

Our Ref CTS 28757/15

Department of  
Natural Resources and Mines

03 MAR 2016

Review of the Water Charge Rules  
Australian Competition and Consumer Commission  
GPO Box 520  
MELBOURNE VIC 3001

waterchargerules@accc.gov.au

Dear Sir or Madam

Thank you for the email of 25 November 2015 concerning the release of the Australian Competition and Consumer Commission's (ACCC) Draft Water Charge Rules Advice (Draft Rules Advice).

I welcome the opportunity to provide the enclosed submission from the Department of Natural Resources and Mines (DNRM).

While the objectives in relation to the consistent application water charging objectives and principles of the *Commonwealth Water Act 2007* (the Act) are supported, much of the Draft Rules Advice requirements are seemingly tailored to addressing more significant and obvious problems within the southern Murray–Darling Basin. In particular, the potential establishment of the ACCC in a direct oversight and price setting role in relation to some water charges, seemingly contradicts much of the direction of the Act review in relation to identifying opportunities to streamline regulation.

The proposed Draft Rules Advice amendments should make certain allowances for existing government policy and with implementation focused on outcomes based approaches that are fit-for-purpose for Queensland's water market.

DNRM understands that Queensland Treasury, the Queensland Department of Energy and Water Supply and SunWater are also making submissions on issues that will impact upon their responsibilities.

Should you have any further enquiries, please contact Mr Aaron Stasi, Principal Policy Officer Water Markets, Strategic Water Programs, Department of Natural Resources and Mines on telephone 07 3137 4243.

Yours sincerely,



**James Purtill**  
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## Queensland Department of Natural Resources and Mines— Submission to the ACCC's Draft Water Charge Rules Advice

The Department of Natural Resources and Mines (DNRN) welcomes the opportunity to input into this Draft Rules Advice. Please note that this submission relates to those proposed Rule amendments that directly affect DNRN responsibilities. It is understood that other relevant Queensland Government agencies will also be providing submissions.

### Water Charge (Infrastructure) Rules—

#### Regulation of Border Rivers Commission charges

The recommendation regarding a possible regulatory price setting role by the Australian Competition and Consumer Commission for charges levied on water users in the Queensland portion of the Border Rivers is not supported.

The major water infrastructure on the Border Rivers includes Glenlyon Dam, Boggabilla Weir and a number of re-regulating structures downstream to Mungindi. This infrastructure is owned by the State of Queensland and/or New South Wales and is administered by the Dumaresq Barwon Border Rivers Commission (BRC). Under the *New South Wales-Queensland Border Rivers Act (Qld 1946, NSW 1947)*, the BRC may source its funding from the two states through a statutory 'call-up' process.

Although SunWater owns, operates and manages the majority of the bulk irrigation related water supply infrastructure across the state, the water service provider responsibilities for the Queensland side of the Border Rivers are delivered by the State of Queensland represented by the Department of Natural Resources and Mines (DNRN) via a Resource Operations Licence (ROL). More specifically:

- SunWater, through a formal arrangement with the BRC, operates and maintains Glenlyon Dam and all other Border Rivers infrastructure.
- Water NSW through a similar arrangement with the BRC provides river management services.
- Via an arrangement with DNRN, SunWater also provide operations and maintenance services for the supply of water to customers within the Border Rivers water supply scheme (BRWSS), which total around 85,000 megalitres.
- Water NSW operates the corresponding water retail supply scheme on the New South Wales side of the Border Rivers.

The Queensland Competition Authority's (QCA) regulated water pricing regime for irrigators does not currently apply in the Border Rivers. As DNRN is the ROL holder for the BRWSS (and the BRC does not actually own the water assets), infrastructure charges for users taking Queensland water are currently set under Schedule 14 of the Water Regulation 2002—and are based on an indexation of charges initially set 16 years ago.

DNRN therefore strongly supports the proposed Rule amendment that allows for the ACCC to provide an exemption to the requirement on an infrastructure operator to have its infrastructure charges approved or determined under the rules, particularly in relation to the BRWSS. Such an exemption would not materially impact on the achievement of the broader Basin Water Charging Objectives and Principles, because:

- the water charges currently levied on the users of Queensland's Border River's water are not imposed directly by the BRC but via an existing Queensland Government regulatory process;
- arguably, these charges do not constitute a monopoly rent (specifically, relevant charges include: water from a watercourse flowing from Glenlyon Dam—(a) part A—\$10.40 per megalitre of nominal volume & (b) part B—\$12.80 per megalitre of water used); and
- the total volume of water managed by DNRN in the BRWSS is insignificant in the context of overall Murray-Darling Basin water resources.

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Reform of the BRC is also a matter that both State Governments have considered in recent years. Over time, the institutional arrangements of the Border Rivers and subsequently the water charging regime may change, and may more closely align with those currently existing in both States.

### **Water Charge (Planning and Management Information) Rules 2010**

DNRM supports the amendments that propose to repeal the reporting requirements to disclose the costs related to water planning and management charge activities. Although supportive of the National Water Initiative pricing principles, it is DNRM's view that the current cost information publication requirements under the Rules do not assist in promoting the economically efficient and sustainable use of water resources.