

Bega Valley Water Users Association (Inc.)

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ABN: 41 211 519 607

Submission to the IPART Water NSW's Rural Bulk Water Pricing Review Re Draft Determination Report

Dear Tribunal Members,

Thank you for the attention that you have given the coastal river regulated systems and the recognition that these systems are never going to reach full cost recover.

We fully support the submission from Bega Cheese and this submission is to highlight what feel are the important points.

1. The BVWUA disagrees with the upper band limit for general security water being set around \$83. We believe the 'capacity to pay' upper band limit to be closer to the \$40 mark with the midpoint closer to \$20. This is reflected in the reduction in usage from the previous 2010 determination of 5804ML to the average usage of 3781ML over the last 8 years.
2. We also question the why the 'capacity to pay' for high security customers set at around \$70, is less than General security customers.
3. We also wish to point out that the Brogo dam capacity is 9011ML but is over allocated to the point there are 13,945ML of GS and 1175ML of HS water with a 40% allocation at the beginning of the water year if the dam is full.
Our point is that the over allocation of the dam generates considerably more revenue from fixed charges than the equivalent dam on the north coast.
Given the above point we submit that the total irrigator predicted revenue by IPART of \$335,000 is too high.
This is an argument that should be considered.
We have also developed the following concept, that relies on a lower usage charge to encourage an increased use of water.
4. If the fixed cost was increased to \$13/ML for general security and \$26ML for high security and the usage was reduced to \$20/ML the revenue generated by entitlement holders based on current usage of 3,781ML would be \$287,468. If as predicted, the halving of the usage price resulted in an increase of usage to the 2010 IPART annual forecast

of 5,804ML, the revenue generated would be \$327,928 very close to the \$318,207 currently generated. A price signal of this magnitude this determination period could see a dramatic improvement in the viability of Brogo dam system in the short to midterm future. Bega Cheese submission 12th April 2017.

5. The above argument changes our Fixed to Usage ratio from 40:60 to 60:40 which is acceptable if we can encourage more water use.
6. The whole future of the Brogo system relies on the generation of water use, which in turn is reliant on the price charged for usage. But the other part of the equation; to lift usage and generate investment in infrastructure relies on this determination setting a benchmark for future determinations, so that irrigators have certainty that any future investment is going to be profitable.
7. We understand the decisions that must be made are complex but they will be far reaching for the future of irrigation in the North and South Coast Valleys given that they will never reach full cost recovery.

Yours faithfully

A black rectangular redaction box covering the signature of Stephen Guthrey.

Stephen Guthrey
Chair of BVWUA

P.S. I am the contact for this submission

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