

**IPART – Submission
Murray River to Broken Hill Pipeline**

Thomas Hynes
[REDACTED]
[REDACTED]

30 October 2018
[REDACTED]

Dear Sir/Madam

Attached is my submission with regards to the Murray River to Broken Hill Pipeline pricing proposal. Thank you for the opportunity to make a submission on this very important issue.

I have perused IPART's issues paper on this matter and have read the 35 or so questions that you have raised. I have also perused IPART's issues paper on Essential Energy's water and sewage services for Broken Hill for 2019-2023.

The fact that Essential Energy are responsible for part of the Pipeline to Broken Hill has caused confusion around how the costing arguments should be run; they have not put up a costing proposal for their section. This makes it difficult to answer a number of your questions.

In effect my submission only addresses your first question as I do not believe I had access to adequate data to answer a significant number of others.

I make my submission to your determination in the hope it may enlighten you to some of the background to the Pipeline, the expectations and concerns of the community of Broken Hill.

Yours faithfully,

[REDACTED]
Thomas Hynes.

IPART – Submission Murray River to Broken Hill Pipeline

Background

16 June 2016

NSW Government media release – new pipeline to secure Broken Hill water supply, stated that the pipeline was the centre piece of the NSW governments \$1 billion region water security and supply fund. The community would be asked to contribute to the cost of the project. – Appendix 'A'

17 June 2016

The Barrier Daily Truth ("BDT") reported the then Premier's announcement of the construction of the Wentworth to Broken Hill pipeline ("the Pipeline"). It was stated in that announcement the five hundred million dollars set aside for the project would be funded by the leasing of the states poles and wires. It was also highlighted there would be an increase in costs to the Broken Hill community. Appendix 'B'

21 November 2016

The Minister for Lands and Water, Mr Niall Blair ("the Minister"), issued a direction to the Board of WaterNSW, which amongst other things required them to fund the Pipeline construction from existing resources, or borrowings. Also IPART would be requested to allow them to recover their total costs associated with the pipeline, including costs of capital. Appendix 'C'

Various dates

Since 16 June 2016

The Minister and the local MP Kevin Humphries have on multiple occasions stated publicly that the NSW Government is paying for the Pipeline. These statements have been reported by both the BDT and the local ABC radio station: these are available in their archives.

25 November 2017

Reported in the Barrier Daily Truth. The labour opposition in the NSW parliament, stated that WaterNSW has sought a guarantee from the Government that the \$500m cost of the Pipeline from the Murray River be recovered from water rates in Broken Hill. They further stated that Water NSW had asked the Government to direct the body that sets utility rates, IPART, to take the cost into account when setting the water rates for Broken Hill, the Minister did not answer the question but ridiculed the opposition. Appendix 'D'

19 April 2018

The Minister issued a direction to IPART, that when making the determination for the price of services to provide water to Broken Hill through the Pipeline to include an amount representing the efficient cost associated with the ongoing operation of the pipeline including the cost of capital. Appendix 'E'

July 2018

WaterNSW submitted their pricing proposal for the Pipeline to IPART for the four years 2019/20 to 2022/23 at an average cost of \$30841.2 m pa for a quantity of 5,746 MLs pa. This equals \$5367.42/ML or \$5.37/kL. For full cost recovery. This pricing submission only covers the cost of transport of water along the pipeline and does not include Water Access Licenses ("WAL") or the purchase of water.

19 July 2018

Essential Energy submitted their proposal for pricing of water and sewer services in Broken Hill. This did not include any costing for their portion of the Pipeline, being the section from the bulk storage facility on Balaclava Station to the Broken Hill Treatment Plant.

On or about

12 October 2018

The Minister visited the city of Broken Hill for the installation of the last pipe in the Wentworth to Broken Hill pipeline, he was interviewed by both ABC and Barrier Daily Truth. In his interview with the ABC he stated the Government would cover the costs of maintenance operation and depreciation as determined by IPART for the period of the determination, probably four years he estimated this amount to be about \$5m pa.

13 October 2018

Reported in the BDT that the Minister said: "We stumped up the money to build it, we are also going to cover the cost for the community in relation to the operation. So when IPART hands down its determination for water price, for 2019 - 2023 this project won't increase water prices in Broken Hill."

On or about

23 October 2018

Kevin Humphries was interviewed on ABC radio in which he reiterated the Minister's statement that Broken Hill water prices will not increase because of the pipeline for the next four years.

