

Lower Macquarie Groundwater Irrigators Association

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Friday 18th 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
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Re: Macquarie Valley Water Price Increases

Dear Mr Cox,

We are writing on behalf of Lower Macquarie Groundwater Irrigators Association. We are water users in the Macquarie Valley and represent 90 groundwater irrigators with entitlements of 137301 mgls, where as sustainable extraction is 65682 mgls.

We write to emphasise several issues in addition to those raised by our peak body, Macquarie River Food & Fibre:

1. **Why the high cost increases ?** DNR is projecting WRM operating costs to increase by \$1m in our groundwater area. If this is over the total allocation of 137301mgl this is a charge of \$10.53mgl . However when allocations are cut to a sustainable yield of 65682mgl according to the WSP in 2009-10 this equates to \$21.92mgl. This charge on top of pumping cost (\$75mgl) means a megalitre of water for groundwater irrigators will be in excess of \$100mgl. Irrigators are being asked to pay for past inefficiencies of DNR(DLWC), who didn't implement their own policies. DNR didn't restrict allocations to their own sustainable yield levels estimated in the early 1990's & contrary to policy issued irrigation licences in sandstone aquifers. DNR's submission table A2.14 code CO2-01 states groundwater extraction and over extraction can cause such damage to aquifers. Why then didn't DNR keep adequate scrutiny of aquifers to avoid the adverse impacts it created. Contrary to what is stated in this table, extractions are beyond sustainable yield, the alluvial aquifer in the Macquarie is not extracting beyond sustainable yield.
2. **Government Triple Dipping:** DNR is wanting groundwater irrigators to pay for a monitoring network to provide information to SWC and then charge the groundwater irrigators to collect this information and then pay a return on capital originally paid by groundwater irrigators.

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. **Efficient Costs:** MRFF requests that IPART requires both DNR and SWC to demonstrate cost effectiveness (via cost benefit analysis) of any costs being passed on to customers. It is not adequate for IPART to be satisfied that costs are efficient, if the nature of the expenditure is questionable. We refer specifically to the astronomical costs being proposed for groundwater and unregulated users due to the implementation of the monitoring requirements of the Water Sharing Plans. The costs are completely out of proportion with the resource base and small number of customers in the Macquarie.
5. **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).
6. **Lower Macquarie Groundwater Irrigators** are having their access to water decreased due to the mismanagement of DNR(DLWC) and now they want to charge us for monitoring which they should have done already. 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,

Peter Gainsford
Lower Macquarie Groundwater Irrigators Association.