

**Submission from State Water Coastal Valleys Customer Service  
Committee for IPART Price Determination for  
Water Administration Ministerial Corporation**

The Coastal Valleys Customer Service Committee (CVCSC) is one of eight CSCs originally established in 1999 and covers the coastal valleys of NSW - North Coast serviced by Toonumbar Dam; Paterson River serviced by Lostock Dam; South Coast serviced by Brogo Dam and the Hunter regulated river serviced by the Glenbawn and Glennies Creek dams.

The CVCSC has members representing unregulated streams, water authorities, major industries and various government departments and agencies. In preparing this submission CVCSC has studied the IPART Issues Paper, NSW Office of Water (NOW) initial and supplementary submissions and the PCW/HALBROW review of those submissions. We understand that a number of members have been involved in submissions from their own valleys including input into the NSWIC submission.

We have found it very difficult to comprehend exactly how NOW has apportioned costs due to the lack of transparency in its various submissions. If past performance is an indication of efficiencies of operation and timely provision of service was to be the basis of charges there would be a case for a zero charge to be levied on users. However, to be fair, the effect of numerous changes to the structure of the department (now OFFICE of WATER) could only lead to inefficiencies of operations with consequential lowering of staff morale. To then use the previous efforts as a justification of such huge increase in costs is difficult to support.

We also find it extremely strange when the supposed justification for the huge increase in FTE is the NWI and more particularly the requirements of the new national Water Act causing the highest increase in charges (up to 429% in the case of Hunter *table 24*) when the national act only applies to the MDB and not the coastal areas at all.

Similarly it would seem hard to understand why the coastal areas should be affected by increases between Scenario 1 & 2.

These are critical factors driving the price rises overall and it would appear that coastal areas have just been lumped in. It is extremely poor justification for coastal price increases.

Particular issues on which we wish to comment are:

**Expansion of hydrometric network**

We agree that it is important that accurate data is essential to manage water but are concerned at the increased costs being claimed and need to be satisfied that only a proper share of efficient gauging should be charged to irrigators. For example, in the Hunter a number of these stations are paid for through State Water charges, BOM payments, Hunter Salinity Trading scheme, urban water authorities etc. Any additions to the network should be based on potential to improve water outcomes. If no potential for the infrastructure to create an improvement, don't do it and so no increase in charges.

**Water availability and management**

We are also interested in the way NOW accounts for the time and effort that is put into examination and commenting on major planning issues and their effect on both surface and groundwater availability and quality. We note that NOW

claims to have carried out assessments on "over 1000 major projects applications for impacts on water quantity/quality and geomorphology and over 350 planning and rezoning referrals from local Councils" pp30.

We agree this is essential work, particularly for Part 3A projects such as coal mining and major urban and industrial sub divisions. We also believe that these costs should be met by developers, proponents and regulators in full and therefore no impact on water charges. Also many of these costs are probably one-off and certainly shouldn't be included in ongoing water charges. This principal should also be applied to policy development and compliance for such projects.

### **Return on Assets**

We don't believe an organisation such as NOW should expect a return on the limited capital they have invested in assets as these are for the common good. A moderate depreciation allowance is of course normal business procedure. Return on assets has come about because State Water has been corporatised. It is totally out of order to be charging a return on assets by NOW.

### **User Share Ratios**

It is noted the alteration of activity codes has resulted in some improved reporting but we are not satisfied that the amalgamation of some codes has resulted in a higher user share of cost allocations. Indeed when considering the relatively small percentage of water "consumed" in most coastal valleys it would seem much fairer that the consumer/government split should be much lower - Paterson about 3%, Hunter about 20% and many coastal unregulated streams less than 1%.

### **Transaction Fees**

We support the principal of cost recovery of efficient transaction fees but have strong doubts that the proposed fees could be classed as efficient. Certainly the time taken by NOW to process applications is abominable and gives no confidence in the efficiency of their licensing procedures.