Analysis

Funding of Pipeline Capital Cost

Has the Pipeline been gifted to the Community of Broken Hill? All the public comments from the then Premier, the Minister and the Local Member have been to the effect that the Government is paying for the Pipeline, even as late as 12 October 2018 the Minister is reported as saying "we stumped up the money to build it"

This has created an expectation in the community that they would not bear any of the capital costs for the Pipeline. This expectation has been reiterated and reinforced over the 28 months since the original announcement of the Pipeline by comments, on multiple occasions by both the Minister and the Local Member.

However, on 21 November 2016, the Minister issued a direction to WaterNSW, in which he directed them, amongst other things, to “fund the capital cost for constructing the pipeline from within WaterNSW existing resources or otherwise borrow the required funds recognising that the Independent Pricing and Regulatory Tribunal will be asked by Government to allow WaterNSW to recover the total efficient costs associated with the ongoing operation of the Pipeline, including the cost of capital.”

Is the capital cost of the Pipeline a gift to the Broken Hill consumers or is it a loan?

Costing Submissions Clarification

The name used by WaterNSW for their Pipeline costing submission is misleading. They call it a pricing proposal from Wentworth to Broken Hill Pipeline, when it is a pricing proposal for the Wentworth to the Bulk Water Storage facility situated on Balaclava Station approximately 40kms from Broken Hill.

Essential Energy/Water is then responsible for the pumping station at that location and the remaining pipeline into the Water Treatment Plant in Broken Hill.

WaterNSW have put in a fully costed pricing proposal for their section of the Pipeline. Essential Energy have stated that they believe the section they are responsible for will be gifted to them at no cost and it expects the Government will cover all other costs associated with the operation maintenance and depreciation of their section.

Essential Energy have not provided any costing for their section of the pipeline, however, have stated that they expect the cost saving from decommissioning the Menindee to Stephens Creek Pipeline will offset the expected costs.

This position does not appear to stack up financially; they will be decommissioning two major pumping stations with associated plant, two booster stations, seventy kilometres of pipeline that is nearing the end of its useful life and has very high maintenance costs. This will be replaced with one new pumping station and approx. 40 kms of pipeline all of which are subject to defects liability protection and warranty in the determination period. This does not include the possibility of decommissioning Stephens Creek facilities.

Operating Costs

It was always the position that the community would be required to contribute to the cost of the project. It is my submission that the contribution of the rate payer should consist of the marginal increase in operating and maintenance costs for pumping water the 270kms in the pipeline versus the costs of pumping in the decommissioned pipeline of 110kms plus any depreciation costs of the Pipeline.

Following is WaterNSW pricing proposal and the expected unit costs as calculated by myself. Noting that I have calculated a per kilolitre cost as this is what the consumer purchases.

WaterNSW Pricing Proposal

\$'000	19-20	20-21	21-22	22-23	Total	Average
Operations & maintenance	5229.0	5101.1	4806.5	5006.5	20143.1	5035.8
Return of Capital (dep.)	5600.4	5600.4	5600.4	5600.7	22401.9	5600.5
Return on Capital (RoC)	19275.8	19045.5	18804.7	18565.0	75691.0	18922.8
Working Capital Allowance	136.4	143.1	141.5	140.6	561.6	140.4
Tax Allowance	1087.1	1115.8	1140.8	1165.0	4508.7	1127.2
Annuity for Offtakes	14.6	14.6	14.6	14.6	58.4	14.6
Total Costs	31343.3	31020.5	30508.5	30492.4	123364.7	30841.2
RAB to Calculate RoC	457559.8	452340.3	446620.8	446620.3	n/a	n/a

Unit Costs						
Average Demand (ML)	5746.0	5746.0	5746.0	5746.0		5746.0
Unit Cost \$/ML	\$ 5,454.80	\$ 5,398.63	\$ 5,309.52	\$ 5,306.72		\$ 5,367.42
Unit Cost \$/kL	\$ 5.45	\$ 5.40	\$ 5.31	\$ 5.31		\$ 5.37

The Minister during his visit to Broken Hill 12th October 2018 made four quite very clear statements:

- The Government would cover the cost of operations, maintenance and depreciation as determined by IPART for the four year period of the determination – Treasury has signed off on this. – ABC radio
- Estimated costs of this \$5m per year. – ABC radio
- We stumped up the money to build it. - BDT Appendix 'F'
- When IPART hands down its determination for water price, for 2019-2023 this project wont increase water price in Broken Hill. - BDT Appendix 'F'

Following table shows WaterNSW pricing proposal for the operating, maintenance and depreciation reflecting the commitment made by the Minister.

