



Department
of Industry

Office of the Secretary

SECO19/1880

Dr Paul Paterson
Chair
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET NSW 1240

Dear Dr Paterson

Extension of the Water Administration Ministerial Corporation pricing determination

I am writing to seek a 12 month extension to the current Water Administration Ministerial Corporation (WAMC) pricing determination. The current determination covers the period from 1 July 2016 to 30 June 2020.

IPART has previously agreed to a separate WAMC pricing submission for water management services delivered by WaterNSW and a combined submission for services provided by the Department of Industry (DoI) and the Natural Resources Access Regulator (NRAR). The agency submissions are currently due to be provided to IPART by 1 July 2019, and under our proposal this would be extended until 1 July 2020.

A 12 month extension would align the timing of the next WAMC pricing determination with WaterNSW's next rural bulk water pricing determination which commences on 1 July 2021. This means rural water customers would benefit from a single consultation process for rural water prices. This process would provide customers with more clarity regarding water agency responsibilities and costs compared to separate rural water reviews over consecutive years. Customers would see no change to their WAMC water management prices during the extension year, 2020-21.

Our proposal would also result in a more robust pricing submission in 2020. In particular, the recently established NRAR would benefit from having more time to prioritise outcomes, develop associated operational plans, programs and tools and determine appropriate resource requirements. The additional time would allow for the inclusion of more detailed and reliable forecasts of future costs in our pricing submission, and therefore support an improved regulatory process.

The extension would allow appropriate time for customer and community consultation regarding the pricing implications of new and existing reform priorities such as the establishment of NRAR and the introduction of floodplain harvesting licences. DoI and NRAR would consult regularly with IPART to ensure that our submission meets the transparency, prudence and efficiency principles to which we are committed.

I therefore consider that the proposed 12 month extension of the current WAMC pricing determination has substantial merit and look forward to a favourable response. WaterNSW have been engaged on this proposal.

The contact officer at DoI for this matter is John Smith, Director Economics and Finance, available on 0439 496 861.

Yours sincerely



Jim Betts
Secretary

16 / 5 / 19