



Independent Pricing and Regulatory Tribunal

Review of bulk water charges for State Water Corporation

From 1 July 2010 to 30 June 2014

Water — Determination

June 2010



Independent Pricing and Regulatory Tribunal

State Water Corporation

Determination No. 2, 2010

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Preliminary

1 Background

- (a) Section 11 of the *Independent Pricing and Regulatory Tribunal Act 1992* (**IPART Act**) permits IPART to conduct investigations and make reports to the Minister administering the IPART Act on the determination of the pricing for a government monopoly service supplied by a government agency specified in Schedule 1 of the IPART Act.
- (b) State Water Corporation (**Corporation**) (a statutory State owned corporation established by section 4 of the *State Water Corporation Act 2004* (**SWC Act**)) is listed in Schedule 1 of the IPART Act as a "government agency" for which IPART has a standing reference for the purposes of section 11 of the IPART Act.
- (c) The Corporation's functions under section 6 of the SWC Act include:
 - (1) to capture and store water and to release water:
 - (A) to persons entitled to take the water, including release to regional towns;
 - (B) for the purposes of flood management; and
 - (C) for any other lawful purpose, including the release of environmental water; and
 - (2) to construct, maintain and operate water management works.
- (d) Under section 29 of the SWC Act, the Corporation may impose fees or charges on any person to whom the Corporation provides a service in the exercise of its functions, including any person to whom the Corporation makes water available.
- (e) Under section 4(7) of the IPART Act, the Corporation is taken to be the supplier of the services for which fees and charges are payable under the SWC Act, and which are declared to be government monopoly services.
- (f) Under clause 3 of the *Independent Pricing and Regulatory Tribunal (Water Services) Order 2004*, any service provided by the Corporation, to the extent that it involves:
 - (1) the making available of water;
 - (2) the making available of the Corporation's water supply facilities; or
 - (3) the supplying of water, whether by means of the Corporation's facilities or otherwise,

is a "government monopoly service" (**Monopoly Service**) for the purposes of sections 4 and 11(1) of the IPART Act. Accordingly, IPART may conduct investigations and report to the Minister administering the IPART Act on the determination of prices for any such Monopoly Services supplied by the Corporation.

- (g) In investigating and reporting on the pricing of the Corporation's Monopoly Services, IPART has had regard to a broad range of matters, including the criteria set out in section 15(1) of the IPART Act.
- (h) In accordance with section 13A(1) of the IPART Act, IPART has fixed the maximum price for the Corporation's Monopoly Services and/or established a methodology for fixing the maximum price.
- (i) Under section 18(2) of the IPART Act, the Corporation may not fix a price for Monopoly Services below that determined by IPART without the approval of the Treasurer.

2 Application of this determination

- (a) This determination sets out the maximum prices (and/or sets a methodology for fixing those maximum prices) that may be charged for the Corporation's Monopoly Services specified in this determination.
- (b) This determination does not apply to the following services provided by the Corporation:
 - (1) management services provided by the Corporation to the Lowbidgee Flood Control and Irrigation District Trust established to manage floodplain, wetlands and irrigation works in the Lowbidgee Flood Control and Irrigation District; and
 - (2) the rights granted by the Corporation to hydropower operators to install their facilities on the Corporation's dams and use water in the Corporation's storages for power generation, or the maintenance and emergency response services provided by the Corporation to these operators.
- (c) This determination commences on the later of 1 July 2010 and the date that it is published in the NSW Government Gazette (**Commencement Date**).
- (d) The maximum prices in this determination apply from the Commencement Date to 30 June 2014. The maximum prices in this determination prevailing at 30 June 2014 continue to apply beyond 30 June 2014 until this determination is replaced.

3 Replacement of Determination No. 4 of 2006

- (a) This determination replaces Determination No. 4 of 2006 from the Commencement Date.
- (b) The replacement does not affect anything done or omitted to be done, or rights or obligations accrued, under that determination prior to its replacement.

4 Monitoring

IPART may monitor the performance of the Corporation for the purposes of:

- (a) establishing and reporting on the level of compliance by the Corporation with this determination; and
- (b) preparing a periodic review of pricing policies in respect of the Monopoly Services supplied by the Corporation.

5 Schedules

- (a) Schedule 1 and the tables in that schedule set out the maximum prices that the Corporation may charge for the Monopoly Services relating to Regulated Rivers.
- (b) Schedule 2 and the tables in that schedule set out the maximum prices that the Corporation may charge for the Monopoly Services relating to the Fish River Water Supply Scheme.
- (c) Schedule 3 sets out a worked example of the conversion factors used to determine entitlement charges where WA Licences in a river valley are converted to WMA Licences.
- (d) Schedule 4 sets out the definitions and interpretation provisions.

