

## **IPART PROPOSES INCREASES IN BULK WATER PRICES FOR NSW.**

**Embargoed until 10am 18 October 2010**

The Independent Pricing and Regulatory Tribunal (IPART) today released for public comment a draft determination of the prices that the NSW Office of Water (acting for the Water Administration Ministerial Corporation) can charge water users for water management activities.

The draft determination increases estimated bills for water entitlement holders in NSW by an average of about 35% over the next 3 years. Bills are expected to decrease for groundwater users on the coast and in the Far West and for users of unregulated rivers in the Hunter and South Coast.

Around 84% of licences are expected to have a bill increase of less than \$100 a year by 2014. The draft determination increases the minimum bill from \$60 to \$95 per annum.

The price changes are for the period from 1 July 2011 to 30 June 2014.

Mr Jim Cox, Chief Executive Officer, said the general increases in prices were due to forecast increases in the NSW Office of Water's (NOW's) efficient costs for water resource management.

Mr Cox advised "IPART recognises that an increase in NOW's activity 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 and increasing compliance to protect users' property rights and ensure a robust system of water allocation.

"IPART's draft prices are significantly less than those proposed by NOW. While NOW's costs are increasing, after careful and detailed review, IPART has ensured that users are only being asked to pay their fair share of NOW's efficient costs.

"The level of price change varies between valleys and water sources. This is because IPART has accepted NOW's new, more robust, methodology to assign costs to different valleys. This has resulted in a significant one-off change for some valleys. Changes to the entitlement and forecast usage volumes used in most valleys also affect usage and fixed charges.

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

IPART has established a reporting framework for NOW and expects it to report annually to stakeholders on its progress in delivering key water management activities. This will improve the transparency of NOW's service delivery.

"IPART has also recommended to the Minister for Water that NOW needs to improve its financial and asset management systems and lift its performance in consulting with users about services", Mr Cox said.

Water users affected by the draft 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 apply to users of regulated rivers, unregulated rivers and groundwater sources across NSW.

This draft 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.

Mr Cox said "IPART is seeking comments from water users and stakeholders on its draft report and determination. Submissions should be sent to IPART by 29 November 2010. IPART will finalise its determination in February 2011.

The full draft report and fact sheets explaining the draft determination are available on IPART's website: [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)"

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

For further information, contact: Jack Knowles, 0419 199 811

*The Independent Pricing and Regulatory Tribunal (IPART) is the independent economic regulator for NSW. IPART is responsible for setting the maximum prices for monopoly services provided by government agencies in NSW*

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

Valley	Bill per ML of entitlement				Increase from 2010 to 2014	
	Year ending June				\$	%
	2010	2012	2013	2014		
<b>Border</b>	2.31	2.78	2.94	2.99	0.68	29%
<b>Gwydir</b>	1.21	1.45	1.72	1.76	0.55	45%
<b>Namoi</b>	2.13	2.55	3.06	3.55	1.42	67%
<b>Peel</b>	1.74	2.09	2.51	3.01	1.27	73%
<b>Lachlan</b>	1.39	1.66	2.00	2.40	1.01	73%
<b>Macquarie</b>	1.56	1.87	2.24	2.55	0.99	64%
<b>Murray</b>	1.63	1.85	1.90	1.93	0.30	19%
<b>Murrumbidgee</b>	1.22	1.46	1.55	1.58	0.36	30%
<b>North Coast</b>	3.17	3.80	4.56	5.48	2.31	73%
<b>Hunter</b>	2.04	2.44	2.93	3.52	1.48	73%
<b>South Coast</b>	3.73	4.48	5.37	6.45	2.72	73%

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

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

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