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Liz Cullen
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Dear Liz,

STATE WATER OPERATING LICENCE SUBMISSION

Thank you for the opportunity to comment on State Water's Operating Licence.

MURRUMBIDGEE PRIVATE IRRIGATORS

Murrumbidgee Private Irrigators represents all licence holders on the Murrumbidgee River and Yanco Creek System being approximately 30% of the diversions in the valley.

NEW SOUTH WALES IRRIGATORS COUNCIL

Murrumbidgee Private Irrigators is a member of the New South Wales Irrigators Council and we broadly agree with the submission made by the Council. We do wish however to emphasise some of the points made by the Council and also wish to make other points.

TIMETABLE

The timetable for the finalisation of the Operating Licence is too tight and does not allow for stakeholder comment prior to finalisation. We believe that stakeholder comment prior to finalisation will be both beneficial to the stakeholders and more importantly to State Water who will have the benefit of "shared" understanding and buy-in from its important stakeholders. We would also like to see public workshops being held in order that the issues surrounding the Operating Licence could be widely canvassed with stakeholders on the ground.

BUSINESS PRINCIPLES AND PROVISION OF INFORMATION

We are in favour of the corporatisation model in that it seeks to put State Water on a more business-like footing and also seeks to make the business more transparent. Aligned with this is a need for State Water to be able to provide up to date information on its business.

State Water provides some information to the likes of Customer Services Committees, however this has been patchy to say the least. Customers expect up to date information which shows inter alia:

- That it is a successful and efficient business that can be compared to other like businesses.
- That it is maximising the net worth of the State's (and therefore the community's) investment in the corporation.
- That it exhibits a sense of responsibility towards regional development and decentralisation in the way in which it operates.
- That asset management activities are undertaken in a coordinated and planned manner to ensure the efficient running of the system.
- That management information is provided that is useful to customers.

Irrigators need to have "real time" information on such issues as water storage, stream flows and environmental requirements for their own water business management. The government is signaling that it is no longer an option for the precious natural resource to not be properly managed – this is at all points of the journey – from dam to crop. Farmers want to actively participate in natural resource management but can not do so without real time information which State Water has.

We are concerned that information may not be as readily available and that the corporation will hide behind the veil of "commercial sensitivity". State Water is in effect a monopoly supplier for its services and we believe that the majority of information should be freely available to customers.

We would also like assurances that information would be available on a valley by valley basis. This is critically important as we need confidence that the likes of the Murrumbidgee Valley is being managed in a cohesive and efficient manner and that cross-subsidisation of costs and income is not occurring.

REGULATION

State Water is responsible for delivering the property rights of access license holders as outlined by the Water Sharing Plan and the Water Management Act and to this end must be responsible for all operations needed to deliver those rights.

We agree that DIPNR should only be accountable for regulatory functions (policy, strategy, planning and auditing State Water performance in delivering water to access license holders), determining the balance between water resource use and conservation. If DIPNR is accountable for flow measurement and State Water's performance is compromised through poor flow measurement, State Water cannot be held accountable for non-compliance or poor performance.

With State Water now being a business, it must be allowed to operate as a business without interference from other Government Departments or Agencies who do not have that commercial focus. All Government Agencies and Departments must commit to supporting State Water's objectives, functions and areas of operation, to maximise the State's (and therefore the Community's) investment in the business.

State Water's regulatory obligations must be clearly articulated and demonstrate a direct relationship with State Water's operations. We are fearful that as irrigators we will be saddled with ever increasing costs associated with regulation. State Water should not be used as a vehicle by the government to implement or deliver its wider natural resource management reform agenda and then pass those costs on to the irrigation community. These services should be deemed community service obligations and should be transparently costed and paid for in full by the government.

State Water must be given the regulatory power to enforce customer compliance with regard to amount of water being pumped. Customers must only be allowed to pump what they are entitled to and what they have ordered. This is vital in systems where there are long delivery times and small allocations. In the Yanco Creek system we have had several instances where irrigators have pumped water they had not ordered and this meant there was not enough water to fulfil orders further downstream. In one instance an irrigator was supposed to be able to pump 25 megalitres a day and the creek was little more than a series of puddles.

State Water must take action quickly and decisively in these instances. It should not have to go back to DIPNR and ask for DIPNR to intervene. State Water should be able to apply sanctions immediately.

ENVIRONMENTAL FLOWS

State Water is in the position to manage environmental flows as outlined by the Water Sharing Plan, i.e. deliver the water needed for the environment. To this end environmental flows should be costed transparently and this should be paid for in full by the government.

SYSTEM PERFORMANCE

We support the introduction of objective, measurable performance standards and performance indicators that clearly and unambiguously demonstrate State Water's management of its asset base and associated water delivery, monitoring and service delivery systems. This information must be provided on a valley by valley basis for proper interpretation. We support the establishment of sensible benchmarks that are publicly reported and can be analysed to provide a meaningful comparison of State Water's service standards, can be compared with previous periods and can enable benchmarking against other "like" business entities.

INVESTMENT IN WATER EFFICIENCY

It is ambiguous for the government to ask State Water to maximise its efficiency on the one hand and then expect it to grow as a water delivery business on the other

hand. Investment in water efficiency will only occur if the Government provides the appropriate incentives for State Water to invest in water efficiency. One way of doing this is to allow State Water to “own” entitlements in its own right. Any savings could be returned to the system for distribution to entitlement holders, both extractive and environmental.

CUSTOMER SERVICE OBLIGATIONS

We support the current structure of the Customer Service Committees (CSC) being retained. The CSC’s have played a significant role in ensuring that State Water interacts directly with its stakeholder base. It has also been useful in assisting State Water to gain valuable feedback on a number of initiatives. A weakness however has been the lack of business information. If the CSC’s are to be retained then State Water must make a commitment to provide up to date and relevant information to these bodies. All costs associated with CSC’s should continue to be met by State Water as part of its ongoing business activities.

We also support the establishment of a Customer Charter. The Charter must include a detailed commitment by State Water to measurable and accountable customer service obligations. The document must also clearly outline State Water’s expectations of its customers. State Water must report against the Charter and face sanctions for non-delivery of the obligations contained in the Charter.

COMMUNITY ENGAGEMENT OBLIGATIONS

We do not support the establishment of a State Water Specific State-wide Community Consultation Committee. The needs of customers and stakeholders will differ from valley to valley and this will not be adequately reflected by a State-wide Community Consultation Committee. This is also contrary to the Government’s desire to see “local” management of government activities and policies such as natural resource management of which State Water is a significant player. A State-wide Committee would result in consultations being undertaken with individuals and groups significantly removed from day to day operations of State Water and the customers it serves. This is also somewhat of a duplication of the existing CSC’s. State Water meets regularly with the Chairmen of the CSC’s and this is a far more useful way of undertaking community consultation.

Thank you for the opportunity to make a submission on State Water’s Operating Licence. Please do not hesitate to contact the office should you require clarification of any of the points made. We look forward to the opportunity to speak with you in regard to our submission.

Yours sincerely

Lee A. Furness
Executive Officer.