Schedule 1 Regulated Rivers

1 Application

This schedule sets the maximum prices that may be charged for the Corporation's Monopoly Services under a Water Licence that authorises the extraction of water from a Regulated River.

2 Maximum charges

2.1 Subject to clauses 4, 5, 6 and 7 of this schedule, the maximum charges that may be levied for the Corporation's Monopoly Services under a Water Licence referred to in clause 1 of this schedule is the sum of the following:

(a) an entitlement charge calculated as follows:

(1) **in the case of a WMA Licence holder whose licence is converted from a WA Licence after the Commencement Date:**

$$EC \times E \times CF$$

where:

- (A) EC is an entitlement charge expressed in dollars per megalitre of Entitlement or in dollars per unit share in Table 1 for the relevant river valley and relevant year;
- (B) E is a licence holder's Entitlement or unit share for that year; and
- (C) CF is the conversion factor determined in accordance with clause 3 of this schedule; or

(2) **in any other case:**

$$EC \times E$$

where:

- (A) EC is an entitlement charge expressed in dollars per megalitre of Entitlement or in dollars per unit share in Table 1 for the relevant river valley and relevant year; and
- (B) E is a licence holder's Entitlement or unit share for that year; and

(b) subject to clause 2.2 of this schedule, a usage charge (being a charge expressed in dollars per megalitre of water used) in Table 2 for:

- (1) **in the case of Tagged Water Entitlement:** the relevant river valley as set out in the Licence Register and the relevant year, multiplied by a licence holder's usage for that year; and
 - (2) **in any other case:** the relevant river valley from which the water is used and the relevant year, multiplied by a licence holder's usage for that year; and
- (c) any additional charges or levies applicable as set out in this schedule.
- 2.2 Despite clause 2.1 of this schedule, only a usage charge may be levied by the Corporation for:
- (a) a High Flow Licence; or
 - (b) a Supplementary Water Access Licence.
- 2.3 The Corporation must not recover more than one usage charge in respect of any water used.

3 Conversion factor

- 3.1 If WA Licences in a river valley are converted to WMA Licences after the Commencement Date and those WMA Licences are expressed as a specified number of unit shares then the following conversion factor is to be applied to the entitlement charges for that river valley in Table 1:

$$CF = \frac{A}{S}$$

where:

- (a) **CF** is the conversion factor for a river valley;
 - (b) **A** is the Valley Entitlement Volume of water (expressed in megalitres) at the conversion of the WA Licences to WMA Licences; and
 - (c) **S** is the number of unit shares allocated to licence holders in a river valley immediately after those WMA Licences are issued.
- 3.2 A worked example of the application of this clause is set out in Schedule 3.

Note: One of the consequences of the introduction of the Water Management Act is that for some licence holders their entitlement is no longer defined in the licence as a volumetric allowance (in megalitres) but a 'unit share' of the available water for that valley (as defined by the relevant Water Sharing Plan for the valley in question).

For the purposes of setting prices, IPART has assumed that one 'unit share' is equivalent to one megalitre of entitlement. If a "unit share" represents less than 1ML of water, then the conversion factor ensures that the price per ML of water is that determined by IPART. This provides customers with some protection in situations where entitlement volumes have been reduced.

4 Rebate on total bill for entitlement and usage charges

A licence holder in Table 3 will receive the rebate (listed for that licence holder in Table 3) on that licence holder's total bill for entitlement and/or usage charges.

5 Yanco Columbo System

5.1 In addition to the charges set out in clause 2, a licence holder who is an Irrigator in respect of the Yanco Columbo System may be charged a levy of \$0.90 per megalitre of Entitlement or per unit share.

5.2 Clauses 3 and 4 of this schedule do not apply to these charges.

6 Metering service charge

6.1 The holder of a Water Supply Work Approval for a Water Supply Work with a Corporation Meter installed may be charged the relevant metering service charge set out in Table 4 (being a charge expressed in dollars per Corporation Meter per annum) for each Corporation Meter installed.

6.2 Clauses 3 and 4 of this schedule do not apply to this charge.

7 User initiated projects

In addition to the charges set out in clause 2, if a group of Irrigators (**Group of Irrigators**) requests the Corporation to undertake a project to improve water use and environmental outcomes, the Corporation may determine the appropriate levy to charge the Group of Irrigators to undertake that project only if all the following conditions are satisfied:

- (a) there is substantial support from the Group of Irrigators for that project;
- (b) there is substantial agreement from the Group of Irrigators that the Corporation is to charge a levy for that project; and
- (c) the Corporation has provided evidence satisfactory to IPART that paragraphs (a) and (b) above have been complied with.

