

FACT SHEET

Prices for State Water Corporation

Based on *Determination and Final Report June 2010*
From 1 July

On 18 June 2010, we released our final report and determination on the bulk water prices that State Water Corporation (State Water) can charge its bulk water customers for the 4 years from 1 July 2010. The full report and determination are available on the IPART website at www.ipart.nsw.gov.au.

Overview

State Water is a statutory state-owned corporation which operates under the *State Water Corporation Act 2004*. It provides bulk water services to around 6,200 customers including irrigation corporations, country town water supply authorities, farms, mines and electricity generators. State Water meets community needs by providing water for stock and domestic users. It is also responsible for delivering environmental flows on regulated rivers.

State Water operates around 20 dams and over 280 weirs and associated assets on regulated rivers. Its area of operations includes 11 river valleys, the Fish River Water Supply Scheme, and some of the area managed by the Murray Darling Basin Authority and Borders Rivers Commission.

State Water's cost drivers

On average across all valleys, water prices will be around 28% higher in 2013/14 than in 2009/10. Higher costs contribute 11% to this increase and lower expected water sales contribute 15%.

The largest contributor to higher costs is the return on capital component (10%). This increase reflects both a larger asset base and a higher rate of return. The introduction of a revenue volatility allowance,

designed to compensate State Water for revenue risks faced due to water variability, contributes 4% to the increase. By contrast, operating expenditure (-1%) and MDBA costs (-4%) are expected to be lower in 2013/14 than in 2009/10.

Customer impacts

The impacts on customer bills vary widely depending on where customers are located, whether they hold high security or general security licences, and their annual water usage.

Bills for high security customers with an annual water entitlement of 500 ML and a 100% allocation face real increases ranging from 2% (in the Murrumbidgee valley) to 73% (in the Border valley) over the 4-year determination period. Bills for general security customers with the same water entitlement and a 60% allocation vary from a decrease of 4% (in the Murrumbidgee valley) to an increase of 47% (in the Lachlan valley) over the same period.

We also calculated the annual bills for customers as a percentage of average total farm costs in each valley. We found that for high security and general security customers who use 150 ML per annum, these annual bills represent less than 9% of average total farm costs. The annual bill represents less than 11% of average total farm costs for high security and general security customers who use 1,000 ML per annum.

Table 1 presents our decisions on the maximum prices that State Water can charge customers in each valley over the 2010 Determination.

State Water Corporation prices from 1 July 2010 to 30 June 2014

Table 1 Entitlement and usage charges (\$/ML \$2009/2010)

