

INCREASES IN BULK WATER PRICES FOR NSW.

Embargoed until 10am, 4 February 2011

The Independent Pricing and Regulatory Tribunal (IPART) today released the maximum prices that the NSW Office of Water can charge users for water management activities from 1 July 2011 to 30 June 2014.

IPART estimates that most users will face increases in their water management bills of between 4% and 73% per megalitre of entitlement in total over the next 3 years.

However, groundwater users on the coast and in the Far West and unregulated rivers users in the Hunter and South Coast valleys should experience reductions in their bills.

The determination increases the minimum bill which is paid by around 51% of users from \$60 to \$95 per annum. Excluding meter service charges, around 84% of licensees will face bill increases of less than \$100 a year by 2014.

Mr. Jim Cox, IPART's Chief Executive Officer said: "These prices are significantly less than those proposed by the NSW Office of Water (NOW). While NOW's costs are increasing, IPART has ensured after a careful and detailed review that users are only being asked to pay their fair share of NOW's efficient costs.

Mr. Cox said that IPART's final water management prices are the same as the draft prices that were released for consultation in October 2010.

"Price increases vary between valleys and water sources. This is because IPART has accepted NOW's new and more robust methodology to assign costs to different valleys. This has resulted in significant one-off price changes for some valleys. Changes to the amount of entitlement and forecast usage volumes for most valleys also affect fixed and usage charges".

"IPART acknowledges that the price increases are significant. In this determination IPART has set water management prices so that the increases in bills for most users should not exceed 20% per year. This will help to reduce the impact of the increases on users", Mr Cox said.

Mr. Cox said the increase in most water management prices is due an expected increase in the amount of costs that NOW will be required to spend in order to undertake water resource management efficiently.

"IPART recognises that an increase in NOW's expenditure is necessary as water management becomes more complex and demanding. NOW is required to conduct additional activities such as developing and implementing water sharing plans, developing new policies, increasing compliance to protect users' property rights, and ensuring a robust system of water allocation.

“Some stakeholders are concerned that despite these price increases, NOW may not deliver the relevant activities or improve its performance. Through the final determination, IPART has established a reporting framework for NOW. We expect NOW to report each year, and again at the end of the determination period, to stakeholders on its progress in delivering key water management activities. This will improve the transparency of NOW’s service delivery.

“In addition, late last year IPART recommended to the Minister for Water that NOW should improve its financial and asset management systems and lift its performance in consulting with users about its services. As noted in our report, the Minister and the Commissioner of Water have undertaken to make improvements,” Mr. Cox said.

The determination sets charges for services relating to the management of water resources and water entitlements, and the issuing of water access licences, works approvals and other transactions. For the first time, IPART has also set prices for servicing and reading meters for unregulated rivers and groundwater. Since the draft determination IPART has increased 2 of these charges - meter reading charge for a user meter and refundable deposit for assessment of a disputed Corporation meter. This is in response to further information provided by NOW.

Water users who are affected by this price 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. The charges also apply to users of regulated rivers, unregulated rivers and groundwater sources across NSW.

The full report and fact sheets explaining the determination are available on IPART’s website: www.ipart.nsw.gov.au

Editors note: a list of the forecast increases in bills for each water source is attached.

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Regulated Rivers – Forecast user bill per megalitre (ML) of entitlement (\$2009/10)

Valley	Bill per ML of entitlement Year ending June				Increase from 2010 to 2014	
	2010	2012	2013	2014	\$	%
	Border	2.31	2.78	2.94	2.99	0.68
Gwydir	1.21	1.45	1.72	1.76	0.55	45%
Namoi	2.13	2.55	3.06	3.55	1.42	67%
Peel	1.74	2.09	2.51	3.01	1.27	73%
Lachlan	1.39	1.66	2.00	2.40	1.01	73%
Macquarie	1.56	1.87	2.24	2.55	0.99	64%
Murray	1.63	1.85	1.90	1.93	0.30	19%
Murrumbidgee	1.22	1.46	1.55	1.58	0.36	30%
North Coast	3.17	3.80	4.56	5.48	2.31	73%
Hunter	2.04	2.44	2.93	3.52	1.48	73%
South Coast	3.73	4.48	5.37	6.45	2.72	73%

Note: The fixed and usage tariffs for each valley can be found in the draft report, which is available on IPART's website.

Unregulated Rivers– Forecast user bill per megalitre (ML) of entitlement (\$2009/10)

Valley	Bill per ML of entitlement Year ending June				Increase from 2010 to 2014	
	2010	2012	2013	2014	\$	%
	Border	2.78	3.34	4.01	4.81	2.03
Gwydir	2.78	3.34	4.01	4.81	2.03	73%
Namoi	2.78	3.34	4.01	4.81	2.03	73%
Peel	2.78	3.34	4.01	4.81	2.03	73%
Lachlan	4.95	5.94	7.12	7.56	2.62	53%
Macquarie	4.95	5.94	7.12	7.56	2.62	53%
Far West	5.78	5.38	5.77	6.01	0.24	4%
Murray	5.12	6.15	7.38	8.72	3.60	70%
Murrumbidgee	6.18	7.42	8.91	10.69	4.50	73%
North Coast	6.87	7.90	8.59	9.02	2.15	31%
Hunter	4.57	3.71	3.92	4.03	-0.54	-12%
South Coast	3.59	3.13	3.25	3.38	-0.21	-6%

Note: The fixed and usage tariffs for each valley can be found in the draft report, which is available on IPART's website.

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

Valley	Bill per ML of entitlement Year ending June				Increase from 2010 to 2014	
	2010	2012	2013	2014	\$	%
Border	3.71	4.45	5.34	6.27	2.56	69%
Gwydir	3.71	4.45	5.34	6.27	2.56	69%
Namoi	3.71	4.45	5.34	6.27	2.56	69%
Peel	3.71	4.45	5.34	6.27	2.56	69%
Lachlan	4.64	5.57	5.94	6.27	1.63	35%
Macquarie	4.64	5.57	5.94	6.27	1.63	35%
Far West	6.82	5.64	5.94	6.27	-0.55	-8%
Murray	3.95	4.74	5.69	6.27	2.32	59%
Murrumbidgee	1.84	2.21	2.66	3.19	1.34	73%
North Coast	6.82	5.20	5.28	5.33	-1.49	-22%
Hunter	6.82	5.20	5.28	5.33	-1.49	-22%
South Coast	6.82	5.20	5.28	5.33	-1.49	-22%

Note: The fixed and usage tariffs for each valley can be found in the draft report, which is available on IPART's website.