Tables 1, 2, 3 and 4

Table 1 Entitlement Charges for Regulated Rivers

River valley	Commencement Date to 30 June 2011		1 July 2011 to 30 June 2012		1 July 2012 to 30 June 2013		1 July 2013 to 30 June 2014	
	High security (\$/ML of Entitlement or \$/unit share)	General security (\$/ML of Entitlement or \$/unit share)	High security (\$/ML of Entitlement or \$/unit share)	General security (\$/ML of Entitlement or \$/unit share)	High security (\$/ML of Entitlement or \$/unit share)	General security (\$/ML of Entitlement or \$/unit share)	High security (\$/ML of Entitlement or \$/unit share)	General security (\$/ML of Entitlement or \$/unit share)
Border	6.49	3.59	8.10 × (1+ΔCPI ₁)	3.37 × (1+ΔCPI ₁)	9.47 × (1+ΔCPI ₂)	3.17 × (1+ΔCPI ₂)	10.64 × (1+ΔCPI ₃)	2.98 × (1+ΔCPI ₃)
Gwydir	9.48	4.12	12.11 × (1+ΔCPI ₁)	4.00 × (1+ΔCPI ₁)	12.49 × (1+ΔCPI ₂)	3.88 × (1+ΔCPI ₂)	13.52 × (1+ΔCPI ₃)	3.77 × (1+ΔCPI ₃)
Namoi	11.59	8.84	13.13 × (1+ΔCPI ₁)	8.71 × (1+ΔCPI ₁)	14.38 × (1+ΔCPI ₂)	8.58 × (1+ΔCPI ₂)	15.07 × (1+ΔCPI ₃)	8.45 × (1+ΔCPI ₃)
Peel	14.16	1.93	16.83 × (1+ΔCPI ₁)	2.13 × (1+ΔCPI ₁)	19.90 × (1+ΔCPI ₂)	2.34 × (1+ΔCPI ₂)	23.41 × (1+ΔCPI ₃)	2.57 × (1+ΔCPI ₃)
Lachlan	8.83	3.96	9.69 × (1+ΔCPI ₁)	4.01 × (1+ΔCPI ₁)	10.58 × (1+ΔCPI ₂)	4.05 × (1+ΔCPI ₂)	11.49 × (1+ΔCPI ₃)	4.11 × (1+ΔCPI ₃)
Macquarie	7.02	3.74	8.17 × (1+ΔCPI ₁)	3.80 × (1+ΔCPI ₁)	9.37 × (1+ΔCPI ₂)	3.87 × (1+ΔCPI ₂)	10.61 × (1+ΔCPI ₃)	3.94 × (1+ΔCPI ₃)
Murray	2.68	2.28	2.76 × (1+ΔCPI ₁)	2.25 × (1+ΔCPI ₁)	2.84 × (1+ΔCPI ₂)	2.21 × (1+ΔCPI ₂)	2.92 × (1+ΔCPI ₃)	2.17 × (1+ΔCPI ₃)
Murrumbidgee	2.50	1.59	2.60 × (1+ΔCPI ₁)	1.55 × (1+ΔCPI ₁)	2.68 × (1+ΔCPI ₂)	1.52 × (1+ΔCPI ₂)	2.77 × (1+ΔCPI ₃)	1.48 × (1+ΔCPI ₃)
North Coast	6.41	5.06	7.15 × (1+ΔCPI ₁)	5.57 × (1+ΔCPI ₁)	7.96 × (1+ΔCPI ₂)	6.13 × (1+ΔCPI ₂)	8.87 × (1+ΔCPI ₃)	6.74 × (1+ΔCPI ₃)
Hunter	24.99	8.69	24.72 × (1+ΔCPI ₁)	8.54 × (1+ΔCPI ₁)	24.46 × (1+ΔCPI ₂)	8.38 × (1+ΔCPI ₂)	24.19 × (1+ΔCPI ₃)	8.23 × (1+ΔCPI ₃)
South Coast	12.67	7.05	14.70 × (1+ΔCPI ₁)	7.75 × (1+ΔCPI ₁)	17.01 × (1+ΔCPI ₂)	8.53 × (1+ΔCPI ₂)	19.63 × (1+ΔCPI ₃)	9.38 × (1+ΔCPI ₃)

