

Your ref: 06/45

Mr James Cox
Chief Executive Officer and Full Time Member
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230



Dear Mr Cox

Subject: Draft Report: Pricing arrangements for recycled water and sewer mining

The Hawkesbury-Nepean Catchment Management Authority (the Authority) is pleased to provide feedback on the Tribunal's draft report into pricing arrangements for recycled water and sewer mining. This submission complements the Authority's original submission from the 30 March 2006.

As stressed in our original submission, the adoption of integrated water cycle management practices is vital to ensuring sustainable water management. As such we welcome the recommendation to establish an Integrated Water Resource Framework. This will enable a better comparison of demand management and water supply measures and ensure efficient investment. It is also a logical approach for considering the system wide recovery of recycled water and sewer mining costs. The Authority supports recovering any avoided or deferred costs that result from a recycled water project from the whole customer base. This will be an important step towards improving the feasibility of recycled water and sewer mining proposals.

As discussed in our original submission, because the costs of potable water and wastewater services to the environment are not included in their prices and charges many of the community and environmental benefits of recycled water and sewer mining are often not accounted for. Ultimately this issue can only be addressed through changes to potable water and wastewater pricing arrangements. However, in the interim, there is benefit to requiring these costs to be borne by Government and the community. As such we support the Tribunal's recommendations for the Government to fund schemes that are not commercially viable from the water agency's view but may result in broader community or environmental benefits. Whilst beyond the control of the Tribunal, we stress the need for these projects to be rigorously evaluated, ensuring that the additional benefits are real and the investment appropriate.

Finally, we also express our support of the Tribunal's draft decision to increase recycled water usage prices in the Rouse Hill Development Area. This is an important step towards ensuring that recycled water is used and valued appropriately.

Should you wish to discuss this submission further, please contact Trudy Green, Catchment Officer – Water Policy (telephone 4587 5526, trudy.green@cma.nsw.gov.au).

Yours sincerely



John Klem
Chair
28 July 2006