



National Farmers' Federation

Public Submission to the

ACCC Water Planning and Management
Water Charge Rules Draft Advice and Draft
Rules

5 June 2009



National Farmers'
FEDERATION

Member Organisations



RICEGROWERS' ASSOCIATION
OF AUSTRALIA INC



1. The National Farmers' Federation

The National Farmers' Federation (NFF) was established in 1979 and is the peak national body representing farmers, and more broadly agriculture across Australia.

The NFF's membership comprises of all Australia's major agricultural commodities. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations collectively form the NFF.

Each of these state farm organisations and commodity council's deal with state-based 'grass roots' issues or commodity specific issues, respectively, while the NFF represents the agreed imperatives of all at the national and international level.

2. Comment on Draft Advice

The NFF welcomes the opportunity to make a submission on the draft advice for water planning and management charge rules draft advice.

As stated in the previous two submissions to these charge rules, the NFF are critical of the lack of coverage of these rules and the inconsistent approach taken by the ACCC compared to other water charge rules.

As stated on numerous occasions throughout the draft advice, the ACCC cannot enforce the charging of water planning and management charges where none are currently levied. This issue is not confined to the water planning and management charges. The ACCC cannot enforce the charging of other water charges (e.g. bulk water or termination charges) where these are also not currently levied.

As a result the objectives of the Water Act 2007 will not be met, nor will competitive neutrality be achieved and nor will the water market be fully functioning. The ACCC make this observation very clearly in these draft rules but not as markedly in the draft advice for other charge rules.

The ACCC has taken the approach that water planning and management is too difficult, the application in each state too different and the case for a comprehensive determination outweighed by the inability to determine the benefits.

Surely the above reasons are sufficient to justify the determination approach. A good example is the NSW IPART approach to cost recovery. In the mid 1990's when the rural water pricing determination approach commenced, the NSW agencies were unable to properly identify neither costs nor the drivers for those costs (for both water delivery and water planning and management). However, over time this issue has been overcome and now NSW leads all states in the Basin in water recovery and implementation of NWI outcomes.

Enhanced transparency will only be delivered by a series of determinations. The link between recovery of the various water planning and management levies across jurisdictions will more closely align with the actual costs of those activities determined to be relevant to water planning and management – all other costs currently being recovered should be borne by Governments on behalf of the wider community.

The ACCC has also indicated a preference not to back the NFF request for the ACCC to request changes to the Water Act to improve delivery of the objectives (p. 27). NFF submits that this position is simply not good enough.

NFF also submits that the ACCC position of a voluntary reporting system is also unlikely to deliver the objectives of the Water Act nor is it likely to deliver on the collection of information to enable a more informed decision in 2014 on an enhanced water planning and management water charge rule regime.

Implementation of rules that will recover the efficient and prudent costs of water planning and management is not that hard. If the issue is too hard for ACCC to implement, then perhaps NSW IPART ought to be employed to do so on behalf of all Governments, as it currently is the regulator who has the experience to implement comprehensive water planning and management determinations. NSW IPART has also dealt with agencies with a dearth of information in making water price determinations. This may engender the implementation of appropriate systems such as for South Australia who claim that they are not in a position to provide such information.

In conclusion, the NFF does not support the approach taken by ACCC on the development of water planning and management charge rules – this being inconsistent with other water charge rules. If ACCC is not in a position to make pricing determinations for water planning and management, then NFF suggests that NSW IPART be called upon to do so. NSW IPART have a proven track record in dealing with agencies providing little information to back up revenue recovery, linking drivers for costs recovery and determining what costs are relevant for cost recovery and what should be borne by governments on behalf of the community or because there is not a clear link to impacts of water extraction.

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