



Australian Government



26 November 2010

Mr J Cox
Chief Executive Officer
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

Dear Mr Cox

Draft determination of prices for the Water Administration Ministerial Corporation

Thank you for the opportunity to provide comment on the draft determination and review of prices for the Water Administration Ministerial Corporation. The Authority has reviewed the draft report, and would like to highlight two matters.

The methodology developed by the NSW Office of Water, and largely adopted by IPART, for attributing costs to users in each valley does not seem applicable for the NSW contribution to the Murray-Darling Basin Authority. While the underlying approach has some merit, the application of the qualitative measures to determine the percentage contribution by valley does not always produce results appropriate for the Authorities contribution. For example it does not seem appropriate to apportion a charge for either C06-02 (Trading and accounts management) or C06-05 (Environmental water management) to water users in the Lachlan valley.

While it is difficult to clearly define which programs receive funding from the NSW contribution to the Authority, the Authority considers that the most appropriate methodology was that discussed with IPART during preparation of the 2006 determination.

The second concern relates to the reported contribution made by the NSW Office of Water, to the Authority, for the 2009/10 year. The Authority has received a consistent contribution from NSW since 2006/07, only increase due to annual indexing. The total NSW contributions for each of the last four years have been;

2010-11	\$30,427,000
2009-10	\$29,721,000
2008-09	\$28,445,000
2007-08	\$27,384,000

The Authority is not involved in any arrangement between State Water and the NSW Office of Water regarding how these contributions are shared between the two agencies. However, it is important to be clear that there has been no increase to the total contribution other than the annual indexing from 2009/10 to 2010/11. The share of this total applicable to River Murray program has been provided to IPART previously.

Should you wish to discuss these matters further, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Dreverman". The signature is written in a cursive style with a large initial 'D'.

David Dreverman
Executive Director
River Murray

TRIM ref: D10/34372