



# Lachlan Valley Water Inc

ABN 38 597 032 631  
Representing  
and Uniting All  
Lachlan Valley  
Water Users

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26 March, 2006

Mr J Cox  
Chief Executive Officer  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230

Dear Mr Cox,

**Re: Bulk Water Prices – CIE Reports on Cost Sharing Ratios,  
Consumption Forecasts and Wholesale Discounts**

Lachlan Valley Water (LVW) supports the conclusions by CIE in all three reports and makes the following specific comments:

**Cost Sharing Ratios**

We endorse CIE's conclusions that DNR's WRM activity cannot be predominantly described as securing the rights of active users, and that bulk water users are not the only impactors on WRM costs.

We specifically support CIE's recommended cost share ratios for C05, C06 and C07 as being an appropriate allocation of the demand drivers for these activities. It is clear that WSP Implementation and WRM Planning do not only underpin user's rights but also explicitly support community demands for environmental gains.

LVW recommends that accountability and transparency would be significantly improved if DNR's IPART funding was ring fenced, and DNR was required to report on the income from water user charges and actual expenditure against budget. Our 2005 submission proposed a reconciliation of the funds collected by DNR and where the money went, and we believe this is still an essential requirement for accountability.

**Consumption Forecasts**

We strongly support CIE's conclusion that basing prices on usage of one standard deviation below the long term average is inappropriate. Our 2005 submission identified the same points as CIE's analysis, namely that there is a high probability of substantial over-recovery of costs under SWC's proposal and that there are better methods of managing the risk.

This is a critical area for Lachlan irrigators because of the huge impact it would have on prices. State Water's proposal would increase general security prices by \$5/ML, or approximately 40% increase in the total price, which is an unacceptable risk premium.

Yours faithfully

Mary Ewing  
Executive Officer