Operating, Maintenance and Depreciation						
\$'000	19-20	20-21	21-22	22-23	Total	Average
Operations & maintenance	5229.0	5101.1	4806.5	5006.5	20143.1	5035.8
Return of Capital (dep.)	5600.4	5600.4	5600.4	5600.7	22401.9	5600.5
Total	10829.4	10701.5	10406.9	10607.2	42545.0	10636.3
Average Demand (ML)	5746	5746	5746	5746		5746
Unit Cost \$/ML	\$ 1,884.68	\$ 1,862.43	\$ 1,811.16	\$ 1,846.01		\$ 1,851.07

	\$	\$	\$	\$		\$
Unit Cost \$/kL	1.88	1.86	1.81	1.85		1.85

The average per kilolitre cost proposed by Water NSW is \$5.37, this shows that the operation maintenance depreciation portion is \$1.85 per kl. The average total cost for these components of cost is \$10636.3m. Did the Minister cap his commitment when he mentioned a figure of \$5m?

Following is what is remaining after the exclusion of the operating and maintenance and depreciation.

Cost Ex Operations, Maintenance and Depreciation						
Return on Capital (RoC)	19275.8	19045.5	18804.7	18565.0	75691.0	18922.8
Working Capital Allowance	136.4	143.1	141.5	140.6	561.6	140.4
Tax Allowance	1087.1	1115.8	1140.8	1165.0	4508.7	1127.2
Annuity for Offtakes	14.6	14.6	14.6	14.6	58.4	14.6
Total Costs	20513.9	20319.0	20101.6	19885.2	80819.7	20204.9
Average Demand (ML)	5746.0	5746.0	5746.0	5746.0		5746.0
Unit Cost \$/ML	\$ 3,570.12	\$ 3,536.20	\$ 3,498.36	\$ 3,460.70		\$ 3,516.35
Unit Cost \$/kL	\$ 3.57	\$ 3.54	\$ 3.50	\$ 3.46		\$ 3.52

Given all statements from the Government that they were paying for the Pipeline, especially the Minister statement of the 12/10/2018 “we stumped up the money to build it”, this part of the costs should not flow to the rate payers.

Benefits

Although Broken Hill will get a assured water supply this is not something that is strictly new as the town had an assured water supply from the Darling River up until there was large extractions up stream, high demand from South Australia and questionable management of the Menindee Lakes Scheme.

The main beneficiaries of this pipeline are the government and other water users of the Murray Darling Basin.

In the NSW Government media release of 12 June 2016, Appendix A, it states:
 “Deputy Premier Troy Grant said securing the long-term water supply for Broken Hill would have benefits for communities across the Murray Darling Basin.

This historic project will have benefits across the basin as it reduces the need for further buy back of productive water” Mr Grant said.

Minister for Primary Industries Lands and Water Niall Blair said Menindee was experiencing record low flows and the Darling River has been notoriously unreliable.

This Pipeline means the Menindee Lakes can be managed more efficiently to balance the need for productive water and the importance of the Lakes for the local community”.

A water saving of 200GL per year, which is not out of the question, will provide a significant financial benefit to the NSW Government. This has not been highlighted in any of the documents.

From these statements it is apparent the biggest beneficiaries of this Pipeline are not the residence of Broken Hill, but the residence communities and primary producers in the Murray Darling Basin, particularly the communities located on the Darling River.

Summary

From the above there are several issues that need clarification in a determination of the pricing of transport of water from Wentworth to Broken Hill in the Pipeline.

- WaterNSW has provided a full costing proposal for their portion of the Pipeline
- Essential Water has assumed their portion of the pipeline is a gifted asset and the Government will cost all further costs.
- Essential Energy as a fall-back position have stated that the cost saving from decommissioning the Menindee line will be absorbed in running their portion of the pipeline. This has not been costed.
- Has the Government gifted the capital cost of the pipeline to the Broken Hill community or does the Broken Hill community have to pay the full capital cost.
- Did the Minister in his statement of \$5 million for operations, maintenance and depreciation of the Pipeline cap the governments contribution to these components.
- The statement “this project won’t increase water prices in Broken Hill” has only added further to the confusion.
- The financial benefits to the NSW Government of reduced future buybacks, productive water and water usage allocations have not been quantified.

