



Water Monitoring Report: Summary

2018-19

October 2020



Cover photo: Aerial view of Hume Weir

Photographer: Michael Bell (Murray-Darling Basin Authority)

Australian Competition and Consumer Commission
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Highlights from the Water Monitoring Report 2018-19



Hot and dry conditions persisted throughout most of the Murray-Darling Basin during 2018-19. While total water deliveries to irrigators decreased, significant levels of allocation trade occurred in the southern-connected Basin.



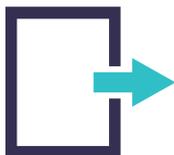
With hot and dry conditions continuing, water delivered to irrigators decreased by over 30 per cent.



Typical irrigator bills show that on average one ML of water delivered in pressurised systems cost \$100, while the cost for gravity fed systems was \$56.



The NSW Government waived its fixed fee charge for general security entitlement holders in 2018-19 reducing the cost of typical irrigator bills.



While the number of transformations decreased by 30 per cent, the volume transformed was up 40 per cent.



Complaints to the ACCC rose substantially during 2018-19, indicating some concerns about the transparency and functioning of water markets.



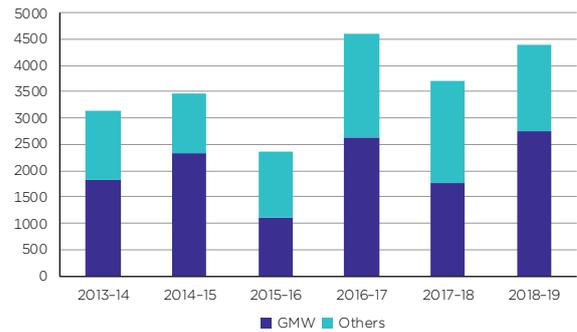
The new Water Charge Rules commenced on 1 July 2020 and aim to improve pricing transparency.

Snapshot of findings 2018-19

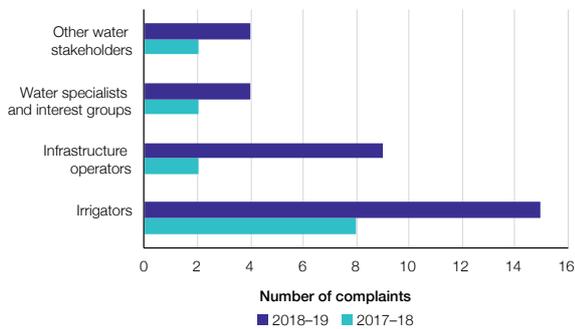
Off-river infrastructure operators' typical bills, average \$/ML delivered

	Pressurised networks	Gravity-fed networks
Highest	\$217 (Lower Murray Water)	\$142 (Lower Murray Water)
Lowest	\$66 (Central Irrigation Trust)	\$14 (Eagle Creek)
Average	\$100	\$56

Total allocation trade jumped 19 per cent in 2018-19 with Goulburn-Murray Water driving this increase



The increase in complaints during 2018-19 was driven by approaches from irrigators and infrastructure operators

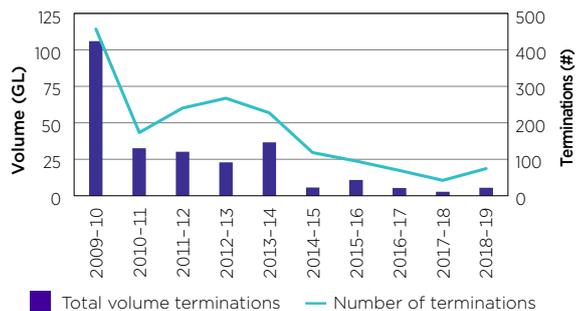


On-river infrastructure operators' water volume delivered



The total number and volume of terminations across the MDB jumped 76 and 109 per cent respectively during 2018-19.

However, termination numbers declined in New South Wales and South Australia.