In the event that increases are approved by IPART, the charges to individuals should be at the rate applying when they first applied or investigated licensing, not at the time the licence is issued. This is particularly important for the proposed licensing of tidal pool users who have never been required to be licensed and it is now 3 years since NOW started the long drawn out process. As an example of the inefficiency of the current process, the cost of a temporary transfer that NOW is asking for is \$760.76 whilst State Water's charge is only \$50 plus \$0.50/ML to a maximum of \$150. It would be interesting to get contract quotes from private share register organisations to compare what is an efficient transparent cost.

### **Metering**

We support the need for accurate measurement of water usage but consider that this should be done in a cost effective way. It does seem ludicrous to require thousands of dollars to measure very small usages which would only attract the minimum charge.

It is also important to note that it would appear that meters are to be supplied at no cost to the MDB but with the exception of the Hawkesbury/Nepean, coastal users would need to meet full costs individually.

As an example of cost efficient metering the CVCS put a proposal to NOW some 12 months ago which would have allowed for a cost effective metering program

for the Hunter but to date we have had no decision. A copy of the CVCSC recommendation is attached for your information.

**Minimum charges**

We support a reasonable minimum charge but suggest this should only be on individual access points not individual WALs. Many coastal users have to have multiple WALs to allow for stock, domestic and dairy wash down as high security and irrigation as general security as well as supplementary if available. As most of NOW's costs appear to be with authorising pump sites one minimum charge could be levied.

**Length of Determination**

We suggest that this determination should expire at the same time as the soon to be announced State Water determination.

**Impact of NOW proposed prices**

Whilst the \$ increases are relatively small the percentage increases are extreme. More importantly is the cumulative affect of recent and proposed price increases for State Water, electricity and NOW which all go toward the actual cost of irrigation. This has a huge impact on the viability of many farms.

Using the NOW example of a 500ML farm in **the Hunter** regulated, the following increase would be:

	<b>2010</b>	<b>2013</b>	<b>Difference</b>
NOW submission table 28	\$613	\$3570	\$2957 - 483%
State Water IPART draft (Table 12.4 page 153)	\$7052	\$8726	\$1674 - 24%
Electricity Based on \$40/ML 2010 And \$60/ML 2013 With 60% usage	\$12000	\$18000	\$6000 - 50%
<b>Total</b>	<b>\$19655</b>	<b>\$30296</b>	<b>\$11244 - 57%</b>
<b>North Coast</b>			
Now submission	\$1496	\$5253	\$3757 - 251%
SW Draft	\$10594	\$15510	\$4916 - 46%
Electricity	\$12000	\$18000	\$6000 - 50%
<b>Total</b>	<b>\$24090</b>	<b>\$38763</b>	<b>\$14673 - 61%</b>
<b>South Coast</b>			
NOW submission	\$1485	\$5180	\$3695 - 249%
SW Draft	\$10607	\$15529	\$4922 - 46%
Electricity	\$12000	\$18000	\$6000 - 50%
<b>TOTAL</b>	<b>\$24092</b>	<b>\$38709</b>	<b>\$15617 - 61%</b>

These figures demonstrate that not only do the proposed increases have a material effect on users costs the cumulative effects of all water and electricity charges (remembering most irrigation on the coast is pressurized) will have a serious affect on the feasibility of irrigation for some of the coastal operators. The above figures do of course only cover one scenario. If the 500ML user used 100% of their allocation instead of 60% the results would be even more severe and of course a different scenario for unregulated and groundwater users. Electricity costs would be similar for unregulated users and higher for groundwater users.

**Customer Service Committees**

We believe that NOW should be required to formalise its community consultations by setting up customer service committees similar to the model used by State Water. Use of such committees should result in better results and a more efficient cost of operations.

We trust this information is of assistance to IPART in its determination and are happy to clarify issues raised.

# Coastal Valleys Customer Service Committee

Contact: Arthur Burns  
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Mr David Harriss  
Commissioner  
NSW Office of Water  
Level 22  
227 Elizabeth Street  
SYDNEY NSW 2000

2 September 2009

Dear David

Re: Measurement of water use in coastal valleys

Congratulations on your recent appointment as the Commissioner of Water in the NSW Office of Water. The Coastal Valleys Customer Service Committee (CSC) looks forward to continued involvement with and contributions from staff in your department.

