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## REVIEW OF WATER PRICING PROPOSALS WAMC and WaterNSW FROM 1 JULY 2025 TO 30 JUNE 2030

This submission is lodged on a personal and individual basis. The context of my experience is as a resident of Tamworth

Historically Tamworth and the Peel seem to have suffered high water user charges. Seemingly the basis of this is advised as "User Pays". Whilst this may have some element of merit there appears to be a persistent skew in the outcomes.

1. Merely being a resident ratepayer of Tamworth, it appears in the overall process that I am not regarded as a customer or stakeholder of WAMC or WaterNSW. However, ultimately I am impacted by charges imposed on Tamworth Regional Council as the body from whom town water supply is provided.
2. My primary concern is as a town resident who will be subject to the High Security water regime which in the case of the Peel Valley is the highest in the state. My interest relates specifically to the Peel Valley and Inland Groundwater.
3. I have found the information provided to be somewhat disjointed, requiring considerable interpretation to provide a comprehensive picture. There is a lack of detail behind the cost increase drivers for the Peel Valley.
4. The magnitude of the increases applied for in both the WAMC and WATERNSW overall for the Peel Regulated Rivers High Security 341% and General Security 312% apart from being the highest in the State seem to reflect poorly on Business budgeting processes. Furthermore the text to the issues paper provides that the increases will begin from 01 July 2025. It is appreciated that there are various methodologies applicable to presentation of cost increases. Whilst in this case an annualized increase methodology is adopted is the most robust, the large increases and the effect of compounding over 5 years tends to understate the Simple Interest perspective.
5. Referencing the **pre-amble to the issues paper**, it is noted that (for the determination period):
  - a. WAMC
    - Advises 98% increase in operating expenditure
    - Advises 125% increase in capital expenditure
  - b. WaterNSW
    - Advises 43% increase in operating expenses
    - Advises 21% increase in capital expenditure (with an interpreted base of circa \$1 B for the determination period)

It is noted that there is insufficient information available to translate these increases to the Bill Increases as water supply volumes would be required.

For the Peel regulated High Security 341% increase there is a nexus between 43% + 21% which is firstly a very large difference and secondly for which no explanation appears available.

6. Referencing the **Issues Paper** (Pdf Document)

It is noted the Issues Paper has been prepared by IPART and contains a series of pre-set questions based upon the task IPART see ahead. The stated aim of IPART is to interrogate the pricing information provided and report on how the maximum prices are to be set.

The Issues Paper contains links to:

- a. The WAMC Pricing Proposal
  - Does not appear to contain a budget totaling to an annual cost.
  - The relationship with WaterNSW is not explained – the assumption is that they operate at ‘arms length’ with no duplication of function.
- b. The WaterNSW Pricing Proposal
  - Does not appear to contain a budget totaling to an annual cost.
  - The information provided falls well short of defining costs and associated budgets.

Neither, the WAMC Pricing Proposals or the Water NSW Pricing Proposals appear to provide a consolidated budget from which costs could be ascertained and considered as part of a critique.

Annual cost increases well in excess of annual inflation are envisaged which do not account for annual inflation.

As such it is difficult to provide a comment based on more than observation.

- c. The Proposed Cost Reflective Prices and Bills

For purposes of comparison

- Peel Valley Regulated

#### A.4 Peel Valley

Table 10 Peel Valley prices for regulated rivers. \$/ML. \$2024-25

	2024-25 (current prices)	2025-26	2026-27	2027-28	2028-29	2029-30	Total increase	Annualised increase
<b>WaterNSW component for standard water use customers</b>								
High Security Entitlement Charge	71.45	98.35	132.31	178.02	239.59	322.52	351%	36%
General Security Entitlement Charge	0.78	0.80	1.56	10.00	21.68	20.25	300%	34%
Water Take Charge	28.55	43.45	58.44	79.64	105.82	142.47	399%	36%
<b>WAMC component</b>								
High Security Entitlement Charge	3.66	4.21	4.84	5.57	6.40	7.36	101%	15%
General Security Entitlement Charge	3.66	4.21	4.84	5.57	6.40	7.36	101%	15%
Water Take Charge	5.71	6.57	7.55	8.68	9.99	11.48	101%	15%

- Namoi Regulated

#### A.3 Namoi Valley

Table 7 Namoi Valley prices for regulated rivers. \$/ML. \$2024-25

	2024-25 (current prices)	2025-26	2026-27	2027-28	2028-29	2029-30	Total increase	Annualised increase
<b>Standard Water Use Customers</b>								
<b>WaterNSW component for standard water use customers</b>								
High Security Entitlement Charge	33.70	35.85	43.60	53.02	64.50	78.48	133%	38%
General Security Entitlement Charge	11.77	13.48	16.38	19.83	24.25	29.51	153%	20%
Water Take Charge	35.98	44.10	53.73	65.35	79.50	96.73	369%	22%
<b>WAMC component</b>								
High Security Entitlement Charge	2.24	2.58	2.95	3.41	3.92	4.52	101%	15%
General Security Entitlement Charge	2.24	2.58	2.95	3.41	3.92	4.52	101%	15%
Water Take Charge	1.79	2.06	2.37	2.72	3.13	3.60	101%	15%

There appears to be a pattern that relatively the major irrigation valleys are subjected to an annualized increase circa 20% on Entitlement and Water Take charges versus the Peel Valley at almost double that (with compounding effect).

Furthermore the WAMC component varies similarly. It is appreciated that this is perhaps a relatively small component in the overall scheme. It is contended that the WAMC charge should/could be “postage stamp pricing” statewide rather than being variable for each valley.

During my analysis, I have not been able to find a connection between budgets and the proposed Cost Reflective Prices and Bills.

Various reference is made to Funding input from the Government by way of budget allocations. It appears that various assumptions may have been made whilst in other cases the level of funding is yet to be determined. The levels of support for users in the North Coast and South Coast zones is noted. As such could a case be made for similar Government support for High Security Town Supply cases especially in the Peel Valley which is the highest cost water in the State.

Thank you for considering my submission.

09 December 2024