Key findings

The ACCC monitors regulated water charges which include charges imposed by monopoly water infrastructure operators (IOs) throughout the Murray–Darling Basin (MDB), including termination fees, transformation arrangements and compliance with the Water Market Rules 2009¹ and the water charge rules.² In 2018–19 our key findings were:

- The ACCC found overall modest increases in the on-river and off-river IO individual charges monitored.
- Drought like conditions persisted throughout most of the MDB during 2018–19. These had a number of impacts including lower allocations to high security entitlement holders, and a second year of zero or close to zero allocations for most general security entitlement holders.
- While many irrigators used trade to supplement any water shortages, the level of trade in New South Wales was substantially below that of the previous year. However, overall trade was substantially up due to trade within and out of Goulburn-Murray Water (GMW) networks.
- The New South Wales' Government drought relief package for irrigators with general security entitlement resulted in all typical irrigator bills for these holders decreasing (apart from Hay Private Irrigation District).
- The number of irrigation rights transformed by irrigators into water access entitlements decreased by 31 per cent. This continued the general trend of declining numbers of transformations over the last decade. It is also the lowest number since monitoring commenced. The decrease in numbers of transformations since 2009–10 can be partly attributed to a combination of factors including the cessation of the Commonwealth water access entitlement acquisitions and the dissipation of pent-up demand for water trade that existed prior to the commencement of the Water Market Rules 2009. Additionally, in Victoria and Queensland most individual irrigators already hold their statutory entitlements to water in their own names, and do not need to transform these in order to trade without off-river IO approval.
- The volume of transformations increased by 40 per cent in 2018–19. This increase was driven by irrigators in the Coleambally Irrigation Corporation Limited, Murrumbidgee Irrigation Limited and Murray Irrigation Limited networks. If these three off-river IOs' volumes were excluded, there would have been a decrease in the volume of water transformed in 2018–19 by 83 per cent.
- The number of water deliver right (WDR) terminations for off-river IOs in New South Wales and South Australia decreased by 30 per cent, the lowest number since monitoring began. These declining numbers reflect among other matters the winding down of rationalisations from earlier programs and an increasing tendency to trade WDRs rather than terminate WDRs.
- The majority of terminations incurred a termination fee while 33 per cent of terminations did not. Most of the non-fee terminations related to GMW's 'Connections Project'.
- Most on-river IO typical bills (ie the bills paid by the customers of bulk water suppliers) increased in line with regulatory decisions made. General security bills for NSW IOs decreased reflecting the NSW government's waiving of fixed fees.
- The majority of off-river IOs bills decreased. This reflected the NSW Government waiving of fixed fees. This is significant as previously these bills mostly increased (generally the typical off-river IOs' bills increase with CPI each year).
- The monitoring of off-river IO bills over 10 years has found generally modest increases in real terms. Over this period, around 45 per cent of typical irrigator bills decreased in real terms. Over the same

1 The Water Market Rules 2009 apply to irrigation infrastructure operators (IIOs). The Water Market Rules seek to ensure an IIOs administrative requirements for processing transformations do not represent a barrier to trade.

2 The Minister may make water charge rules which relate to regulated water charges. The ACCC under the *Water Act 2007* enforces these rules. As of 1 July 2020, the previous three sets of water charge rules that is the Water Charge (Infrastructure) Rules 2010, the Water Charge (Termination Fees) Rules 2009 and the Water Charge (Planning and Management Information) Rules 2010 were combined into the Water Charge Rules 2010. The Water Charge Rules 2010 apply to all infrastructure operators. Some aspects of the Water Charge Rules 2010 apply to specific infrastructure operators for example there is a specific definition of who is a Part 6 operator under the Water Charge Rules 2010.

period, the total aggregate bill increased by 5 per cent in real terms (reflecting both increases and decreases in bills for both 50 per cent and 100 per cent of water delivered).

- The volume of water allocation trade increased by 19 per cent in 2018-19. Victorian allocation trade from GMW drove this increase. GMW attributed the increase in allocated water trading during 2018-19 to the dry conditions, high prices and a maturing market where participants were taking advantage of the online services providing up-to-date data and the ability to transact.
- Total water planning and management (WPM) expenditure by the Basin states increased by 3 per cent in real terms to \$330 million. The WPM chapter focuses on trends within Basin states rather than comparisons between them. This acknowledges significant differences across each Basin states' administrative and charging arrangements, and shortcomings in data availability that limit the usefulness of comparisons.
- There was a substantial rise in the number of complaints and enquiries received in 2017-18 (up from 14 received in 2017-18). However it was a rise off a very low base. This rise continued a trend of increasing complaints and enquiries from 2017-18. The increase in complaints may in part be attributed to the ongoing drought and increased water scarcity which created concerns for market participants, who in turn contacted the ACCC about their concerns. In 2018-19 the ACCC received some complaints related to behaviour that was perceived (by the complainants) to be unfair. However none of the conduct was found to be a breach of the Rules or the *Competition and Consumer Act 2010*. The Rules only prevent discriminatory behaviour in very limited circumstances.

