

Review of WAMC's water management prices – Final Report and prices



7 June 2016

WHAT

The Independent Pricing and Regulatory Tribunal of NSW (IPART) has set maximum prices that the Water Administration Ministerial Corporation (WAMC) can charge for its monopoly services. The delivery of these services is currently undertaken by DPI Water on WAMC's behalf. Our Final Report and Determination are available on our website www.ipart.nsw.gov.au.

We set maximum water management prices for 26 water sources across the state, consent transaction charges, and meter service and reading charges, to apply from 1 July 2016 to 30 June 2020.

Our decisions result in:

- ▼ Prices going down in most water sources.
- ▼ Prices increasing, on a glide path towards full cost recovery, in:
 - 4 valleys in regulated rivers (Gwydir, Peel, Murrumbidgee and Hunter), and
 - Murrumbidgee groundwater.
- ▼ Typical bills decreasing in unregulated rivers and groundwater sources (except for Murrumbidgee groundwater):
 - Large decreases in entitlement prices in unregulated rivers and groundwater, offset by increases in water take prices.
- ▼ Typical bills going up or down in regulated rivers:
 - Depending on how far the valley is from cost recovery, and its relative water take.
- ▼ An increase in the minimum annual charge (MAC):
 - currently around \$105, and transitioning to \$200 in 2019-20 (excluding inflation)
 - to make the MAC more cost-reflective, and
 - more smaller users will become subject to the MAC.

- ▼ Separate prices with and without floodplain harvesting licences in five valleys (Border, Gwydir, Namoi and Macquarie regulated and Far West unregulated).
- ▼ A separate price for WaterNSW in the South Coast (unregulated rivers), to directly recover the user share of efficient costs of Metropolitan water planning.
- ▼ A differentiated pricing schedule for government installed meter service charges (by meter size).
- ▼ Generally lower consent transaction charges.
- ▼ A revised set of output measures and indicators for the 2016 determination period.

WHY

We made a number of decisions influencing the prices:

- ▼ We reduced the proposed total revenue requirement (NRR) for WAMC:
 - from \$250.18 million (\$2015-16) over the 4-year period from 2016-17 to 2019-20, to \$229.32 million, which is a reduction of \$20.86 million, or 8.3%.
- ▼ Our reduction in the NRR is driven by:
 - substantial reductions to proposed operating expenditure
 - a \$1.86 million reduction to Murray-Darling Basin Authority (MDBA) expenditure that can be recovered from users, and
 - a \$1.91 million reduction to capital expenditure.
- ▼ We accepted DPI Water's cost allocation model:
 - Using water take as a cost driver re-allocated some costs from water sources

or valleys with low water take to those with high water take.



HOW

We followed our established price review process. We used consultants to help us assess the efficiency of the proposed operating and capital expenditure used to deliver WAMC's monopoly services.

We consulted with stakeholders on our Issues Paper, DPI Water's submission to our Issues Paper and our Draft Report.

We made decisions on:

- ▼ Length of time for which we set prices.
- ▼ What services are in scope as, government monopoly services.
- ▼ Total efficient costs of providing water management services.
- ▼ Allocation of the user share of costs across water sources.
- ▼ Price structures.
- ▼ The minimum annual charge.
- ▼ Starting prices and the price path.
- ▼ The efficient cost of meter services and consent transactions, and setting separate charges for these activities.
- ▼ A reporting framework for the 2016 determination period.

In making our decisions, we considered potential impacts on water users and made adjustments where required.



WHEN

The new prices will take effect from 1 July 2016.



LEARN MORE

Our price determination and accompanying report, along with fact sheets on prices for each water source, consent transaction and metering charges, and a consolidated fact sheet with all prices can be found on our website.

Information on MDBA costs which was provided in a fact sheet at the Draft Report stage is now included in the Final Report.

All prices presented in these Fact Sheets are shown in \$2015-16.

View all [Fact Sheets](#).