



Moirra Private Irrigation District

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 15th May 2001

The Chairman
 Independent Pricing and Regulatory Tribunal
 P.O. Box Q 290
 QVB Post Office
 SYDNEY N.S.W. 1230

Dear Sir,

We seek to place on record our views with respect to the Department of Land and Water Conservation's submission to your body on bulk water pricing for 2001 / 2002 to 2003 / 2004 .

During the past five years we have been exposed to substantial influences that affect the operations and management of our irrigation scheme which have included the Introduction of The Cap , water pricing increases of substantial amounts , consideration of the Water Management Act , exceptional weather conditions , restricted supplies of Irrigation water and reduced river flows to accommodate environmental requirements.

At this time the outlook for Australian agriculture is very favourable due to the low Australian dollar and world wide demand for our products yet we are always uncertain of the supply and availability of irrigation water and the exposure to exceptional non - commercial price escalations.

From all of our enquiries we have been unable to obtain detailed information in support of regulated rivers prices for the past four years. It is vital that full disclosure of the pricing calculations for the Murray & Lower Darling valley be made available to us to obtain a better understanding of the rampant increases to which we have been exposed.

To illustrate our concerns we refer to the fixed charges for low security water both in relation to the years to date and the proposed charges as submitted by D.L.W.C.:

'Period 1996/1 997	64c. per Ml.
Period 109711998	\$2.30 per Ml.
Period 1998/1999 .	\$ 2. 76 per Ml.
Period 1999/2000	\$3, 31 per Ml.
Period 2000/2001	\$ 3. 79 per Ml



The two facts that emerge from the summary are that :

- 1, The increase in 1997 was 260 % of the charge for the previous year
- 2, The increase over the four years is 492 %

If water pricing continues at the rate of 20 % per annum , as is proposed by **D.L.W.C.**, the price will increase to \$ 11.15 in **2006/2007**. This will represent an increase of 1,642 % from the original **64c.** per MI, or 386 % based on the revised base of \$2.30 per MI.

It appears that **D.L.W.C.** is continuing to expect annual increases in the region of 20 % which is unrealistic. We do not know of any other commodity or service where continuous escalations of such magnitude could arise.

We have just become aware that metropolitan water charges are referred to in the **D.L.W.C. submission** and they have indicated that the fixed charge is presently \$ 1.80 per MI. and is proposed to be raised to \$2.15 per MI. At the same time the fixed charge for our high security water is proposed at \$ 5.02 per MI. which is 133 % higher for the same commodity.

We believe that charging a rate of return on the water - user share of capital expenditure is not appropriate as water users , over a period of time , will contribute 90 % of the funds required through water supply charges. The rate of return on capital payable to the **N.S.W. government** should apply at a predetermined rate (7 %) to the actual amounts of capital contributed from government funds from 1st July 1997.

Throughout our consideration of this subject we have been unable to assess or gain access to any data that would enable us to gauge the efficiency of the water supply system. The whole process of cost recovery should be subjected to a rigorous examination of all factors involved and the details made available for all stakeholders.

In the meantime we suggest that **IPART** establish arrangements for the period 2001 / 2002 only, continue existing discount structures and any other particular arrangements , whilst , at the same time , disclose to stakeholders full details of the efficiency of the **D.L.W.C.** bulk water delivery.

Yours Faithfully,

CHAIRMAN