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Independent Pricing & Regulatory Tribunal

Via Email: ipart@ipart.nsw.gov.au

RE: Review of prices for the Water Administration Corporation 1 July 2016 - 30 June 2020

Murrumbidgee Irrigation Limited (MI) is one of the largest private irrigation companies in Australia servicing over 3,000 landholdings owned by over 2,500 customers within an area of 660,000 hectares. We provide irrigation water and drainage services to the Murrumbidgee Irrigation Area, one of the most diverse and productive regions in Australia, contributing over \$2.5 billion annually to the Australian economy.

We are disappointed that in our Valley the promised cost efficiencies from the restructure of DPI Water have not translated to lower prices for our irrigator members. We are particularly concerned at the redistribution of fixed to variable charging through the use of 'water take' over water entitlement, double charging of previously funded work and lack of transparency around MDBA costs.

Water Take as Cost Driver - Using 'water take' instead of water entitlement increases the volatility in water management charges and also causes a shift in distribution between fixed and variable charges. 'Water take' in conjunction with the '20 year rolling average' demand forecast model skews the level of proposed water management charges to be higher than necessary. Further, IPART has rejected its own consultant's (Synergies and Cardno) recommendations on retaining entitlement volumes as the cost driver not water take on the basis there is only a weak relationship between total water take and DPI's cost of service. The new cost allocation model relies heavily on reliable water take forecasts without sufficient evidence of the reliability of such forecasts over recent years.

In addition we are concerned that the determination will perpetuate inefficiency and lack of transparency in costs borne by irrigators. **Previously allowed costs** for the key work such as the development of our Water Sharing Plans and SDL Adjustment projects must not be funded by irrigators a second time. Work that has not been completed but has been paid for by irrigators through water management charges in the current determination must not be subject to further water management charges.

Similarly with respect to **MDBA Costs**, irrigators have no transparency around MDBA related costs that are passed onto water licence holders. At the same time, water licence holders have seen a sharp increase in costs associated with Murray-Darling Basin Authority costs which we are unwilling to accept without a corresponding explanation on their underlying cost basis. We strongly reject the increase in MDBA related costs which are passed onto licence holders without any evidence on their accuracy and cost efficiency.

Murrumbidgee Irrigation is a member of the NSW Irrigators' Council and supports the submission of the Council to this review.

Yours sincerely

A solid black rectangular box used to redact the signature of Brett Jones.

Brett Jones
Chief Executive Officer