Summary

The ACCC's role in the Murray-Darling Basin

Under the *Water Act 2007*, the ACCC monitors regulated water charges including termination fees³, transformation arrangements⁴, and compliance with the Water Market Rules 2009 and water charge rules (the Rules).⁵ The ACCC is also responsible for enforcing compliance with these Rules.

The Water Market Rules 2009 prohibit actions or omissions by off-river infrastructure operators that prevent or delay an irrigator from transforming an irrigation right into a water access entitlement. The water charge rules provide for a termination fee cap and include requirements for the publication of Infrastructure Operators (IOs) schedule of charges.

The Rules which we enforce do not cover wider water market regulation, nor obligations on water brokers, or other water market participants. Laws set by the Basin States establish the legal entitlements to water and determine whether those rights can be traded under State laws. These State trading rules sit alongside the Commonwealth Basin Plan water trading rules (BPWTRs) which apply a framework for governing the trade of water access rights across the Basin. Basin States also determine water allocations and carryover arrangements.

This is the ACCC's 10th report. The ACCC produces this annual monitoring report for the Australian Minister for Resources, Water and Northern Australia as required by the *Water Act 2007*. The ACCC has now collected 10 years of data on IOs' regulated water charges, transformation and termination processes in the MDB. These reports and the data we have collected over time add to the level of transparency of information about water markets and regulated water charges in the MDB.

Off-river IOs that supply water to irrigators generally operate in geographically exclusive areas for water and are regarded as monopolies. In many industries including water, monopolies are in a position to increase prices, and their service quality and innovation may diverge from efficient levels. From their monopoly position, off-river IOs may have an incentive to prevent or unreasonably delay trade or transformation requests, and increase the cost of terminations.

The ACCC's monitoring helps highlight where IOs may potentially exercise their market power over irrigators and other customers. In doing so, it helps policy makers determine the appropriate form of regulation for these monopolies.

The information obtained by the ACCC for this monitoring report found that in 2018-19, there was no significant increases in transformation charges and processing times nor detriment from delays attributable to off-river IOs' conduct. Termination fees were also broadly in line with off-river IOs' fixed charges. The ACCC found overall modest increases in the on-river and off-river IO individual charges monitored.

Finally, our monitoring and enforcement of the Rules found no significant concerns or detriment arising from the issues raised with, and considered by, the ACCC.

Through our compliance work the ACCC is aware of some complaints from irrigators about (alleged) unfair conduct. However none of the conduct was found to be a breach of the Rules or the *Competition and Consumer Act 2010*. Also, in 2018-19 a number of market participants raised concerns about the transparency and functioning of water markets. The ACCC is considering stakeholder concerns about the transparency and competitiveness of water markets in the MDB as part of its inquiry into MDB water markets. On 8 August 2019, the Treasurer, the Hon. Josh Frydenberg MP, directed the ACCC to hold

³ Regulated water charges include fees or charges payable to an irrigation infrastructure operator for access, changing access, or terminating access to its irrigation network; bulk water charges; charges for water planning and management activities. See section 91 of the *Water Act 2007* for a full definition.

⁴ Transformation is the process by which an irrigator permanently transforms their entitlement to water under an irrigation right against an IIO into a water access entitlement held by the irrigator (or anybody else), thereby reducing the share component of the IIOs' water access entitlement.

