



Delivery Share Review

Victorian Farmers Federation Submission

The Victorian Farmers Federation

The Victorian Farmers Federation (VFF) is the only recognised consistent voice on issues affecting rural Victoria and we welcome the opportunity to comment on the Delivery Share Review.

The Victorian Farmers Federation is an active, powerful lobby group dedicated to the interests of farmers and making a difference to communities. With a strong record of successful political and industry advocacy and leadership, the VFF has generated substantial benefits for the agriculture sector since its formation in 1979.

Even though farming has its own natural challenges from droughts, bushfires and floods, our members have collectively earned the VFF a reputation as a respected leader, strong voice and lobbyist.

The VFF consists of eight commodity groups; dairy (United Dairyfarmers of Victoria), livestock, grains, horticulture, chicken meat, eggs and pigs, and Flowers Victoria – and expert committees representing; water, land management, agricultural and veterinarian chemicals, farm business and rural development and workplace relations.

VFF members lead these groups and committees with the support of Melbourne and regionally based staff. As a team, we provide the power to effectively influence all levels of government on the wide range of issues that impact modern farming.

Our vision is to create an environment for farmers that enables profitable, safe and sustainable production, within a community that values and respects the farm sector.



David Jochinke
President

Victorian Farmers Federation
Farrer House
24 Collins Street
Melbourne 3000
p 1300 882 833 f 03 9207 5500
e vff@vff.org.au w www.vff.org.au

Fee Review

Infrastructure Access and Delivery Share Fees

The Water for Victoria (2016) Action 4.3 clearly sets out the objective of this review is to “consider how tariffs and price signals can be used to assist irrigation districts respond to changing customer needs.”

It is the Victorian Farmers Federation (VFF) Water Council’s view that consideration of tariffs and price signals has formed a very small part of the Delivery Share Review, which has instead focused almost exclusively on the issue of terminating delivery shares for those who no longer access irrigation water. The review does this by looking at a variety of mechanisms to either increase the value of delivery shares to create a market to trade redundant delivery shares or by making termination of delivery share more affordable. This is supported by the fact that most delivery shares terminated have been as a result of the connections Project in GMW.

Even with the additional material released through Engage Victoria on Goulburn Murray Water’s (GMW) infrastructure access fee, there is not enough detail to hold Goulburn Murray Water accountable to customers for the fees they pay. The review should have focused on the fixed fees underlying each delivery share rather than question the principles of delivery shares which have not changed since their inception and are still applicable today.

The high cost of terminating delivery shares is a symptom of the high cost of fees associated with delivery shares. Rather than altering the function, purpose or rules around delivery share, as many of the options suggest, the system of delivery shares should be maintained while a review of associated fixed fees is undertaken.

The current components of the infrastructure access fee and delivery charge fee for GMW, and delivery share fee for Lower Murray Water, are not clearly linked to the cost of delivering water to customer. In the Delivery Share Review Preliminary Findings Report some of the examples given should clearly be storage fee charges, such as the Environmental Contribution Levy. The content of all fees including the infrastructure access fee, delivery share fee, storage fee, service fee and service point fees should be thoroughly dissected. Costs need to be properly accounted against all categories of fees, and then distributed fairly across all users of the system, including all consumptive and environmental users.

In addition it is not clear what service each component pays for, for example Labour costs account for almost 50% of the infrastructure access fee for delivery share holders serviced by Goulburn Murray Water and yet it is unclear how many staff this equates too or what work these staff are undertaking.

Reference in the preliminary findings report that fees should be dealt with through the Essential Services Commissions process ignores the dissatisfaction that rural customers have with this process. The ESC looks at the overall revenue requirements of the Authority but does not breakdown the components of individual fees.

The objective of this review, set out in Water for Victoria (2016), was to look at delivery share. By deferring the matter of fees to the Essential Services Commissions Goulburn Murray Water customers are denied a transparent process until 2020 and Lower Murray Rural customers until 2023.

When the true cost of a delivery share is known, and costs are distributed equitably between the storage fee, infrastructure access fee, service fee, service point fees, delivery charge and delivery share fee, then investigations into further changes to the delivery share framework can be undertaken.

Recommendation: That before any other option is explored from the Delivery Share Review there is a full, transparent and comprehensive review of the infrastructure access fee, delivery charge fee, delivery share fee, storage fees, service fee and service point fee.

Trading Delivery Shares

Trading delivery shares

Most of the options proposed link to trading delivery shares. The VFF Water Council does not support any move to enhance trading of delivery shares while the infrastructure access fee remains unreviewed.

The VFF Water Council does not see a demand in open channel systems for trade of delivery share given the amount of water traded out of the districts: there is plenty of delivery capacity.

However the VFF Water Council supports the current proposed trial by Lower Murray Water to lease or trade delivery shares on pipelines which are a closed system. This support is due to the constraint of water through the system and the fixed capacity of pipelines.

Recommendation: Observe the Lower Murray Water trial of leasing or trading delivery share before pursuing any options to increase delivery share trade on closed systems.

Options to implement

Options 21

Of all of the options proposed the only option which the Water Council supports immediate implementation of, is option 21.

Recommendation: Option 21 should be implemented immediately in particular; to mandate a warning of any delivery shares attached to land in a properties section 32, and to review the infrastructure access fees.

Summary of Recommendations

1. That before any other option is explored from the Delivery Share Review there is a full, transparent and comprehensive review of the infrastructure access fee, delivery charge fee, delivery share fee, storage fees, service fee and service point fee.
2. Observe the Lower Murray Water trial of leasing or trading delivery share before pursuing any options to increase delivery share trade.
3. Option 21 should be implemented immediately in particular; to mandate a warning of any delivery shares attached to land in a properties section 32, and to review the infrastructure access fees.