

# **GWYDIR VALLEY IRRIGATORS ASSOCIATION INC.**

Chairman: John Seery

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## **SUBMISSION TO THE PRODUCTIVITY COMMISSION'S INQUIRY ON THE IMPACT OF COMPETITION POLICY REFORMS -**

Moree, 17/11/98, 3 p.m.  
Gwydir Valley Cotton Growers Association office,  
Balo Street, Moree.

Dear Mr Cosgrove,

Thank you for receiving this deputation, and report. I apologise for the report not being in your hands by the due date.

There are several points as listed in your *Issues Paper 1998* that we would like to comment on, and I present them in the order of your paper.

I would, however, point out that the cotton industry is a totally free enterprise operation, from growing, ginning, marketing, transport, through to shipping, and the industry jealously guards this principle. In the early days of the industry, a subsidy was paid. This was withdrawn in 1972, and today the industry receives no ongoing Government assistance. The bounty was described as the most successful subsidy paid, because it was phased out, and the cotton industry was forced to be self sufficient.

In early 1998, an export credit line guarantee was granted by the Commonwealth Government in regard to the sale of cotton to Asian buyers. This guarantee also applied to coal, wheat, and other products, and is no longer in existence.

### EMPLOYMENT

The collapse of the beef, sheep and wool industries, plus lack of crops in the wheat and cotton industries, during the period 1993-96, caused a severe reduction in employment in the North West of New South Wales: the town of Moree lost 972 people out of a population of 10,000. This reduction in population has led to difficulties in areas such as local government rating, school population, and hospital funding, and has had a severe impact on small business turnover.

Particular items will be covered later in this response.

### WHAT IS NATIONAL COMPETITION POLICY?

We take umbrage at the second paragraph of this section. Greater competition may apply to the management of industrial production, but when applied to agriculture, dependent upon rainfall, and overseas markets and economies, then this is patently wrong.



## THE IMPACT OF NATIONAL COMPETITION POLICY ON RURAL INDUSTRIES

Whilst the cotton industry is not involved in marketing boards or co-operatives, the largest and most successful co-operative, the Namoi Cotton Co-Operative, having recently gone public, production of cotton requires that rotation cropping takes place. Cotton growers are involved in wheat, bean, barley and sorghum production, and from this point of view, support the single desk marketing of export grain, but reject the controls administered by the Grains Board, especially in regard to barley.

### ELECTRICITY

The changes in competition between suppliers of power are of benefit to the cotton industry, where many pumps are electrically powered. However, competition is mostly in the form of goodies handed out to use 'our' power, rather than genuine power price reduction between distributors.

Access to new connections is a battlefield, with a 'take it or leave it' attitude applying, until the client goes to war. Routes and costings have been known to alter radically.

The worst spin-off is the lack of maintenance of existing lines, and the failure to service breakdowns within a reasonable time, such as 24 hours. Since the introduction of the electricity competition policy, service and power quality have dropped alarmingly.

### GAS

Unfortunately, we do not have access to gas.

### WATER

We reject the second sentence of the first paragraph, and request it be changed from *...However, around 90 per cent of water is used in country Australia for irrigation....* to *...."Of the amount of water used in country Australia, 90 per cent is for irrigation"*. The initial statement is that peddled by the anti-irrigation lobby, and ignores natural flows to the environment.

We would point out that over the last 17 years to 30 June 1998, in the Gwydir Valley, the irrigation industry has diverted 4,837,203 Ml from a total flow of 10,501,534 Ml, or 46.06 per cent.

An important factor missing from your summary of the COAG agreement is the implementation of *Property Rights*. Whilst action has been taken to strictly adhere to the implementation of cost recovery and all things beneficial in obtaining *Tranche* payments, the proposal for property rights is flatly rejected by the NSW Government.

Increases in prices have 'implied' the removal of subsidies, but it is impossible to determine this in any way because the book-keeping of the Department of Land and Water Conservation is in such a deplorable form that no one can define such removal.