⁵ Refer to footnote 1.

an inquiry into markets for tradeable water rights in the MDB. The ACCC released its Interim Inquiry Report on 30 July 2020. The interim report is available at Murray-Darling Basin water markets inquiry.⁶

Hot, dry conditions increased water scarcity in 2018-19

Most parts of the MDB experienced mean temperatures that were well above average or the highest on record during 2018-19, a result more pronounced in the northern MDB. As the Bureau of Meteorology noted, these record temperatures exacerbated water stress and the intensity of drought conditions across the MDB.⁷

Rainfall is the dominant determinant of total water supply across the MDB. The majority of the MDB received either below average or very much below average rainfall, with some areas in the north and west recording the lowest on record.⁸ The southern-connected MDB experienced slightly better conditions, but rainfall was either average or below average.

In the southern-connected MDB, water supply was low but still above Millennium drought levels. Storage reduced significantly, falling from 63 per cent in July 2018 to 42 per cent in July 2019.⁹ Storage levels in the northern MDB were down to less than 7 per cent full by the end of 2018-19, which is lower than at any point during the Millennium drought.¹⁰

Drier conditions in most parts of the MDB in 2018-19 resulted in lower allocations, which declined by 33 per cent from those in 2017-18. Water allocated in the southern MDB was around 3326 GL, the lowest level since 2008-09. These allocations were 33 per cent lower than in 2017-18 and 51 per cent lower than 2016-17.¹¹ Total water delivered by on-river IOs decreased by just over 36 per cent during 2018-19.

Transformation numbers fell while volume increased

For the off-river IOs capable of transforming irrigation rights¹², the number of transformations fell by 31 per cent in 2018-19. This is the lowest number of transformations since monitoring began. The significant decrease in numbers of transformations since 2009-10 can be partly attributed to a combination of factors including the cessation of the Australian Government water access entitlement acquisitions and the dissipation of pent-up demand for trade that existed prior to the commencement of the Water Market Rules 2009. Also in Victoria and Queensland most irrigators already hold the statutory entitlements and do not need to transform in order to trade without off-river IO approval.

The total volume of irrigation rights transformed increased by 40 per cent. This increase in volumes transformed was driven by irrigators in the networks operated by Coleambally Irrigation Cooperative Limited (CICL), Murrumbidgee Irrigation Limited (MI) and Murray Irrigation Limited (MIL). If the volumes transformed in these three networks were excluded, the total volume of water transformed in 2018-19 would have fallen by 83 per cent.

The overall median times taken to process transformations in New South Wales and South Australia both increased in 2018-19. The median processing time was 44 working days (up from 42 days) and 16 working days (up from 14 days) respectively.¹³ The impact of different administrative procedures and

6 ACCC, *Murray-Darling Basin water markets inquiry*, 2020, <https://www.accc.gov.au/system/files/Murray-Darling%20Basin%20inquiry%20-%20interim%20report.pdf>.

7 Bureau of Meteorology, *Climate of the 2018-19 financial year*, July 2019, <http://www.bom.gov.au/climate/updates/articles/a034.shtml>, viewed 28 November 2019.

8 Ibid.

9 Aither, *Water markets report, 2018-19 review and 2019-20 outlook*, 2019.

10 Bureau of Meteorology, *Climate of the 2018-19 financial year*, July 2019, <http://www.bom.gov.au/climate/updates/articles/a034.shtml>, viewed 28 November 2019.

11 Aither, *Water markets report, 2018-19 review and 2019-20 outlook*, 2019.

12 Those off-river IOs are located in New South Wales and South Australia.

13 These processing times are aggregate figures which include the State agency processing times and the IIO processing times. The Water Market Rules which the ACCC enforce require IIOs to conduct their process/approval of applications to transform within 20 business days, disregarding certain days when a third party, state approval and/or registration authority is processing the application.

requirements is evident in processing times in New South Wales and South Australia. The extended state authority processing time in New South Wales is due to the involvement of two separate government entities.¹⁴ In South Australia, the Department for Environment and Water is responsible for the trade approval and the registration of the transformed water right. In relation to off-river IO processing times the ACCC investigated two self-reported breaches of the Water Market Rules 2009 which were resolved administratively.

