

Murray-Lower Darling Customer Service Committee

7 June 2006

Mr Richard Warner
Independent Pricing & Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230



Dear Richard

Draft Bulk Water Prices: Draft Determination 2006-2010

The Murray-Lower Darling Customer Service Committee (CSC) would like to express its extreme disappointment at the Independent Pricing and Regulatory Tribunal's (IPART) decision regarding the treatment of MDBC costs in the above draft determination.

IPART notes the issues surrounding MDBC costs as:

1. Transparency;
2. Sharing of costs between government and users, and;
3. Sharing of costs between Valleys

The CSC also notes the historical decisions at Murray-Darling Basin Ministerial Council regarding the sharing of costs between the jurisdictions. The CSC notes that these sharing principles do not reflect the IPART principles for cost sharing, including that the cost base should be efficient and prudent. IPART noted this in its Draft Determination.

Furthermore, the 2001 IPART Determination required the Department of Natural Resources (DNR) to deliver a better mechanism for sharing MDBC water management costs within NSW. This has not been delivered.

Given IPART's previous difficulties in determining the efficient and prudent cost base of MDBC, the CSC strongly recommends that IPART reconsiders its Draft Determination regarding MDBC costs in favour of maintaining the 2005/06 Determination level. The CSC also recommend that IPART seeks amendment of its legislation so that it can fully consider MDBC costs in subsequent determinations, including independent assessment via appropriate consultancies.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C. Thomson'.

Colin Thomson
Chair
Murray-Lower Darling Customer Service Committee