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12 September 2013

Ref No:

Mr Sebastian Roberts  
General Manager - Water Branch  
ACCC  
GPO Box 520  
Melbourne VIC 3001

email: [statewaterreview@accg.gov.au](mailto:statewaterreview@accg.gov.au).

Dear Mr Roberts

#### **MURRUMBIDGEE IRRIGATION LIMITED'S SUBMISSION ON STATE WATER CORPORATION PRICING REVIEW**

Thank you for providing Murrumbidgee Irrigation Limited (MI) the opportunity to respond to State Water Corporation's (SWC) submission to the Australian Competition and Consumer Commission (ACCC) on bulk water pricing 2014 - 2018.

MI understands that regulation for the Determination process for bulk water charges in NSW has changed from the Independent Pricing and Regulatory Tribunal (IPART) to the ACCC. However, it is MI's assessment that the underlying functions, services and operations of SWC have not changed as a result.

In preparing this response MI would like to state that it supports and endorses the submission made by the NSW Irrigators Council (NSWIC) and shares similar concerns raised in its submission.

In particular MI would like to highlight concerns relating to SWC's proposed pricing tariff structure and large customer rebates.

#### *Pricing Tariff Structure*

SWC's proposed change in which bulk water charges are set is of serious concern to MI. MI has reviewed the proposed pricing tariff structure and on a whole believes that its customers or groups of customers will be significantly impacted under the proposed structure, particularly in low water allocation years. In addition, MI believes SWC's proposed pricing tariff is aimed at shifting a business risk to customers where SWC is in a better position to manage that risk. Therefore, it is MI's opinion that the current pricing structure is maintained.

#### *Large Customer Rebate*

MI welcomes the continuation of large customer rebates but have concerns with the proposed reduction as we cannot see any justification. MI believes that the benefits of economies of scale remain and that in many cases, not all entitlement is transformed. As a result, these irrigators remain customers of the MI and the overall benefits to SWC would be maintained.

MI recommends that the current large customer rebates are maintained as no evidence has been provided by SWC that a reduction to the economies of scale and system-wide benefits has occurred.

For further information in relation to the above matter, please contact me on (02) 6962 0200.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Borrows', with a long horizontal stroke extending to the right.

**Peter Borrows**  
Chief Executive Officer