

Independent Pricing and Regulatory Tribunal
P O Box K35
HAYMARKET POST SHOP NSW 1240

Dear Sir

REVIEW OF WATER NSW'S OPERATING LICENSE

Ref: BL/SF2229

On behalf of Tamworth Regional Council thank you for the opportunity to provide comments on IPART'S review of Water NSW's operating licenses.

Council's submission follows.

Please contact the undersigned should you wish to discuss this matter further.

Yours faithfully

[REDACTED]
Bruce Logan
Director Water and Waste

Contact: [REDACTED]

12 September 2016



Tamworth Regional Council

**Response to Impendent Pricing and Regulatory
Tribunal**

Review of Water NSW's operating licenses

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1 Background

Tamworth Regional Council holds a 16,400 Megalitre local water utility license for bulk raw water delivered from Water NSW's Chaffey Dam to supply the City of Tamworth in the North West of NSW.

Chaffey Dam is in the Peel Valley and is part of the Murray Darling Basin.

Average annual usage of this allocation is approximately 4,813 ML's. Under the most recent ACCC determination for State Water (now Water NSW) up to and including the 2016-17 financial year, the annual cost to Council to access this average quantity of water is shown in the table below. It should be noted that charges detailed are for Water NSW only and do not include additional charges levied by NSW Department of Primary Industry – Water (DPI Water)

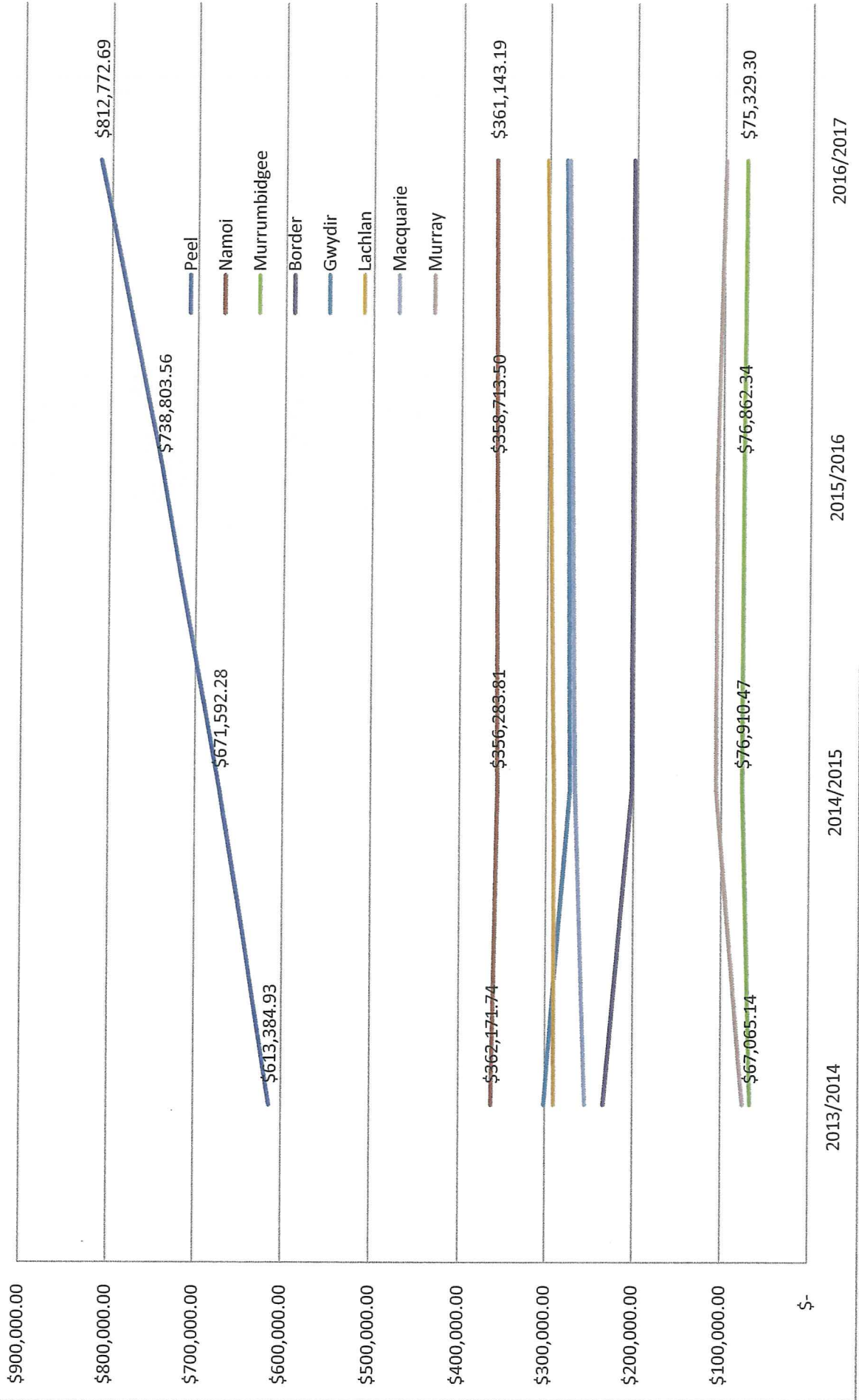
Year	Ave Annual Usage ML's	Ent. ML's	Peel				
			Usage Price /ML	Usage Cost	Ent Price /ML	Ent Cost	Total
2013/14	4813	16400	41.61	\$200,268.93	25.19	\$413,116.00	\$613,384.93
2014/15	4813	16400	45.56	\$219,280.28	27.58	\$452,312.00	\$671,592.28
2015/16	4813	16400	50.12	\$241,227.56	30.34	\$497,576.00	\$738,803.56
2016/17	4813	16400	55.13	\$265,340.69	33.38	\$547,432.00	\$812,772.69

