

FACT SHEET

Determination for groundwater users

Based on *Review of prices for the Water Administration Ministerial Corporation*
February 2011

IPART has released a Determination that increases groundwater management prices except in the Far West and the coastal valleys. These price increases are the same as those released by IPART for consultation in October 2010.

Water management in NSW is becoming more complex and demanding. IPART recognises that this requires an increase in activity by the NSW Office of Water (NOW), the Government agency responsible for managing water resources. NOW is required to conduct activities such as developing and implementing water sharing plans, and developing new policies and compliance activities to protect users' property rights and ensure a robust system of water allocation. The price increases in IPART's Determination reflect NOW's efficient costs of these activities.

All prices presented in this fact sheet are shown in \$2009/10. Actual prices charges each year will increase in line with inflation.

Who is affected by the changes?

Groundwater users affected by the price Determination include irrigators, mines and other industry, bulk water suppliers and the local councils and water utilities that supply drinking water to cities and towns. Holders of stock and domestic basic rights will not be charged for the water they use. However, NOW is currently developing a 'basic rights' policy. As such, IPART will consider setting prices for these users at its next price review (to be conducted by 2014).

When do the new water management prices take effect?

New prices are due to take effect on 1 July 2011. The Determination covers the 3-year period from 1 July 2011 until 30 June 2014.

What are the new water management prices?

IPART's Determination includes changes to both the fixed (entitlement) and usage prices for groundwater and supplementary groundwater users. Users without a water meter will pay a 1-part tariff. Users with a meter (as defined in the Determination) who are not currently subject to a 2-part tariff should advise NOW in writing to ensure they are billed correctly.

It is estimated that, by 2014, groundwater users on a 1-part tariff, or those on a 2-part tariff that extract 100% of their entitlement, will pay between \$3.19 and \$6.27 per megalitre. The change in bills for users on a 2-part tariff ranges from a 22% reduction in coastal regions to a 73% increase in the Murrumbidgee valley over the 3-year Determination period. Users currently on a 1-part tariff may face higher increases in the first year, 2011/12, as they transition to the new price structure.

IPART's Determination increases the minimum bill for small groundwater users from \$60 to \$95 per year. IPART expects that around 51% of all water users will be subject to the minimum bill of \$95 per year by 2013/14.

IPART has also permitted increases to NOW's charges for consent transactions, which covers activities such as the issuing of licences for approvals and trades.

What are the new water meter service charges?

IPART's Determination includes new charges for water meter reading and services relevant to groundwater users. Meter service and reading charges relate to the costs of reading user-installed meters and maintaining government-installed meters.

Why do prices differ between regions?

Since IPART's 2006 Determination, IPART has adopted a more robust method to allocate costs between water types and valleys. This has resulted in a significant one-off change for some valleys. These changes, together with changes in water entitlement and usage forecasts since 2006, mean that the price changes vary between valleys.

IPART's Determination includes a transition from valley-based towards region-based prices for groundwater. The state has been divided into 2 regions: 'inland valleys' and 'coastal valleys'. This shift has been made because groundwater resources are not bounded by river valleys. An inland/coastal division more accurately reflects both the physical boundaries of the groundwater sources and the efficient costs of managing those resources.

How has IPART made this decision?

In making this Determination, IPART has considered proposals from NOW, reports from our consultants, information provided by stakeholders who have participated in the review process, and factors listed in our Act. IPART has also taken into account NOW's performance since the 2006 Determination and other information provided by NOW.

The prices set by IPART in this Determination are significantly less than those proposed by NOW. IPART has conducted a detailed review, and has set prices to ensure that users only pay their fair share of NOW's efficient costs.

Prices have been set so that increases in bills for users with assumed extractions are not expected to exceed 20% per year.

Where to find more information

Detailed information is included in IPART's Determination and Report. To obtain a copy please visit www.ipart.nsw.gov.au or call (02) 9290 8472.

Price changes

Groundwater – Forecast user bill per megalitre of entitlement (\$2009/10)

Valley	Bill per ML of entitlement Year ending June				Increase from 2010 to 2014(%)	
	2010	2012	2013	2014	IPART	NOW proposed
Border	3.71	4.45	5.34	6.27	69%	177%
Gwydir	3.71	4.45	5.34	6.27	69%	177%
Namoi	3.71	4.45	5.34	6.27	69%	177%
Peel	3.71	4.45	5.34	6.27	69%	177%
Lachlan	4.64	5.57	5.94	6.27	35%	122%
Macquarie	4.64	5.57	5.94	6.27	35%	122%
Far West	6.82	5.64	5.94	6.27	-8%	51%
Murray	3.95	4.74	5.69	6.27	59%	160%
Murrumbidgee	1.84	2.21	2.66	3.19	73%	458%
North Coast	6.82	5.20	5.28	5.33	-22%	35%
Hunter	6.82	5.20	5.28	5.33	-22%	35%
South Coast	6.82	5.20	5.28	5.33	-22%	35%

The fixed and usage tariffs for each valley can be found in the Report available on IPART's website.