



Bathurst City Council

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The Manager
Independent Pricing and Regulatory Tribunal
PO Box Q290
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15 May 2001

Dear Sir/Madam

**Submission Regarding Department of Land and Water Conservation (DLWC)
Proposal on Bulk Water Pricing:**

Reference is made to the DLWC's submission to IPART on bulk water pricing dated April 2001.

Council has obtained a copy of the submission by the NSW Water Directorate, and fully endorses their comments.

In addition, Council has a number of concerns and would like you to also take the following comments into account when carrying out your review of the submission:

1. Council totally disagrees with the proposition that DLWC should be able to charge Council for water that is extracted at the Water Filtration Plant after release from storage at Council's Ben Chifley Dam. State Government Departments have their costs paid for by taxes and Council substantially contributes to these.

Council is very concerned that DLWC is seeking to transfer its debt to local government, which already contributes in numerous ways to resource management and needs special recognition, as they are not commercial undertakings. DLWC has not recognised this enormous contribution by local government.

The DLWC submission does not recognise the lack of contribution to the overall management of water by other users, eg. the irrigators downstream of Council's Ben Chifley Dam.

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Reference:RD:GH:32.00011

Enquiries:Mr Russell Deans 02 6333 6225

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2. Council is astounded to read that "To allow customers time to adjust, it is proposed that prices increased by a maximum of 20% per year or until full cost recovery prices are reached." This is a totally unreasonable hike in fees considering a CPI of around 2.5%, and a Local Government rate-pegging limit of 2.8%. State Government must set the example and dramatically reduce the increases to less than 3% per year.
3. The submission indicates that for unregulated rivers "DLWC has implemented a volumetric conversion". This is simply not true. Council has received no advice from DLWC regarding the likely amount, nor has the process for determining the amount been finalised and explained clearly. Council is therefore unable to estimate its likely total charge for the next financial year. As is required by the State Government, Council's draft Management Plan is now on public exhibition and no provision has been made for any entitlement or usage charge as none is currently paid.
4. Council cannot understand how the charges of \$2.60/ML for 2001/02, \$3.13 for 2002/03 and \$3.75/ML for 2003/04 can possibly be justified for the unique situation of Bathurst. The total bulk water costs (2003/04) for DLWC for the unregulated section of the Macquarie River are given as \$760,000. This is a huge amount considering Council owns all the water management works, and the fact that the approximately 1,000 square kilometre catchment above the dam feeds only a very small number of users below the Ben Chifley Dam.

Council is investing \$15M into flood security upgrading and raising works at Ben Chifley Dam and continuing to release water for environmental flows. In addition to this massive expenditure, Council is to be made to pay a substantial amount to extract the water from the river for town water supply purposes.

5. The Macquarie Valley bulk water services financial report for the year ended 30 June 2000 indicates that for the unregulated section the operating expenditure totalled \$653,882 whilst the income totalled only \$139,356. Water users should not be forced into paying huge increases to make up for the previous mistakes of State Government. Further, Council does not agree with DLWC philosophy in charging users for the \$339,313 cost of a Surface Water Database and the \$240,090 cost for River Quality/Flow Reforms. If these costs are excluded, then the operating costs become \$74,479 and the charges per megalitre would be significantly reduced.

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6. Council is likely to be exposed to a massive cost increase from **nothing to many** tens of thousands of dollars per year, depending on **the actual volumetric entitlement**. Another arm of State Government, **the EPA charges Council to return water at the Wastewater Treatment Works to the Macquarie River in a better condition than it was extracted at the Water Filtration Plant**. Council **considers** this to be an unfair practice, and this should be considered when reviewing the DLWC proposal.

Thank you for the opportunity to comment. Council trusts that you will favourably consider the comments above during your review of the DLWC submission.

Yours faithfully



P Perram
GENERAL MANAGER