

# Trangie Nevertire Irrigation Scheme

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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:

We are writing on behalf of Trangie Nevertire Irrigation Scheme. We are water users in the Macquarie Valley and represent 48 members with water entitlements totalling 67,970 megalitres

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. **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. **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.

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,

Barry Roulston  
Scheme Manager  
Trangie Nevertire Irrigation Scheme