

INQUIRY INTO ASPECTS OF AGRICULTURE IN NSW

Organisation: Gwydir Valley Irrigators Association Inc.
Name: Mr Michael Murray
Position: Chief Executive Officer
Date received: 15/08/2007

Gwydir Valley Irrigators Association Inc.

458 Frome St, PO Box 1451, Moree NSW 2400

15-8-2007

Standing Committee on State Development
Parliament House
Macquarie St
Sydney NSW 2000

Dear Committee Chair,

The Gwydir Valley Irrigators Association (GVIA) welcomes this opportunity to make a brief written submission to the NSW State Development Committee Inquiry into Aspects of Agriculture. GVIA would also welcome the opportunity to participate in a public hearing, should one be scheduled for Northern NSW.

GVIA represents irrigation entitlement holders in the Gwydir Valley of NSW, stretching from Armidale in the east, to Collarenebri in the west, with most of the activity centred around Moree. GVIA is a voluntary organisation, but in the 2005/06 financial year, membership accounted for approximately 94% of total Gwydir Valley entitlement.

Other submissions will no doubt focus on the numerous issues that are negatively impacting on agriculture's ability to optimise its economic and social contribution to NSW, and while GVIA has not been privy to these submissions, it is highly likely that GVIA would agree with many of the matters raised. However, GVIA wishes to focus on a number of issues of particular relevance to the irrigation industry. GVIA would be more than happy to elaborate on any of this matters should the committee wish to pursue them further.

1. **Groundwater Transfer Hydrological Assessments:** GVIA has recently been informed that the Department of Water and Energy (DWE) introduced a new requirement (without any stakeholder consultation) on August 1, 2007, that any application to transfer in excess of 100 megalitres of groundwater will require a hydrological assessment to be acquired and paid for by the entitlement holder. The rationale for this requirement is that DWE no longer has the resources to undertake assessments in a timely manner. DWE has not provided any assessment as to the cost of this requirement, but estimates suggest a hydrological assessment could cost in the order of \$3000. This raises a number of important issues:
 - a. **DWE Role:** Assessments of groundwater transfers have always been a government responsibility, and it simply is not acceptable for DWE to place this responsibility on irrigators simply because it has not been able to structure and resource itself to do its job.
 - b. **IPART Assessment:** The most recent IPART Determination is only 12 months old, and the cost of hydrological assessments has been included in the IPART Determination. This cost shifting would in fact see irrigators pay twice, once through water charges and a second time through having to pay for hydrological assessments.

Gwydir Valley Irrigators Association Inc
Chairman: Ian Cush CEO: Michael Murray
ABN 40 075 380 648
Ph 02 67521399 Mob 0427 521399
gvia@bigpond.com www.gvia.org.au

2. **General Government & DWE Performance:** All of NSW large surface water valleys and many of the smaller ones had Water Sharing Plans implemented three years ago on July 1, 2004. Integral to the success of these plans is the development of Water Sharing Plan Implementation Plans. GVIA knows the Gwydir Implementation Plan still has not been produced, and GVIA believes that is also the case in other valleys. Among many issues the plans were meant to deal were extraction rights and high security/general security conversion factors. The failure of government to finalise these matters has prevented irrigators structuring their businesses to optimise the returns from their water resources. GVIA is aware of a number of entitlement holders who have had their businesses frustrated by the lack of an Implementation Plan.
3. **Water Sharing Plans Benchmarking and Monitoring:** The NSW government has failed to put in place an adequate Benchmarking and Monitoring program for the assessment of Water Sharing Plans, despite committing to science based assessments. Failure to do this has led to a complete lack of confidence in the Water Sharing Plan process, and will lead to a high level of community distrust and unrest when the plan renewal process commences.
4. **Failure to Issue Supplementary Licences in Perpetuity:** When the NSW Government agreed to implement the National Water Initiative in 2004 it did move to issue most classes of irrigation entitlement in perpetuity. However, it refused to issue surface supplementary licences in perpetuity, and this has led not only to a high degree of uncertainty, but complete market breakdown. Irrigators and other investors can have no confidence investing in supplementary licences when they may have zero value in seven years time. Irrigators understand that access to supplementary water can be controlled (without compensation) by Available Water Determinations, but they still seek they security of having the licences issued in perpetuity.

These are just a few examples of major government inefficiencies that are impacting on government; your committee may also wish to look at the inexcusable delays stretching into years, and indeed decades, for the assessment of some part eight applications, and delay into months and years for some water trade dealings.

As mentioned earlier GVIA would be happy to elaborate on these and other matters at any public hearing your committee may call.

Yours sincerely,



Michael Murray,
CEO,
GVIA

Gwydir Valley Irrigators Association Inc
Chairman: Ian Cush CEO: Michael Murray
ABN 40 075 380 648
Ph 02 67521399 Mob 0427 521399
gvia@bigpond.com www.gvia.org.au