

Submission to Ipart review of Irrigation Charges

Submitted by D.A.Woods

My submission refers principally to the Peel section of the river system.

Whilst there is plenty of arguments based around what water is 'worth' I would suggest that there is really a great deal more at stake than the dollar charges for each megalitre of water. However these dollar charges are very significant as to whether or not these other factors can continue. I refer to the survival, the way of life, the very existence of a comparatively small number (relative to the total community) of families whose life is farming usually on comparatively small intensively worked holdings and hence the dependency on irrigation water.

There is no doubt that much of Australia's prosperity is based on the real wealth producing sector of the community but they cannot continue to be hit with extra charges and costs which do not lead to any additional returns.

I must make comment on the almost ludicrous conclusive statements in the report titled Economic Assessment of Water Charges in the Peel Valley by Crean, Scott and Carter. Firstly they show that the nett farm incomes are very low by community standards. State that the proposed increases will triple the cost of water and impact on net farm incomes to the tune of 11-27%. Cause a change in return on equity from positive to a loss then to conclude that it won't pose viability problems must surely border on the absurd. A socio-economic study is desperately needed to establish if there is any capacity to pay and the value to the community of higher production levels due to irrigation.

The DLWC is claiming full cost recovery but I ask that they be severely restricted until such time as they can demonstrate that they are operating far more efficiently than at present and that they have an ongoing commitment to continuous improvement in efficiency.

For example I understand that they employ 2 meter readers to read less than one thousand meters. By comparison the statistics for the electricity distributor are 360,000 customers, read 6 times a year with an average 2.5 meters per site by less than 40 readers. Services in rural areas are similar in degrees of sparsity and distance as the water meters. And the dials on water meters are no different to the dials on electricity meters. As there is a once a year charge for bulk water this must surely be gross inefficiency. Even if they read them once a month it would still be very poor. (I am led to believe that they are read monthly for either statistical purposes or relative to the Murray Darling Basin cap in which case only one twelfth of the cost of reading should be charged against local irrigators) I am sure they are not the only section of the department that performs poorly. One has to question why such poor productivity. A restriction on their allowable charges might see a change in their efficiency.

Infrastructure upgrade It is proposed by a government department to upgrade Chaffey dam as a safety measure against some catastrophic event such as a one in 10,000 year flood. In the first instance this should not be a cost against irrigators as it is supposed to be for the benefit of communities downstream. After all the dam was not built principally as an irrigation dam but as additional supply for Tamworth City. It is a sad indictment of the Dept of Public Works that a dam that was built in the 1970's should need an upgrade for safety. If they got it wrong they should pay.

I give another example of departmental inefficiency that adds enormously to costs. When Keepit was upgraded they engaged consultants to look at the electrical system. Their recommendation was to install a new 11,000 volt circuit breaker to replace one

that was installed when the dam was first built. Their reason – it was old and therefore unserviceable. The circuit breaker really does not serve much purpose and had never operated for a fault. The proposed new breaker required the installation of a battery bank to make it operate with the consequent maintenance on a regular basis.

Estimated cost \$50,000.

It was recommended the existing circuit breaker be given a \$2,000 overhaul. In addition it is self-powered and does not require the degree of regular checks that a battery does. Yet another example of wasteful inefficiency is the multiple backup systems(no less than 4) for opening the floodgates – if the mains power from the Grid fails, and the hydro-generators at the site are not operating there is a standby generator and if it also fails there is a portable motor driven hydraulic system. All of these systems require routine maintenance to ensure they are functional if required during flood time. The point I am making is that it is just not efficient to have a fourth order contingency plan and then to have to maintain all these systems when two well maintained systems are adequate for the purpose. Just because they are using public monies is not fair reason for not having to justify their costs and efficiency.

What should be charged for and how should these charges be derived.

Only the water that is used should be charged for.

Surely any logical thinking person could not condone the notion of charging for something and then not supplying it. Or is there one set of rules for the common person and another for Government departments?

There is nothing logical or equitable in charging for an entitlement which is not used or is later cut back due to regulation or restriction because there is insufficient water. Nor does it encourage conservation techniques – use it or lose it has been a catch cry.

Surely the principle should be pay for what is used and conserve the rest.

As there is already a licence fee the ‘entitlement’ charge is really another licence fee by another name and is therefore double dipping. Likewise the ‘property’ charge is nothing more than another name for another licence fee which makes a triple whammy.

These three charges should be minimised and rolled into one and the usage charge increased to a level that brings the total charge to not more than the current total.

It should also be borne in mind that most of the Peel system is supplementary irrigation meaning that it is only used to fill in the gaps between rain and that as such this is good for the environmental aspects of water usage. The present system of charging encourages full entitlement usage which is counter to promoting conservative usage.

In summary I ask that you:-

- ◆ Freeze charges at current levels.
- ◆ Order a socio-economic study
- ◆ Restructure the charges to encourage thrift and conservative use.
- ◆ Reject claims by the DLWC for increases until they can demonstrate substantial efficiency gains.

D.A.Woods
“Woodsvale”
Back Rd
Kootingal 2352