

**Public submission to Water Trading Rules Issues Paper  
by Macquarie River Food and Fibre  
on 1 May 2009**

Macquarie River Food & Fibre (MRFF) is an organisation representing the interests of 600 irrigators in the Macquarie Valley, in Central West NSW. MRFF includes the interests of riparian irrigators, groundwater irrigators, and the individual members of the Valley's seven irrigation schemes.

MRFF is a member organisation of the NSW Irrigators' Council (NSWIC), the peak body representing irrigators in NSW. This submission is provided in support of the NSWIC submission and seeks to provide further comment/additional information where considered relevant to MRFF members.

### **General Comments**

It should be noted that MRFF promotes triple bottom line sustainability in water use and water policy and advocates a free and open water trading market, apart from where physical or environmental constraints exist or where there is an externality or third party impact. In the case of externalities, it is MRFF's policy position that any impact would need to be addressed as part of the conditions of the trade on the seller, to ensure no other water users are worse-off as a result of water trading. The Water Trading Rules should be developed on this basis.

Further, MRFF would like to echo concerns raised by NSWIC that once developed, the Water Trading Rules may not be applicable to all water users across the Basin. MRFF would be uncomfortable with a set of rules that are not applied equally to all market participants, both public and private, and across jurisdictions.

### **Comment on Issues**

#### *Chapters 5-7: Water Access Rights – ownership, location and other matters*

- Traded entitlement should retain the same characteristics and conditions under which it is sold.
- The Water Sharing Plan for the Macquarie and Cudgegong Regulated Rivers Water Source contains provisions for the conversion of access licence classes between general and high security. However, given drought conditions there is currently an embargo on conversion. MRFF would support the reimplementation of the existing conversion clause subject to the limits around which it was originally developed. Changes to these limits should only be considered following extensive consultation with WSP stakeholders. MRFF would not support special provisions being made for certain types of water holders, e.g. environmental water holders.
- Trade between different systems, e.g. regulated, unregulated and groundwater systems, should only be considered where hydrologically possible and should not only be based on sound science but also, extensive consultation. Should this be considered within the Macquarie Valley, MRFF would seek to be involved in this consultation process.

### *Chapters 8-9: Water Delivery Rights and Irrigation Rights*

It is understood that rules for Irrigation Infrastructure Operators (IIOs) have been dealt with in the Water Market Rules. In relation to these issues, MRFF would like to point to the submissions previously provided by MRFF and its member schemes. In each of these submissions it was highlighted that Macquarie River Irrigation Schemes differ significantly from the southern valley IIOs in that there is no additional 'loss' licence, and that the schemes were formed by private businesses and not Government funded. Due to these characteristics, the schemes face a significant threat of externalities to remaining scheme members, in terms of increased operating costs, delivery losses and stranded assets, if members were allowed to trade out without appropriate exit fees and conditions.

MRFF maintains its position that the ACCC should take into account the nature of Macquarie River Irrigation Schemes in developing Water Trading Rules that are fair and equitable and do not result in unnecessary third party impacts.

### *Chapters 10-11: Approval Processes, Reporting and the Availability of Information*

MRFF supports the submissions made by NSWIC on these issues. MRFF is supportive of greater availability and accuracy of market data. Any requirements for reporting, and timeframes for doing so, should be applied equally to all market participants, including government purchasers.

MRFF submits that it would be wary of any additional costs and burdens placed on irrigators from additional layers of administration relating to coordinating approval and reporting across the Basin States.

### **Concluding Comment**

MRFF thanks the ACCC for the opportunity to comment on the Water Trading Rules Issues Paper. MRFF would welcome further dialogue with the ACCC as it prepares its position paper on Water Trading Rules. As MRFF represents riparian, groundwater and scheme members, we would be happy to facilitate further discussion with these groups to discuss specific sections of the Water Trading Rules.