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Water NSW Rural Bulk Water Prices
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

Review of Prices for Water NSW

Thank you for providing the opportunity to comment on the 'Review of prices for Water NSW'. Bega Valley Shire Council (BVSC) holds a high security licence for extraction of water from the Brogo River. Water from this source is used to supply approximately 3100 customers in the towns of Cobargo, Quaama, Bermagui, Fairhaven, Beauty Point, Akolele and the Wallaga Lake Koori community.

Council has prepared this submission in support of submissions by Bega Cheese Limited, the Bega Valley Water Users Association Incorporated and to also specifically oppose the Water NSW proposal because of its unacceptable negative impact on urban water customers in the Shire.

Brogo dam is a small 9000 ML storage that was built to supplement and improve the water supply security in both the Brogo River and lower reaches of the Bega River with no aspirations for full cost recovery from water users.

Council understands the need for sustainable funding of assets, inclusive of capital depreciation. However burdening irrigators and thousands of urban water customers with a retrospective, full cost recovery approach to funding assets is counterproductive for the following reasons:

The price increases will progressively reduce the amount of water that irrigators are able to afford to use. The observed impact is likely to be a decline in the number of milk suppliers and more importantly a flat lining of locally available milk for processing. Brogo Dam has allowed the dairy industry in the Bega Valley to grow substantially and the proposed income model by Water NSW will result in producers being progressively priced out of the market. If adopted the negative knock on impact to the local economy will be significant.

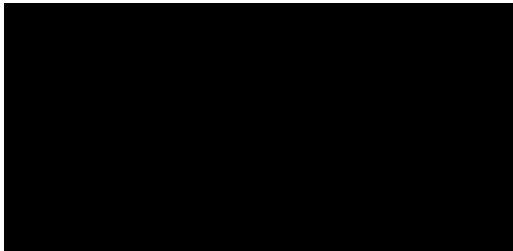
The price increases will progressively cost town water customers more, particularly as irrigators exit the market. At present BVSC amortises operational and capital costs of water supply assets across its entire customer base. The proposed income model will result in pressure to abandon our current practice - do the same as Water NSW is proposing and attribute these specific additional costs to individual communities that won't be able to afford them.

What IPART (and the NSW State Government) Should Consider

BVSC understands the fiscal restraint needed to responsibly govern the State. At the same time we believe that the funding model proposed by Water NSW is inequitable given the small scale and nature of the Brogo River scheme.

Council requests that consideration be given to a freeze in pricing and a continuing community service obligation more aligned to supporting rural and regional communities.

Yours sincerely



Andrew Woodley
Acting General Manager