



7 December 2005

Dr Michael Keating
Chairman
NSW Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230



Dear Mr Keating

The National Farmers' Federation (NFF) met recently and discussed, among other things, the NSW Independent Pricing and Regulatory Tribunal Bulk Water Price review.

We are extremely concerned about the reliance that both the State Water Corporation (SWC) and the Department of Natural Resources (DNR) placed on the National Water Initiative (NWI) in justifying the change to their business operations and the unrealistic price increases proposed in the current review. NFF believes their interpretation of the NWI is outside the intent and spirit of the agreement. In particular, the SWC submission imposes a selective interpretation of the NWI on entitlement holders through an unprecedented increase in water prices, yet fails to articulate the obligations of the State. The DNR too, appears to have misinterpreted the principles of the NWI, particularly in regard to water pricing.

The NFF and many of its member organisations played a significant role in the development of the NWI. I do not need to reiterate the principles of the agreement verbatim but the essence of the NWI is captured through its triple bottom line goal of optimising economic, social and environmental outcomes.

NFF does not believe that the approach taken by SWC and DNR will result in optimal triple bottom line outcomes. In fact, NFF believes that the implementation of their proposed actions will threaten the economically efficient and sustainable use of water resources and water infrastructure assets. It also has the real potential to establish a very poor precedent for the implementation of meaningful water reform in Australia.

The NFF remains committed to the NWI and looks forward to working with all parties to ensure that fairness and equity exist in its implementation. I ask that you look closely at the interpretations of the NWI made by SWC and DNR before completing your review process.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ben Fargher', written over a light blue horizontal line.

BEN FARGHER
Chief Executive Officer