

## South West Water Users

### Submission to ACCC Draft Decision on State Water Pricing 2014-17.

South West Water Users (SWWU) represents water users in the Lower Murray and Lower Darling Rivers in NSW. Both of these valleys are Regulated Rivers with water supplied from the Hume, Dartmouth and Menindee Storages.

SWWU is a member organisation of NSW Irrigators Council (NSWIC) and supports their submission to the ACCC draft report.

Our submission relates to the proposed changes to the pricing differential applied to High Security Licences. The comments relate to our region and may not be applicable in other valleys. The NSWIC submission makes reference to this issue and recommends the ACCC take note of valley specific comments from their member organisations.

The Draft Report recommends the ratio of HS to GS charges should increase from 1.3 to 1.8 over the life of the determination.

We strongly oppose this.

It should be noted that many of our members hold both High Security (HS) and General Security (GS) licences. High Security Licences have historically been associated with permanent plantings such as Vines or Citrus, as distinct from annual crops for general security licences, however there is no formal linkage requiring this.

We would make the following points.

- The ACCC Review is into how State Water recovers its costs from water users.
- It is State Water's role to supply water. Allocation and Licencing is a NSW Office of Water (NOW) responsibility.
- In the Lower Murray and Darling Rivers the allocation systems do not 'reserve' water from one season to provide for a High Security allocation in the following season. This is not the case in some other river valleys.
- Minimum inflows into the NSW Murray/Lower Darling – and this includes minimum flow obligations from the Snowy Scheme – provide enough water to meet NSW commitments to running the River **and to supply High Security Licences**. General Security Licences are supplied by whatever is available in addition to this.
- The consequence of a water user holding a High Security Licence is to place them at a higher position in the queue for whatever water is available to be allocated in a water year.
- The costs incurred by State Water in supplying water against a High Security water order are identical to a General Security water order.
- State Water's income is a consequence of how much water is available to be allocated. It is of no relevance to State water as to what type of account the order is made from.

- Concepts of 'Scarcity' are irrelevant. The choice of a HS licence comes at a much greater capital cost/value to a water user – and as such is business decision by a water user. This is an irrelevance to State Water and the expenses it incurs.
- Concepts of 'ability to pay' are also irrelevant to State Water. State Water is in no position to make judgements as to the financial performance of different classes of water licence. As an example, all of our members who produce wine grapes – mostly on HS licences - would be amused at any assumption that a HS licence generates greater profit/ability to pay.

In summary, we can see no justification for the current premium applied to High Security Licences – and are strongly opposed to any increase.

Yours faithfully,

South West Water Users