Table 2 Usage Charges for Regulated Rivers

River valley	Commencement Date to 30 June 2011 (\$/ML)	1 July 2011 to 30 June 2012 (\$/ML)	1 July 2012 to 30 June 2013 (\$/ML)	1 July 2013 to 30 June 2014 (\$/ML)
Border	8.06	$8.36 \times (1+\Delta\text{CPI}_1)$	$8.68 \times (1+\Delta\text{CPI}_2)$	$8.76 \times (1+\Delta\text{CPI}_3)$
Gwydir	12.17	$12.13 \times (1+\Delta\text{CPI}_1)$	$12.09 \times (1+\Delta\text{CPI}_2)$	$12.05 \times (1+\Delta\text{CPI}_3)$
Namoi	19.11	$18.93 \times (1+\Delta\text{CPI}_1)$	$18.75 \times (1+\Delta\text{CPI}_2)$	$18.57 \times (1+\Delta\text{CPI}_3)$
Peel	29.05	$31.96 \times (1+\Delta\text{CPI}_1)$	$35.16 \times (1+\Delta\text{CPI}_2)$	$38.67 \times (1+\Delta\text{CPI}_3)$
Lachlan	15.29	$15.77 \times (1+\Delta\text{CPI}_1)$	$16.26 \times (1+\Delta\text{CPI}_2)$	$16.77 \times (1+\Delta\text{CPI}_3)$
Macquarie	11.60	$12.05 \times (1+\Delta\text{CPI}_1)$	$12.51 \times (1+\Delta\text{CPI}_2)$	$12.99 \times (1+\Delta\text{CPI}_3)$
Murray	4.78	$4.73 \times (1+\Delta\text{CPI}_1)$	$4.67 \times (1+\Delta\text{CPI}_2)$	$4.62 \times (1+\Delta\text{CPI}_3)$
Murrumbidgee	3.61	$3.58 \times (1+\Delta\text{CPI}_1)$	$3.54 \times (1+\Delta\text{CPI}_2)$	$3.51 \times (1+\Delta\text{CPI}_3)$
North Coast	31.45	$34.60 \times (1+\Delta\text{CPI}_1)$	$38.05 \times (1+\Delta\text{CPI}_2)$	$41.86 \times (1+\Delta\text{CPI}_3)$
Hunter	14.32	$14.12 \times (1+\Delta\text{CPI}_1)$	$13.92 \times (1+\Delta\text{CPI}_2)$	$13.73 \times (1+\Delta\text{CPI}_3)$
South Coast	28.19	$31.01 \times (1+\Delta\text{CPI}_1)$	$34.11 \times (1+\Delta\text{CPI}_2)$	$37.53 \times (1+\Delta\text{CPI}_3)$

Table 3 Rebate on total bill for entitlement charges and usage charges for Regulated Rivers

Licence holder	Commencement Date to 30 June 2011 (\$'000)	1 July 2011 to 30 June 2012 (\$'000)	1 July 2012 to 30 June 2013 (\$'000)	1 July 2013 to 30 June 2014 (\$'000)
Murray Irrigation Limited	966	$951 \times (1+\Delta\text{CPI}_1)$	$935 \times (1+\Delta\text{CPI}_2)$	$920 \times (1+\Delta\text{CPI}_3)$
Western Murray Irrigation Limited	40	$39 \times (1+\Delta\text{CPI}_1)$	$38 \times (1+\Delta\text{CPI}_2)$	$38 \times (1+\Delta\text{CPI}_3)$
West Corurgan	52	$51 \times (1+\Delta\text{CPI}_1)$	$51 \times (1+\Delta\text{CPI}_2)$	$50 \times (1+\Delta\text{CPI}_3)$
Moira Irrigation Scheme	25	$25 \times (1+\Delta\text{CPI}_1)$	$25 \times (1+\Delta\text{CPI}_2)$	$24 \times (1+\Delta\text{CPI}_3)$
Eagle Creek Scheme	11	$11 \times (1+\Delta\text{CPI}_1)$	$11 \times (1+\Delta\text{CPI}_2)$	$11 \times (1+\Delta\text{CPI}_3)$
Murrumbidgee Irrigation Limited	822	$822 \times (1+\Delta\text{CPI}_1)$	$808 \times (1+\Delta\text{CPI}_2)$	$793 \times (1+\Delta\text{CPI}_3)$
Coleambally Irrigation Limited	364	$364 \times (1+\Delta\text{CPI}_1)$	$358 \times (1+\Delta\text{CPI}_2)$	$351 \times (1+\Delta\text{CPI}_3)$
Jemalong Irrigation Limited	91	$90 \times (1+\Delta\text{CPI}_1)$	$87 \times (1+\Delta\text{CPI}_2)$	$86 \times (1+\Delta\text{CPI}_3)$

Table 4 Metering service charge for Regulated Rivers where Corporation Meter installed

Type of Corporation Meter	Metering service charge (\$ per meter per annum)
Electromagnetic meter without mobile phone or satellite telemetry coverage	219.78
Electromagnetic meter with mobile phone telemetry coverage	296.80
Electromagnetic meter with satellite telemetry coverage	620.31
Channel meter with mobile phone telemetry coverage	620.31
Channel meter with satellite telemetry coverage	620.31

Schedule 2 Fish River Water Supply Scheme

1 Application

This schedule sets the maximum prices that may be charged for the Corporation's Monopoly Services to customers in the Fish River Water Supply Scheme.

