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Southern Riverina Irrigators (SRI) welcomes the opportunity to make comment on the Lakes r Us proposal. We represent Irrigators north of the Murray River from Berrigan in the East to Wakool in the West. SRI broadly supports the proposal to store Carry Over water in the Snowy Hydro storages. Any facility that enables irrigators to better manage their water is welcomed. This proposal could easily work within existing frameworks. Many of the comments which are contradictory to the proposal we would see as excuses.

The Council seeks comments on: pg 19

- *What is the reasonably foreseeable demand for water in the Murray, Murrumbidgee and Snowy river systems over the medium to long term?*

There will be a constant demand for water in all systems. Both irrigators and the environment will supply this demand. The Environment will require it for the Living Murray and returning water to the Snowy River.

- *Is it cheaper for one facility to meet the reasonably foreseeable demand for long term water storage and transport in the Snowy catchments than two or more facilities?*

Given the facility is already built; it makes better and more efficient use of resource to use an existing infrastructure.

- *What is the level of spare water storage, transport and electricity generating capacity (if any) in the Snowy Scheme facility operated by Snowy Hydro?*

The graph provided within the document would indicate that there has been 'air space' within the system to handle extra water. There is also a general understanding that the Murrumbidgee side of Hydro is not as flexible in the volume of water that can be delivered through it compared to the Murray side.

- *What is the reasonably foreseeable demand for electricity over the medium to long term?*

All reports would indicate that there is going to be electricity capacity supply problems in the medium term.

The Council seeks comments on: pg 24

- *Whether access would promote competition in the water lending, trading agricultural and electricity markets that depend on water storage and transport services from the Snowy Scheme.*

This would be another option for irrigators to use and would add more competition to the water trading market. This proposal, in making use of the Hydro storages is different in that these storages are the highest dams in the country. As a result water stored in them is of very good quality, is much less likely to spill and evaporation is greatly reduced.

- *Incentives and opportunities that exist for Snowy Hydro and State Water to exercise market power in dependent markets*

IPART limits the ability of State Water to abuse its market power. However, no such mechanism is available to scrutinise Snowy Hydro borrows. Many irrigators presently believe that Snowy Hydro is taking unfair advantage of irrigator's plight. In their fifth year of drought, Snowy Hydro's costs to irrigators for water range from \$11 through to about \$150. Last year water was \$98 delivered to farm. Delivery costs were on top of that.

- *Are there alternatives facilities that provide the water storage and transport services?*

No. Given the location and altitude of the storages these are not found anywhere else within the Basin. The higher water is stored "up the hill" the safer it is.

- *Are there other mechanisms, such as water dealing, swaps and other financial instruments that affect the ability or incentive for Snowy Hydro and State Water to use market power to affect competition in dependent markets?*

The use of water dealing and trades could enable these types of water products to work and add more competition to the market place.

- *Regulatory matters that will prevent the granting of access from increasing competition in dependent markets.*

Nothing that is not achievable. It is about enabling water users to carryover allocated water in an alternate storage system.

- *Whether access would affect property rights to water?*

We do not see property rights being affected. The water has already been allocated. The irrigator is carrying it over from one year to the next. It would therefore fit in under the existing carry over rules. The timing of release of the water would be over a given time and that would still be at the discretion of Snowy Hydro. This is similar to what happens now with minimum notification water.

We do not see any implications for the CAP. The water would have the CAP already attached to it and would be accounted for when the water is delivered. We could also see the possibility of the product not having some of the limitations of existing Carryover rules applied to it.

- *Any other impediments to competition that will prevent third party access to the Snowy Hydro services from increasing competition in dependent markets.*

SRI sees the largest impediment, as indicated by the comments raised in the issues paper, is the mindset of Snowy Hydro.

The Council seeks comments on: pg 26

- *Are there any reasons why the Snowy Hydro facilities should not be considered to be of national significance in satisfaction of criterion (c)?*

No. SRI can see no reason why it shouldn't be.

The Council seeks comments on: pg 27

- *How much airspace in the Snowy Hydro storage facilities needs to be reserved to provide appropriate safety margins? Could access to the services of the storage and transport facilities be provided without adversely affecting safety?*

Appropriate safety margins would need to be adhered to.

- *Is there any reason why health and safety matters cannot be dealt with through appropriate terms and conditions of access to each of the services so as to satisfy criterion (d)?*

No

The Council seeks comments on:32

- *Would competition in the water lending and trading market or any other dependent market resulting from third party access (not just the specific Lakes R Us business proposal) to water storage and transport services:*
 - *deliver beneficial efficiency, resource use and/or environmental outcomes? What are the likely benefits and how would those benefits arise?*

Yes. It would provide another water product that would enable irrigators to better manage their business and risk manage different weather conditions. This product would be similar to farm Management Bonds. Instead of carrying over money, the irrigator would be carrying over water i.e. putting water away in the good times for the bad.

- *impose efficiency costs or cause environmental damage? What are the likely costs and how would those costs arise?*

We would see the risk of environmental damage as minimal.

The Council seeks comments on: pg 34

- *What is an appropriate duration for any declaration of the water storage and transport services and why?*

SRI would see that a declaration would be for an initial period of ten years with ongoing rollovers. Five year reviews which would allow for the market to be fine tuned and adjusted we see as being an appropriate for the duration of the declaration. This time frame would give some certainty to users of the storage space and time for the system to develop.

A handwritten signature in black ink, appearing to read "Malcolm Holm", with a horizontal line extending to the right.

Malcolm Holm

Chairman.