

6th April 2017

IPART

Level 15, 2-24 Rawson Place
SYDNEY NSW 2000

Re: Draft Determination for WaterNSW Rural Bulk Water Services

The Murray Group brings together key food and fibre producing advocacy organisations in the Murray region of NSW to present a united voice on key issues that impact on our regional productivity and sustainability.

The release of the draft determination in March has reinforced a key concern for our region, that being the lack of transparency in the charges applied to irrigators in the NSW Murray valley.

The increase in MDBA charges, along with the change in the MDBA tariff structure is the only reason why bulk water charges will rise for NSW Murray general security entitlement holders.

While the IPART determination process is open and transparent and water users have the ability to scrutinise the operational and capital expenditure of WaterNSW, there is no such process for the most significant portion of charges in the NSW Murray Valley which are the MDBA charges.

MDBA charges in the NSW Murray represent 69 percent of the notional revenue requirement (NRR) for WaterNSW. This is a significant proportion that is passed straight through to water users with no public scrutiny, which goes against the principle of the IPART review process to maintain transparency.

We note that MDBA river operations are conducted by state constructing authorities, including WaterNSW. We are concerned that the structure of River Murray Operations (MDBA) effectively enables a money churn that bypasses appropriate scrutiny. In its report on MDBA efficiency to IPART, independent consultants Aither recommended a greater level of rigour around justifying proposals for operating expenditure, clearer roles and responsibilities for business cases and greater requirements for state constructing authorities to justify expenditure. We submit that such protocols should already be in place. The absence of such protocols opens the way for state constructing authorities to “gold plate” services to the MDBA, charging river operations more than they can charge water users due to the transparency and rigour applied to the bulk water price determination process.

As regional representatives, we do commend IPART for applying an efficiency dividend to the MDBA charges, however, we contend that 1.25 percent is insufficient to send a signal to all agencies (MDBA and state constructing authorities) to continuously improve efficiencies.

Further, we do not support the application of an 80:20 fixed:variable tariff applying to the MDBA component of charges. We acknowledge that this is better than the 100 percent fixed requested by WaterNSW, but cannot accept such a significant shift in our fixed water charges. Fixed charges must be paid regardless of water availability and use, whereas variable charges reflect use, which in turn reflects production. Irrigators have a higher capacity to earn income in high water use years and therefore have better capacity to pay variable than fixed charges.

On behalf of irrigators across the NSW Murray, we request IPART to revisit the MDBA charges with a view to applying more stringent efficiency dividends in the absence of adequate transparency and a return to the 40:60 fixed: variable tariff structure to better reflect an irrigators capacity to pay.


Yours Sincerely,



Michelle Siena
Southern Riverina Irrigators – Interim Administration Officer

On behalf of the Murray Group

Graeme Pyle

Chairman Southern Riverina Irrigators - 

John Lolicato

Chairman Murray Valley Private Diverters - 

Mark Robertson

Chairman Murray Irrigation - 

Michael Hawkins

Chairman West Corugan Private Irrigation District – 