2 Maximum charges

2.1 The MAQ for a relevant customer is the minimum annual quantity for that relevant customer in Table 5.

2.2 The maximum charge that may be levied for the Corporation's Monopoly Services under the Fish River Water Supply Scheme is the sum of the following charges:

(a) for bulk raw water:

(1) an access charge (being a charge expressed in dollars per kilolitre of MAQ) in Table 6 for the relevant customer and relevant year in that table, multiplied by that customer's MAQ; and

(2) a use rate charge (being a charge expressed in dollars per kilolitre of water used) calculated as follows:

(A) **for each kilolitre of water used up to and including the relevant MAQ for the relevant customer** - the first tier use rate charge in Table 6 for the relevant year, multiplied by that customer's usage, up to and including the relevant MAQ; and

(B) **for each kilolitre of water used in excess of the relevant MAQ for the relevant customer** - the second tier use rate charge in Table 6 for the relevant year, multiplied by that customer's usage which is in excess of the relevant MAQ;

(b) for bulk filtered water:

(1) an access charge (being a charge expressed in dollars per kilolitre of MAQ) in Table 7 for the relevant customer and relevant year in that table, multiplied by that customer's MAQ; and

(2) a use rate charge (being a charge expressed in dollars per kilolitre of water used) calculated as follows:

(A) **for each kilolitre of water used up to and including the relevant MAQ for the relevant customer** - the first tier use rate charge in Table 7 for the relevant year, multiplied by that customer's usage, up to and including the relevant MAQ; and

- (B) **for each kilolitre of water used in excess of the relevant MAQ for the relevant customer** – the second tier use rate charge in Table 7 for the relevant year, multiplied by that customer’s usage which is in excess of the relevant MAQ.

Tables 5, 6 and 7

Table 5 Fish River Water Supply Scheme – Minimum Annual Quantity

	Bulk Raw Water (ML/year)	Bulk Filtered Water (ML/year)
Delta Electricity	8,184	0
Sydney Catchment Authority	3,650	0
Oberon Council	750	0
Individual Minor Customers	41	13
Lithgow Council	0	2,092

Table 6 Fish River Water Supply Scheme – Bulk Raw Water

	Commencement Date to 30 June 2011 (\$/kL)	1 July 2011 to 30 June 2012 (\$/kL)	1 July 2012 to 30 June 2013 (\$/kL)	1 July 2013 to 30 June 2014 (\$/kL)
Access charge				
- Delta Electricity	0.27	0.30 × (1+ΔCPI ₁)	0.32 × (1+ΔCPI ₂)	0.35 × (1+ΔCPI ₃)
- Sydney Catchment Authority	0.27	0.30 × (1+ΔCPI ₁)	0.32 × (1+ΔCPI ₂)	0.35 × (1+ΔCPI ₃)
- Oberon Council	0.27	0.30 × (1+ΔCPI ₁)	0.32 × (1+ΔCPI ₂)	0.35 × (1+ΔCPI ₃)
- Individual Minor Customers	0.34	0.37 × (1+ΔCPI ₁)	0.40 × (1+ΔCPI ₂)	0.44 × (1+ΔCPI ₃)
First tier use rate charge				
- Delta Electricity	0.30	0.33 × (1+ΔCPI ₁)	0.36 × (1+ΔCPI ₂)	0.40 × (1+ΔCPI ₃)
- Sydney Catchment Authority	0.30	0.33 × (1+ΔCPI ₁)	0.36 × (1+ΔCPI ₂)	0.40 × (1+ΔCPI ₃)
- Oberon Council	0.30	0.33 × (1+ΔCPI ₁)	0.36 × (1+ΔCPI ₂)	0.40 × (1+ΔCPI ₃)
- Individual Minor Customers	0.61	0.66 × (1+ΔCPI ₁)	0.73 × (1+ΔCPI ₂)	0.79 × (1+ΔCPI ₃)
Second tier use rate charge				
- Delta Electricity	0.57	0.63 × (1+ΔCPI ₁)	0.69 × (1+ΔCPI ₂)	0.75 × (1+ΔCPI ₃)
- Sydney Catchment Authority	0.57	0.63 × (1+ΔCPI ₁)	0.69 × (1+ΔCPI ₂)	0.75 × (1+ΔCPI ₃)
- Oberon Council	0.57	0.63 × (1+ΔCPI ₁)	0.69 × (1+ΔCPI ₂)	0.75 × (1+ΔCPI ₃)
- Individual Minor Customers	0.94	1.03 × (1+ΔCPI ₁)	1.13 × (1+ΔCPI ₂)	1.24 × (1+ΔCPI ₃)

