

Shepparton Water Services Committee Submission to the Delivery Share Review

20/8/2018

The Delivery Share Review has the opportunity to provide a benefit to owning Delivery Shares, thus encouraging people to continue to own and use irrigation land in the GMID.

Delivery Share owners pay the entire costs involved in the upkeep and operation of the Goulburn Murray Water delivery system (channels, meters, regulators etc). The better the upkeep of the system the more water can be saved, but this improved upkeep and technology comes at an increased cost. As we have seen in the Shepparton Irrigation District (SID), this district consistently runs at above 85% efficient but also has the highest costs. These costs are on-going ones.

The benefits of an efficient system need to go back to the Delivery Share owners.

The Shepparton Water Services Committee would like to see an "Efficiency Dividend" put in place where Delivery Share owners receive a return on their investment in the upkeep and maintenance of the delivery system.

This dividend would provide a positive incentive for Delivery Share owners to ensure the system is maintained at its most efficient. Delivery Share owners could work with GMW to develop projects to become more efficient and then reap the rewards in a efficiency dividend. Projects could be developed which rationalise channel systems.

Here are some examples we have looked at and consider have potential to be part of a Delivery Share Dividend -

Example 1 - At the end of a channel there are two active dairy farmer users and 5 hobby farmers. The dairy farmers can access water from other channels and the hobby farmers could be supplied by a stock and domestic pipe. The channel could be rationalised removing 2kms of channel 3 regulators and 2 road crossings from the system, saving 200ML of water. A project could be put up and paid for by the area (ie the Delivery Share owners) rationalising assets and making the system more efficient into the future. These savings would then be returned annually as part of the Delivery Share Dividend.

Example 2 – A 400m section of channel has been identified as losing 124ML of water per season. This section is repaired for approximately \$120,000 (400m x \$300/m). The 124 ML water savings would then be returned annually as part of the Delivery Share Dividend.

Example 3 – It is current practice to save water by not draining the channel system at the end of the season (15th May). Approximately 5000 ML is saved in the SID every year through this method. This comes at a cost to Delivery Share owners in increased weed control costs and increasing silt loads in channels to the point where total channel control is inoperable. Last year the SID spent \$300,000 in desilting, plus additional costs for a weed boat to cut weeds out of the channel in season. This water saving should be returned to the Delivery Share Owners (not the Water Share Owners who currently receive the savings while contributing nothing to paying these costs).

Currently there is more than 20,000 ML of bulk entitlement that is allocated for system losses that is paid for by Shepparton customers that our efficient system doesn't lose. This water is currently redistributed to WATER share owners that pay none of the costs of maintaining the system. There is no incentive Shepparton DELIVERY share owner to maintain the efficiency of the system into the future.

There is also the 75GL that is the irrigators share of the Connections Project that could be distributed through the Delivery Share Dividend.

Customers would be more likely to actively develop projects and be more willing to work with GMW if they can see the immediate benefit to their business. Empowering irrigators to change the delivery system to work to its most efficient and effective. A Delivery Share Dividend would send a clear signal to encourage efficiency.

At the recent public meeting in Shepparton there was a strong call for the costs of the delivery of water to be paid for by Water Share Owner, this is another way to cover these ongoing costs. This doesn't provide any direct incentive for efficiency in water delivery and future water savings and doesn't give the customers incentive to work with GMW to save water.

How a Delivery Share Dividend could work – Annual audits of efficiency of the delivery system (as per current practice) are carried out at the end of the season. Water saved is then allocated to Delivery Share owners in the next season. Water saved would be distributed per Delivery Share and be available for use or trade.

Having the dividend allocated annually would ensure that the savings are actual savings and are linked with the people who are paying for the upkeep of those savings.

Adding some benefit to delivery shares will allow other measures like reducing the payout figure on delivery share to be possible.

A Delivery Share Dividend would provide a benefit to owning Delivery Shares. This would encourage irrigators to stay in the Goulburn Murray Water system.