

Tamworth City Council

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| TO: IPART | OFFICER: Ray Hezkial |
| ATTENTION: Chris Spangaro | DEPARTMENT: Technical Services |
| FAX No.: 9290 2061 | DIVISION: Water |
| SUBJECT: IPART -- Review of Bulk Water Pricing | FACSIMILE No.: (02) 6755 4292 |
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MESSAGE/COMMENT WITH THIS FACSIMILE TRANSMISSION FORM

Chris,

I make reference to the Independent Pricing and Regulatory Tribunal (IPART) regarding its determination on the review of bulk water prices.

From the outset Tamworth City Council wishes to express its objection and disappointment at the manner in which IPART has allowed insufficient time to review its determination adequately.

In relation to IPART's determination Council wishes to bring the following matters to the tribunal's attention regarding water pricing in the Peel Valley;

- ✎ Council considers that in the absence of a socio-economic study on the impacts of the proposed increase in bulk water prices being undertaken by either IPART or Department of Land and Water Conservation (DLWC), that the tribunal's determination has failed to take into consideration all contributing factors.
- ✎ Due to IPART's and DLWC's failure to undertake a socio-economic study, Tamworth City Council will be engaging a consultant to conduct the study for the Peel Valley and requests that IPART's determination be postponed for a period of 12 months until the results of the study have been duly considered. Alternatively, it is suggested that the tribunal introduces the proposed charges for an interim period of 12 months and that the charges be reviewed at the end of this period once the study has been completed.
- ✎ Tamworth City Council does not believe that sufficient time has been given (under 1 month) to make a detailed economic analysis of the submission due to lack of resources by council and other Peel Valley water users, by far in stark contrast to resources available to DLWC via in its own in house economists.
- ✎ The increase in bulk water prices proposed by DLWC will make the cost of water in the Peel Valley by far the highest in the state placing the Peel Valley at a distinct disadvantage in attracting further economic

investment. The disparity in bulk water prices for the Peel Valley compared to other areas in the state by 2003/2004 is highlighted below;

| Location | 2003/04 tariffs (\$/ML in 2001/02 dollars) | | |
|--------------|--|----------------|--------------|
| | HS entitlement | LS entitlement | Usage Charge |
| Murrumbidgee | 3.65 | 3.47 | 0.9 |
| Murray | 4.98 | 4.51 | 1.21 |
| Peel Valley | 11.45 | 7.63 | 9.14 |

✗ The increase in bulk water prices proposed by DLWC has been largely based on the state government's desire for full cost recovery of its resource management costs, yet little detail has been made available for public scrutiny. Peel Valley water users have no say or control over these being thrust on the community.

Tamworth City Council councillors and staff are extremely concerned that should IPART's determination allow DLWC to introduce the increase to bulk water charges without reference or consideration to a socio-economic study specifically addressing the Peel Valley that there will be major consequences including the decimation of the irrigation industry. Unfortunately it will be too late to rectify the anomaly if the price increases are implemented.

Should you wish to discuss this matter further please feel free to contact Council's Technical Services Director, Mr Wilton Boyd on 6755 4512.

Yours Faithfully
Ray Hezkial
Senior Water Engineer