



Mr. Sebastian Roberts  
General Manager - Water Branch  
Australian Competition and Consumer Commission  
GPO Box 520  
Melbourne VIC 3001  
statewaterreview@acc.gov.au.

Dear Mr. Roberts,

The Commonwealth Environmental Water Office makes the following submission to the Australian Competition and Consumer Commission with respect to State Water's 2014-17 pricing application.

As background, the Commonwealth environmental water holdings in NSW, as at 30 June 2013, included 925 GL of water entitlements with an associated long term average annual yield of 580 GL. These holdings included high security, general security, conveyance, supplementary, unregulated, and groundwater water entitlements.

Responses on State Water's pricing application follow:

1. The Commonwealth Environmental Water Office would prefer to pay the proposed higher proportion of fixed charges and lower proportion of variable water charges, subject to any overall increase being based on cost recovery and within reasonable bounds. A three year transition is acceptable to the proposed new basis of water charges.
2. It is noted that State Water proposes (at p. 181 of its submission) to levy a charge to environmental water holders associated with some hydrometric gauging stations. The Commonwealth Environmental Water Office was not consulted on this proposal. The potential additional cost is significant: 23 gauges @ \$19,578 = \$450,294 (in \$2013-14), and will increase. Further information would assist with considering this aspect of State Water's pricing application. From the perspective of the Commonwealth Environmental Water Office, it would need to be established:
  - a. that the beneficiary pays principle would be applied to all gauging stations such that environmental water holders do not pay for any gauging stations that they do not benefit from;
  - b. that environmental water holders are the only beneficiaries of these gauging stations;
  - c. that the basis of the calculation of the fee per gauge is reasonable;
  - d. that the service is additional to existing obligations with respect to monitoring instream flows;



- e. that the distribution of costs amongst environmental water holders, or others such as surface water managers, has been discussed with them and agreed; and
  - f. that the distribution of costs appropriately reflects both held environmental water (entitlements) and planned environmental water (e.g. rules within Water Sharing Plans).
3. With respect to the proposed tariff structure for Lowbidgee, further detail of the State Water proposal is required to assess the future budgetary impacts on the Commonwealth Environmental Water Office.

If clarification or further information is needed with respect to this review, or if you would like to meet to discuss this submission, please contact me on (02) 6274 2906.

Yours sincerely,

Steve Costello  
Assistant Secretary  
Policy, Community Engagement and Portfolio Branch  
Commonwealth Environmental Water Office

September 2013