



MOREE & DISTRICT CHAMBER OF COMMERCE & INDUSTRY LTD.

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P.O. BOX 674, MOREE, N.S.W. 2400

16 April 2010

Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

Dear Sir/Madam

**RE: REVIEW OF BULK WATER , CHARGES FOR STATE WATER CORPORATION – DRAFT
DETERMINATION
SUBMISSION MADE ON BEHALF OF THE MOREE AND DISTRICT CHAMBER OF COMMERCE AND
INDUSTRY LTD**

Introduction

The Moree & District Chamber of Commerce and Industry Ltd represents approximately 100 businesses that are located in the township of Moree and surrounding district. The Chamber is a not for profit organisation that works to represent the interests of business and provides opportunities for businesses within the Moree community with the purpose of building a vibrant and healthy local economy.

The Chamber is run by its members and each year the members elect a board to manage the Association. The Board is made up of twelve (12) representatives who in turn elect three (3) office bearers.

The Chamber represents its members and the wider business community as a whole in relation to all issues that affect or have a capacity to affect the local economy.

The Chamber welcomes the opportunity to provide this submission in relation to IPART's draft determination. In doing so the Chamber wishes to express its disappointment in the draft determination in that IPART has not appeared to take into account the effect that it's draft determinations will have on local communities within the Gwydir Valley and particularly on the local economy of Moree.

The Chamber can be contacted on the following details:

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Submission

IPART's draft determination has the capacity to devastate the local economy of Moree.

Moree is located in the Gwydir Valley and is situated 640 kilometres west of Sydney. The approximate population of the Shire is 15,000 with a township population of some 9,000. The local economy is directly linked to the regions agricultural performance and as such local businesses are directly effected by external factors such as commodity prices, rainfall and water availability. Local businesses are resilient and as an economy Moree has been able to weather the global financial crisis, poor commodity prices in addition to the worst drought in the Nation's history. These factors have nonetheless had an effect on the economy of Moree as the township has recently suffered a decline in its population.

The proposed charges as contained in IPART's draft determination are in excess of the increases suggested by State Water. It is noted that for high security water uses IPART's draft determination is to increase charges by 85% whereas State Water suggests increases of 72%. On the other hand IPART is suggesting an increase of 35% for general security irrigators which is in excess of State Water's recommendation of 33%.

As the Chamber represents business houses the Chamber is acutely aware of the risks that all businesses need to take. Our reading of IPART's draft determination suggests that IPART wishes to consolidate the monopoly position that State Water currently enjoys. It is also apparent that IPART is attempting to ensure that State Water becomes a zero risk business by ensuring State Water's financial requirements are met but in doing so are ignoring the financial requirements of its customers. Irrigators are at a significant disadvantage in their business dealings as the trading nature of agricultural commodities does not allow for irrigators to simply pass on price increases to the purchasers of their product.

This detriment appears to have been overlooked by IPART in its draft determination and the Chamber is at a loss to come to terms with IPART's reasoning that it's suggested price increases will have no detrimental effect of businesses throughout the Gwydir Valley.

Due to the recent poor fortunes that have been experienced by farming businesses in the Gwydir Valley of recent years, many local businesses are now experiencing significant financial stress. The suggested price increases of IPART will result in further reduced profit margins for farming businesses throughout the Gwydir Valley which in turn will directly affect the profitability and indeed the viability of local business houses. In its draft determination IPART seems to have completely overlooked this issue and has not paid any attention to the detrimental impact that the proposed increases will have on local economies such as Moree.

IPART has failed in its statutory obligations pursuant to section 15 of the *Independent Pricing and Regulatory Tribunal Act 1992 (NSW)* in that it has not considered the Gwydir Valley's users capacity to pay. Further IPART has again failed in its statutory obligations as it has not taken into account the social impact that its determinations and recommendations will have on local communities such as Moree.

Conclusion

The Chamber urges IPART to delay its determination of bulk water charges until it has properly adhered to its statutory obligations. IPART is obligated to take into account the capacity of irrigators to meet its suggested price increases together with having regard to the social impact of its determination. Noting the resources available to IPART the Chamber respectfully submits that IPART commissions an independent study and analysis of the effect that its determination will have on communities within the Gwydir Valley.

Yours faithfully



Brendan Moylan
Chamber Secretary