

Our reference: 09/30

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20 January 2010

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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  
T (02) 9290 8453  
E [Amanda\\_Chadwick@ipart.nsw.gov.au](mailto:Amanda_Chadwick@ipart.nsw.gov.au)

Dear Mr Harriss,

## IPART'S 2010 PRICE REVIEW

IPART received the Department's written Pricing Submission on 2 December 2009 and on 10 December received its Excel Information Return (including cost spreadsheets and tariff models). Then on 24 December 2009, IPART received a revised Information Return from the Department. To ensure stakeholders were advised of the implications of the revised Information Return for tariffs, IPART asked the Department to provide a letter to stakeholders by 4 January 2010. IPART received that letter on 20 January 2010.

I note that the Department intends to release further detailed information for stakeholders regarding its costs in a subsequent letter and that this letter is expected to be provided to IPART on 27 January. I note that this is only two days before IPART's deadline for stakeholder submissions and your suggestion that this deadline be extended. IPART is also firmly of the view that stakeholders require more information and more time in order to fully participate in the consultation process.

When IPART wrote to the Department in May 2009 to specify our expectations of the Department's submission and Information Return, I emphasised the importance of providing complete and accurate information to IPART's reviews. I noted that complete and consistent information is critical to avoidance of delay and re-work by IPART and its consultants. I also noted that addressing the information requirements listed in our May 2009 letter (and subsequently our July 2009 Issues Paper) was necessary to ensure that a minimum level of information is in the public domain to allow all stakeholders to have a clear understanding of the Department's proposals and appropriately detailed explanations of your proposal.

Having reviewed the Department's written submission against the information requirements listed in my May 2009 letter to you and our July 2009 Issues Paper, I note that your submission does not address a number of our requirements. For example, the submission provides little information and explanation on actual and forecast expenditure

by valley, water source and activity code. While actual and forecast costs by valley, water source and activity codes are listed in your Excel information returns to IPART, these returns are not publicly available (as noted in my May 2009 correspondence to the Department). I also note that key stakeholders, including the NSW Irrigators' Council and the Gwydir Valley Irrigators Association, have written to us expressing concern with the lack of information in the Department's submission and the implications this may have for IPART's price determination process (see attached).

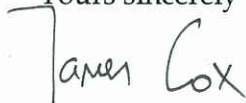
Given our concerns, those of stakeholders and your suggestion that stakeholders need more time, IPART has decided to 'stop the clock' on this review until more information on the Department's pricing proposal is in the public domain. Some of that information may be in the letter that you propose to provide to IPART on 27 January. Additional information about the Department's actual and forecast expenditure will also be available to stakeholders in late February once IPART has published the draft expenditure consultancy currently being carried out by PriceWaterhouseCoopers / Halcrow. However, to ensure that stakeholders have adequate information, IPART requires that the Department urgently reviews IPART's information requirements (as listed in my letter of May 2009 and IPART's July 2009 *Issues Paper*) and the content of recent stakeholder correspondence against the information included in your submission and rectifies the gaps. On publication of adequate information, IPART will make its decision to 'reset the clock' and will extend and re-schedule the timetable accordingly.

As you are aware, IPART has not yet received the 2008/09 annual return from the Department, as required to comply with the 2006 Bulk Water Price Determination. I note your intention to provide that return and to revise the 2006-07 and 2007-08 compliance returns shortly. I would expect that the revised 2006-07 and 2007-08 compliance returns are accompanied by appropriate explanations of the variation for IPART and your stakeholders.

As previously noted in correspondence to you, IPART's 2006 determination provides that 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.

If you have any questions about these matters please do not hesitate to contact Amanda Chadwick (Program Manger) on 02 9290 8453.

Yours sincerely



James Cox

CEO and Full-time Tribunal Member

cc Mr Andrew Gregson, NSW Irrigators' Council and Council Members

Mr Michael Murray, Gwydir Valley Irrigators Association Inc