Conclusion

From the very announcement of the Pipeline the expectations of the Broken Hill residence was that the Government was paying for the pipeline and the Broken Hill residents would have to contribute some costs. This expectation has been reiterated and reinforced on many occasions since the original date

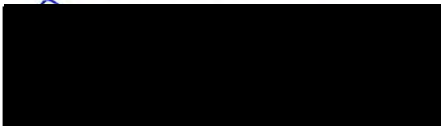
As stated above it is my position that the contributions to be made by the residents of Broken Hill to the marginal increase to costs of transporting water over a new pumping system that is 270kms long versus the cost of transporting water over the Menindee system which was 110kms

long. In addition to this there should be a contribution to the depreciation costs of the asset to cover the future replacement costs of those assets when they reach the end of their service life.

It is my position that the Broken Hill residents should not have to make any contribution to the return on capital, the working capital allowance, tax allowance, and the annuity for off takes. These are costs that they rightly expected the Government had committed to cover.

As IPART has been directed by the Minister to make a determination on the pricing proposal I believe it is in their powers to exclude the above mentioned components from that determination, however, if it is not, or they do not wish to I would ask that they be very clearly identified as a separate cost to be incurred by the rate payers, in any final determination.

Yours faithfully,



Thomas Hynes

30.10.2018



New pipeline to secure Broken Hill water supply

Published 16th June, 2016

The NSW Government will for the first time in history provide a safe and secure water supply to the heritage-listed township of Broken Hill in the state's Far West through the construction of a new pipeline from the Murray River.

NSW Premier Mike Baird today announced the 270-kilometre pipeline was part of a \$500 million investment in the 2016-17 Budget.

"This is the single biggest investment to secure a town's water supply in the history of NSW," Mr Baird said.

"Water security has been a constant challenge for Broken Hill since it was founded in 1883. This unprecedented investment will provide a reliable water source for the historic township and surrounding communities for the first time in history.

"Everyone should have access to clean and secure water and this pipeline will provide certainty to businesses and residents to give this region every opportunity to prosper."

Mr Baird said the final structure of the project would be determined in the near future, and while the community would be asked to contribute to the cost of the project, the Government would ensure any increase in rates was introduced very gradually.

Pipeline construction is expected to begin early next year and be completed by late 2018.

Deputy Premier Troy Grant said securing the long-term water supply for Broken Hill would have benefits for communities across the Murray Darling Basin.

“This historic project will have benefits across the Basin as it reduces the need for further buybacks of productive water,” Mr Grant said.

Minister for Primary Industries Lands and Water Niall Blair said Menindee was experiencing record low inflows and the Darling River had been notoriously unreliable.

“This pipeline means the Menindee Lakes can be managed more efficiently to balance the need for productive water and the importance of the Lakes for the local community.

The pipeline was determined after extensive analysis of all possible options against strict economic, environmental and social criteria. It is also the centerpiece of the NSW Government’s \$1 billion Regional Water Security and Supply Fund.

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Mayor applauds Baird's \$500m water announcement

Friday, 17th June, 2016

Premier Mike Baird and Mayor Wincen Cuy at yesterday's announcement that a pipeline will be built to the Murray River to supply Broken Hill with water.

By Andrew Robertson

Broken Hill's decades-long reliance on the Darling River for water is set to end after the state government yesterday announced it would build a new pipeline to the Murray.

Premier Mike Baird declared the contentious pipeline was "the best possible thing" the government could do to end continuing uncertainty surrounding the city's long-term water security.

The historic decision, announced at the Mica Street Water Treatment Plant, ends months of speculation and debate surrounding Broken Hill's water supply fix.

Construction of the 270 kilometre pipeline - which will employ up to 240 people and be the largest investment ever undertaken to secure a community's water supply in the history of NSW - is expected to begin early next year and be finished by late 2018.

Mr Baird, who flew into the city for yesterday's announcement, told journalists that once completed, it would end the fears, uncertainty and the unknown.

"Broken Hill's future has been secured.

"Having water is a critical part to any city. A regional city such as Broken Hill needs security of water."

The premier, who was joined by deputy premier and Nationals leader Troy Grant, Water Minister Niall Blair and local MP Kevin Humphries, repeated the \$500 million set aside for the project would be funded by the leasing of the state's poles and wires.

