This is a submission in response to the QCA Irrigation Price Review (2013-17) for the Mary Valley Water Supply Scheme.

This is a joint submission from the owners of 370 McIntosh Creek Road (JB, AM, DK & LM Ellis) and the owner of 417 McIntosh Creek Road (WF Ellis).

These property owners hold a total of 127ML on the Pie Creek Scheme. This was a former dairy and small crops farm, now used for beef cattle.

The prices and termination fees published in the Price Review present significant problems to the ongoing running of our farm and also severely limit our options in the event we wish or need to terminate our farming activities.

The increase in cost to use water in the Pie Creek Scheme from approximately $100 per ML to approximately $190 per ML has forced us to re-evaluate our water usage strategy and stocking levels. Currently we are able to run reasonably high stock levels and irrigate in drier times. However, with the water price increase, we are approaching a point where our strategy of irrigating in drier times is not financially feasible. This may result in having to permanently reduce our stocking rates, which in turn reduces the overall revenue and viability of the farm.

We are quite concerned about the potential price path for 2017/18 and beyond. There is the potential for our prices to rise once again to approach or meet the cost reflective price. That may result in a cost of approximately $45,000 per year for the fixed component of our allocation. If this eventuates the farm will no longer be viable, and the owners will be forced to meet the Part A+C fees themselves.

The termination fee is of great concern to us. With the increased water prices we find it very unlikely that new or existing irrigators will purchase allocations from the Pie Creek Scheme.

In the event we wish to no longer use water from the Pie Creek Scheme, we believe our only realistic option is to sell our allocation to users in the Mary Valley Scheme. However the proposed termination fee makes this completely cost prohibitive. Our cost to exit the scheme would be over $450,000 in 2013/14, rising to almost $500,000 in 2016/17. With the publication of the QCA draft prices, we feel we have been issued a half million dollar liability, through no wrong doing on our own part.

We completely understand this termination fee is to protect the continual running of the scheme. However in no way is this termination fee fair or realistic for any users on this scheme.

We propose that the termination fee be funded by the government in the same way the “gap to the cost reflective price” for the Pie Creek Part A+C component is funded by the government.

This will allow users of the Pie Creek Scheme some flexibility in making decisions about their future, given the significant water usage price increase. It will also protect those users wishing to remain in the scheme, as the termination fees will be still funded by the government.