

Our reference: 09/30

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Mr David Harris
Commissioner of the NSW Office of Water
Department of Environment, Climate Change and
Water
GPO Box 3889
SYDNEY NSW 2001

Contact Amanda Chadwick
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Dear Mr Harriss,

IPART'S 2010 PRICE REVIEW

I have received your letter of 24 August requesting a three month extension of time to lodge the Department's submission to this review. IPART is concerned that the Department is unable to comply with IPART's requirement to provide its submission by 11 September 2009.

In the course of this review, IPART has provided considerable support to the Department to assist it to meet that deadline. As you recall, I met with you on 23 April 2009 to discuss IPART's timetable and requirements for this review. On 15 May, I wrote to you to provide detailed and early advice of the information that the Department was required to include in its submission and also to provide copies of IPART's tariff model. As was noted at that time, by communicating IPART's requirements as early as possible in the process and by sharing its pricing model, IPART sought to improve the effectiveness and timeliness of this price review process.

In the course of the 2005 and 2006 bulk water reviews, significant concerns were raised by IPART regarding the performance of the then Department of Infrastructure, Planning and Natural Resources and the Department of Natural Resources. These concerns included matters related to the timely provision of information and the completeness of that information. In that context, IPART believes that the Government should consider the reasons why the Department, now the Department of Environment, Climate Change and Water, is unable to provide its submission by the due date.

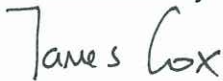
I note that a number of concerns about State Water's performance were also expressed in the course of the 2005 and 2006 bulk water reviews. Since that time State Water has made progress towards addressing these concerns by developing new information systems and undertaking comprehensive reporting to its customers.

After considering your request for an extension, the Tribunal has made the decision to 'stop the clock' on this review until a complete submission is received from the Department. On receipt of a complete submission and information return, IPART will make its decision to 'reset the clock' and will extend the timetable by a period equivalent to the length of the Department's delay.

As a consequence of your delay IPART and stakeholders will incur additional costs and inconveniences. These include costs associated with a second round of public hearings, as the hearings for this review will no longer be able to be held in conjunction with those for the State Water review. It may also be difficult for IPART and stakeholders to make a comprehensive assessment of the customer impacts of both the proposed State Water and Departmental prices.

Further, IPART will be unable to determine new prices for the Department by 1 July 2010. As a consequence, as provided for in IPART's 2006 determination, prices set by IPART for the period 1 July 2009 to 30 June 2010 will continue in nominal terms until such time as a new determination takes effect.

Yours sincerely



James Cox

CEO and Full-time Tribunal Member

cc Ms Lisa Corbyn, Director General

Hon Philip Costa, Minister for Water

Mr Andrew Gregson, NSW Irrigators' Council