

Friday 15th 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,

We are writing on behalf of (*Marthaguy Irrigation Scheme*). We are water users in the Macquarie Valley and use about 20,000mg annually

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

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. **Use estimated at 1 standard deviation below Average Use:** State Water's risk management proposal to calculate usage costs assuming use at 1 standard deviation below average use is exorbitantly expensive for customers because it is too conservative and therefore it is ineffective means of managing variations in annual use. The implications for the Macquarie are that SWC will be charging a 53% risk premium. A much more efficient alternative would be debt funding of shortfalls in income and investment of surpluses with the difference in interest rates and hence appropriate risk premium of about 1%.

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

John Simmons |
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