

Robert J Doyle

Dear Members of IPART

I write this submission as personal opinion and in support of the submissions by the North and South Coasts. I am currently Chair of the WaterNSW Coastal Valleys Customer Service Committee.

The timing is such that these views haven't been put before the CSC for endorsement.

As a Chair of the Coastal Valleys CSC I have had the opportunity to participate in the reference panel meetings.

Overall it has been a reasonably positive approach and I commend WaterNSW on the consultative approach for the State.

Hunter Valley Customers.

For Hunter Valley Water Users for the next determination period customers are in the main comfortable with the WaterNSW submission for this current determination process.

Into the future, while customers have had no opportunity to consider this situation in any detail, there is concern the proposed decommissioning of the Power Stations and the impact this will have on remaining customers.

There is concern about the effective use of capital and how that has been reflected in operating cost savings.

North and South Coasts.

The North and South Coasts were not given the same opportunity to discuss their situation as part of the consultative process put in place by WaterNSW.

While we now have this agreement to run with the pilot project for the North Coast even that has been drawn out and is a missed opportunity to make effective use of the opportunity IPART provides customers.

The North and South Coasts have made detailed submissions and I will be asking our CSC to endorse those submissions. These submissions go into significantly more detail than I will be submitting.

There is a fundamental flaw in the current pricing calculator for both the North and South Coasts. The current calculator used across the State works reasonably well in achieving Valley by Valley prices and is a reasonable pathway to achieving cost recovery.

It has the opposite outcomes for the North and South Coasts. The current calculator will reduce water use even further on what are both underutilised dams.

WaterNSW has recently provided us with a calculator that allows us to consider alternate ways of setting pricing. The problem is it has been provided too late for it to be effectively used in advance of the current IPART determination process. It has also only been provided to CSC members and has

not been explained to the customer base. While alternative methods of calculating a price won't ever achieve cost recovery in these 2 Valleys, it has the potential to provide better signals that encourage water use, encourage investment in more efficient technologies and to some degree address affordability.

It therefore has the potential to reduce the current Government CSO and at the same significantly drop the marginal water price for those aiming to increase water use. For both the North and South Coasts we have significant UNDER utilisation of water in storage.

From my perspective the frustrating part of the process is we have been asking for this discussion well in advance of WaterNSW making their submission. In fact, The Toonumbar Water Users commenced the process to facilitate this discussion in September 2015.

Under the current Cost Recovery Model for the North and South Coasts there is limited incentive by WaterNSW to be fair dinkum about reducing their operating costs. The shortfall is so large there will always be a government subsidy. Any reduction in costs around the edges has zero impact of WaterNSW financial position and doesn't change the steep upward trend for irrigators. It will reduce the government subsidy.

The situation for the actual Coastal irrigators couldn't be more different. It has a huge impact on their livelihoods.

It is a struggle to have detailed discussion about levels of service and the costs of that service with WaterNSW for the North and South Coasts.

It is equally difficult to get detailed analysis of recent capital expenditure some proposed with the aim of reducing operating expenditure and see an actual reduction in operating expenditure.

The aim of more efficient technology is to reduce operating costs more than the cost of that capital based on the IPART process. There is a cynical view of increased capital expenditure being an ideal way for WaterNSW to increase its net revenue.

There should be a net reduction in total expenditure if the aim is for efficiency gains.

For the North and South Coasts initially that should be a saving to the government subsidy contribution.

I have been a part of the CSC process since inception. I drove the change in Fixed to Usage ratios harder than anyone from the customer base when the Hunter and North Coast went to 60:40. When we undertook those major changes to an approach we found the CSC process to be an excellent forum that was used by State Water. (While 60:40 has worked for the Hunter it has failed the North Coast) I don't have that same confidence about how the CSC currently operates.

I ask you consider alternative models for the North and South Coasts. They maybe small from a State perspective but they have families whose livelihoods are dependent on achieving an improved long term pricing pathway. There has to be thinking outside the square of current paradigms.

I would also like the opportunity to present the possibilities of an alternative price calculator for North Coast irrigators in Sydney on the 7th November.

Thank you for this opportunity to make comment.

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President of the Paterson River Water Users Association

Chair WaterNSW Coastal Valleys CSC