

# Leppington Pastoral Co. Pty.Ltd.

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Friday 18<sup>th</sup> November 2005

Mr Jim Cox  
Chief Executive Officer  
Independent Pricing and Regulatory Tribunal  
Level 2, 44 Market St  
SYDNEY NSW 2000  
Fax: 02 9290 2061  
Email: ipart@ipart.nsw.gov.au

## Re: Macquarie Valley Water Price Increases

Dear Mr Cox,

I write to you as an irrigator on the Macquarie river with irrigation entitlements on the Tenandra Irrigation and Greenhide Irrigation Schemes. Our combined irrigation entitlement is approximately 10,000 megalitres. With this entitlement we produce feed to supply our dairy in Sydney and presently we are milking 2,800 cows which produces 10% of NSW fresh milk supply. As you would be no doubt aware the dairy industry is now de-regulated and we have to compete with cheaper milk supplies from Victoria and can not afford the price of strategic inputs like irrigation water continually going up in price at a rate that is far beyond that of CPI.

We write to echo the sentiments of our representative body Macquarie River Food & Fibre, but specifically have concerns or issues with the following:

- 1. Cost sharing arrangements:** Our entire irrigation industry uses only 26% of the flows in the Macquarie, yet we are being charged 100% of the 'user share' of costs. Our irrigation schemes are charged for all the water delivered, including losses, yet other users such as environment and stock and domestic incur massive losses and storage costs at a cost to us. We have had our priority access status reduced with the recent Water Sharing Plan and Act in favour of other users and we have 1 seat on the Macquarie Customer Service Committee the same as other users yet we are the only type of user that has to pay. This is inequitable and against the principles of cost sharing outlined in the 1994 CoAG Agreement.
- 2. Treasury taking a 7% Return on Investment:** The Macquarie's bulk water infrastructure should not return 7% annually to Treasury because it is not a private sector investment with equivalent risk and short term high yielding characteristics. Even if water infrastructure was considered similar to a private sector investment, the nature of the assets mean that it is a long-term capital growth style investment that would generate no more than 3.5 – 5% annual dividend if it was performing as well as the best Australian capital growth shares.
- 3. Government Policy costs:** DNR is attempting to charge customers for the bulk of its Water Resource Management expenditure. This is asking individuals to pay for the general costs of Government bureaucracy and policy; what other Government Department does this? For instance NSW Agriculture doesn't pass its costs onto farmers. DNR does not have the same accountability requirements as SWC – it doesn't have an operating licence,

with annual reviews and a requirement to demonstrate transparency and cost effectiveness and customers don't have any input into decisions regarding the services it argues is it providing for our benefit.

4. **Service Level Agreements:** MRFF requests the details of the SLA's, in order to scrutinise the accountability mechanisms on DNR and the method of costing specific information outputs and products that DNR is being paid to provide. The services requested by SWC should have gone through a public tender process as we are not convinced that DNR can provide the required service at the lowest cost. In addition we are alarmed that DNR is proposing to charge customers for the capital costs of obtaining the groundwater monitoring network required to provide information services to SWC, which will also be charged to customers (If customers fund the capital investment customers should own the information).

We ask IPART to address these issues along with those raised by our peak bodies, MRFF and NSWIC. We also request an opportunity to attend a public hearing in Dubbo to further discuss these issues.

Yours sincerely,

  
Ben Bootle  
CEO