

FACT SHEET

Determination for unregulated 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 unregulated water users except in the Hunter and South Coast valleys. The 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 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 unregulated water users. Users without a water meter pay a fixed tariff based on entitlement. 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.

IPART has also established prices for high flow and floodplain harvesting entitlement holders, and for Far West water users that hold area-based entitlements.

In most areas, there will be overall increases to prices. It is estimated that, by 2014, unregulated users on a 1-part tariff, or those on a 2-part tariff that pump 100% of their entitlement, will pay between \$3.38 and \$10.69 per megalitre.

Compared to current bills (based on 2010 prices set at the 2006 Determination), price changes will range from a 12% reduction for Hunter unregulated users to a 73% increase for Murrumbidgee, Border, Gwydir, Namoi and Peel unregulated users over the period of the Determination.

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 increased 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 and reading services for relevant users in unregulated systems. Meter service charges relate to the costs of reading user installed meters and maintaining government-installed meters.

Why do water management prices differ between valleys?

IPART's Determination retains the current system of valley-based charges. Since the 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 mean that the price changes in this Determination vary between valleys.

How has IPART made this decision?

In making this Determination, IPART considered all proposals from NOW, our consultant, information provided by stakeholders who 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

Unregulated river – 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	2.78	3.34	4.01	4.81	73%	148%
Gwydir	2.78	3.34	4.01	4.81	73%	148%
Namoi	2.78	3.34	4.01	4.81	73%	148%
Peel	2.78	3.34	4.01	4.81	73%	148%
Lachlan	4.95	5.94	7.12	7.56	53%	104%
Macquarie	4.95	5.94	7.12	7.56	53%	104%
Far West	5.78	5.38	5.77	6.01	4%	37%
Murray	5.12	6.15	7.38	8.72	70%	118%
Murrumbidgee	6.18	7.42	8.91	10.69	73%	223%
North Coast	6.87	7.90	8.59	9.02	31%	71%
Hunter	4.57	3.71	3.92	4.03	-12%	-21%
South Coast	3.59	3.13	3.25	3.38	-6%	20%

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