Termination numbers increased substantially in Victoria

Termination activity among off-river IOs that cannot effect transformation (that is in Victoria and Queensland) varied considerably in 2018–19. Among the five small joint water schemes (where customers jointly hold the water access entitlement (WAE)), there was only one termination.¹⁵ On the other hand, Goulburn-Murray Water (GMW)—a large Victorian Government owned entity that provides on and off-river water services—reported a significant number of terminations. GMW’s terminations jumped by 420 per cent, up from 10 in 2017–18 to 52 in 2018–19. Of these 52 terminations, 77 per cent were associated with the Connections Project. This project is a \$2 billion Victorian and Australian government-funded investment in automating much of the irrigation delivery networks, improving system efficiency, and generating water savings.

The number of terminations for off-river IOs in New South Wales and South Australia¹⁶ decreased by 30 per cent in 2018–19 to 21, which is the lowest number since monitoring commenced. This decline, particularly for the past few years, may be related to the winding down of rationalisations from earlier infrastructure programs; and an increased tendency to trade rather than terminate water delivery rights. However, the total volume associated with these terminations increased by over 100 per cent to 5.5 GL and is the largest total volume terminated since 2015–16. MIL accounted for most of the terminated volume.

The majority of terminations incurred a termination fee while 33 per cent of terminations did not. Most of the terminations that did not have a fee applied related to GMW’s Connections Project.

Allocation trade increased, driven by Victoria

The volume of allocation trade increased by 19 per cent from 2017–18. All off-river IOs except Eagle Creek reported some allocation trade during 2018–19. The overall increase was driven by allocation trade in the GMW network in Victoria. GMW attributed the increase in allocated water trading during 2018–19 to the dry conditions, high prices and a maturing market where participants were taking advantage of the online services that provide up-to-date data and the ability to transact.¹⁷ Trade by off-river IOs in New South Wales and South Australia decreased by 29 per cent in 2018–19.

There was a net export of allocation trade from New South Wales, Queensland and Victoria during 2018–19, which increased by 39 per cent from 2017–18. The volume of allocation water traded in 2018–19 was largely from water allocation traded out of GMW’s area of operations. South Australia was a net importer of water allocation in 2018–19. The demand for water in South Australia has been partly driven by the substantial expansion of permanent crops such as almonds (particularly for younger

14 In New South Wales, after the initial processing by the IIO, the application is forwarded to WaterNSW. The application is then returned to the IIO who either submits the approved application to the New South Wales Land Registry Services directly or returns it to the irrigator for lodgement.

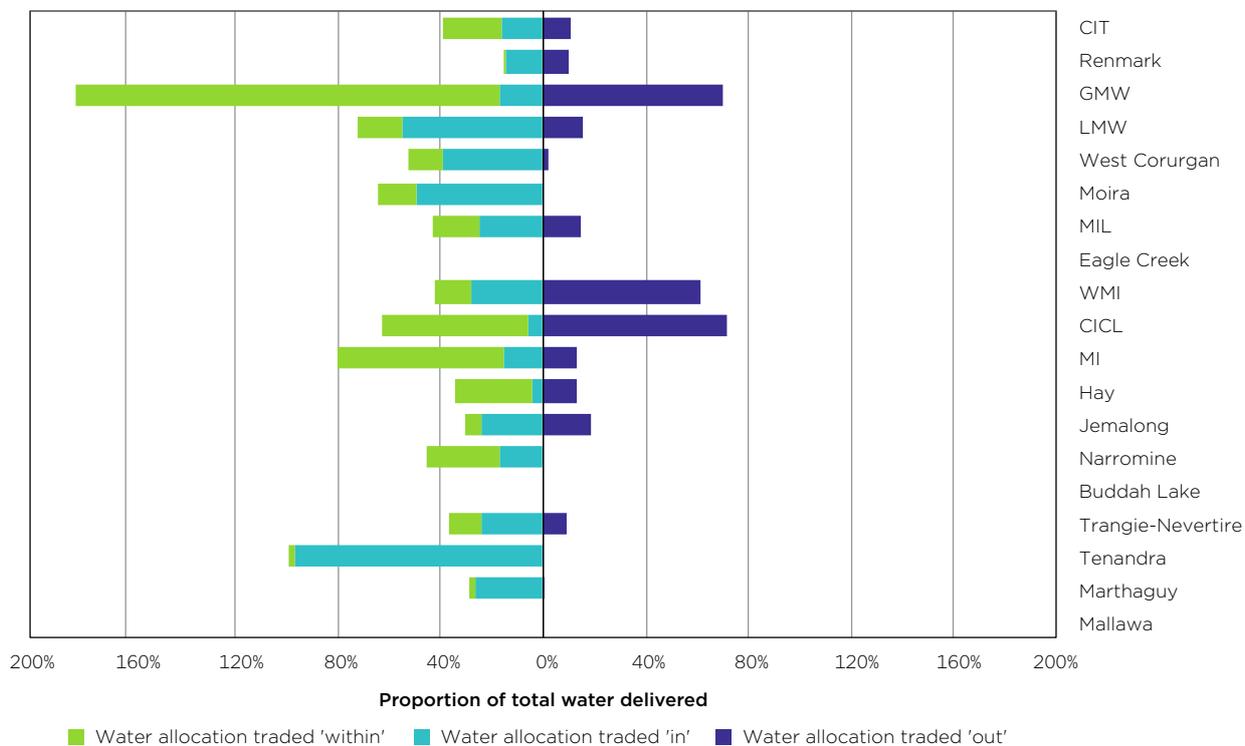
15 Under s. 5 of the *Water Act 1912* (NSW), a JWSS is a group of people who jointly supply the members of the JWSS with water through the JWSS. As a JWSS is not a separate legal entity from its members, members usually require the consent of other co-holders of the water access entitlement in order to sell or transfer their portion of the JWSS’s water access entitlement. JWSSs usually have a small customer base. These factors mean it could be difficult for a JWSS member to sell their portion of the JWSSs water access entitlement, and that termination of the member’s right of access could be difficult (without potentially the funds to pay a termination fee from the sale of a water access entitlement. Often irrigators use the funds from a sale of irrigation right or WAE to pay for termination).