If it was possible to move the population of Tamworth to another centre within the Murray Darling Basin and access this quantity of water from the rivers in that location the cost of the same quantity of water in 2016-27 is shown in the table below and graphically on the following page.

Valley	2016-17 Annual Cost of a 16,400 ML license using 4,813 ML of water
Peel	\$ 812,772.69
Namoi	\$ 361,143.19
Murrumbidgee	\$ 75,329.30
Border	\$ 203,106.46
Gwydir	\$ 280,649.82
Lachlan	\$ 302,490.06
Macquarie	\$ 277,344.76
Murray	\$ 99,028.99

The table shows that it costs ½ as much to access the same quantity of water in the Namoi as compared to the Peel and 1/10 as much in the Murrumbidgee.

Local Water Utility Water NSW Costs by Valley



2 Postage Stamp Pricing

Council and irrigators within the Peel Valley have long been campaigning against the extraordinarily high cost of raw water in the Peel compared to other valleys in the Murray Darling Basin. To this end Council has repeatedly called for postage stamp pricing for bulk water within NSW.

Both the Australian Competition and Consumer Commission and IPART have previously rejected postage stamp pricing in NSW, however, Council is concerned any future operating license for Water NSW does not exclude the introduction of postage stamp pricing at some future stage should the position of the relevant government change.

3 Who administers water licenses for Local Government

Council has been advised by officers of the NSW Department of Primary Industries – Water (DPI Water) that a wholly owned state owned corporation like Water NSW is prohibited from regulating water licensing for local government.

If this is the case then it would appear that the one of main reasons for the recent amalgamation of the Sydney Catchment Management Authority and State Water and thereafter the review of services provided by DPI Water and Water NSW, that is to remove duplication, has not been achieved, if, as advised, some staff will have to remain in DPI Water to administer local government whilst the bulk of the licensing staff are transferred to Water NSW to administer licensing for private customers.

If the instrument that is preventing Water NSW from administering local government licenses is the current operating license then Council would urge IPART to recommend the license be changed to allow this to occur. In any case, Council requests IPART make strong recommendations to the NSW Government that legislative change should to be made to allow Water NSW administer local government water licenses in NSW

