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Dr M Keating
Chairman
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
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Dear Dr Keating

Thank you for the opportunity to comment on IPART's draft determinations and report on *Bulk Water Prices for State Water Corporation and Water Administration Ministerial Corporation from 1 August 2006 to 30 June 2010*.

I note that the Department of Natural Resources charges to the Sydney Catchment Authority (SCA) for water extracted are proposed to rise by some 11% from \$3.00 per megalitre in 2005-06 to \$3.32 per megalitre (plus CPI) over the four years of the price path. State Water Corporations charges to the SCA for water purchased from the Fish River Water Supply Scheme are to rise by about 17% from \$435 per megalitre to \$509 per megalitre.

The (SCA) submission to this price determination requested IPART to examine the Department of Natural Resources actual expenditure on water resource management activities within the SCA's areas of activities and the amount the SCA is required to pay, both via the bulk water charges and water management licences the SCA pays. Such an analysis would support IPART's advocacy of transparency in pricing. Additionally, it would support IPART's requirements that the SCA seek cost efficiencies, set out in IPART's 2005 price determination for SCA's sale of bulk water.

Depending on future water demand and CPI outcomes it is estimated that the proposed price increases could add to the SCA's operating costs by a total of around \$1 million over the next four years. Accordingly, I would again request that at IPART's next review of the SCA's own prices, these cost increases be taken into account when assessing the SCA's performance against the operating expenditure efficiencies imposed on it over its current price path.

Yours sincerely


GRAEME HEAD
Chief Executive