

Ref: MDBA E21/9782

Matthew Mansell and Jessica Forrest
Review of WAMC and Water NSW rural bulk water from July 2021
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
Sydney NSW 1240

Dear Matthew and Jessica,

IPART Review of Prices for the Water Administration Ministerial Corporation

Murray-Darling Basin Authority (MDBA) appreciates the opportunity to make a submission on IPART's Review of Prices for the Water Administration Ministerial Corporation (WAMC) from 1 July 2021 to 30 June 2025 dated March 2021.

Section 5.2 - MDBA costs would increase by 8.1% overall. MDBA's program costs are not proposed to increase as suggested by the report. NSW is proposing to assign a greater proportion of the state's contribution to the MDBA program to water users than in past determinations. We request this be made clear in the final report.

Section 5.3.3 makes recommendations regarding catch up efficiencies. The MDBA is committed to completion of triennial independent cost reviews of River Murray Operations. The first of these was completed by Cardno in December 2019. That report states "Overall, we [Cardno] conclude that the River Murray Operations Joint Program costs are overall reasonable". The report also states "The analysis of long-term operating expenditure as a proportion of the size of the asset base (as measured by replacement cost) found that operating expenditure as a percentage of the total asset replacement cost, has decreased from 1.65% in 2008/09 to 1.25% in 2018/19". This is an indication of the realisation of ongoing efficiencies in operating expenditure across the program. The independent cost review was provided to IPART's consultant Atkins as part of their assessment of MDBA Program costs and is available on MDBA's website.

Section 5.3.3 also recommends incentives and formal multi-year budget approvals to also improve efficiency of program delivery. The cycle of annual budget approval by the Murray-Darling Basin Ministerial Council for the MDBA program is established under the Murray-Darling Basin Agreement. Changing to a multi-year budget approval would require the support of all governments that are party to the Agreement. Notwithstanding this, the MDBA is working with partner governments to assess improvements to the planning and budgeting process that will aid in driving efficiency of program delivery and this may include a multi-year budget approval.

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Should you have any questions or concerns, please contact Angus Paton, General Manager Assets at angus.paton@mdba.gov.au or on (02) 6279 0404.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Reynolds', written in a cursive style.

Andrew Reynolds
Executive Director
River Management

16 April 2020