

Review of the WaterNSW operating licence

Submission made to the Independent Pricing and Regulatory Tribunal of NSW

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This submission by Australian Modern Dairy is made in respect of the operations and maintenance of water supply works that enable the diversion and distribution of water from the Murrumbidgee River to the Redbank North area of Lowbidgee Flood Control and Irrigation District (Lowbidgee).

The Lowbidgee includes the Nimmie-Caira, Redbank North and Redbank South areas, and is located in the in the lower reaches of the Murrumbidgee River valley, between Hay and Balranald.

WaterNSW currently operates and maintains Redbank and Maude Weirs on the Murrumbidgee River that enable water to be diverted from the Murrumbidgee River by the Redbank Weir into the Redbank North and Redbank South areas, and by the Maude Weir to the Nimmie-Caira area. WaterNSW also operates water supply works within the three areas.

Redbank and Maude weirs were completed around 1940 and were constructed to enable water to be diverted into the Lowbidgee to partially compensate for the reduced flooding and water availability caused by the construction of Burrinjuck Dam.

Australian Modern Dairy is the largest water entitlement holder in the Redbank North area of the Lowbidgee and is the largest user of licensed water entitlements for agricultural production in the Lowbidgee, with most remaining water entitlements being held by the Commonwealth and NSW environmental water holders.

Australian Modern Dairy understands that there are currently only three Water Access Licences in the Redbank North area.

Prior to 2012, licensed water holders in the Lowbidgee were charged an area based fee by State Water (now WaterNSW) to recover the costs of operating and maintaining the water supply infrastructure. In 2012 a new category of volumetric water licence was created as part of the Water Sharing Plan for the Lowbidgee.

These 'Supplementary Water (Lowbidgee) access licences' entitle the diversion of water into the Lowbidgee area consistent with triggers for extraction that are typically during periods of announced supplementary flow events.

Since 2014, licensed water users in the Lowbidgee have been subject to a volumetric fixed charge determined by the ACCC for WaterNSW and water management charge for NSW DPI-Water based on per megalitre used.

Australian Modern Dairy now pays significant charges for water supply and distribution, including capital upgrades, and for water management charges.

WaterNSW owns and operates the Redbank Weir and the Redbank North Channel that distributes water to licensed water users in the Redbank North area. Diversions from the river into Redbank North Channel are assessed through a meter owned and maintained by WaterNSW.

This meter is known to be inaccurate and significant volumes of water escape from the channel prior to being diverted for productive purposes by Australian Modern Dairy. However, the total volume of water diverted, including transmission losses, is charged to licensed entitlement holders. Since 2014, usage within the Redbank North area has overwhelmingly been apportioned against the Water access Licence issued to Australian Modern Dairy.

Since the creation of Supplementary (Lowbidgee) Water Access licences, and the subsequent charges by WaterNSW based on volumetric entitlements, Australian Modern Dairy has requested that WaterNSW undertakes works and delivers appropriate levels of service in the Redbank North area to ensure that licensed water users are only charged for water they are able to divert for productive purposes.

Australian Modern dairy has also sought clarification of the services provided by WaterNSW for the Lowbidgee area for the purposes of ensuring that water users in the Redbank North area are not paying for, or subsidising, services provided in the Redbank South and Nimmie-Caira areas.

Australian Modern Dairy understands that the Review of the WaterNSW Operating Licence does not include the review of water charges. However, in consideration of the issues raised in this submission Australian Modern Dairy asks that the Independent Pricing and Regulatory Tribunal of NSW, in its review of the WaterNSW Operating Licence, recommends a review of the role of WaterNSW in the continuing operations and maintenance of infrastructure used in water supply and distribution in the Redbank North area.

In consideration of the existing water supply infrastructure that is owned, operated and maintained by WaterNSW for the benefit of only three licensed water users in the Redbank North area, options for future management including privatisation of the Redbank North channel, the decommissioning of the channel and the transfer of existing entitlements to private diversion infrastructure on the river could be considered.

Such a review would potentially enable the more efficient delivery of water entitlements for productive use, the transparent apportionment of the costs of water supply and distribution to licensed users, and the reduction of the costs of operations of WaterNSW in a remote part of New South Wales.

Thank you for the opportunity of making a submission to the Review of the WaterNSW Operating Licence and I look forward to your consideration of the issues raised. If you require any further information or wish to discuss these issues further, please contact Kaye Dalton in the first instance on [REDACTED] or myself on [REDACTED].

Ron Harris
Australian Modern Dairy