



NSWIC
NEW SOUTH WALES
IRRIGATORS'
COUNCIL

Level 5, 491 Kent Street, Sydney NSW 2000
PO Box Q640, Queen Victoria Building NSW 1230
Tel: 02 9264 3848
Fax: 02 9264 3969
nswic@nswic.org.au
www.nswic.org.au
ABN: 49 087 281 746

SUPPLEMENTARY SUBMISSION

Independent Pricing and Regulatory Tribunal Review of Rural Water Cost Shares DRAFT REPORT

November 2018



Introduction

NSWIC provided a submission to IPART on the *Independent Pricing and Regulatory Tribunal Review of Rural Water Cost Shares Draft Report* earlier today (27 November 2018). Following this earlier submission, NSWIC has met with WaterNSW, and in light of further information provided by WaterNSW, wish to provide an additional supplementary submission.

Overview

IPART announced that “*under the draft changes, the customer share of efficient costs across all valleys and water sources would increase by 1% for WaterNSW customers and 7% for WAMC customers*”¹.

This statement implies the impact of the proposed changes to customer shares is minimal, however, the figure of 1% is misleading. The reality is that there are significant variations between valleys, and this percentage suggested does not take into consideration the underlying 10-year capital expenses program of WaterNSW. While we acknowledge that the 10-year capital expense program and pricing will be subject of the next WaterNSW price review and determination, we believe that it is important for IPART to consider the full quantum of the impact of the changes proposed under this review against information available. The result of looking at the 10-year program is that the actual increases will be significantly greater than the 1% reported by IPART, in some circumstances being as great as a price increase of over 16%.

Submission

NSWIC recommends that IPART clarify and publicise accurate figures of the actual percentage of indicative price increase in each valley, with inclusion of the underlying 10-year expenditure of WaterNSW.

NSWIC is concerned by the magnitude of price increases in particular regions based on the data provided by WaterNSW. This includes indicative price increases of:

- Lachlan +16.1%
- Gwydir +15.4%
- Fish River +10.8%
- Border +8.6%

NSWIC understand that WaterNSW has provided this data to IPART in their separate submission.

NSWIC request that IPART take the figures provided by WaterNSW into consideration and publicise the updated indicative increase based on this information at the earliest possible time. Transparency and clarity must be core principles of this review, and NSWIC is disappointed that the figures provided by IPART understated the degree of cost increase.

¹ IPART. *Rural Water Cost Shares*, ‘Media Release on Draft Report’ (16 October 2018).



Moving forward, NSWIC request that IPART:

- Publicise accurate figures of the indicative increase by valley, taking into account the 10 year underlying capital expenditure of WaterNSW, at the earliest possible time.
- Provide a statement clarifying this uncertainty, at the earliest possible time.
- Cease using the figure of a 1% increase given it is misleading, and refer to the appropriate percentage in each valley for the remainder of the review process and final report.

The final report must clearly include and clarify indicative price increases in the form and degree they will be felt by water users, with utmost transparency of how water users will be impacted.

Understanding that the actual capital expense program and costs will be carefully reviewed under the next WaterNSW price review, NSWIC members need clarity now about the impact of changes to water user cost shares to better participate in all IPART processes.

Conclusion

NSWIC urges IPART to consider and respond to the issues raised in this supplementary submission in addition to the issues raised in the initial NSWIC submission.