

**Submission to Independent Pricing and Regulatory Tribunal****Review of the Water Administration Ministerial Corporation's Water Management Charges**

I welcome the opportunity to present this submission on behalf of the residents of the State Electorate of Tamworth, in response to the Independent Pricing and Regulatory Tribunal's review of the Water Administration Ministerial Corporation's water management charges.

The determination for bulk water charges by IPART for the State Water Corporation poses serious implications for the Peel and Namoi valleys. It will impact upon irrigators, environmental water holders, mines and other industry, bulk water suppliers, local councils and water utilities and these impacts will flow on to families.

Water is essential to the future prosperity of the Peel and Namoi Valleys. It is obviously vital to the local irrigation industry but is also a key component of much of our secondary industry. Last year the top 25 water consumers in the Tamworth Regional Council area used 1,743 megalitres of treated water and included Cargill Meat Processors, Grain Products Australia, Baiada Poultry, Joe White Maltings, the Hunter New England Health Service, Peel Valley Exporters, Farrer, Oxley and Tamworth high schools, the saleyards and Tangaratta Stockfeeds. These businesses provide the bulk of employment opportunities in our region.

While the community accept that there is a cost to delivering a reliable water supply, they have justifiable concerns at the inequitable pricing of water around the State. The determination for bulk water charges by IPART for the State Water Corporation, on top of the recent Peel Valley Water Sharing Plan, poses serious difficulties for the Peel and Namoi valleys. IPART has set prices on a per-valley basis. The determination will see annual bills for regulated bulk water prices increase in real terms, with the size of the increases varying widely depending on which valley customers are located in, whether they hold high security or general security licences, and their annual water usage.

High security customers in the Peel Valley, with a 500 megalitre entitlement and full allocation, will see their bill increase from \$18,607 in 2009-10 to \$30,223 in 2013-14, a rise of 62 per cent. A similar user in the Namoi Valley will see their bill increase from \$10,933 to \$16,379, up 50 per cent. General security customers with a similar entitlement and 60 per cent allocation in the Peel Valley will see an increase from \$8,572 to \$12,550, up 46 per cent. In the Namoi Valley it will increase from \$7,488 to \$9,540, up 27 per cent.

Where the high security user in the Peel Valley faces a bill of \$30,223 and the Namoi Valley faces a bill of \$16,379, similar usage in the Murrumbidgee will cost \$3,054, in the Murray \$3,666, in the Gwydir \$12,451, in the Lachlan \$13,757 and in the Macquarie \$11,491. How can our local producers possibly compete with farmers in other valleys? For example, in the Peel Valley this determination will see the cost of water per tonne of lucerne hay rise from \$27 in 2007 to almost \$57 by 2014. That will make our farmers completely uncompetitive and will force huge increases in local fodder costs.

Tamworth City is the regional hub and major population centre of north-west New South Wales. It supports many important industries and has a strong agricultural base. The regional council has an entitlement of 16,400 megalitres, which cost \$188,600 in 2009-10 and is estimated to cost \$225,992 in 2010-11, \$268,796 in 2011-12, \$317,000 in 2012-13 and \$374,000 in 2013-14.

Water costs for the city will double in just five years. The council currently uses around 5,665 megalitres per annum from Chaffey Dam. In this five-year period usage cost is estimated to increase from \$145,000 to \$213,000. Total charges are estimated to increase from \$334,000 in 2009-10 to \$587,000 in 2013-14. Naturally, these increases will be passed on to ratepayers and industry.

Local irrigators also have concerns with determinations for specific charges for servicing and reading meters for unregulated and groundwater users. They believe this will add another significant impost particularly as a number of meters will be involved, rather than one reading per property.

IPART must keep in mind the imposts caused by these huge increases in water charges are only part of the story. Add to that the massive increases for electricity and people are finding themselves in real trouble. Individually these price hikes will have severe negative impacts on rural and regional development but combined they are potentially disastrous. When coupled with increases in energy charges, plus limitations imposed by water sharing plans, our local agricultural and industrial sector faces very tough times ahead and will find it much harder to compete.

As a result, citizens around New South Wales will end up paying higher prices. Residents feel they have become part of a vicious circle from which there is no escape and many fear it is a road to ruin.

IPART must look at the human face and impact of these proposals rather than just the cold hard dollars and cents.

Yours sincerely



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