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REVIEW OF PRICES FOR THE WATER ADMINISTRATION MINISTERIAL CORPORATION FROM 1 JULY 2021 TO 30 JUNE 2025

This submission is lodged on a personal and individual basis. The context of my experience is as a resident of Tamworth.

Historically Tamworth and the Peel seem to have suffered high water user charges. Seemingly the basis of this is advised as "User Pays". Whilst this may have some element of merit there appears to be a persistent skew in the outcomes.

Firstly we are talking about \$218m user charges over 4 years across the State of NSW. The inherent breakup of this relates to the Peel River which has water source storage capacity of 106 GL and outputs of on average about 280 GL into the Namoi.

It is noted there are plans afoot to merge the Peel with Namoi, a move that I do not support. It is possible to view this in the context of a situation being contrived to justify (in the minds of the proponents and beneficiaries of such a merger) to manipulate the figures behind the case in order to justify a certain position.

Notably it appears the Namoi appears to prosper out of the deliberations being one that seems to have significantly reduced in "costs". It might be pointed out that the Peel Valley consumes annually about 10 GL High Security, 6 GL General Security and 2 GL Stock ie 18GL against the 280 GL which flows into the Namoi.

The "Report" at 223 pages is a lot for a lay person to digest and understand. I comment that it appears to be based on reasonably solid principles and practice. Given the amount of work involved in putting such a report together, there is a "David versus Goliath" aspect to me in preparing my submission.

Being reasonably happy with the premise (noting later comments) of the "Report", I have to be reliant upon the contents as I personally do not have the resources to conduct the necessary level(s) of investigation.

I do comment that the information as presented is a roll up at "Organisational Level" and the figures I would really need to see are the costs attributed to the Peel Valley and the detail of how these are derived.

What is happening is that DPIE, Water NSW, NRAR and other costs state wide are being split into compartments. In this process simple matters like rounding, inappropriate allocations and perhaps the very basis of choosing the categories of cost centers conspire to have a major causative outcome when a small divisor is used against water volumes.

To me this gives rise to the following considerations:

- Has the attempt to adopt user pays gone too far?
- Is the purported allocation of costs more of a technical argument that incurs costs which in themselves become a very part of the impost under consideration?
- We are talking \$55m annual cost spread state wide allocated over 12 water sources.
- Modelling, compliance, billing management, IT systems, water plan development, auditing etc are these costs genuinely split into the twelve (12) water sources? To my mind these activities are run on a statewide basis and I would not expect to see for example dedicated water modelers associated specifically to the Peel. Similarly a lot of other functions.

Perhaps a more sound basis might be to review what is allocated to User Pays rather than attempting to have a complicated system of splitting the cost of (eg) a water modeler who may in fact not end up working in accord with a theoretical budget allocation. Similarly compliance activities would tend to be focused on areas of concern rather than a budget allocation of x units per area.

In this context it may be more appropriate to amalgamate some of these cost centers to be spread on a state wide basis (ie more of a postage stamp principle) as the very concept of the detail of the splits being carried out in practice is at least somewhat tenuous. Subject to efficiencies (which should always be the basis of business), I would only support the true user pays principle if these resources stated as part of the Peel Valley if they were demonstrably visible as being totally Peel Valley centered ie for example located in a dedicated Peel Valley office (an impractical premise though). With the progress of the digital age even this is difficult to remain transparent on. This leads me to the view that the basis of the level of "User Pays" is tenuous and perhaps providing at best unfair outputs.

It is noted that Figure 1.1 Comparison of NSW Government total contributions under our draft decisions and WAMC's proposal (\$ million, \$2020-21) shows WAMC proposal, IPART Draft Decision and Full Cost Recovery Proposal all summing to \$350m with different breakups within. I am a bit surprised to see this outcome despite the very Charter of IPART.

Whilst it may not be within the remit of IPART, it is certainly my experience in "working with figures" that some thought be given to the results obtained. Notwithstanding, there are aspects of procedural fairness if not procedural process outcomes to the costs being passed to users, which, if nothing else, would to me be deserving of comment.

As intimated at the commencement of my submission, despite the volume of the report, and it being presented as an "Organisational Level" the level of detail necessary to view the basis of the Appendix D Output Measures "Cost Centers" specific to the Peel River is not available to me.

For this reason I am unable to comment more specifically and to an extent am precluded from sustaining my argument due to a lack of detail necessary.

Thank you for considering my submission.

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16 April 2021