

Our Reference: S4.11.17/13

14 May 2021

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

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

Dear Sir/Madam

REVIEW OF WATER NSW RURAL BULK WATER SERVICES

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 2021 to June 2025 in the Border Rivers and Gwydir River Valleys.

The proposed price increases for 2021/2022 impacting Council's town water supplies are highlighted in the attachment, which for High Security bulk water in the Gywdir Valley proposes a 36.5% increase in entitlement prices and 15.9% increase in usage prices. In the Border Rivers the proposed increases are 11.8% and 10.6% respectively. 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.

At Council's Ordinary meeting held 28 April 2021, the following was resolved by Council:

That:

- i) Council make a submission to IPART opposing the increase in high security water charges on the basis that the charges are not reflective of the costs involved; and*
- ii) Council seek reconsideration of the water charges imposed by Water NSW.*

Council recognises that the closing date for submissions was 16 April 2021, however requests that this submission be taken into consideration as Council has no record of having been advised by IPART of the review of water prices. Previously IPART would advise Council of the draft determination seeking comment.

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

Yours faithfully,

[REDACTED SIGNATURE]
BRETT MCINNES
DIRECTOR CIVIL & ENVIRONMENTAL SERVICES

Table 1.1 Draft decision on bulk water entitlement prices for 2021 determination period (\$/ML, \$2021-22)

| Valley | Current 2020-21 (\$2020-21) | Proposed 2021-22 | Draft decision 2021-22 | Change current to proposed | Change current to draft decision |
|--|-----------------------------|------------------|------------------------|----------------------------|----------------------------------|
| High security entitlement charge | | | | | |
| Border | \$5.74 | \$7.47 | \$6.42 | 30.1% | 11.8% |
| Gwydir | \$11.93 | \$19.70 | \$16.28 | 65.1% | 36.5% |
| Namoi | \$18.40 | \$30.18 | \$26.58 | 64.0% | 44.5% |
| Peel | \$44.77 | \$64.39 | \$62.08 | 43.8% | 38.7% |
| Lachlan | \$16.56 | \$27.31 | \$23.88 | 64.9% | 44.2% |
| Macquarie | \$14.55 | \$21.96 | \$19.23 | 50.9% | 32.2% |
| Murray | \$1.66 | \$2.28 | \$2.12 | 37.3% | 27.7% |
| Murrumbidgee | \$3.18 | \$4.21 | \$3.88 | 32.4% | 22.0% |
| Lowbidgee ^a | N/A | N/A | N/A | N/A | N/A |
| North Coast | \$12.69 | \$13.01 | \$12.99 | 2.5% | 2.4% |
| Hunter | \$14.15 | \$20.41 | \$19.02 | 44.2% | 34.4% |
| South Coast | \$33.19 | \$34.02 | \$34.03 | 2.5% | 2.5% |
| General security entitlement charge | | | | | |
| Border | \$2.13 | \$2.74 | \$2.35 | 28.6% | 10.3% |
| Gwydir | \$3.75 | \$4.57 | \$3.78 | 21.9% | 0.8% |
| Namoi | \$8.58 | \$10.53 | \$9.28 | 22.7% | 8.2% |
| Peel | \$4.33 | \$6.10 | \$5.88 | 40.9% | 35.8% |
| Lachlan | \$2.94 | \$4.04 | \$3.53 | 37.4% | 20.1% |
| Macquarie | \$3.07 | \$4.29 | \$3.76 | 39.7% | 22.5% |
| Murray | \$0.81 | \$1.00 | \$0.93 | 23.5% | 14.8% |
| Murrumbidgee | \$1.19 | \$1.45 | \$1.33 | 21.8% | 11.8% |
| Lowbidgee ^a | \$0.84 | \$1.72 | \$1.48 | 104.8% | 76.2% |
| North Coast | \$9.83 | \$10.08 | \$10.08 | 2.5% | 2.5% |
| Hunter | \$10.98 | \$15.85 | \$14.78 | 44.4% | 34.6% |
| South Coast | \$17.41 | \$17.85 | \$17.85 | 2.5% | 2.5% |

^a Lowbidgee has only supplementary licences.

Note: Excludes MDBA/BRC costs.

Source: Water NSW's June 2020 pricing proposal and IPART analysis.

Table 1.2 Draft decision on bulk water usage prices for 2021 determination period (\$/ML, \$2021-22)

| Valley | Current 2020-21 (\$2020-21) | Proposed 2021-22 | Draft decision 2021-22 | Change current to proposed | Change current to draft decision |
|------------------------|-----------------------------------|---------------------|------------------------------|----------------------------------|---|
| Usage charge | | | | | |
| Border | \$5.86 | \$7.56 | \$6.48 | 29.0% | 10.6% |
| Gwydir | \$12.79 | \$17.86 | \$14.82 | 39.6% | 15.9% |
| Namoi | \$21.52 | \$29.63 | \$26.17 | 37.7% | 21.6% |
| Peel | \$19.78 | \$25.59 | \$24.68 | 29.4% | 24.8% |
| Lachlan | \$20.51 | \$32.26 | \$28.26 | 57.3% | 37.8% |
| Macquarie | \$14.84 | \$21.95 | \$19.27 | 47.9% | 29.9% |
| Murray | \$2.06 | \$2.85 | \$2.65 | 38.3% | 28.6% |
| Murrumbidgee | \$3.57 | \$4.84 | \$4.44 | 35.6% | 24.4% |
| Lowbidgee ^a | N/A | N/A | N/A | N/A | N/A |
| North Coast | \$18.77 | \$19.24 | \$19.24 | 2.5% | 2.5% |
| Hunter | \$13.60 | \$19.94 | \$18.58 | 46.6% | 36.6% |
| South Coast | \$18.60 | \$19.07 | \$19.07 | 2.5% | 2.5% |

^a Lowbidgee only has supplementary licences.

Note: Excludes MDBA/BRC costs.

Source: Water NSW's June 2020 pricing proposal and IPART analysis.

1.2.2 MDBA charges increase by up to about 12%, while BRC charges decrease slightly

Under our draft pricing decisions, MDBA high security entitlement and usage charges are between 8.1% and 12.4% higher than current prices (before inflation). The MDBA general security entitlement charge and all BRC charges are constant or slightly lower (before inflation). (See Table 1.3.)

However, these draft prices are substantially lower than Water NSW proposed. This is due to our draft decisions to:

- ▼ change how the prices are set to recover the costs of new infrastructure funded by the MDBA and BRC
- ▼ set lower efficient costs for the MDBA, in line with our draft finding that proposed expenditure on salt interception schemes are water management costs rather than bulk water costs⁵
- ▼ set lower efficient costs for the BRC.

⁵ We have therefore included the costs of the salt interception schemes (SIS) in our draft prices for the Water Administration Ministerial Corporation (WAMC) which we are also reviewing. Our draft report on WAMC's water management prices is available on our [website](#).