

From: [Jeremy Morton](#)
To: [Water Inquiry](#)
Subject: Water market inquiry
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To the ACCC,

I have identified an issue that relates to supply of water to the market where the use behaviour of a market participant is impacting on supply to other market participants.

This impact has become apparent in the past few weeks as the Commonwealth Environmental Water Holder (CEWH) has exercised its rights to use water in the Murray Valley. The impact of this use has been that an unregulated event due to high rainfall and stream flows in upper catchment that cannot be re-regulated in down stream storages has not been called as the CEWH has placed an order to use that water. The direct impact is that the right to access water through a supplementary licence or take water against NSW General as an uncontrolled flow has not been triggered due to this water user behaviour.

While the CEWH has legitimately exercised its right access water it is not consistent with the behaviour of the previous owners of the water entitlements. As these entitlements were previously held by irrigators the demand pattern was quite different. At present demand for water for irrigation water is quite low reflecting the wetter conditions so historically much of the flow presently being used by the CEWH would not have accessed by irrigators which would have resulted in an unregulated event being called. One industry, the rice industry, is different to other water users in that soil moisture is not relevant because fields are flooded to create the environment for production & the highest demand for water is that initial flooding period in October, the very time when access to supplementary water or uncontrolled flow would have the most significant benefit. The effect of the CEWH behaviour as a relatively new market participant & also the largest market participant by a considerable margin is having a disproportionate impact on some water users. In particular, water users that have already borne a disproportionately significant impact from water market reform.

I acknowledge that individual water users have rights to be able to access water when and how they wish within the rules. Some consideration must be given to significant changes in water market use behaviour, especially when it directly impacts on the rights of other market participants. A water use behaviour of such a large market participant cannot be ignored.

The CEWH has applied the principle of wishing to be a 'good neighbour' and I doubt they are even aware of the impact their behaviour is having. They are actually attempting to not compete with other water users in terms of supply capacity & timing their demand to periods of low irrigation demand. The system is constrained in terms of capacity and part of the water reform process is to relax operational flow limits to enable higher flows to achieve enhanced environmental outcomes from the water held by CEWH. It may be possible if these constraints were relaxed that the impact that is currently being experienced could be lessened or avoided. Some modelling of such changes may be worthwhile in order to progress this issue.

Regards,
Jeremy Morton

