I am an irrigator in the GMID on a family owned and operated enterprise which holds 1191M high security, 687ML low security and 18.33 delivery shares. We have embraced irrigation modernisation under the Connections program and have recently installed our tenth spray irrigation machine. Obviously, with such a substantial investment, we have an ongoing interest in the provision of an efficient, well managed and affordable channel network. [It may well turn out that, with efficiency gains achieved through reconfiguration, we hold excess delivery shares. However, we propose no action until greater experience of seasonal variation under the modernised channel network is gained.]

I attended the consultation meeting in Shepparton on 3 August, 2018.

Although not unduly unhappy with the current arrangements, I commend the review as timely in the light of changes to water availability, water trading, environmental considerations and, particularly, the channel footprint since unbundling in 2007.

Despite the passage of a decade, comments, questions and interjections at the Shepparton meeting illustrated that there remains relatively wide spread misunderstanding of how the pricing system works and that conspiracy theories are not far below the surface. If nothing else is achieved, at least the Review might increase awareness and knowledge among irrigators and the community at large.

There appeared to be an opinion among quite a few attendees that water charges need to be more directly levied on those who hold water entitlements and that access to the channel delivery system via delivery shares should be less significant in apportioning charges.
It was contended that water entitlement holders who are not irrigation farmers but who are principally water traders are presently somewhat advantaged because, although they pay storages charges, they pay nothing towards delivery costs despite it being self evident that for their asset to have a saleable value, an available delivery mechanism is essential if that value is to be realised and therefore they should contribute directly towards maintaining the delivery network.
That view appears to have merit and I believe some statistical analysis and modelling would be useful in establishing if a rejigging of charges could be achieved with transparency and equity.
There was some speculation at the Shepparton consultation that a change in this direction may fall foul of the ACCC. That may be so but should not be the end of the matter. If greater transparency and enhanced competition can be demonstrated, ACCC regulations should not be considered immutable. Political will can result in amendments to the policy and rules administered by statutory bodies.
Such modelling might also dispel the myth that the bulk of high security water is owned by “investors”, mainly foreign, and that they are holding irrigators to ransom. As one participant at Shepparton sagely observed, irrigators need to be careful about what they wish for because some us are irrigators in wet years when water is cheap and investors in dry seasons when prices escalate.

Notwithstanding, I am of the view an annual charge charge via delivery shares for access to water is justified regardless of whether the owner of the property owns a water share or not. The mere fact that the land parcel is capable or having water delivered adds value to the property and it is only equitable that a contribution be made to maintaining the channel

system which underpins that added capital value.
It is analogous with urban water supplies where vacant building blocks attract a rate levied by the relevant water authority which provided and maintains the water main running past the the lot. Similarly, property owners are liable for an electricity supply charge if connected to the grid even if no power is used in a particular metering period.

I was pleased to note in the discussion paper (option 12) that any notion of an amnesty for land-owners who have purchased properties without realising that a liability for delivery shares was attached was not recommended. Those persons were either poorly advised by their solicitors or failed to undertake due diligence or simply took the punt that delivery shares would be expunged. I acknowledge that they are bearing an impost but, as explained above, they are receiving benefit in return. Moreover, it would be grossly unfair if ongoing irrigators were required to pick up a liability not of their making.

In addition, liability for delivery shares regardless of whether supply is taken sends a market signal. Without such signal, channel rationalisation would be much more difficult to achieve and consequently ongoing irrigators would be penalised with higher charges.

There may be a sound case for amending the Sale of Land Act 1962 or the Estate Agents Act 1980 to ensure that real estate advertisements and contracts make it abundantly clear that the land in question carries a delivery share which attracts an annual fee although I would have thought that such information is already included in vendor statements required by law to be provided to prospective purchasers.

The discussion paper canvasses developing a more transparent market for the trading of delivery shares. (Option 11) I think that is an eminently sensible proposal.

Option 5 suggests seasonal delivery shares. I don’t believe such to be worth the administrative cost in the GMID. Lower Murray Water may be a different situation. Also, I doubt that the concept of setting charges dependent on distance from the source could be seen to be applied equitably because there are too many variables to take into account in determining a graduated scale.

14 August 2018