But it appears residents will have to pay more for their water.

In a statement Mr Baird said while the community would be asked to "contribute to the cost of the project, the Government would ensure any increase in rates was introduced very gradually".

Earlier, Water Minister Niall Blair told journalists that water prices were set by IPART before adding there would be "further discussions around pricing into the future".

Despite opposition to the pipeline, Mr Baird, who visited the Menindee Lakes yesterday morning before arriving in Broken Hill, dismissed suggestions there might have been a better way to secure the city's water.

Almost two dozen options were initially considered but just three, including the Murray pipeline option, were ultimately considered by the government.

"We have gone through time and again, every single option and what we're delivering here is, in the opinion of the experts, the best possible thing we can do," Mr Baird said.

While the pipeline will end Broken Hill's reliance on the Menindee Lakes for water, Mr Baird said it would not result in the lakes being decommissioned.

"It is the exact opposite; we expect recommissioning. We expect opportunity to support and enable them to flourish."

The premier offered no specific measure that could improve the river or lakes but simply said the government "will do everything we possibly can".

"(But) The first thing we needed to do is secure (Broken Hill's) long term water and that's exactly what we've announced today."

Mr Blair said the government was under pressure to find a solution for the city before current emergency water supply reserves were exhausted in 2019.

"We know that time is an issue and they believe this is the best option available to be constructed and delivered and commissioned in enough time for that security of Broken Hill to continue.

"The Menindee Lakes and surrounding lakes will continue to be there. We understand the importance of the lakes, particularly to the local community when it comes to their recreational activities.

"It plays a huge role in the eco tourism and the social fabric of the community out here, and those lakes will be recommissioned.

Attachment A – Pipeline Direction

New South Wales

Direction to the Board of WaterNSW to secure the water supply of Broken Hill 2016

under the

State Owned Corporations Act 1989

I, Niall Blair, MLC, Minister for Lands and Water, with approval of the Treasurer, in pursuance of section 20P of the *State Owned Corporations Act 1989*, make the following direction to the Board of WaterNSW, being satisfied that because of exceptional circumstances, it is necessary to give the direction in the public interest.

Dated this 21st day of November, 2016.

**Minister for Lands and Water****Explanatory note**

This direction is made under section 20P of the *State Owned Corporations Act 1989*. The object of this direction is to require WaterNSW to arrange for the construction, operation and maintenance of a pipeline from the Murray River to Broken Hill along the Silver City Highway. This direction will ensure that the people of Broken Hill have long term water security.

Direction to the Board of WaterNSW to secure the water supply of Broken Hill 2016

under the

State Owned Corporations Act 1989

1 Name of Direction

This direction is the *Direction to the Board of WaterNSW to secure the water supply of Broken Hill 2016*.

2 Commencement

This direction commences on the day on which it is signed and will remain in force until it is revoked, either in whole or in part.

3 Direction

The Board of WaterNSW is directed to:

- a) Arrange for the construction, operation and maintenance of a pipeline from the Murray River to deliver low salinity raw water to the existing Mica Street Water Treatment Plant in Broken Hill, including any associated infrastructure necessary for operation such as new or upgraded distribution pipelines or pump stations. The pipeline is to generally run along the Silver City Highway road easement.
- b) Use best endeavours to ensure that supply from the pipeline, when used in conjunction with the current Broken Hill water supply infrastructure, can meet peak daily demand of up to 37.4 mega-litres of water per day.
- c) Use best endeavours to make the pipeline operational by December 2018, and notwithstanding this, ensure that the pipeline is fully operational before all surface water and the Lake Menindee groundwater source available to the Broken Hill community are depleted.
- d) Fund the capital costs for constructing the pipeline from within WaterNSW's existing resources or otherwise borrow the required funds, recognising that the Independent Pricing and Regulatory Tribunal will be asked by Government to allow WaterNSW to recover the total efficient cost associated with the ongoing operation of the pipeline, including the cost of capital.
- e) Chair and regularly consult with a Project Consultative Committee established for the project involving representation from the Department of Primary Industries, Department of Premier and Cabinet, NSW Treasury, NSW Planning and Environment, Infrastructure NSW, Essential Energy and NSW Public Works.
- f) Report on progress of the project to Infrastructure NSW under the High Profile, High Risk reporting framework.

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Who will pay?