The NSW Government has breached the NSW Act and the COAG agreement by the removal of water allocations from irrigators for the benefit of the environment, the reduction of on-allocation water as a part of Government policy without socio-economic impact studies. In the Gwydir Valley, irrigators must pay \$2.74/MI Entitlement, and \$3.19/MI usage. Average regulated usage over the last 12 years is 190,661 MI per annum, from an entitlement of 518,000 MI, or 36.86 per cent. At the same time, the Gingham watercourse/wetlands/environment has received an average of 161,268 MI per annum at no cost.

There are no transparent subsidies for anything, environment, wetlands, recreation, fish, town water supplies, sub-artesian aquifer replenishment or flood mitigation, because the irrigation industry is the only industry paying.

The separation of water rights from land title, and the sale and transfer of water entitlements in the Gwydir Valley, is operating well. There are no sleeper or dozer licences in cotton growing areas. Plans by the Department of Land and Water Conservation to create a tow-tier '*access and rights*' licence is unacceptable.

The CAP is the most crazy application of water management ever invented. It has achieved nothing, is incapable of being defined, inoperative, and a waste of resources. The Department of Land and Water Conservation states that in 1996-97, the Gwydir CAP was 406,000 MI, yet 405,000 MI was diverted from the Department allocation of 481,700 MI for use: this clearly shows that CAP interpretation is impossible, although it is part of the COAG agreement.

### ROAD TRANSPORT

The cotton industry is dependent on road transport for both production components in, and produce out.

The benefits of road transport reform will only come with the 25¢ per litre reduction in the cost of diesel, and the 7¢ per litre reduction in the cost of petrol. Country Australia has been the milch cow for Commonwealth and State governments' finance gathering, by way of fuel excise and taxes, and road reform so far has reduced loss of life but has not financially assisted country Australia.

### TELSTRA

Telecommunication competition has had little effect in this area, and what there is, is adverse. The removal of the Analogue phone service means that those outside Moree have no access to a mobile phone service, break downs in services extend to weeks, reduction in staff reduce population in town, which affects small business, and prices are still excessive.

Given current service, and while accepting that the Government will enforce community service obligations on Telstra or its competitors, the perception in this area is that there is no benefit in the sale of Telstra. Timed local calls are not on.



## AUSTRALIA POST

Australia Post is becoming obsolete for those with sufficient resources to purchase new technology, probably 20 per cent of the community. This shift will increase when a facsimile directory becomes available.

Australia Post's competition with local stationers may have dropped the price of goods, but with reduced staff and hours, Australia Post is not providing a greater shop service.

Rural mail services are an essential part of Australia Post for country communities. The loss of such services would not be acceptable.

## COMPETITIVE NEUTRALITY AND LOCAL GOVERNMENT

National competitive reforms have by-passed local government, and in the case of Australia Post and the Forestry Commission's tree growing programs, have meant that further involvement in the private sector is acceptable.

The purchasing of specialist and everyday plant by local government, its failure to amalgamate and thereby maximise the use of equipment, and its hopeless over-staffing to maintain its community involvement, are well known.

## DISTRIBUTIONAL ISSUES

Government is not capable of propping up towns, and neither is the private sector. The closure of banks, businesses, Post offices, bus runs, and public utilities, occurs because people decide to conduct their business somewhere else, mainly as a result of better roads.

National Competition policy should be maintained in the major public sector areas, such as Telstra and Australia Post, BHP, radio and television, in major corporate amalgamations, and in transport infrastructure such as air services. It should not act as an impediment to business and farming enterprise, but should be capable of rendering assistance in the economic and natural disaster area.

It should ensure that the principles of land title in all its forms are not denigrated by unfair government practice aimed at supporting one section of the community against another.



CHAIRMAN

GWYDIR VALLEY COTTON GROWERS.