

Narromine Irrigation Board of Management

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Chairman:
Mr M McKinney

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Acting Chairman
James Cox
Bulk Water Prices from 2004/5
IPART
PO Box Q290
QVB Post Office. NSW 1230

Dear Sir,

I wish, once again, to bring before IPART a point that, to date, we have not had a satisfactory response.

THE OTHER BENEFICIARIES OF WATER USED FOR IRRIGATION AND INDUSTRY.

HOW DO THEY PAY?

At this point I would like you to read the submission of 7-5-01

Our contention is that apart from the obvious direct beneficiaries of expenditure on water administration and supply, there are others that benefit directly and indirectly from water extractions for irrigation and industrial use, other than direct users.

I refer you to item 3 of the terms of reference for your Tribunal where it states-

3. A proposed sharing of costs between different users and other beneficiaries of services.

We believe the two main points in this term of reference are

*A. a **sharing** of costs between user and beneficiaries*

B. it does not make any distinction between direct or indirect users and beneficiaries.

There are many beneficiaries from the extraction and use of water for irrigation and industry other than these license holders. The fact that these other beneficiaries are difficult to charge for their relevant share does not justify the Tribunals policy of allocating all of these costs to the user.

We believe that broadly speaking the other beneficiaries are community, whether they be fuel, fertilizer, seed, chemical, labour, suppliers or beneficiaries further down the line such as Local, State and Federal Government and community in general through export income.

If the community is benefiting, the community should pay their share of the costs by way of continued Government financial input.

Producers who only supply the domestic market can pass on all of their input costs, taxes, levees etc.

Agriculturists in general rely on export prices or export parity prices and therefore are not in a position to pass on either direct impositions, taxes, levees etc or those that have been passed on to them by the suppliers.

The world markets are not prepared to pay for what they deem are the extravagances of Australia's internal economy.

This is a situation that not only your tribunal needs to come to grips with but also the Australian Governments and community as well.

The points we make, may not be couched in academic terms but, are valid and need to be considered by a truly independent body.

Since this submission our position has evolved from this stance to the point that we believe that irrigators should only pay for the use costs, and that the fixed cost should be borne by the community/Government.

Dams were built for the benefit of the community.

Irrigation is the conduit by which that benefit is transferred from the dams to the community. Development by irrigators on their land and the growing of crops is how that conduit was constructed.

Over allocation of water within the different valley systems, done by an instrument of the community, awoke the community to financial and environmental concerns.

This has necessitated an ever growing expenditure by irrigators to demolish, re design and upgrade the financial and water efficiency of this conduit to the community.

If you look at the bigger picture there is and has been a loose but natural partnership between the community and the irrigator.

Therefore we submit that the community should re accept its responsibility for infrastructure and the irrigator should only be responsible for the continued maintenance and, where necessary, the upgrading of the conduit.

Just a couple of points we feel you should further consider.

1. A distinguished member of the self imposed “Wentworth Group” said at a meeting in Warren in 2003 that even the woman buying lettuce from the green grocer in the North Shore of Sydney was an irrigator- in other words the end user is an irrigator. This reinforces our position that we are only the conduit.
2. GST
The formulators of the system by which that tax was to be implemented recognised the fact that exporters cannot pass that tax on, in a world market and therefore refunds the GST to exporters.
3. I think it was President Lincoln who said farming is the only industry that pays retail for all its inputs, gets wholesale prices for all of its produce and pays the freight both ways.

The point I make from this is that we pay more than our share of fixed taxes and levees passed on to us when we pay retail prices for our inputs and these charges and those directly imposed on us, can't be passed on. The only choice we have is to produce or not to produce.

In many cases the cost of upgrading and maintaining the “conduit” means that we make decisions on a “gross margins” basis. Sometimes this only services the financing of that conduit.

It is grossly unfair and unethical to impose the fixed costs for water infrastructure upon one industry, which is already overburdened with direct and indirect fixed costs, especially when those costs should be borne by the community.

It is also highly unethical to apply a stringent commercial regime on the “conduit” when the same stringent commercial regime cannot be imposed on the instrumentality.

The conduit is the meat in the sandwich, it cannot choose its supplier and therefore influence costs and it is not in a position to pass them on.

If the user/beneficiary has to pay then the community as the ultimate beneficiary must pay.

E O Whittle

Per Martin McKinney.
Chairman.