*Saturday, 25th November, 2017**By Craig Brealey*

WaterNSW has sought a guarantee from the government that the \$500 million cost of the pipeline from Murray River be recovered from water rates in Broken Hill, the Labor Opposition has told parliament.

Labor said that WaterNSW had asked the government to direct the body which sets utility rates, the Independent Pricing and Regulatory Tribunal (IPART), to take the cost into account when setting the water rates for Broken Hill.

The government has consistently refused to say how much locals will pay once the pipeline is built to pump water from Wentworth.

In parliament on Thursday, the Shadow Minister for Western NSW, Mick Veitch, again pressed Regional Water Minister, Niall Blair, for an answer.

In a question time debate, the Speaker threatened to throw Mr Veitch out of parliament for interjecting to demand that Mr Blair answer the question.

"Will the Minister rule out that the families of Broken Hill and Lower Darling will not be faced with any additional water charges as a result of WaterNSW advising him that the (pipeline) was not in the best interests of (WaterNSW) unless it had guarantees that IPART was directed to 'include the efficient costs of complying with the direction in determining maximum prices for this service?'" Mr Veitch asked.

Mr Blair did not answer the question but told parliament that IPART sets the rates, not the government.

He said IPART would consider Broken Hill's situation in regard to its need for water for such things as lead dust suppression.

After Mr Veitch interjected again, the Water Minister made light of the Opposition's attempts to have him state how much Broken Hill people will pay for water.

"We may be seeing rain delays at the cricket but if they keep bowling these full tosses outside the off stump, I'll keep putting them away," Mr Blair said.

Yesterday Mr Veitch said everyone expected the cost of water to rise because of the expensive pipeline, yet the government treated with contempt any request for the true cost.

"The people of Broken Hill and the Lower Darling deserve the truth from this government: how high will prices rise?" he said.

"It was a pretty simple question, really," he said. "All we wanted to know is how much will it cost when you turn on the tap. It is obviously a sensitive issue for this government.

"Instead we saw the Minister display contempt for Far West New South Wales by making jokes about rain at the cricket."

Labor's spokesman for Barwon, Daniel Mookhey, said the Liberal-National Government was happy to make people in the West Darling pay half a billion dollars for water, but it was a different story when it came to fun and games in Sydney.

"The Nationals will leave Far West residents paying for this pipeline for over a generation," Mr Mookhey said yesterday.

"At the same time they just gave away a \$2.3 billion cheque for upgraded Sydney stadiums."

Mr Mookhey was referring to the NSW Government's announcement yesterday that it would demolish and rebuild two Rugby League stadiums in eastern Sydney.



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Attachment C – Direction to IPART



New South Wales

Direction to the Independent Pricing and Regulatory Tribunal in relation to the construction and operation of the Broken Hill pipeline 2018

under the

Independent Pricing and Regulatory Tribunal Act 1992

I, Niall Blair, MLC, Minister for Regional Water, with approval of the Premier, in pursuance of section 16A of the *Independent Pricing and Regulatory Tribunal Act 1992*, make the following direction to the Independent Pricing and Regulatory Tribunal.

Dated this 19th day of April, 2018.


The Hon. Niall Blair MLC
Minister for Regional Water

Explanatory note

This direction is made under section 16A of the *Independent Pricing and Regulatory Tribunal Act 1992*. The object of this direction is to require the Independent Pricing and Regulatory Tribunal, when making determinations of pricing for the government monopoly services relating to the Murray River to Broken Hill pipeline to include an amount or factor in its methodology representing the efficient cost of complying with the following two section 20P directions issued to Water NSW under the *State Owned Corporations Act 1989*: the first issued on 21 November 2016 to construct, operate and maintain the Murray River to Broken Hill pipeline and the second issued on 31 August 2017 to ensure that in constructing the Murray River to Broken Hill pipeline, the minimum targets set in the Government's Infrastructure Skills Legacy Program are met and that the pipeline is constructed substantially using Australian rolled steel.

Direction to the Independent Pricing and Regulatory Tribunal in relation to the construction and operation of the Broken Hill pipeline 2018

under the

Independent Pricing and Regulatory Tribunal Act 1992

1 Name of Direction

This direction is the *Direction to the Independent Pricing and Regulatory Tribunal in relation to the construction and operation of the Broken Hill pipeline 2018*.

2 Commencement

This direction commences on the day on which it is signed and will remain in force until it is revoked, either in whole or in part.

