

## WATER NSW'S REGULATED CHARGES FOR RURAL BULK WATER FOR 2020-21

The Independent Pricing and Regulatory Tribunal (IPART) has decided not to update Water NSW's prices for its bulk water services, which include the capture, storage and release of bulk water, in the Murray-Darling Basin (MDB) and the Fish River Water Supply Scheme (Fish River), except for the standard annual adjustment for inflation. This means that prices will only increase by 2.2% from 1 July 2020, for the 2020-21 financial year, in line with CPI.

Our decision is consistent with Water NSW's pricing application. The NSW Irrigators Council made a submission expressing support for our draft decision not to update prices.

Under the *Water Charge (Infrastructure) Rules 2010*, IPART is required to consider whether to vary Water NSW's charges annually to account for changes in water allocations, entitlements and sales, while balancing the objective of price stability. This is in addition to a comprehensive review and determination of Water NSW's regulated charges every four years.

IPART Chair Dr Paul Paterson said that although water availability and, consequently, water sales have been very low due to severe and prolonged drought conditions across NSW, these conditions appear to be easing.

"The data provided by Water NSW shows that water allocations and sales have declined across seven valleys due to lower rainfall and water availability," Dr Paterson said.

"While much of NSW remains in drought, when these conditions eventually ease, water sales are expected to increase in 2020-21, so our decision is to therefore maintain price stability."

Dr Paterson said IPART would continue to consider updating prices in between comprehensive price reviews if it is likely to promote medium to longer term price stability by reducing the likely price impacts at future comprehensive reviews.

The next comprehensive review of Water NSW's rural prices will consider a range of matters, including the efficient costs of delivering its services and how to forecast Water NSW's sales volumes, drawing on the latest and best available information on factors affecting water consumption in rural NSW. We will also consider if a more formulaic approach to annual reviews within the price setting period is appropriate as proposed by Water NSW. This approach is not supported at present. The next comprehensive review is due to commence in July 2020 and will set new charges to apply from 1 July 2021.