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Reply to: Scone Office

16 April 2010

Dr M Keating  
The Chair  
Independent Pricing & Regulatory Tribunal  
PO Box Q2920  
QVB Post Office NSW 1230

Dear Dr Keating

Reference is made to IPART's draft determination for bulk water pricing by State Water.

Thank you for the opportunity to put forward this submission.

IPART's draft determination charges to the Upper Hunter Water Alliance are proposed to rise by 4% plus CPI over the three year period.

The table below summarises the impact of the proposed price increases over the three year period based on each individual council's entitlement within the Upper Hunter Water Alliance.

Charges	Upper Hunter Shire Council	Muswellbrook Shire Council	Singleton Shire Council
	Entitlement - 2,000ML (Specific Purpose) and 669ML (General Security) regulated river.	Entitlement - 3800ML (Specific Purpose) and 0ML (General Security) regulated river	Entitlement - 5,000ML (Specific Purpose) and 2800 ML (General Security) regulated river
2008/09	\$89,105	\$91,968	\$109,406
2009/10 (4% increase)	\$92,669	\$103,760	\$113,782
2012/13 (up to 28% increase)	\$118,616	\$132,812	\$145,641
<b>Total increase in charges Over three year period (\$)</b>	<b>\$25,947</b>	<b>\$29,052</b>	<b>\$31,859</b>

The proposed price increase needs to be looked at in context of the current financial and market situations. The alliance needs to substantially increase the treated water charges to its residents in 2010/11 and the subsequent years for the following reasons:

- Energy Australia increase in electricity price by 20% from 1 July 2010.
- The increased cost of capital due to rising interest rates for large scale capital projects.

To meet the above additional expenditures, water charges to residents will need to be increased by approximately 11% in 2010/11. The impact of an additional increase owing to raw water price increase will be significant for the alliance residents.

**A Quality Rural Lifestyle – in a caring and thriving community**

**All correspondence to:**  
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The Upper Hunter Water alliance urges IPART to consider the effect of price increase on users and grant an appropriate reduction in the bulk water price increase at the rate pegging level for NSW Councils of 2.6%.

Yours faithfully

A handwritten signature in black ink, appearing to be 'D. Dutton', written over a horizontal line.

For Daryl Dutton  
GENERAL MANAGER