3 Direction

The Independent Pricing and Regulatory Tribunal is directed, when making determinations of pricing for the Services, to include an amount or factor in its methodology representing the efficient cost of complying with the Section 20P Directions.

4 Definitions

In this direction:

Section 20P Directions means the following directions issued to WaterNSW under section 20P of the *State Owned Corporations Act 1989*:

- (a) the *Direction to the Board of WaterNSW to secure the water supply of Broken Hill 2016* dated 21 November 2016; and
- (b) the *Direction to the Board of WaterNSW in relation to the construction of the Broken Hill pipeline 2017* dated 31 August 2017.

Services means the services that are:

- (a) supplied by WaterNSW by means of or in connection with the Murray River to Broken Hill pipeline; and
- (b) declared to be government monopoly services for the purposes of the *Independent Pricing and Regulatory Tribunal Act 1992*.

Back then

In 2000, City Council rejected a plan for the building of a skate park in Sturt Park.



Regional Water Minister Niall Blair with the last pipe of the Wentworth to Broken Hill pipeline. PICTURE: Emily Roberts

Pipeline tab: We'll pay it

By Emily Roberts

Broken Hill has now been "drought-proofed" as the final piece of the pipeline was laid yesterday at the Mica Street Water Treatment Plant.

NSW Regional Water Minister Niall Blair, Water NSW CEO David Harriss, project co-ordinators and workers were in attendance.

"This is huge for Broken Hill and the surrounding community," Minister Blair said.

"We can certainly say that we have secured Broken Hill's future.

"This has been a huge effort by everyone involved and a huge injection into the community, not just during the construction phase but also into the future."

Minister Blair said, as well as securing the long-term viability for the city, the NSW Government yesterday announced they would absorb the cost of construction, operation and maintenance of the pipeline.

"What we're saying is that water prices won't increase in Broken Hill as a result of this project," he said.

"We stumped up the money to build it, we're also going to cover the costs for the community in relation to the operation.

"So when IPART hands down its determination for water prices for 2019-2023, this project won't increase water prices in Broken Hill."

When asked what would happen after that period, Minister Blair said it was a fair way down the track.

"That's four years away, my good friend Andrew Schier (Nationals' candidate for the Barwon electorate) will certainly be advocating on behalf of the Broken Hill community, the next time water prices are looked at," he said.

"But, we don't need to worry about that now because we've stepped up and said we were going to take care of it.

'This project won't increase water prices in Broken Hill'

"We've delivered answers and tangible results, we've delivered the funding and now we are also covering the cost."

The next step of the project will see the construction of pump sites.

"What we'll see from here are a number of pump sites that need to be built and then we will see the commissioning stage of the pipeline.

"We're hoping to see what comes out of these pipes by the end of the year and we're hoping to see that water then delivered around April 2019.

"This has been a huge effort, 22,000 pieces of pipe over 270 kilometres, hundreds of workers and millions of dollars injected into the local community.

"It's fantastic to stand here today and see those last few pieces of pipe being connected."

Minister Blair said the government would now turn its attention to Menindee Lakes and the surrounding region.

"We have Deloitte's looking at the options for the Lower Darling, we've got money from Canberra and the business case to address the Menindee Lakes - we're doing it all," he said.

"We didn't have the time, this community didn't have the time, to sit around and wait for a decision.

"This community was facing the prospect of running out of water next year.

"We've not only said we would do it, we've funded it and we've built it.

"It's all very well for people to sit back and want to be critical but those people

have not offered any solutions, they've offered no money and we've done it all.

"We've said that we would do it, we've done it and now we are going to operate it."

Minister Blair said piping the water from the Murray won't impact communities in that region.

"We will have a water allocation out of the Murray River, this is within the operating rules with water sharing agreements in NSW.

"There is no impact that this will have, that is going to be detrimental to the operation of the Murray system.

"Water flows down the Darling and ends up in the Murray, this is taking water off the down side of where the Darling comes in.

"There is no impact here."

Minister Blair said they couldn't sit around and wait for rain as others wanted.

"I travelled out to this community, I travelled out to Menindee Lakes, I stood on the dry bed of Menindee Lakes," he said.

"I looked at the bores we had put in, I addressed the public meeting, I met with the protesters.

"But we had to make a decision, if we hadn't made that decision, if we had put all our eggs in the basket of praying for rain like others had.

"Then this community, in the coming months, would have been facing a pretty dire situation."

APPENDIX 1 F



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