	2009/10		2010/11		2011/12		2012/13		2013/14		2009/10 –13/14	
	\$	\$	% Δ	\$	% Δ	\$	% Δ	\$	% Δ	\$ Δ	% Δ	
High Security Entitlement Charge												
Border	4.37	6.32	44.4	7.89	24.8	9.23	17.0	10.36	12.3	5.99	136.9	
Gwydir	6.08	9.23	51.7	11.79	27.7	12.17	3.2	13.16	8.2	7.08	116.3	
Namoi	9.31	11.28	21.2	12.78	13.3	14.01	9.6	14.68	4.8	5.37	57.7	
Peel	11.50	13.78	19.9	16.39	18.9	19.37	18.2	22.79	17.6	11.30	98.3	
Lachlan	7.02	8.60	22.5	9.44	9.7	10.30	9.1	11.19	8.6	4.17	59.3	
Macquarie	5.78	6.84	18.4	7.96	16.4	9.12	14.6	10.34	13.3	4.56	79.0	
Murray	2.75	2.61	-5.2	2.69	3.1	2.77	2.9	2.84	2.6	0.09	3.2	
Murrumbidgee	2.46	2.43	-1.2	2.53	3.9	2.61	3.4	2.69	3.0	0.23	9.4	
North Coast	5.60	6.25	11.6	6.96	11.4	7.75	11.4	8.64	11.4	3.04	54.3	
Hunter	20.22	24.33	20.3	24.07	-1.1	23.81	-1.1	23.56	-1.1	3.34	16.5	
South Coast	10.61	12.34	16.3	14.32	16.0	16.56	15.7	19.11	15.4	8.50	80.1	
General Security Entitlement Charge												
Border	3.41	3.49	2.4	3.28	-6.1	3.08	-6.0	2.90	-6.0	-0.51	-15.1	
Gwydir	3.37	4.01	19.1	3.89	-3.0	3.78	-2.9	3.67	-2.8	0.31	9.1	
Namoi	7.44	8.61	15.6	8.48	-1.5	8.35	-1.5	8.23	-1.5	0.79	10.6	
Peel	1.71	1.88	10.0	2.07	10.0	2.28	10.0	2.51	10.0	0.79	46.4	
Lachlan	2.86	3.85	34.8	3.90	1.2	3.95	1.2	4.00	1.3	1.14	39.8	
Macquarie	3.07	3.64	18.6	3.70	1.7	3.77	1.7	3.83	1.8	0.76	24.9	
Murray	2.20	2.22	1.2	2.19	-1.7	2.15	-1.7	2.12	-1.6	-0.08	-3.7	
Murrumbidgee	1.51	1.55	2.1	1.51	-2.1	1.48	-2.3	1.44	-2.3	-0.07	-4.6	
North Coast	4.48	4.93	10.0	5.42	10.0	5.97	10.0	6.56	10.0	2.08	46.4	
Hunter	6.74	8.46	25.6	8.31	-1.8	8.16	-1.8	8.02	-1.8	1.28	19.0	
South Coast	6.24	6.86	10.0	7.55	10.0	8.30	10.0	9.13	10.0	2.90	46.4	
Usage Charge												
Border	6.54	7.84	20.0	8.14	3.8	8.45	3.8	8.53	0.9	1.99	30.5	
Gwydir	8.96	11.85	32.3	11.81	-0.3	11.78	-0.3	11.74	-0.3	2.78	31.1	
Namoi	12.56	18.61	48.2	18.43	-1.0	18.26	-1.0	18.08	-1.0	5.52	44.0	
Peel	25.72	28.29	10.0	31.12	10.0	34.23	10.0	37.66	10.0	11.94	46.4	
Lachlan	10.83	14.88	37.4	15.35	3.1	15.83	3.1	16.32	3.1	5.49	50.7	
Macquarie	8.47	11.30	33.4	11.73	3.8	12.18	3.8	12.65	3.8	4.18	49.3	
Murray	4.00	4.66	16.5	4.60	-1.2	4.55	-1.2	4.49	-1.2	0.50	12.4	
Murrumbidgee	3.54	3.51	-1.0	3.48	-0.8	3.45	-1.0	3.41	-1.0	-0.13	-3.7	
North Coast	27.84	30.62	10.0	33.69	10.0	37.05	10.0	40.76	10.0	12.92	46.4	
Hunter	12.28	13.95	13.6	13.75	-1.4	13.56	-1.4	13.37	-1.4	1.09	8.9	
South Coast	24.96	27.45	10.0	30.20	10.0	33.22	10.0	36.54	10.0	11.58	46.4	

Table 2 and Table 3 compare the current annual bills for high and general security customers with the annual bills that these customers would face in 2013/14 under the 2010 Determination and State Water's proposal.

Table 2 Increase in annual bills for high security customers with 500 ML entitlement and 100% allocation under IPART's determination and State Water's proposal (\$2009/10)

Valley	Current bill 2009/10	IPART's bill 2013/14	IPART's total increase 2009/10 -2013/14	State Water's bill 2013/14	State Water's total increase 2009/10 -2013/14
Border	5,455	9,445	73%	9,524	75%
Gwydir	7,520	12,451	66%	12,918	72%
Namoi	10,933	16,379	50%	17,796	63%
Peel	18,607	30,223	62%	42,418	128%
Lachlan	8,928	13,757	54%	20,904	134%
Macquarie	7,123	11,491	61%	15,818	122%
Murray	3,374	3,666	9%	5,040	49%
Murrumbidgee	3,004	3,054	2%	3,542	18%
North Coast	16,719	24,698	48%	225,566	1249%
Hunter	16,250	18,463	14%	20,999	29%
South Coast	17,785	27,826	56%	62,374	251%

Table 3 Increase in annual bills for general security customers with 500 ML entitlement and 60% allocation under IPART's determination and State Water's proposal (\$2009/10)

Valley	Current bill 2009/10	IPART's bill 2013/14	IPART's total increase 2009/10 -2013/14	State Water's bill 2013/14	State Water's total increase 2009/10 -2013/14
Border	3,667	4,008	9%	4,187	14%
Gwydir	4,371	5,358	23%	5,808	33%
Namoi	7,488	9,540	27%	10,669	42%
Peel	8,572	12,550	46%	19,443	127%
Lachlan	4,680	6,896	47%	8,375	79%
Macquarie	4,076	5,710	40%	6,139	51%
Murray	2,298	2,406	5%	2,565	12%
Murrumbidgee	1,820	1,746	-4%	1,658	-9%
North Coast	10,594	15,510	46%	137,203	1195%
Hunter	7,052	8,019	14%	8,764	24%
South Coast	10,607	15,529	46%	32,687	208%