

**SUBMISSION TO IPART:
REVIEW OF RURAL WATER CHARGING SYSTEMS 2012**

The NSW Government has asked IPART to examine the tariff structure and billing of bulk water charges and government cost shares of State Water's operations in the Murray-Darling Basin. IPART in making recommendations to the NSW Government will need to have regard to the impact on State Water, NSW Office of Water, NSW Budget, statutory and policy constraints and the Commission of Audit into public sector management.

This submission is lodged as a result of representations from Peel Valley Water Users' Association Inc and Grain Products Australia. Both organisations are located in the Peel Valley in the Tamworth electorate. These companies have expressed serious concern in relation to the inequity of pricing of water charges between valleys.

The PVWUA Submission goes into extensive detail in relation to facts and figures of the argument for a review of the bulk water charges being imposed on Peel Valley irrigators as well as Council and local industry. I respectfully refer IPART to the detailed submission in relation to these facts and figures.

PVWUA advise that In every previous IPART bulk water pricing review, the Peel Valley has highlighted the discriminatory pricing mechanism that results in the Peel Valley paying twice the charges that are applied in the Namoi Valley, three times the prices that are applied in the Hunter Valley, and ten times the charges that are applied in the Murrumbidgee.

PVWUA have asked me to reiterate point 5 of their submission which states that in general terms, the Peel Valley is in favour of freezing the current cost share ratios, and maintaining the status quo.

In terms of future pricing for the Peel Valley, given that we have suffered substantially financially over the years, it would be appropriate for the Government of NSW to declare a permanent Community Service Obligation (CSO) so that the Peel Valley pays the NSW weighted average water charges detailed previously, and listed below:

General Security Entitlement charge	-	\$4.30 per ML
High Security entitlement Charge	-	\$6.03 per ML
Usage Charge	-	\$7.91 per ML

The value of the proposed Community service Order is in the order of 1% of the estimated water user contribution for the 2012/13 water year. This is well within the accuracy of the projected water use and projected revenue, which is based on the inherent inaccuracies of using the 20 year rolling average of use to determine revenue.

They also advise that they would be happy to discuss the above scenario at your convenience. PVWUA believe that they are being unfairly penalised and are subsidising the rest of the State.

I have also had representation from the General Manager, Grain Products Australia, Henry Segarius who has expressed serious concerns about the viability of his business. He has spoken to Tamworth Regional Council and obtained a special rate because of sheer volume of use. This business is using 1.5 megalitres per day and they have recently undertaken a major water audit and reduced water consumption by approximately 25%. If they had not done this, they would be in a worse situation. Other industries in our region who have high consumption rates are also experiencing the same challenges.

PVWUA have also expressed extreme concern in relation to the short time frame for submitting comments on the Discussion Paper. They believe the process has been rushed which is most unsatisfactory when dealing with such a complex topic.

This submission requests IPART to extend the consultation period until September 31st, 2012.

We thank you for the opportunity to submit a submission and would be happy to discuss Peel Valley Water User's concerns with IPART at any time.

Kevin Anderson MP
Member for Tamworth
10 July 2012