



Peel Valley Water Users Association Inc

The only organisation that represents the Irrigation Industry in the Peel Valley

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Submission to IPART

On the Draft Bulk Rural Water Pricing Determination

And the Inaugural Metering Charges

Introduction

In this submission, we are commenting on

- (a) The Bulk rural water prices that have been recommended for the Peel Valley in IPART's Draft Report dated March 2021
- (b) The inaugural metering charges that will apply in the Peel Valley, based on the report prepared for IPART by Cardno dated 11 March 2021.

We recognise that IPART has endeavoured to limit the price increases payable by water users in the period covered by the price review, and we appreciate that fact. However, we have concerns in both the above areas, and we would be grateful if IPART would take our concerns into consideration before releasing their final decision.

We are available to answer any questions that IPART may have on our submission, and we are also prepared to meet with IPART if required to discuss the topics in our submission further.

- (a) The Bulk rural water prices that have been recommended for the Peel Valley in IPART's Draft Report dated March 2021

The Bulk water prices that apply in the Peel Valley consist of charges that are levied by Water NSW, plus charges that are levied separately by the Water Administration Ministerial Corporation.

With regard to the charges levied by Water NSW, our observation is that even though at the beginning of each review period IPART often reduces the expenditure that Water NSW is allowed in some categories, by the end of each review period Water NSW has managed to exceed the limits that were set by IPART, in several categories of expenditure, and by significant amounts.

To the casual observer, this appears to be an irrational process – if the regulator sets a maximum figure – which is then exceeded on a regular basis by the monopoly government-owned corporation – why does the taxpayer have to pick up the tab?

To the water users, who pay a significant share of all of Water NSW's costs, this also appears to be an irrational process, because at the end of every review period Water NSW has successfully managed to ratchet up its cost base, which in turn means that water users pay a share of the progressively increasing cost base.

If the water users received some worthwhile benefit from increasing costs, there would be no concern, but for example, when the recent merger of State Water and Sydney Water actually added to the total overheads instead of reducing them (as was predicted), and when Water NSW spent multi millions of dollars on computer upgrades – none of which benefit the customers of Water NSW – no wonder that there is a level of frustration from water users.

The following table lists our understanding of the charges that will apply in the Peel Valley for regulated surface water for the period under review by IPART. Compared to previous water charges in the Peel Valley, the dollar value of the proposed increases is not as massive as it formerly was. But our concern is that the Peel Valley once again, is being subjected to a greater percentage increase than other valleys in NSW.

We request that IPART take a second look at the comparison of both the entitlement charges and the usage charges in the Peel Valley with other valleys in NSW.

We are also aware from reports in the local media that Tamworth Regional Council is protesting loudly and widely about IPART's proposed increases for High Security water in the Peel Valley. There are concerns that to appease TRC, IPART may transfer some of TRC's costs to the General Security licence holders in the Peel Valley. However, we request that if IPART had any inclination to follow that path, the key stakeholders in the Peel Valley would be contacted prior to the release of IPART's final report.

	2020-2021 (current)	2021-2022	2022-2023	2023-2024	2024-2025	% Change over 4 years
Water NSW fixed	4.33	5.88	5.88**	5.88**	5.88**	+35.8%
WAMC fixed	2.67	3.22	3.29	3.37	3.45	+29%
Total fixed	7.00	9.10	9.17**	9.25**	9.33**	+33.3%
Water NSW usage	19.78	24.68	24.68**	24.68**	24.68**	+24.8%
WAMC usage	4.76	4.83	4.95	5.07	5.19	+9%
Total usage	24.54	29.51	29.63**	29.75**	29.87**	+21.7%

** These figures are subject to CPI increases for the three years from 2022-2023

(b) The inaugural metering charges that will apply in the Peel Valley, based on the report prepared for IPART by Cardno dated 11 March 2021.

The new meters in the Peel Valley will be privately owned, not government owned, and the proposed Water NSW charge for meters is \$422 annually, for each meter installed.

This is a substantial amount given the following considerations:

- Many water users in the Peel Valley have multiple meters installed on their property, not because they extract a large quantity of water, but because it is inefficient to pump water long distances, or because one extraction point may be low yielding, or because they have both a surface water and groundwater licence. It is not unusual for a property in the Peel Valley to have 3 meters (or more), so the new charge is a significant additional cost.
- The new metering system provides no benefit to water users, so water users are facing a significant additional new charge, from which they receive no benefit.
- We request that IPART considers deferring the commencement of the new metering charges in the Peel Valley, because water users are already encountering substantial expenditure for the installation of the new meters. The installation costs include the cost of the meter, the cost of retrofitting the meter into an already functional system, and the costs of the duly qualified person's approval. This is a substantial cost for one pump site, but as many properties have multiple pump sites, the installation is a major cost – before adding the Water NSW annual charge.
- In addition to the annual charge of \$422, water users will also be required to pay annual charges for the calibration of their meter. Whilst these charges are not paid to Water NSW, they are nevertheless an additional charge that water users must pay. The independent authorised suppliers

have not yet confirmed what their charges will be, but it is additional to the \$422 annual charge per meter, and again, where multiple meters are installed on a property the total costs are substantial.

We request that IPART reconsiders both:

- (i) Whether the annual charge of \$422 is justified in the circumstances, and
- (ii) Whether the commencement of the metering charges should be deferred