

14th April 2010

Review of Bulk Water Charges for State Water Corporation
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Sirs and Mesdames

Comments on
"Water – Draft determination and Draft Report" - March 2010

Note: These comments relate to the Peel Valley

The Independent Pricing and Regulatory Tribunal is steadfastly and doggedly determined to approve State Water's ambit claim for increases in the charges for bulk water – as it has done in previous IPART "Reviews" – despite the reasoned objections from the people affected.

The fact is that IPART is anything but independent. If IPART was truly independent, they would chuck out State Water's proposed bulk water charges because the charges are inequitable, and based on irrational criteria that have been applied retrospectively.

If any private sector monopoly behaved with such callous disregard to its captive customers, the full force of the law would be brought to bear on them. IPART is clearly abrogating its responsibilities as the watchdog of public monopolies, and in the process IPART is treating State Water's customers with utter contempt.

The following table shows the proposed Usage Charges in various valleys in the year 2013/14 – in dollars per megalitre –

Valley	\$ per megalitre
Murrumbidgee	3.45
Murray	4.65
Border	8.73
Gwydir	12.66
Macquarie	13.18
Hunter	14.44
Lachlan	18.39
Namoi	19.17
South Coast	16.54
Peel	37.66
North Coast	40.76

There is no logical explanation for this wide divergence in water charges in NSW. IPART is permitting the perpetuation of enormous cost variations between valleys by approving an arbitrary accounting philosophy of cost recovery, which has been applied retrospectively – decades after the infrastructure was installed.

There can be no "level playing field" for producers in NSW when these horrendous variations in pricing are simply rubber stamped by IPART without independent consideration of the consequences. Any reasonable person would support the notion that the cost of water supplied by State Water for irrigation purposes should be roughly comparable between all of the valleys within the state of New South Wales.

There is no justifiable reason why producers in the Peel Valley will pay \$37.66 whilst in the adjoining Hunter Valley, producers will be paying \$14.44. Moreover, it beggars belief that producers in the adjoining Namoi Valley, which receives 94% of the total supply in the Peel River – when it flows out of the Peel Valley into the Namoi River - will be paying just \$19.17 compared to the Peel's charges of \$37.66. How can it be possible that the very same water can be charged at \$19.17 in the Namoi Valley and \$37.66 in the Peel Valley? And how can it be possible that the Murrumbidgee will be charged just \$3.45 at the same time that the Peel will be charged \$37.66?

This is a patently ridiculous proposition, and the irrigation industry in the Peel Valley is distinctly disadvantaged by this pricing structure. The problem for the Peel Valley is further compounded because it has one of the least reliable sources of irrigation water in NSW, and whilst this is not the subject of IPART's review, IPART would nevertheless take this fact into consideration when reviewing the proposed pricing structure for bulk water if it did a thorough job.

No amount of rhetoric can dispel the fact that the Peel Valley will suffer a massive cost impost that the adjacent neighbouring valleys will not suffer.

No amount of rhetoric can dispel the fact that it is a fundamental obligation of IPART to ensure that State Water cannot be allowed to inflict such inequitable, unjust and unreasonable charging practices on producers in the Peel Valley.

No amount of rhetoric can give producers in the Peel Valley any level of confidence in IPART when it continues to simply rubber stamp State Water's absurd requests for price increases.

No amount of rhetoric can prevent the producers of the Peel Valley from reciprocating the treatment they receive from IPART (and the State Government that continues to support such an incompetent organisation) with anything other than contempt.

Come on IPART, just for once do the job that is expected of you, show some spine and stand up to State Water. You have the capacity to compel State Water to balance out this grossly inequitable charging system – go to work and do your job.

Yours faithfully

I. Monticone
(Peel Valley based Primary Producer)

Cc Peter Draper, Trevor Khan, Kristina Keneally, Andrew Stoner, Barry O'Farrell, Christine Robertson, Catherine Cusack, ABC, 2UE, 2GB, Sydney Morning Herald, Financial Review, Daily Telegraph,