You may be aware that the Commonwealth Government recently advised the CSC that funding for the current metering projects does not extend to every coastal valley.

Accordingly, at recent meetings the CSC has been discussing options for improving and optimising the measurement of water use in coastal regulated river systems given that there may be a need to conform to national initiatives.

The CSC generally supports accurate measurement of use, providing the measurement process is cost effective.

With the assistance of State Water Corporation and with some consultation with your staff (Mark Simons was present at this meeting), the CSC has proposed that the National Water Initiative principles could be incorporated into a measurement of water use in some coastal valleys if your department considered implementing a metering program based on the options endorsed by the CSC.

I write to you and State Water seeking your advice on a way forward to implement some of these options. At Attachment 1 are the options on which the CSC has generally gained consensus.

Yours sincerely



Arthur Burns  
Chair  
Coastal Valleys Customer Service Committee

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Chair: Arthur Burns

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# Coastal Valleys Customer Service Committee

## Attachment 1

### For all Coastal Valleys Generally

1. Where a works approval holder wishes to install a metering device they should install a Full Bore Magflow (FBM) meter
2. All FBM meter installations should be capable of sending data direct to SWC water accounting systems i.e. include appropriate modems
3. All access licence holders should be able to access electronic water ordering, water accounting and apply for water allocation assignments through the internet
4. For work approvals with an average use of less than 10 ML/yr, usage should be by assessment (preferably annually)
5. All work approvals with average annual use greater than 10 ML to provide three monthly meter readings or special flow access meter readings to SWC (e.g. supplementary)
6. Random audits should be carried out of all installations
7. There should be appropriate training and use of SWC staff to undertake certification of pump site installations and ongoing verification of meter accuracy

### For the Hunter Regulated River Water Source:

Note: About 49% of work approvals use less than 10 ML/yr

1. Require a FBM meter to be installed on a pump attached to work approvals (may be a combination of pumps) using more than 500 ML/yr on average, or to access licences with a share entitlement of greater than 500 shares (or ML)  
This proposal would mean about 68% of overall use in the water source would be measured by a FBM meter.
2. For work approvals with an average use within the range 10 to 500 ML/yr
  - Non-variable flow pumps - KWH meters to calibrate use (with highest calibration)
  - Variable flow pumps - FBM meter or hour meter (with highest calibration)This effectively represents 'no' change to current valley metering policy for these licences.
3. Work approvals with (combined) pump capacities greater than 10 ML/day pump capacity to provide daily orders/meter readings to SWC

### For the Paterson Regulated River Water Source:

Note About 80% of work approvals use less than 10 ML/yr

1. Require a Full Bore Magflow (FBM) meter to be installed on a pump attached to work approvals (may be a combination of pumps) using more than 100 ML per annum on average.  
This proposal would mean about 50% of overall use in the water source would be measured by a FBM meter.
2. For work approvals with an average use within the range 10 to 100 ML/yr
  - Non-variable flow pumps - KWH meters to calibrate use (with highest calibration)
  - Variable flow pumps - FBM meter or hour meter (with highest calibration)This effectively represents 'no' change to current valley metering policy for these licences.

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## **For the Ironpot and Eden Creeks Regulated Rivers:**

1. For work approvals with an average use above 10 ML/yr
  - Non-variable flow pumps - KWH meters to calibrate use (with highest calibration) or an inline meter
  - Variable flow pumps - FBM meter, inline flow meter or hour meter (with highest calibration)

This effectively represents 'no' change to current valley metering policy for these licences.

## **For Bega and Brogo Regulated Rivers:**

1. Require a Full Bore Magflow (FBM) meter to be installed on a pump attached to work approvals (may be a combination of pumps) using more than 50 ML per annum on average.  
This proposal would mean about 96% of overall use in the water source would be measured by a FBM meter.
2. For work approvals with an average use within the range 10 to 50 ML/yr
  - Non-variable flow pumps - KWH meters to calibrate use (with highest calibration) or an inline meter
  - Variable flow pumps - FBM meter, inline flow meter or hour meter (with highest calibration)

This effectively represents 'no' change to current valley metering policy for these licences.