16 The off-river IOs in NSW and SA are capable of permanently transforming their entitlement to water under an irrigation right against an infrastructure operator into a water access entitlement held by the irrigator.

17 GMW, *2018–19 annual report*, 2019, p. 24, https://www.g-mwater.com.au/downloads/gmw/Annual_Reports/2018-19/20191023_ANNUAL%20REPORT%20-%202018.19%20-%20FINAL%20A3675403.pdf, viewed 30 March 2020.

maturing almond trees). Chart S.1 represents the water allocation volumes traded in proportion to the total volume of water delivered for each network.

Chart S.1: Water allocation volumes traded into, out of and within networks as a proportion of total water volumes delivered, 2018-19



Source: ACCC from data provided and published by irrigation infrastructure operators.

Complaints and enquiries rose in 2018-19, but new Rules in 2020 aim to improve transparency

The ACCC received 32 complaints and enquiries from water stakeholders (up from 14 received in 2017-18) in 2018-19, including 15 from irrigators, and nine from IOs. This rise continued a trend of increasing complaints and enquiries from 2017-18. The increase in complaints may in part be attributed to the ongoing drought and increased water scarcity which created concerns for market participants, who in turn contacted the ACCC about their concerns.

During 2018-19 the ACCC investigated six possible breaches of the Rules. These investigations included allegations relating to misrepresentations about the performance of customer meters in an off-river IO's network.

Recent developments

The new Water Charge Rules commenced on 1 July 2020. To improve pricing transparency and make it easier for IOs to comply, these new Rules clarify requirements and combine the three previous sets of rules.

The ACCC is engaged in guidance activities to help stakeholders understand the new Water Charge Rules. The ACCC released an example schedule of charges¹⁸ and an example termination information statement¹⁹ (chapter 5, box 5.2), and Frequently Asked Questions are available on the ACCC website. The ACCC aims to educate irrigators and IOs about their rights and responsibilities under the new Water Charge Rules and the existing Water Market Rules 2009. IOs will need to ensure their schedule of charges complies with the new Water Charge Rules.

On-river infrastructure operator typical bills generally recorded modest increases during 2018-19

The ACCC prepared typical bills for on-river IOs in Queensland, New South Wales and Victoria and for private diverters in South Australia. These typical bills represent the level of charges imposed by on-river IOs on customers. A typical bill is a simple representation of how regulated water charges translate into an individual customer bill based on assumptions about the amount of water entitlement held and water used, and the type of charges likely to be incurred. Typical bills enable comparison of charge levels across IOs and years given the wide range of tariff structures employed across the MDB.

