

Dr Ron Ben-David
Essential Services Commission
Level 37 / 2 Lonsdale Street
Melbourne Victoria, 3000

April 2016

RE: G-MW Water Plan – Draft ESC Decision

Dear Dr Ben-David,

I would like to express my disappointment with the Essential Services Commission (ESC) not to support a move to uniform pricing across the six irrigation districts in the Goulburn and Murray Irrigation District.

I am a dairy farmer on a 205 hectare irrigation dairy farm. I produce 1.8million litres of milk per year. I farm in the Shepparton irrigation district. The inequity of the district water pricing is unsustainable. A competitive water pricing is vital to the long term viability of my business.

The ESC has argued that it will not support uniform pricing based on the 'user pays principle' developed by the ACCC.

However, the ACCC also acknowledge that applying the user pays principle is far more complex when legacy issues exist.

I believe there are a number of legacy issues that exist in the Shepparton District that have not been adequately considered by the ESC.

GMW commissioned Deloitte Access Economics to examine irrigation boundaries and the impact on prices. It found that when irrigation boundaries were determined in the 1990's, the Broken Creek, despite being supplied from the Goulburn was made part of the Murray Valley Irrigation District rather than Shepparton. If the Broken Creek was part of the Shepparton District, Shepparton's prices today would be \$532 less.

The \$2 billion irrigation upgrade will see the establishment of a new irrigation backbone with a standardised level of service, therefore the move to uniform prices by 2020 when the project is complete makes sense.

However, Shepparton will not receive any of the \$2 billion, our modernisation works are complete and totalled around \$100million- a long way shy of the \$400 million that each of the other 5 districts will receive.

Unfortunately, the modernisation of Shepparton did not see any rationalisation of assets that will occurs in other districts. Shepparton irrigators should not be punished by Government decisions of the past.

I support the move to uniform pricing and hope the ESC will reconsider their decision.

Yours sincerely,
Kevin Minogue

