

Submission to
Independent Pricing and Regulatory Tribunal
Water NSW Regulated Water Charge Review
1 July 2017 to 30 June 2021

Submitted by:

Murray Lower Darling - WaterNSW Customer Service Committee

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Please note:

The Murray Lower Darling Customer Service Committee sought an extension to submit due to many of its committee members being affected by flood water. We appreciate an extension of five days being granted. In having said that, some members may still request the opportunity to table a face to face submission at the **Coleambally public hearing – Monday 14 November 2016** to ensure a collective committee view will be heard and recorded.

Murray Lower Darling- WaterNSW - Customer Service Committee: MLD CSC

Submit that:

IPART require WaterNSW to show transparent detail between its actual revenue and cost throughout the last two price Determinations to allow stakeholders to assess WaterNSW's actual financial risk and supply side vulnerability. Surely this is a key piece of information in forming an opinion on this determination?

IPART reconsider the distribution of savings between WaterNSW's urban and rural customers as a result from the merger of the SCA and SWC.

IPART investigate if there is room for a further efficiency dividend on WaterNSW to ensure that WaterNSW expedite the integration of DPI Water staff and regulatory responsibilities into their business and find additional efficiencies.

IPART must look closely at WaterNSW's proposed CAPEX for the next determination period to ensure only necessary capital is included. We remain concerned about the change in methodology of funding CAPEX from project base to current proposal.

IPART must inquire whether renaming of CAPEX categories have resulted in any cost shifting to customers.

Our committee is very disgruntled with the lack of transparency surrounding the pass through charges from the MDBA to WaterNSW and think it is imperative that a review of these charges be carried out at a Ministerial level in conjunction with an efficiency review of the MDBA related costs and that the results of the review be communicated to WaterNSW customers.

WaterNSW faces significantly less revenue risk than its customers due to the current tariff structure.

MLD CSC disagree with IPART's proposal to introduce an efficiency carryover mechanism at this determination and seek further consultation with stakeholders around such a mechanism for future Determinations.

MLD CSC notes that the current tariff structure has served both WaterNSW and its customers well over the current and previous Determination period and should be continued.

Our committee is opposed to Water NSW's metering service charges and request IPART conduct a review of WaterNSW's proposed charges.

It is prudent to improve the current cost share framework due to additional demands imposed on WaterNSW from its environmental customers and in particular legacy issues. There must be provisions made to ensure all beneficiaries of WaterNSW infrastructure and services that currently do not pay for maintenance of the infrastructure are captured.

Shallow Bores fixed fees and charges:

While noting that it is currently a fee charged through DPI Water, MLD CSC would like IPART to revisit shallow bore fixed fees and charges recognising that the long-term intention is to move the groundwater operations to WaterNSW.

It is our understanding that these shallow bores were initially provisioned to address the issue of rising water tables and associated soil salinity during a period of very wet seasons. Landholders were encouraged to install shallow bores as part of the State Government sponsored Land and Water Management Program (1995-2010). As a result, landholders who chose to pump were assisting with the protection of environmental assets. During dry periods many of these bores are inoperable due to the lowering of the water table, yet charges have increased dramatically placing unjustifiable financial pressure on landholders who now once again due to high water table resuming find it necessary to utilize this facility.

General comments:

MLD CSC seek further transparency to stakeholders in relation to DPI Water and WaterNSW and that IPART provide clarity on the issue of costs arising from DPI Water and WaterNSW. It would appear that there would be efficiency savings to pass through lower water charges to customers as a result of the transfer of functions.

MLD CSC hold grave concerns in relation to rule change proposals such as Prerequisite Policy Measures - that may be introduced in the future as a result of Basin Plan implementation. It is highly likely these PPM's would require amendments in the management of environmental flows in the NSW Murray Darling Basin valleys and could cause significant implications on water storage and delivery channel sharing capacity.

MLD CSC strongly note that WaterNSW continues to ramp up its own interest in conjunction with the NSW Government as its shareholder by proposing multiple risk transfer products and that WaterNSW is shifting the bulk of its business risk and costs to customers who are most vulnerable.

Summary:

Customers of WaterNSW are tied to WaterNSW facilities and pay WaterNSW's charges as the charges are intrinsically linked to customers Water Access Licenses. There is no other option for WaterNSW customers to receive water. Customers are bound to WaterNSW as a monopoly operator and the pattern of WaterNSW's shift of risk is monopoly behaviour. MLD CSC call on IPART to once again in this determination reject this shift as they have done in past determinations.

The End