These typical bills use standard charges billed to customers and assume the water access entitlement held by the customer is 1000 ML and received delivery of either 50 or 100 per cent of their entitlement. Bills were grouped and analysed according to whether a system is located in the northern or southern MDB, given the different characteristics of these regions. The ACCC's assessment is based on individual charge movements and also overall changes to the typical bills that were constructed by the ACCC.

Most typical bills recorded modest increases apart from New South Wales general security entitlement holders' bills, which fell substantially. However, for the typical bills that rose, there was some variation across IOs. This result partly reflects different regional characteristics but also degrees of cost recovery and the variation in tariff structures (that is, the mix of variable, fixed and non-volumetric charges imposed).

Most typical bills for customers of on-river operators (on-river IO bills) increased for the southern MDB during 2018-19. These increases are directly related to price determinations by Victoria's Essential Services Commission and New South Wales' Independent Pricing and Regulatory Tribunal. The majority of the increases were at or close to the consumer price index.

There were substantial reductions in southern MDB typical on-river IO bills for general security entitlement holders in New South Wales. These reductions related to the New South Wales Government's waiving of fixed fees (with a cap of \$4000) which was part of its drought relief package.

In the northern MDB, all typical on-river IO bills increased except for New South Wales general security bills and Peel Valley's high security bill (with 100 per cent delivered) and Queensland bills. Most increases were at or close to the consumer price index and directly related to price determinations.

¹⁸ ACCC, *Water charge rules: Schedule of charges example, 2020*, <https://www.accc.gov.au/regulated-infrastructure/water/water-charge-rules/water-charge-rules-schedule-of-charges-example>.

¹⁹ ACCC, *Example termination information statement, 2020*, <https://www.accc.gov.au/system/files/Example%20Termination%20Information%20Statement%20-%20Water%20Charge%20Rules%202010.pdf>.

Off-river operator typical irrigator bills continued to vary considerably

Off-river IOs' typical bills varied considerably. This reflects the different characteristics amongst off-river IOs including the size of their networks, the age of the infrastructure, the number of customers, the level of cost recovery and level of government subsidies. Smaller systems also have less ability to achieve economies of scale.

Each year, the ACCC calculates typical irrigator bills from the monitored off-river IOs. A typical off-river IO bill is a simple representation of how regulated water charges²⁰ translate into an individual bill, enabling comparison across off-river IOs with different tariff structures. Typical bills include charges imposed on the off-river IO by Basin state water departments and on-river IOs.

Typical bills have been produced for irrigation networks assuming the customer holds 50 ML, 250 ML and 1000 ML of water access entitlement and the equivalent volume of water delivery right with a water allocation equivalent to 50 per cent or 100 per cent of the water access entitlement delivered.

In 2018–19, for the first time, the ACCC also considered the implications of zero allocations in New South Wales, as well the New South Wales Government's waiving of certain fixed fees for a sample of typical irrigator bills in that state.

The majority (53 per cent) of typical irrigator bills decreased in 2018–19. This result is significantly different from the previous year, when 64 per cent of bills increased. All New South Wales off-river IOs' typical irrigator bills (apart from Hay) decreased in 2018–19, reflecting the New South Wales Government's drought relief package (which included waiving WaterNSW's fixed fees), and decreases in WaterNSW's usage fees.

Water delivered by off-river IOs was around 29 per cent lower than the previous year, partly reflecting lower allocations and the drier conditions. Narromine Irrigation reported the largest drop in water delivered, with a decrease of 76 per cent to 7.2 GL. While a substantial number of off-river IOs (53 per cent) reported upgrades or restructures in 2017–18, this number dropped significantly in 2018–19 to only 21 per cent.

The average typical bill per ML of water delivered in pressurised networks was \$100 (for 250 ML of entitlement) which was around the same price as it was in 2017–18. For gravity fed networks, the average bill per ML of water delivered was \$56 (for 250 ML) and around 5 per cent lower than in the previous year.

