

18 January 2006

## **AN OPEN LETTER TO NSW AND VICTORIAN IRRIGATORS ON THE MURRAY AND MURRUMBIDGEE RIVERS**

This letter relates to the recent announcement by the New South Wales Government that it will sell its shares in Snowy Hydro Limited.

I want to assure New South Wales and Victorian water users on the Murray and Murrumbidgee Rivers that any change in ownership of Snowy Hydro will not in any way affect Snowy Hydro's obligation to make annual releases into both rivers for irrigation.

The security of your water entitlements will therefore not be affected by a change in ownership of Snowy Hydro.

Snowy Hydro does not own water or have any use rights in respect of water. While Snowy Hydro does own the physical assets (power stations, dams etc) that comprise the Snowy Scheme, we do not own or have use rights over the water we collect and release from the Snowy Scheme. Those rights expressly remain with New South Wales and Victoria.

The *Snowy Water Licence* gives us only the right to collect, divert, store and release water. In return for those rights, the *Snowy Water Licence* imposes on us the obligation to release into each of the River Murray and the Murrumbidgee River specified volumes of water every year for the next 72 years.

These release requirements were agreed on corporatisation between the Commonwealth, New South Wales and Victorian Governments. Under the legally binding inter-governmental agreement between them, these obligations cannot be changed without the agreement of all of the Governments – irrespective of who owns Snowy Hydro.

Also, in the case of the River Murray release requirements, these are now enshrined in the *Murray- Darling Basin Agreement*, meaning that any change to them must be agreed between the three Governments and South Australia.

I believe that the proposed sale of shares in Snowy Hydro is good for New South Wales and Victorian irrigators.

The Snowy Scheme is capital and technology intensive and some of the plant and equipment is up to 40 years old. For Snowy Hydro to continue to provide a highly reliable source of water for you and for electricity and environment products in the decades ahead, we need to be able to pay for an active and innovative maintenance and upgrade program for the Snowy Scheme's equipment and sophisticated communications infrastructure. This will increase employment directly and indirectly through the use of local specialist contractors. The proposed sale will give Snowy Hydro access to the funds it needs, over and above debt and internal cash flow, to pay for that maintenance and upgrading, as well as continuing to expand our activities.

Over each of the last four drought years we have worked co-operatively with Murray Irrigation, Murrumbidgee Irrigation, Coleambally Irrigation and Sunrice to advance water to NSW irrigators to allow them to plant summer crops with the confidence that end of season allocations will be sufficient for them to finish off their crop. This year alone, the Snowy Advance was extremely important in enabling local ricegrowers to produce a near normal sized rice crop.

Given the strong foundation of guaranteed annual releases for irrigation established by the Commonwealth, New South Wales and Victorian Governments, I believe that the future is all about Snowy Hydro continuing to work with your representatives, as we have done in the past, to develop ways to alleviate the impact of otherwise low allocations.



**TERRY CHARLTON**  
Managing Director

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