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**Response to the Call for Submissions
Agricultural Competitiveness White Paper
Prepared by Plains Water Ltd on behalf of the Droughtmaster Project
16 April 2014**

Water pipelines are the wealth, prosperity and security generators for agriculture across southern Australia in the 21st Century in the way that railways were in the 19th and 20th Centuries. Many aspects of the delivery mechanism proposed for the Droughtmaster Project are similar to how railways were delivered with contributions from all stakeholders. The principal difference is water infrastructure, particularly in NSW, will be delivered by private sector innovation, skills and capital, with the public sector in a partnership role.

The lack of water security has always been a barrier to development and the failure of the Murray Darling Basin Plan to extend its effect beyond the few kilometres from the regulated water sources can be seen as an opportunity lost.

The provision of new water infrastructure is a mechanism to trigger generational change within the landed farming community with water security allowing more flexible, lower-risk, farming regimes to be practised delivering higher productivity. Secure water delivers a significant uplift in value of farming properties. The landmark Greener Pastures Report prepared by Port Jackson Partners for the ANZ Bank indicates that effecting generation change over the next 30-year period may require up to \$400Bn. Mechanisms that can achieve that in a planned and coordinated manner are to be valued.

There are critical barriers for private sector innovation skills and capital in delivering high-value infrastructure and water security outcomes. The delivery of water security for rural and regional systems works best when integrated with existing urban/regional networks. The PwC report prepared for Infrastructure Australia notes however that: "There is little in the way of competition in the supply of bulk water, nor competition in servicing the requirements of large water users. The current impediments to this competition are of an institutional nature, such as the provision of services by incumbent monopoly water business. There are legislative constraints for third parties to gain access to water including the absence of specific statutory frameworks for third party access in some jurisdictions."

The incumbent monopoly water businesses set the price and typically it is underpriced, denying private sector innovation the opportunity to compete. PwC says: "There is political pressure to minimise the rate of increase in water prices which is deferring the realisation of fully cost-reflective pricing."

The Droughtmaster Project is an integrated water infrastructure and food security project. Its objectives include the provision of high-value permanent and secure water to meet increasing demand for water security from rural properties, towns, agribusiness and industry in the northern NSW Riverina that otherwise do not have a permanent secure supply of water. It is a template for how water security can be delivered across all regions where a similar environment exists.

Plains Water's submission repeats the recommendations of PwC in a crowded policy environment that two fundamental steps are required to overcome this situation. "First, policy makers need to communicate the true impact of below-cost pricing to users and the wider community. Second, strong leadership is required to get this message out and to support change in public institutions."

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