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REVIEW OF THE WATER ADMINISTRATION MINISTERIAL CORPORATION'S WATER MANAGEMENT CHARGES

On 5 May 2010, the Independent Pricing and Regulatory Tribunal of NSW (IPART) announced its decision to restart its review of the prices to be charged by the Water Administration Ministerial Corporation (WAMC). As you may be aware, WAMC's water management activities are largely undertaken by the NSW Office of Water (NOW).

In July last year, I wrote to you and other stakeholders to advise that IPART had commenced this review and to invite stakeholder participation. Unfortunately, due to the late and incomplete provision of information by NOW and its subsequent revision, IPART was forced to delay this review in January 2010.

I am pleased to announce that following publication of additional information from NOW and a draft report commissioned by IPART (ie, Pricewaterhouse Coopers' and Halcrow's draft report on its *Review of NSW Office of Water's water management expenditure*), we consider that adequate information is now publicly available to enable effective participation in this price review by all stakeholders.

I would therefore like to take this opportunity to invite you to make a submission to IPART's review of WAMC's water management charges, and in doing so share your views on:

- ▼ the key questions and issues that IPART has identified for this review, as outlined in **IPART's Issues Paper** (July 2009);
- ▼ **NOW's submission** (December 2009) to IPART and its various supporting and supplementary documents; and/or
- ▼ **Pricewaterhouse Coopers/Halcrow's Draft Report**, which was commissioned by IPART.

This information, which is available to assist you in understanding NOW's pricing proposal and in preparing your submission, is outlined further in Table 1 in the attachment to this

letter. All of this information is available on IPART's website. For those without broadband access, copies can be obtained by contacting Emma Smith (02) 9290 8472.

Your response to one, or more, of these documents or any other issues that you believe are relevant would be welcomed by IPART. **I ask that you provide your submission to IPART by 16 June 2010.** Submissions can be sent by email to: ipart@ipart.nsw.gov.au. Alternatively, they can be sent by fax to (02) 9290 2061, or by mail to:

Water Administration Ministerial Corporation Price Review 2010
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Our normal practice is to make submissions publicly available on our website. If your submission contains information that you do not wish to be publicly disclosed, please indicate this clearly at the time of making the submission. IPART will then make every effort to protect that information, but it could be subject to appeal under freedom of information legislation.

IPART will be holding public hearings in Wagga Wagga on **19 July**, Tamworth on **22 July** and Sydney on **23 July 2010** and your attendance at one of these would be welcome. Further details about the arrangements for the public hearings will be available on our website closer to the time.

If you require any further information please contact Amanda Chadwick on 9290 8453.

Yours sincerely



James Cox
Acting Chairman and
Chief Executive Officer

ATTACHMENT 1: INFORMATION FOR STAKEHOLDERS ON IPART'S REVIEW OF WAMC'S (NOW'S) PRICES

The table below lists information relevant to IPART's current review of WAMC's prices. Stakeholders may wish to review and comment on these documents in making their submissions to IPART. These documents are available on IPART's website.

With the exception of NOW's compliance reports, these documents can be found at the following location on IPART's website (follow prompts to *Issues Papers, Submissions, Letters, and Consultant Reports*, as relevant):

http://www.ipart.nsw.gov.au/investigation_content.asp?industry=3§or=6&inquiry=201

NOW's compliance reports (referred to in the last row of the table below) are located at:

http://www.ipart.nsw.gov.au/investigation_content.asp?industry=3§or=6&inquiry=89&doctype=11&doccategory=1&docgroup=1

Table 1: Information sources for stakeholders in preparing their submissions to IPART's review of WAMC's (NOW's) prices

Document/source of information	Description	Date of document	Date on IPART's website
NOW's original and primary submission to the price review	This outlines NOW's original proposed prices for the upcoming determination, including its actual and forecast operating and capital costs, forecast entitlement and usage volumes, deliverables and activities to be undertaken over the next few years and proposed changes to pricing structures.	2 December 2009	3 December 2009
NOW's supplementary submission identifying amendments to its original (December) submission.	This letter updates some figures in NOW's original (December) submission, including capital costs and its recommended tariff levels. The letter was provided following the identification of an error in NOW's calculations.	20 January 2010	20 January 2010
NOW's supplementary submission (letter and Excel spreadsheets)	This provides examples of how NOW has improved its services and efficiencies since IPART last reviewed prices. The letter was accompanied by a series of Excel sheets that provide detailed information on NOW's forecast annual expenditure to June 2013 by valley and activity code. Providing the information in Excel format is designed to assist stakeholders interested in interrogating this information.	27 January 2010	3 February 2010
NOW's supplementary submission	This letter examines NOW's proposal to establish a metering charge.	4 May 2010	5 May 2010
PwC/Halcrow's Draft Report on its <i>Review of NSW Office of Water's water management expenditure</i>	This report includes an explanation of how NOW has developed its cost forecasts (including an identification of cost drivers and an explanation of how NOW has allocated its costs across valleys) and PwC/Halcrow's draft recommendations regarding the efficient level of operating and capital expenditure for NOW. PwC/Halcrow have recommended reductions of between 7.9% and 11.8% per annum to NOW's forecast operating expenditure over 2010/11 to 2014/15.	April 2010	30 April 2010
NOW's revised compliance reports for 2006/07 to 2008/09 (letter and accompanying Excel spreadsheets)	These are NOW's reports on expenditure from July 2006 to June 2009 (a compliance requirement of IPART's 2006 Determination). These excel spreadsheets report NOW's actual and forecast expenditure since 2006 by valley and activity. Please note that in January 2010 NOW submitted revised reports relative to previously submitted compliance reports for 2006/07 and 2007/08.	27 January 2010	5 February 2010 for the letter; & 4 February 2010 for attachments (including Excel spreadsheets)