

Environmental Levy

INTRODUCTION:

The Environmental Levy was introduced in 2004 through the *Water Industry (Environmental Contributions) Act*. The levy targets all water users (rural and urban) to meet costs associated with managing environmental water. The Government is also required under the Act to review environmental contributions every four years.

This review is due to occur prior to 1st July 2008 and a determination will be made as to whether the levy will remain at 5% of urban water authority's revenue and 2% of rural water authority's revenue.

We believe that there should be no further increase to the levy, given that \$27 million remains unspent.

WHAT IS THE VICTORIAN ENVIRONMENTAL LEVY?

The Victorian Government in 2004 introduced the *Water Industry (Environmental Contributions) Act*.

Section 194 states that the purpose for the collection of contributions is to:

- a) *promote the sustainable management of water; or*
- b) *address adverse water-related environmental impacts.*

The "Securing our Water Future Together White Paper" states that:

"For an initial period commencing 1 October 2004 and ending 30 June 2008, approximately \$225 million will be raised, with all of this revenue being used to fund water related initiatives that seek to promote the sustainable management of water and to address adverse impacts to the environment associated with its use. This is likely to increase prices by an average of five per cent for urban water customers and two per cent for rural customers¹"

¹ Victorian Government, 2004 "Securing Our Water Future Together White Paper", Pg 129

Schedule 4 Water Industry (Environmental Contributions) Act 2004:

Schedule 4 of the Water Industry (Environmental Contributions) Act 2004 sets out the amount required from each water authority across the State. See below:

	AUTHORITY	2004-05	2005-06	2006-07	2007-08
1.	Barwon Region Water Authority	\$2 760 000	\$3 680 000	\$3 680 000	\$3 680 000
2.	Central Gippsland Region Water Authority	\$1 520 000	\$2 030 000	\$2 030 000	\$2 030 000
3.	Central Highlands Region Water Authority	\$1 140 000	\$1 510 000	\$1 510 000	\$1 510 000
4.	City West Water Limited	\$7 660 000	\$10 220 000	\$10 220 000	\$10 220 000
5.	Coliban Region Water Authority	\$1 270 000	\$1 740 000	\$1 740 000	\$1 740 000
6.	East Gippsland Region Water Authority	\$440 000	\$590 000	\$590 000	\$590 000
7.	First Mildura Irrigation Trust		\$100 000	\$100 000	\$100 000
8.	Gippsland and Southern Rural Water Authority		\$210 000	\$210 000	\$210 000
9.	Glenelg Region Water Authority	\$170 000	\$230 000	\$230 000	\$230 000
10.	Goulburn Valley Region Water Authority	\$1 130 000	\$1 500 000	\$1 500 000	\$1 500 000
11.	Goulburn-Murray Rural Water Authority				\$1 240 000
12.	Grampians Wimmera Mallee Water Authority	\$790 000	\$1 240 000	\$1 240 000	\$1 240 000
13.	Lower Murray Urban and Rural Water Authority	\$600 000	\$980 000	\$980 000	\$980 000
14.	Melbourne Water Corporation		\$6000	\$6000	\$6000
15.	North East Region Water Authority	\$890 000	\$1 180 000	\$1 180 000	\$1 180 000
16.	Portland Coast Region Water Authority	\$170 000	\$230 000	\$230 000	\$230 000
17.	South East Water Limited	\$11 340 000	\$15 120 000	\$15 120 000	\$15 120 000
18.	South Gippsland Region Water Authority	\$400 000	\$530 000	\$530 000	\$530 000
19.	South West Water Authority	\$470 000	\$670 000	\$670 000	\$670 000
20.	Western Region Water Authority	\$970 000	\$1 300 000	\$1 300 000	\$1 300 000
21.	Westernport Region Water Authority	\$340 000	\$450 000	\$450 000	\$450 000
22.	Yarra Valley Water Limited	\$12 540 000	\$16 720 000	\$16 720 000	\$16 720 000
TOTAL COLLECTED FROM WATER AUTHORITIES:		\$44.6 million	\$60.236 million	\$60.236 million	\$61.476 million
ACTUALLY SPENT		\$44.6 million ²	\$48.562 million ³	\$44 million ⁴	Annual Report not complete

² Department of Sustainability and Environment Annual Report 2004-05, Appendix 16, Pg 163

³ Department of Sustainability and Environment Annual Report 2005-06, Appendix 17, Pg 232

⁴ Department of Sustainability and Environment Annual Report 2004-05, Appendix 21, Pg 167

The table above highlights that the Government has collected over \$165 million over the past 3 years, but only spent \$138 million. \$27 million remains unaccounted for and therefore it is very difficult to justify any increase to the levy.

NO INCREASE TO THE LEVY:

\$27 million not spent:

Clearly any decision to increase the levy is unwarranted given that \$27 million has not been spent.

Farming provides wealth for the whole community:

Water is the lifeblood of Northern Victoria, with farmers from the region providing food for the nation and overseas. The average investment in irrigation farm redevelopment is in the order of \$4000 per hectare. Research has found that dairy farmers in the Shepparton Irrigation Region alone have invested \$570 million on farm over the past 20 years to ensure greater water efficiencies⁵.

The levy must not be increased to ensure that farmers can continue to make water efficiency improvements on their farm.

Costs impacting on farms:

Farmers have increased their debt levels as a result of the drought and this has impacted on their business viability. Irrigators will be faced with further costs to bring their farm irrigation infrastructure in line with a new modernized delivery system being rolled out under the foodbowl project. These will be further costs farmers will face if they are to further reduce impacts on the environment.

CONCLUSION:

With a review due shortly on the environmental levy, this paper has highlighted that it is unreasonable to increase the levy on rural customers given the impacts of drought and that \$27 million remains unspent.

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⁵ Murray Dairy, "Achieving Sustainable Irrigated Dairy Landscapes", 2007

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Victorian Government, 2004 "*Securing Our Water Future Together White Paper*", Pg 129