

Our Reference: S32.9.1

12 May 2022

Review of Rural Water Charges 2022
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP SYDNEY NSW 1240

First by Email: ipart@ipart.nsw.gov.au

Dear Sir/Madam

ANNUAL REVIEW OF WATER NSW RURAL BULK WATER CHARGES 2022/23

The purpose of this letter is to convey Inverell Shire Council's concerns and objection to the proposed significant increase in High Security water entitlement and usage prices to be applied by WaterNSW from July 2022 to June 2023 in the Border Rivers and Gwydir River Valley.

The price increases will reflect in the prices Council charges town water supply customers including Inverell based Bindaree Foods a major abattoir and water user employing approximately 700 staff.

The IPART draft decision of 22 April 2022 is to accept the WaterNSW annual pricing application to maintain the charges set under the 2021 Determination proposing that bulk water charges will only increase by inflation (estimated to be 3.2%) from 1 July, 2022 to 30 June, 2023.

It should be noted that the recently announced (27 April, 2022) CPI increase for the past twelve months was 5.1% which indicates the IPART forecast of 3.25% is much lower than what will be applied in the final determination once the June 2022 CPI figures are announced.

Table 1 below shows the 2021/22 bulk water charges, plus the proposed 2022/23 charges for the Gwydir Valley and Border Rivers predicted by IPART in April 2022.

Town water supply is classed as High Security and attracts higher access (fixed) charges than General Security. Ashford town water supply is sourced from the Border Rivers and Copeton scheme from the Gwydir Valley.

Table 1: Summary Water NSW Proposed Draft Regulated River Price Increases Effective 2022/23

Valley/River	High Security Access			General Security Access			Usage		
	2021/22 \$/ML	2022/23 \$/ML	Increase %	2021/22 \$/ML	2022/23 \$/ML	Increase %	2021/22 \$/ML	2022/23 \$/ML	Increase %
Border Riv.	6.58	7.16	8.8	2.41	2.48	2.9	7.03	7.59	8.0
Gwydir	17.40	18.72	7.6	4.04	4.15	2.7	17.19	18.68	8.7

The IPART approved maximum prices will be increased annually by the Consumer Price Index up to 30 June 2025.

The proposed price increases are significant and not in line with the 3.25% indicated by IPART, which is misleading.

- Gwydir Valley High Security access charge will increase by 7.6% and Border Rivers by 8.8%.
- Gwydir Valley General Security access charge will increase by 2.7% and Border Rivers by 2.9%.
- Usage charges in the Gwydir Valley will increase by 8.7% and Border Rivers by 8%.

The Access charge is based on the water licence volume and applies in full, irrespective of the volume of water actually used during the water year.

From the above it is clear that bulk water charges in the Gwydir Valley and Border Rivers will be well above what IPART has predicted, except usage charges. However, with a higher than expected April 2022 CPI increase of 5.1% the usage charges would also increase above the 3.25% predicted by IPART.

Table 2 below shows the large price increases determined by IPART effective 1 October, 2021.

Valley/River	High Security Access			General Security Access			Usage		
	2020/21 \$/ML	2021/22 \$/ML	Increase %	2020/21 \$/ML	2021/22 \$/ML	Increase %	2020/21 \$/ML	2021/22 \$/ML	Increase %
Border Riv.	5.74	6.58	20.0	2.13	2.41	13.1	5.86	7.03	20.0
Gwydir	11.93	17.40	45.9	3.75	4.04	7.7	12.79	17.19	34.4

The IPART approved maximum prices will be increased annually by the Consumer Price Index up to 30 June 2025.

These combined price increases applied over a nine (9) month period to July 2022 are a big impost on water users going forward. In the Gwydir Valley High Security access prices will increase by at least 54% and usage by 43%. In the border Rivers High Security access prices will increase by at least 29% and usage by 28%.

At Council's meeting held 11 May 2022, the following was resolved by Council:

That:

- Council make a submission to IPART highlighting the disparity in the proposed 2022/23 price increases for the Gwydir Valley and Border Rivers compared with the IPART forecast; and*
- that in view of the very high price increases already applied to both valleys effective 1 October, 2021, no increase be applied to both valleys during 2022/23.*

Should you seek further information please contact Council's Manager Environmental Engineering, Michael Bryant on 02 [REDACTED]

Yours faithfully,

BRETT MCINNES
DIRECTOR CIVIL & ENVIRONMENTAL SERVICES