



Lachlan
Valley
Water Inc

Submission to
ACCC Water Trade Rules Issues Paper
by Lachlan Valley Water

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Introduction

Lachlan Valley Water (LVW) is the peak valley-based organisation representing 600 surface water and groundwater irrigator members in the Lachlan Valley. Our organisation is a member of NSW Irrigators Council (NSWIC). We support the NSWIC response in general, and provide specific responses on the following questions.

Response to Questions

5-B Should the ownership of water access rights be restricted for any particular individuals? If so, on what basis?

We support the NSWIC position that any such restriction should be subject only to Foreign Investment Review Board consideration. Any other restrictions on ownership of water rights by individuals or a class of individuals, such as the Victorian 10% limit on non-landholders, represents a significant distortion of the market.

6-L Under what circumstances should a trade/transfer between a groundwater system and a surface water system be permitted?

The present level of understanding of the hydrologic relationship between groundwater and surface water systems is generally poor, and in NSW, on-ground work has only just commenced in some systems to gather information about the degree of connectivity. As the ACCC paper notes, there is often a time lag of years before extraction in one system has a measurable effect in the other system. Under these conditions there is no capacity to trade/transfer between systems without creating unacceptable third party impacts.

Trade and transfer between groundwater and surface water systems should not be permitted unless the degree of connectivity is well understood and proven by on-ground monitoring.

7-D Should it be possible to trade/transfer stock and domestic rights? If so, what conditions should apply?

Under some circumstances trade/transfer of stock and domestic rights will provide a net benefit. Clearly trade can only occur in systems where the issue of new licences is embargoed. Trade of stock and domestic licences would provide an incentive for licence holders to invest in efficiencies and enable stock and domestic water to be redistributed elsewhere within a system.

7-E To what extent, and how, should water trading rules provide for the needs of environmental water holders?

We support the NSWIC position that the characteristics of a water access right should not be changed solely according to the identity of the owner of the right. To change the trading rules depending on the market participant may lead to the reliability or rights of other market participants being diminished as a result.

There is already considerable flexibility in water account management rules, eg, continuous accounting or 100% carryover in northern NSW rivers, that will enable environmental water holders to achieve environmental outcomes without requiring changes in the trading rules and undermining certainty in the market.

We consider it is unnecessary that water trading rules should provide specifically for the needs of environmental water holders when water access rights are not the only water that is available for environmental purposes. In NSW the Water Sharing Plans (WSP's) reserve significant volumes of water for environmental purposes, eg, under the Lachlan Regulated River WSP the environmental flow rules provide for both translucent flow rules and an environmental contingency allowance. We recommend that environmental water managers use the combination of water access rights and water already provided under existing management plans to achieve required outcomes.

7-F What are the advantages and disadvantages of requiring the possession of a relevant water use approval as a condition of approving a trade/transfer?

Such a condition would restrict trade and is likely to add to the delay in obtaining approval for a trade. The onus is on the purchaser of a water licence or water allocation to ensure they have an appropriate water use approval in place specific to the land where they intend to use the water. We recommend that a water use approval should not be required as a condition of trade/transfer.

7-H Are there other examples (besides the 4% rule) of volumetric limits on the amount of water that can be traded/transferred out of particular areas?

The Victorian limit on no more than 10% of water access right being owned by non-landholders is a clear and very significant example of a volumetric limit on trade out of an area.

10-G What factors can negatively influence approval times? What measures should be taken to address these factors?

The processing time taken by state authorities is a significant factor.

Measures that can be taken include establishing benchmarks for processing transfers and requiring all state government authorities to report processing time on the same basis. In NSW the cost of processing transfers is charged to customers on an efficient cost recovery basis, as determined by IPART. State government authorities should adequately resource these functions with appropriately trained staff in order to reduce processing times.