Table 7 Fish River Water Supply Scheme – Bulk Filtered Water

	Commencement Date to 30 June 2011 (\$/kL)	1 July 2011 to 30 June 2012 (\$/kL)	1 July 2012 to 30 June 2013 (\$/kL)	1 July 2013 to 30 June 2014 (\$/kL)
Access charge				
- Lithgow Council	0.40	0.44 × (1+ΔCPI ₁)	0.48 × (1+ΔCPI ₂)	0.53 × (1+ΔCPI ₃)
- Individual Minor Customers	0.47	0.52 × (1+ΔCPI ₁)	0.56 × (1+ΔCPI ₂)	0.62 × (1+ΔCPI ₃)
First tier use rate charge				
- Lithgow Council	0.44	0.48 × (1+ΔCPI ₁)	0.52 × (1+ΔCPI ₂)	0.57 × (1+ΔCPI ₃)
- Individual Minor Customers	0.74	0.81 × (1+ΔCPI ₁)	0.89 × (1+ΔCPI ₂)	0.97 × (1+ΔCPI ₃)
Second tier use rate charge				
- Lithgow Council	0.84	0.92 × (1+ΔCPI ₁)	1.01 × (1+ΔCPI ₂)	1.10 × (1+ΔCPI ₃)
- Individual Minor Customers	1.21	1.33 × (1+ΔCPI ₁)	1.45 × (1+ΔCPI ₂)	1.59 × (1+ΔCPI ₃)

Schedule 3 Worked Example

Clause 3 Schedule 1

Assuming that:

- ▼ the Valley Entitlement Volume of water (expressed in megalitres) at the conversion of the WA Licences to WMA Licences is 80000 ML (A)
- ▼ the number of unit shares allocated to licence holders in a river valley immediately after the WMA Licences are issued is 100000 unit shares (S)
- ▼ a licence holder's Entitlement (expressed in megalitres) immediately before those WMA Licences are issued is 1000 ML
- ▼ a licence holder's Entitlement (expressed in megalitres) immediately after those WMA Licences are issued is 800 ML
- ▼ the number of unit shares allocated to licence holders in a river valley immediately after the WMA Licences are issued is 1000 unit shares

The following conversion factor is to be applied to the entitlement charge in Table 1:

$$CF = \frac{A}{S}$$

$$CF = \frac{80000}{100000}$$

$$CF = 0.8$$

For example - assuming that the licence holder is a general security licence holder in the Peel Valley, that licence holder will be paying in the relevant year the following entitlement charges:

- ▼ Before conversion - \$1,930.00 (being \$1.93/ML of Entitlement × 1000 ML).
- ▼ After conversion but before the application of the conversion factor - \$1,930.00 (being \$1.93/unit share × 1000 unit shares).
- ▼ After conversion and after the application of the conversion factor - \$1,544.00 (being \$1.93/unit share × 1000 unit shares × 0.8 or \$1.544/unit share × 1000 unit shares).

Explanation of the conversion factor based on the above example:

- ▼ The aim of the conversion factor is to provide customers with some protection in situations where Entitlement Volumes under their WMA Licence have been reduced by maintaining the effective price of entitlement to water.
- ▼ A licence holder in the Peel Valley whose WA licence was converted into a WMA Licence now has a 1000 unit shares which entitles the licence holder to use 800 ML of water a year (as opposed to 1000ML under the WA Licence).
- ▼ If the conversion factor were not applied to the entitlement charge in Table 1, the entitlement charge payable by the licence holder would be \$1,930.00 for 800 ML of Entitlement Volume (this is the same amount payable by the licence holder under his WA Licence which entitled him to use 1000ML of water).
- ▼ If the conversion factor were applied to the entitlement charge in Table 1, the entitlement charge payable by the licence holder would be \$1,544.00 for 800 ML of Entitlement Volume.
- ▼ The effective price of water after conversion would be \$1.93 (\$1,544.00 divided by 800 ML). The effective price of \$1.93 per ML of Entitlement to water is therefore maintained.

Schedule 4 Definitions and Interpretation

1 Definitions

1.1 General definitions

In this determination:

Commencement Date is defined in clause (c) of section 2 (**Application of this determination**) of this determination.

Corporation is defined in clause (b) of section 1 (**Background**) of this determination.

Corporation Meter means an electromagnetic meter or channel meter that is owned by the Corporation or WAMC.

