

Review of prices for the Water Administration
Ministerial Corporation
Independent Pricing & Regulatory Tribunal
P O Box K35
HAYMARKET POST SHOP NSW 1240

Dear Sir

DRAFT DETERMINATION – REVIEW OF PRICES FOR THE WATER ADMINISTRATION MINISTERIAL CORPORATION

Ref: BL/SF2229

Thank you for the opportunity to prepare a submission on this matter. Council considered a report on IPART's draft determination at its meeting of 22 March 2016 and resolved to raise the following issues.

Based on the figures detailed in the draft determination, if they are adopted unchanged, then Tamworth Regional Council's total payments to DPI Water over the 4 years of the determination will actually fall. Council welcomes this fall, which is largely due to reductions in cost associated with groundwater and unregulated streams.

However, Council notes charges in the Peel Regulated Supply will increase by 11% over the 4 years of the determination. IPART should be aware that customers in the Peel Regulated Supply already pay exorbitantly high charges to Water NSW for accessing water in the Peel Valley. Council believes that IPART should look at the total costs to customers in the Peel, rather than look at the charges associated with individual agencies in isolation. Based on the total cost to customers Council believes there are real concerns about the capacity of customers to pay any additional cost to access water, and further increases like those proposed in the draft determination will drive already struggling irrigation based enterprises out of business.

Blindly pursuing full cost recovery without considering whether the customers paying can actually afford to pay increased costs would seem counterproductive. Less customers will mean the remaining customers will be required to pay more, potentially forcing more out of business and the cycle continues. At the extreme we will have a dam with water to sell but no customers will be able to afford to buy it.

Secondly, Council has long advocated for postage stamp pricing for bulk raw water across New South Wales. Regulatory bodies like IPART and the Australian Competition and Consumer Commission have repeatedly rejected postage stamp pricing for a variety of reasons. Yet in the draft determination IPART appears to be accepting charges from DPI Water that will see groundwater customers in the Murray Darling Basin (excluding the Murrumbidgee Valley) pay the same access and usage charges for groundwater, regardless of location.

This seems to Council to be almost a postage stamp price for groundwater across NSW. If postage stamp pricing is able to be applied for groundwater, Council is asking why the same justification can't be applied to surface water, and questioning whether the reasons provided for rejecting postage stamp pricing for surface water are actually valid.

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Please contact the undersigned should you wish to discuss these matters further.

Yours faithfully



Bruce Logan
Director Water & Waste

Contact: 

30 March 2016