

ANNUAL REVIEW OF WATERNSW'S RURAL BULK WATER CHARGES FOR 2019-20

Current (2018-19) regulated charges for bulk water services in NSW's Murray Darling Basin (MDB) valleys and for raw and filtered water to rural customers in the Fish River Water Supply Scheme (FRWSS) will increase in line with CPI of 1.3% from 1 July 2019, for 2019-20.

The Independent Pricing and Regulatory Tribunal's (IPART) has decided to maintain the charges as set out in the 2017 Determination after completing its annual review of WaterNSW's rural bulk water charges.

Under the *Water Charge (Infrastructure) Rules 2010*, IPART is required to annually consider whether to vary WaterNSW's charges to account for changes in demand and consumption while balancing the objective of price stability. This is in addition to a comprehensive review and determination of WaterNSW's charges every four years. The next comprehensive review is due to occur in 2020-21.

IPART Chair Dr Paul Paterson said that although there had been some recent changes in consumption levels, the information available at this time is inconclusive with regard to whether or not there has been a sustained or permanent shift in demand.

"The data provided by WaterNSW shows a 3.73% decline in annual usage volumes across relevant valleys due to lower rainfall or drought. But as this is in line with the year-to-year volatility we have observed in WaterNSW's sales volumes, we are cautious to change prices in the short-term given the unpredictable nature of rainfall.

Unless there is strong evidence to support a sustained or permanent shift in water consumption, we are inclined to maintain current prices for the next year to avoid price volatility and bill pressure during the drought.

As part of our next comprehensive review of WaterNSW's prices due to occur in 2020-21, we will consider how we forecast WaterNSW's sales volumes, drawing on the latest and best available information on factors affecting water consumption in rural NSW," Dr Paterson said.

IPART will commence the next Annual Review around April 2020.