



**Murrumbidgee
Irrigation**

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Independent Pricing & Regulatory Tribunal
PO Box K35
Haymarket Post Shop 1240

By email: ipart@ipart.nsw.gov.au

Re: Review of Water NSW's Operating License

Murrumbidgee Irrigation is one of the largest private irrigation companies in Australia servicing over 3,000 landholdings owned by over 2,500 customers, the majority of whom are shareholders in the Company. Our core business is water distribution. We provide irrigation water and drainage services to the Murrumbidgee Irrigation Area (660,000 Ha). We are pleased to make a submission to IPART on the Draft NSW Operating Licence package.

Murrumbidgee Irrigation is a member of NSW Irrigators' Council and actively supports the submission lodged by that Council. We note that the NSWIC submission is substantial and covers in detail areas of concern to irrigators across the State. We will not be reiterating all of those concerns in this submission. However, we would like to emphasise the following issues that are of particular concern to us as an Irrigation Corporation and our customer members.

Regulatory Burden

We note IPART's intention is not to increase the regulatory burden on WaterNSW without nett benefit to its customers. Of concern to us is the potential administrative and audit burden associated with the proposed Economic Level of Water Conservation (ELWC). We acknowledge Water NSW's concerns that such a process is inappropriate for a rural water supply system. It is not clear to us the level of resources required to implement such a system and the ongoing audit requirements. We support the WaterNSW alternative approach based on the provisions of the current licence. That is, to take all reasonable steps to maximise efficiencies and a commitment to document and demonstrate strong performance in operations and delivery of rural water.

Definition of Supply vs Capture Store Release

We note IPART's proposal to differentiate urban catchment requirements from rural water supply via defining Supply as different to Capture, Store Release. We support the intent which is to ensure rural water users are not captured by unnecessary and costly regulatory requirements such as drinking water guidelines. We note Water NSW's reluctance to define terms. However, in the absence of information we are not able to assess whether their alternative approach is appropriate.

Licence term

We note the suggestion of Water NSW that the initial licence term be limited to 2 years to enable greater understanding of the licence conditions with respect to the changed organisation. This is consistent with the NSWICs' concern regarding the risk of embarking on wide scale licence changes before WaterNSW's organisational reform is complete. Despite the increased impost on resources to review and respond to licence conditions, we support a reduced licence timeframe that is counterpoised with the pricing determination program.

Increased Costs (Research and Education)

We note the preferred approach by IPART to enable, rather than oblige, Water NSW to conduct research and education activities across the State. We are concerned at the potential cost of such activities. Irrigators should not be expected to fund what are clearly community service obligations. These functions should be funded exclusively by the NSW Government for the benefit of the wider community.

Customer Advisory Group

Murrumbidgee Irrigation has been a member of the Murrumbidgee Valley Customer Service Committee (CSC) for many years. The CSC has served as an efficient forum for sharing information and discussing issues related to water availability and delivery. We support the continuation of these committees at an advisory level. We are concerned that they do not become the only mechanism via which WaterNSW consults on changes to its business that impact customers. With respect to the proposed membership we recognise IPART's intention is to ensure diversity and that all water users are represented. There appears to be an over inclusion of environmental interests (including advocacy organisations that may not be customers) in the proposed membership categories, but no specific inclusion of other advocacy groups (eg commodity interests). As this is intended as a customer forum it would seem appropriate that all members are customers of WaterNSW (or represent a customer group). Specific advocacy interests (eg environmental or Indigenous) are only appropriate where they reflect a customer group.

Summary

Murrumbidgee Irrigation supports the endeavours of IPART to ensure WaterNSW licence conditions are clear and transparent and that rural water users are not captured by onerous and costly regulation. We note that the ELWC and change to education and research provisions may lead to additional and unnecessary costs for irrigators and seek for IPART to ensure that this is not the case.

Yours sincerely



Brett Jones
Managing Director