

FACT SHEET

Determination for regulated water users

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

IPART has released a Determination that increases water management prices for regulated water users. These price increases are the same as prices 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 that is 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 charged in each year will increase in line with inflation.

Who is affected by the changes?

Water users affected by the Determination include irrigators, environmental water holders, 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 regulated river, supplementary and floodplain harvesting water users. Compared to 2010 prices, regulated river entitlement charges are expected to decrease in the Murray, and increase between 6% and 104% in all other valleys. Compared to 2010 prices, regulated river usage charges are expected to decrease in the Border Rivers, and increase between 17% and 167% in all other valleys.

Compared to 2010 prices set at the 2006 Determination, the forecast user bill is likely to increase by between 19% and 73%.

IPART's Determination increases the minimum bill for small 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 cover activities such as the issuing of licences for approvals and trades.

What about State Water's charges?

State Water and NOW provide water users with different services. State Water is only responsible for the storage and delivery of water. IPART has assessed NOW's submission to ensure there is no double counting of activities that were included in the recent Determination of State Water's costs.

Why do water management prices differ between valleys?

IPART's Determination retains the current system of valley-based charges. Since its 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. In addition, there have been changes in NOW's estimate of users' water entitlements, and changes in forecast water usage. These factors, together with changes in water entitlement and usage forecasts since 2006, mean that price changes in this Determination vary between valleys.

How has IPART made this decision?

In making this Determination, IPART considered proposals from NOW, 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

To obtain a copy of IPART's Report, or for further information, please visit www.ipart.nsw.gov.au or call (02) 9290 8472.

Price changes

Regulated rivers - Fixed component of 2-part tariff (\$2009/10)

Valley	Price (\$/ML or unit share) year ending June				Increase from 2010 to 2014(%)	
	2010	2012	2013	2014	IPART	NOW proposed
Border	1.40	1.94	2.06	2.10	49%	127%
Gwydir	0.78	1.02	1.20	1.23	57%	158%
Namoi	1.21	1.79	2.14	2.48	104%	227%
Peel	1.17	1.46	1.76	2.11	80%	325%
Lachlan	0.97	1.17	1.40	1.68	73%	193%
Macquarie	0.97	1.31	1.57	1.78	84%	181%
Murray	1.38	1.30	1.33	1.35	-2%	92%
Murrumbidgee	1.04	1.02	1.08	1.10	6%	122%
North Coast	2.99	3.50	4.20	5.04	68%	211%
Hunter	1.23	1.71	2.05	2.46	101%	435%
South Coast	2.97	3.13	3.76	4.51	52%	199%

Regulated rivers - Usage component of 2-part tariff and supplementary water and floodplain harvesting usage charges (\$2009/10)

Valley	Price (\$/ML or unit share) year ending June				Increase from 2010 to 2014(%)	
	2010	2012	2013	2014	IPART	NOW proposed
Border	1.63	1.49	1.58	1.61	-2%	49%
Gwydir	0.92	0.94	1.11	1.13	24%	82%
Namoi	1.46	1.22	1.47	1.70	17%	82%
Peel	2.12	2.32	2.79	3.34	58%	326%
Lachlan	1.12	1.34	1.61	1.93	73%	236%
Macquarie	1.31	1.26	1.51	1.71	30%	123%
Murray	0.38	0.84	0.86	0.88	134%	178%
Murrumbidgee	0.27	0.65	0.69	0.71	167%	139%
North Coast	2.01	3.47	4.16	4.99	149%	295%
Hunter	1.21	1.10	1.32	1.58	30%	274%
South Coast	1.99	3.51	4.21	5.05	154%	196%

Regulated rivers - forecast use bill per ML of entitlement (\$2009/10)

Valley	Price (\$/ML or unit share) year ending June				Increase from 2010 to 2014(%)	
	2010	2012	2013	2014	IPART	NOW proposed
Border	2.31	2.78	2.94	2.99	29%	96%
Gwydir	1.21	1.45	1.72	1.76	45%	131%
Namoi	2.13	2.55	3.06	3.55	67%	165%
Peel	1.74	2.09	2.51	3.01	73%	325%
Lachlan	1.39	1.66	2.00	2.40	73%	206%
Macquarie	1.56	1.87	2.24	2.55	64%	159%
Murray	1.63	1.85	1.90	1.93	19%	105%
Murrumbidgee	1.22	1.46	1.55	1.58	30%	125%
North Coast	3.17	3.80	4.56	5.48	73%	215%
Hunter	2.04	2.44	2.93	3.52	73%	371%
South Coast	3.73	4.48	5.37	6.45	73%	199%

The forecast user bill is based on assumptions IPART has made in relation to usage. Please see the Report for further detail.