedly to provide increased efficiency to users?

IPART must, as part of their investigations, look seriously and logically to ensure the survival of our irrigation industry. As irrigators we have reached 'breaking point' with the huge increases in all costs for our enterprises – costs over which we have no control. These proposed increases are causing a huge amount of stress for the enterprises which comprise the irrigation industry in the Peel Valley – the dairy farming and lucerne growing enterprises which form most of the productive sectors of our Valley.

As Chairman of the Peel Valley Water Users Assn. I am personally aware of the extreme seriousness of these proposed charges to my members, on top of the already steep State Water charges.

It also appears that in the near future a telemetric metering charge will come into effect. Figures of \$300, \$400 or even \$600 have been mooted.

This is totally outrageous. What benefit do we get for the charges we are already paying? Surely the metering charge is already factored into the costs we already pay?

My meters, which I personally paid for, are working well and our irrigators do not see any need for further exaggerated costs, which would be of no benefit to us whatsoever.

It appears that the proposed water charges will be –

State Water by 2013 - \$40.45 per mg. Plus CPI

NOW - \$13.69 per mg. Plus CPI

A total of \$54.14 per mg.

So within the life of this proposed plan we could be paying up to \$70 per mg. if the proposed increases are approved! There is no possibility that my irrigators can maintain a viable industry at the increases as proposed!

I note in the draft Determination that State Water and NOW did not receive the expected revenue because of drought. Well, I can assure IPART that the irrigators of the Peel Valley suffered losses also because the non-availability of water. This is absolutely no reason to raise the entitlement charge to attempt to recoup revenue as our income has also dropped significantly.

I ask that IPART does not increase the entitlement charge as the irrigators in the Peel Valley both Regulated and Alluvial, can only source 20% of their entitlement on average because of the recently gazetted Water Sharing Plan's Cap.

There is absolutely no opportunity for Peel Valley irrigators being able to remain in a viable business if this degree of increase is granted to these authorities.

From a small farming enterprise's perspective, it is hard for farmers to believe that since IPART's determination in December 2001, the costs of the two organisations have risen from a budget figure as quoted of just under \$100million to now \$167million. This increase in the context of a "supposed" efficiency gain in the splitting of the two organisations!

These examples of price increases are a prime reason why small farming enterprises are collapsing under the cost pressure.

It appears also that much of the costs that can be considered for the 'public good', are being passed on to irrigators – such as the recreational users benefits, fishing benefits and the costs of the environmental issues.

My irrigators are questioning why our small Peel Valley irrigation industry is considered as an industry able to be constantly oppressed and bullied with such steep rises in costs, to the detriment of their viability? When are we going to be able to have confidence that "all users" will be paying their fair share of costs, Government Departments as well as individuals – and not have the suspicion that because we are private enterprise, that it is easy to pass on rising costs to us and the Departments having no responsibility to ensure that their activities are always open to scrutiny and cost efficiencies?

As an irrigator within the Peel Valley, where my family have farmed for generations, I sincerely ask IPART to have consideration for small rural areas, to have consideration for the effect such flow-on impacts have on the broader area, when farms collapse under price pressures and fold. There is a huge impact on the business confidence of the whole area - particularly on young people who are considering their future employment.

I earnestly ask that IPART consider these issues carefully and conscientiously.

Geoffrey L. Swain.