



GVIA

Gwydir Valley Irrigators Association Inc.

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making every drop count

7 June 2018

Dr Peter Boxall, AO
Chairman
Independent Pricing and Regulatory Tribunal NSW
PO Box K35
Haymarket Post Shop
NSW 1240

Lodged online

Re: Submission by Gwydir Valley Irrigators Association Inc on IPART's Review of Rural Cost Sharing Framework

Dear Dr Boxall

The Gwydir Valley Irrigators Association (GVIA) represents irrigation entitlement holders in the Gwydir Valley, in north-west NSW. Our mission is to build a secure future for its members, the environment and the Gwydir Valley community through irrigated agriculture.

We welcome the opportunity to provide comment to the Independent Pricing and Regulatory Tribunal (IPART) NSW during their review of Cost Share Framework for the Rural Bulk Water Services delivered by WaterNSW and managed by the Water Administration Ministerial Council.

With recent changes in water administration and management in NSW, we support the review as an opportunity to ensure there is equitable sharing of costs between both impactors and beneficiaries of water management and delivery by the above-mentioned organisations. We also see this as an opportunity to continue to improve how the sharing framework can be transparent, robust, practical, cost reflective, measurable and auditable. We recommend these principles be applied when considering changes to the current framework.

This document represents the concerns and views of GVIA's members. However, each member reserves the right to express their own opinion and is entitled to make their own submission. As the GVIA and its members, are members of the NSW Irrigators Council, we endorse the submission made by this organisation. As such, we have provided a brief submission considering the detail provided by NSWIC.

The following represents the key concerns of the GVIA.

Case for change:

Whilst the GVIA has concerned with the current level of transparency and accountability around the cost-sharing framework. We support NSWIC in questioning, whether the shortcomings in the current cost share methodology warrant the development of a completely new methodology.

We therefore, support that prior to IPART deciding about new cost share methodology, IPART must firstly:

1. establish the shortcomings of the current approach
2. assess the current data and information gaps that could inform a change in approach
3. analyse the net benefits of a change in methodology.

IPART's resources may best be suited to addressing shortcomings in the current framework rather than designing a new approach.

Legacy Issues:

Irrigation development was encouraged by government, with the construction of Copeton Dam for social and economic development of our region by securing water for industry (agriculture) and towns. Overtime, the regulatory burden on water users has been subject to change and as such, there are new regulatory requirements placed on water users at the discretion of government. The GVIA endorses government maintaining financial support for these obligations imposed where beneficiaries are community services. Furthermore, water users should not pay if there are 'unavoidable' legacy costs, or costs that would continue to be required even if there was no demand for the regulated services. Some of these legacy issues include by are not limited to increasing administration requirements for new legislation like the Basin Plan, fish passage (environmental measures) and dam safety requirements, flood monitoring and river monitoring (hydrometrics).

Impactor versus beneficiary pays principles:

When cost sharing frameworks were first established, the bulk of water users were analogous users. However, with water market improvements and reforms like the Basin Plan, most valleys have a complex mix of water users often with competing water use behaviours. Not to mention that community expectations on how water is managed and used for the benefit of whole community, not just users, has also changed.

This means that the impactor pays principle does not equitably capture current arrangement due to the increasing complexity. Leading to beneficiaries being left out of the cost share and water users as the primary service pay for these services and Government should bear a fair share of environmental services provided from the dam.

The GVIA supports further discussion on movement towards acknowledgement of a beneficiary principle that can be used to capture community expectations and a broader number of water users including:

- a) the environment (e.g. both planned and licenced environmental water);
- b) basic landholder rights;
- c) recreational users;
- d) rural communities (e.g. flood mitigation and water security in times of drought); and
- e) cultural water.

The issue of impactor versus beneficiary becomes clear when considering how water sharing rules are to be operationalised by the river operator, WaterNSW in the Gwydir

Valley. One example is the implementation of sharing supplementary flow events, which are unregulated (below dam) flows that are split 50:50 between the environment and extractive users, however costs are 100% (extractive) user funded under the cost share framework as water delivery. This is despite at least 50% of the event being provided as planned environmental water and WaterNSW being required to deliver the first 500 ML/day to the Gwydir wetlands, determine extractive share at or below 50% and under new proposed rules, regulate flows to allow the direction of the environment (non-extracted portion) of the flow to be delivered at the environmental water managers discretion. With planned environmental increasingly being considered, community water, is it not reasonable to expect the community to contribute to this process rather than only extractive users (which in this case may or may not also include NSW or Commonwealth environmental water holders).

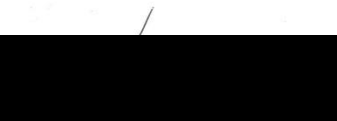
The example also raises the additional regulatory burden of reforms placed on delivering water for new users. The Gwydir Valley has an Environmental Water Advisory Group (EWAG) where local river operators provide substantial technical and operational support to implementing environmental watering plans. The time taken to assist in operationalising these plans has exponentially grown with the size of the environmental water portfolio, in opposite to the historical behaviours of the rest of the consumptive pool. With water delivery remaining 100% impactor pays, this does not reflect the additional time taken to address the differing users either discrete or planned environmental water portfolios.

User base:

The GVIA has identified over-time that the current water use base used to allocate costs is inadequate. There remain users that are not required to contribute to the costs share framework as outlined in the above list of beneficiaries. This user base should be broadened to capture all water users as outlined in points a) – e) above.

Thank you for the opportunity to provide feedback. Please contact me if you require further information.

Kind Regards

A black rectangular redaction box covering the signature of Zara Lowien.

Zara Lowien
Executive Officer
Gwydir Valley Irrigators Association