Changes in typical irrigator bills—a contrast between New South Wales and the other MDB states

Across both pressurised and gravity fed networks, changes in typical irrigator bills in South Australia and Victoria were largely driven by changes in off-river charges. Within South Australian networks, increases in off-river charges were responsible for 96 per cent of the overall aggregate increase. Similarly for Victorian networks, around 91 per cent of the overall aggregate increase was from off-river charges.

By contrast, in New South Wales, water planning and management (WPM) and on-river charges drove decreases. Around 61 per cent of the aggregate decrease was attributed to drops in on-river charges associated with the New South Wales Government's waiving of fixed charges for general security entitlement holders.

²⁰ Refer to footnote 3.

New South Wales typical irrigator bills for those receiving zero water allocations

The ACCC's typical irrigator bills for off-river IOs were constructed using assumptions about a customer's charging profile for each reporting off-river IO that holds over 10 GL of WAE with either 50 per cent or 100 per cent of allocation used. However for many general security holders in New South Wales, allocations for the past two years have been either zero or close to zero. In light of this, the ACCC constructed typical irrigator bills from a sample of New South Wales off-river IOs with zero allocation (and therefore no usage fees applied).

Comparing 100 per cent allocation typical bills against zero allocation typical bills

In aggregate terms, even though these general security holders have no water allocation, irrigators still pay around 56 per cent of their original bills (with full allocation). This result is because some irrigators still have to pay a proportion of their fixed fees which are unrelated to the amount of allocation received. That is, the irrigator is still required to pay the off-river IO's fixed fees.²¹ The aggregate hides the considerable variation of individual off-river IO's bills when comparing their original full allocation typical irrigator bills to one with zero allocation. Tenandra had the largest difference between full and zero allocation bills, with the latter 88 per cent lower. However, for Coleambally, the difference was only 6 per cent due to the higher proportion of fixed charges applied to typical bills.

Comparing zero allocation bills with and without the New South Wales Government emergency drought relief package

When the ACCC included the New South Wales Government's waiver of fixed fees, the aggregate reduction of the zero allocation bills was around 17 per cent (from those zero allocation bills that included government fees). Again there was considerable variability by operator with Tenandra's zero allocation bill reducing by 70 per cent while the effect at both Hay and Western Murray Irrigation Limited's Buronga was only 5 per cent when these charges are not included. These differences reflect the proportion of fixed versus variable charges applied by networks. The majority of operators had reductions between 10 per cent and 40 per cent when the government fees were waived.

The Basin states are applying differing approaches to, and reporting of, water planning and management activities

Basin state water authorities and departments undertake a range of WPM activities to promote sustainable water use, maintain ecosystem health, and minimise the impact of water extraction. These bodies also levy charges to recover some of the expenditure associated with these activities. Over ten years of monitoring, the ACCC continues to observe that Basin states are applying differing approaches to, and reporting of WPM activities.

New South Wales' total WPM expenditure increased by 32 per cent in real terms in 2018-19. Expenditure by the Department of Planning, Industry and Environment doubled, primarily due to capital expenditure on environmental water infrastructure, while WaterNSW's expenditure decreased by 20 per cent. Revenue collected from WPM charges increased by 5.5 per cent.

During 2018-19 Victoria spent \$168 million on WPM activities, a decrease of 10 per cent from 2017-18 in real terms. Victoria's total revenues collected from WPM charges jumped 30 per cent in real terms during 2018-19 to \$28 million. This result was driven by a 43 per cent increase in revenues collected from the Environmental Contribution charge.

²¹ Off-river IOs' fixed charges are levied to recover at least some of the fixed costs of providing the infrastructure services.

WPM expenditure by South Australia decreased by 9 per cent in real terms to \$37.3 million during 2018–19. This amount was the lowest expenditure by South Australia over the past five years. Changes in total revenue collected were relatively flat with an increase of 2 per cent in real terms. The Australian Capital Territory's expenditure on WPM activities jumped by 43 per cent in real terms to \$23.8 million during 2018–19, reversing the 40 per cent decline recorded in the previous year. These large changes in WPM expenditure largely reflected the commencement or finalisation of large capital projects. Total revenue derived from water charges decreased marginally (1 per cent in real terms) during 2018–19 to \$31.5 million.



AUSTRALIAN COMPETITION
& CONSUMER COMMISSION