Conveyance Licence means a regulated river (conveyance) access licences issued under section 57(1)(c) of the Water Management Act.

Entitlement means the right, conferred by means of a Water Licence, to take and use a specified quantity of water.

Fish River Water Supply Scheme has the meaning given to that term in the SWC Act.

General Security Licence means:

- (a) a WMA Licence of any of the following types (within the meaning of section 57 of the Water Management Act and the regulations made under that Act):
 - (1) Supplementary Water Access Licence;
 - (2) the following conveyance access licences:
 - (A) regulated river (conveyance) access licence;
 - (B) Murrumbidgee Irrigation (conveyance) access licence;
 - (C) Coleambally Irrigation (conveyance) access licence; or
 - (3) any other access licence that is not a High Security Licence; or
- (b) a WA Licence issued by WAMC as a Low Security licence.

High Flow Licence means a WA Licence issued by WAMC as a high flow licence.

High Security Licence means:

- (a) a WMA Licence of any of the following types (within the meaning of section 57 of the Water Management Act and the regulations made under that Act):
 - (1) local water utility access licence;
 - (2) major utility access licence;
 - (3) domestic and stock access licence; or
 - (4) regulated river (high security) access licence; or
- (b) a WA Licence issued by WAMC as a High Security Licence.

IPART means the Independent Pricing and Regulatory Tribunal of New South Wales, established under the IPART Act.

IPART Act is defined in clause (a) of section 1 (**Background**) of this determination.

Irrigation Corporation has the meaning given to that term under the Water Management Act.

Irrigator means a person who irrigates pursuant to a relevant approval, and includes an Irrigation Corporation.

kL means kilolitre or one thousand litres.

Licence Register means the Water Licence register and/or water accounting register maintained by the Corporation.

MAQ is defined in clause 2.1 of Schedule 2 (**Fish River Supply Scheme**) of this determination.

Minister means the Minister administering the Water Management Act (or, where relevant, the Water Act).

ML means megalitre or one million litres.

Monopoly Service is defined in clause (f) of section 1 (**Background**) of this determination.

Regulated River has the meaning given to that term under the Water Management Act.

SWC Act is defined in clause (b) of section 1 (**Background**) of this determination.

Supplementary Water Access Licence means an access licence that falls within section 57(1) of the Water Management Act.

Tagged Water Entitlement means the water entitlement which was sold permanently by a licence holder in a river valley or state to another licence holder in another river valley or state.

Valley Entitlement Volume means the volume of water attaching to the sum of the Entitlements in a river valley.

WAMC means the Water Administration Ministerial Corporation, being the corporation established under section 371 of the Water Management Act, and which is a continuation of, and the same legal entity as, the corporation of that name constituted by the *Water Administration Act 1986* (by virtue of clause 17 of Schedule 9 of the Water Management Act).

WA Licence means any licence, permit or authority under Part 2 or Part 9 of the Water Act, to the extent that it authorises the extraction of water.

Water Act means the *Water Act 1912*.

Water Licence means:

- (a) a WMA Licence; or
- (b) a WA Licence.

Water Management Act means the *Water Management Act 2000*.

Water Sharing Plan means the water sharing provisions of a management plan for a water management area or water source under the Water Management Act.

Water Supply Work Approval has the meaning given to that term in section 90 of the Water Management Act.

Water Supply Work has the meaning given to that term in the Water Management Act.

WMA Licence means an access licence referred to in section 56 of the Water Management Act, of any the following categories (as referred to in section 57 of that Act and the regulations made under that Act):

- (a) regulated river (high security) access licence;
- (b) regulated river (general security) access licence;
- (c) regulated river (conveyance) access licence;
- (d) supplementary water access licence;
- (e) major utility access licence;
- (f) local water utility access licence;
- (g) domestic and stock access licence;

- (h) Murrumbidgee Irrigation (conveyance) access licence;
- (i) Coleambally Irrigation (conveyance) access licence;
- (j) floodplain harvesting access licence; or
- (k) any other category of access licence that authorises the extraction of water from a regulated river.

Yanco Columbo System is a regulated stream of the Murrumbidgee river system.

1.2 Consumer Price Index

- (a) CPI means the consumer price index All Groups index number for the weighted average of eight capital cities, published by the Australian Bureau of Statistics, or if the Australian Bureau of Statistics does not or ceases to publish the index, then CPI will mean an index determined by IPART.

$$(b) \Delta CPI_1 = \left(\frac{CPI_{Mar2011}}{CPI_{Mar2010}} \right) - 1$$

$$\Delta CPI_2 = \left(\frac{CPI_{Mar2012}}{CPI_{Mar2010}} \right) - 1$$

$$\Delta CPI_3 = \left(\frac{CPI_{Mar2013}}{CPI_{Mar2010}} \right) - 1$$

each as calculated and notified by IPART.

