

Mr Sebastian Roberts
General Manager – Water Branch
ACCC
GPO Box 520
Melbourne Vic 3001

17th April 2014

By Email to: StateWater.Submissions@accc.gov.au

Dear Mr Roberts

Re: ACCC Draft Decision – State Water Pricing – 2014/15 to 2016/17

We are writing specifically about the proposed water usage charges in the Peel Valley.

1. Government Subsidy – we cannot understand why the ACCC has factored a NSW Government subsidy into the water usage charges for the next 3 years. With the current instability in the NSW Government, and with a State election in March next year, the Government could withdraw the subsidy at any time, and the ACCC's proposed charges would fly out the window.

The ACCC is therefore aware that the water usage charge in the Peel Valley could be \$71.72 at any time within the first 12 months of the review period, and whilst the ACCC hasn't even quoted figures for the next two years without a subsidy, at a 10% annual increase the usage charges will be \$71.92, \$79.11, and \$87.02 per ML. It is simply unbelievable that the ACCC has not taken sufficiently into account the real possibility that these are the usage charges that could apply in the Peel Valley.

2. Inequity of the NSW water usage charges

There are a number of terms that the ACCC obviously does not understand. Such as equitable, fair, level playing field, justice, promoting competition and fair trade. If the ACCC did understand those terms in the same way as the ordinary man in the street understands them, the ACCC would not permit a Government owned monopoly to charge prices for water usage that vary from \$2.49 per ML in the Murray Valley to \$55.13 per ML (or \$87.02 without a subsidy) in the Peel Valley. "Fair"? "Equitable"? "Level playing field"? "Justice"? "Promoting competition and fair trade"? We believe that the ACCC has failed to deliver for the Peel Valley on all these counts with respect to the proposed water usage charges.

3. The ACCC has a duty to act

If the ACCC believes that the National Water Initiative has constrained its authority to implement a fair charging system, the ACCC ought to clearly state that fact in its determination. If the ACCC genuinely believes that State Water is not in breach of the Commonwealth Water Act (2007) by charging prices that produce a perverse outcome, the ACCC also ought to clearly state that fact in its determination. Otherwise the ACCC is just continuing its predecessor's track record of being so ineffectual for so long in regulating State Water's charges in the Peel Valley.

Yours faithfully

I & A Monticone