- (c) The subtext (for example $CPI_{Mar 2010}$) when used in relation to paragraph (b) above means the CPI for the March quarter in year 2010.

2 Interpretation

2.1 General provisions

In this determination:

- (a) headings are for convenience only and do not affect the interpretation of this determination;
- (b) a reference to a schedule, annexure, clause or table is a reference to a schedule, annexure, clause or table to this determination;
- (c) words importing the singular include the plural and vice versa;
- (d) a reference to a law or statute includes all amendments or replacements of that law or statute;
- (e) a reference to a licence holder's usage includes use, extraction, trade, sale or gift by that licence holder;
- (f) a reference to a person includes a company, partnership, joint venture, association, corporation, other body corporate or government agency;
- (g) a reference to an officer includes a reference to the officer who replaces him or her, or who substantially succeeds to his or her powers or functions; and
- (h) a reference to a body, whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

2.2 Explanatory notes, examples and clarification notice

- (a) Explanatory notes and examples do not form part of this determination, but in the case of uncertainty may be relied on for interpretation purposes.
- (b) IPART may publish a clarification notice in the NSW Government Gazette to correct any manifest error in this determination as if that clarification notice formed part of this determination.

2.3 Prices exclusive of GST

Prices or charges specified in this determination do not include GST.

2.4 Billing cycle

For the avoidance of doubt nothing in this determination affects when a bill may be issued to a customer for prices or charges under this determination.

2.5 Annual charges

- (a) The annual charges in this determination apply to each financial year (1 July to 30 June inclusive).
- (b) In respect of any period after the Commencement Date that is less than a full financial year, the annual charges in this determination (other than those calculated by reference to usage) will be pro-rated for that period, based on the proportion that the number of days in that period bears to the number of days in the financial year.

Note: This clause is not intended to prohibit the Corporation from issuing a bill for any period before the Commencement Date. Please refer to clause 3 of section 1 (**Replacement of Determination No 4 of 2006**) of this determination for further information.

2.6 Billing on behalf of WAMC

Nothing in this determination prevents the Corporation from billing on behalf of WAMC for services provided by WAMC.

2.7 Entitlement charges

- (a) A reference to an entitlement charge is a reference to an entitlement charge specified in a Water Licence without regard to any part of the Entitlement that may be carried over from a previous year.
- (b) A reference to an entitlement charge:
 - (1) expressed in dollars per megalitre of Entitlement is a reference to a charge expressed in dollars per megalitre of water which a WA Licence or a WMA Licence confers on the licence holder in a year; and
 - (2) expressed in dollars per unit share is a reference to a charge so expressed under a WMA Licence whose share component is expressed in unit shares.

2.8 Metering of usage charges for Irrigation Corporations

The metering of usage charges for the supply of water to an Irrigation Corporation from a Regulated River is to be determined at the point or points of off-take from the Regulated River or as set out in that Irrigation Corporation's works licence conditions.

2.9 River valleys

(a) In this determination, a reference to a river valley is a reference to the relevant valley more fully described in the following table:

River Valley	Description
Regulated Rivers	
Border	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Border Rivers including the Severn, the Macintyre and Dumaresq rivers down to Mungindi.</p>
Gwydir	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Gwydir River and Gwydir Wetlands, Mehi river, Gil Gil Creek and Moomin Creek to the junction with the Barwon River.</p>
Namoi	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Namoi River to Peel River and Pian Creek to Barwon River.</p>
Peel	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Peel River to junction with Namoi River.</p>
Lachlan	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Lachlan and Belubula River to the Murrumbidgee River junction.</p>
Macquarie	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Macquarie River, the Cudgegong and Bogen rivers to junction with Darling River.</p>
Murray	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Murray River including the Darling River below Menindee.</p>
Murrumbidgee	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Murrumbidgee River to junction with Murray River, including Yanco, Colombo and Billabong Creeks and Tumut River.</p>
North Coast	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Regulated flows for Iron Pot and Eden Creeks.</p>
Hunter	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Hunter River, including Patterson River and Glennies Creek.</p>
South Coast	<p>If a water sharing plan under the Water Management Act is in place, then the water sources as defined in that plan.</p> <p>In any other case: Brogo and Bega River Catchments.</p>

- (b) A reference in this determination to the 'relevant river valley' (other than in the case of the usage component of a licence) is a reference to the river valley for a licence holder as set out in the Licence Register. In the case of the usage component of a licence, the 'relevant river valley' is the river valley from which water is used unless the usage component relates to Tagged Water Entitlement.

