



**IPART** Independent  
Pricing and Regulatory  
Tribunal | NSW

Annual review of WaterNSW's rural  
bulk water charges for 2024-25

# Final Report

June 2024

Water »

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## Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present. We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

## Tribunal Members

The Tribunal members for this review are:

Carmel Donnelly PSM, Chair  
Jonathan Coppel  
Mike Smart

Enquiries regarding this document should be directed to a staff member:

Matthew Mansell (02) 9113 7770  
James Mathison (02) 9113 7702  
Bee Thompson (02) 9290 8496

## The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

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# Contents

<b>1</b>	<b>Executive summary</b>	<b>1</b>
	Increases in regulated charges would be limited to inflation	1
	We seek feedback on our draft decision	2
<b>2</b>	<b>Context and approach</b>	<b>5</b>
	The annual review framework is set by WCR	5
	The annual review only applies to MDB valleys and Fish River	6
	This review involves a 2-step process	7
	How we calculate updated charges	7
<b>3</b>	<b>Our draft decision is to maintain WaterNSW's charges as set in the 2021 Determination</b>	<b>8</b>
3.1	While water entitlements are stable, average historical water sales are lower	8
3.2	Updating charges would generally result in charges increasing above inflation	9
3.3	WaterNSW has proposed to update charges to reflect updated water entitlement and sales data	9
3.4	We do not consider it reasonably necessary to update charges in 2024-25	10
<b>4</b>	<b>Charges to apply 2024-25</b>	<b>13</b>
<b>A</b>	<b>Additional information on how we update charges</b>	<b>14</b>

# 1 Executive summary

IPART currently undertakes annual reviews of WaterNSW's regulated charges for rural bulk water services in the Murray-Darling Basin (MDB)<sup>a</sup> and the Fish River Water Supply Scheme (Fish River). This is required under Part 6 of the *Water Charge Rules 2010 (Cth)* (WCR).<sup>b</sup> We note this is the final review under the WCR. Future WaterNSW price determinations will be made under the IPART Act.

In September 2021, we published our [Final Report for the review of WaterNSW's rural bulk water prices](#) from 1 October 2021 to 30 June 2025 (the 2021 Determination). This is the third and final annual review under the 2021 Determination and provides an opportunity for us to consider whether we should update the charges to apply from 1 July 2024 to 30 June 2025 (i.e. 2024-25).

Under the WCR, we may only vary the charges to the extent that it is "reasonably necessary", having regard to changes in demand or consumption forecasts for the regulated bulk water services, price stability and consistency with the WCR. We measure changes in demand or consumption by changes in water allocations, entitlements and sales. The scope of this annual review does not include reviewing other elements of the 2021 Determination, such as the efficient costs of providing these services or price structures.

This report sets out our final decision on WaterNSW's regulated charges for 2024-25 and explains how we have reached this decision. While this report focuses on water entitlement and water usage charges, our decision applies to all charges set under the WCR in the 9 MDB valleys and Fish River, including miscellaneous and metering charges. Other supporting information, including WaterNSW's pricing application, is available on our [website](#).

## Increases in regulated charges will be limited to inflation

The 2021 Determination set WaterNSW's prices that would apply from 1 October 2021 to 30 June 2025 and specified that price increases would be limited to inflation, applied on 1 July each year. We measure inflation as the change in CPI over the 12 months to March and apply this rate to prices on 1 July each year. For the 2024-25 annual review, inflation over the 12 months to March 2024 is 3.6%. We have used this figure to index prices presented in this Final Report.

WaterNSW proposed that charges for 2024-25 be adjusted for inflation and for updated demand forecasts. The adjustments would mean that most prices would increase above inflation (i.e. above 3.6%). In its proposal, WaterNSW expressed its view that water prices should be updated in 2024-25 to lessen the impact of upward cost pressures that are likely to put more upward pressure on prices at the start of the 2025 Determination.

<sup>a</sup> This includes 9 valleys: Border, Gwydir, Namoi, Peel, Lachlan, Macquarie, Murray, Murrumbidgee and Lowbidgee.

<sup>b</sup> This annual review does not apply to the charges set under the IPART Act. It does not apply to the charges for rural customers in the North Coast, South Coast and Hunter Valleys or to urban customers in Fish River.

Our final decision is to not accept WaterNSW's proposal to update charges for updated demand forecasts, and instead limit the increase in charges to inflation. This means charges would not be adjusted for updated demand forecasts and therefore increases in charges would be limited to inflation of 3.6% from 1 July 2024.

After considering the latest changes in water sales, we have decided that it is not reasonably necessary to vary the charges set under the 2021 Determination. We have found no evidence of a sustained shift in water sales. Actual water sales over 2020-21, 2021-22 and 2022-23 and forecast water sales for 2023-24 have been higher than the forecast used to set prices in the 2021 Determination. We do not have evidence to suggest that water sales in 2024-25 will be materially different to the forecast used to set prices in the 2021 Determination. Therefore, we do not consider it reasonably necessary to update charges in 2024-25.

We consider our approach of exercising discretion when deciding whether it is reasonably necessary to update charges at each annual review is in line with the requirements of the WCR. Our approach is to only change charges if there is evidence of a sustained shift in water sales. Our approach supports price stability by allowing charges to gradually adjust if there is evidence of a sustained shift in water sales while not introducing risk of price volatility in response to year-on-year fluctuations in water sales. Further, we included a revenue volatility allowance in the 2021 Determination to enable WaterNSW to manage volatility in water sales volumes over the 2021 determination period.

We acknowledge the current high inflation rate is increasing the costs of goods and services and adding to cost of living pressures. We note the high rate of inflation over recent years (i.e. 5.1% in 2021-22, 7% in 2022-23 and 3.6% in 2023-24) follows several years of relatively lower inflation (averaging around 1% to 2% between 2015 and 2021). We note the Reserve Bank is forecasting inflation to decline to the target range of 2-3% in 2025.<sup>1</sup>

## We considered stakeholder feedback on our draft decision

On 24 April 2024, we published our Draft Report, Draft Determination and Pricing Model and invited stakeholders to provide feedback on our draft decision. In response, we received three stakeholder submissions. Public submissions are available on our web page for this review.

Coleambally Irrigation Co-operative Limited (CICL) supports IPART's draft decision to limit increases in WaterNSW's charges to CPI from 1 July 2024. CICL does not believe WaterNSW has provided sufficient evidence to support its claim that water sales in 2024-25 will be substantially less than the volumes assumed in the 2021 Determination. CICL considers that issues relating to potential future price shocks are best considered as part of the upcoming 2024-25 price review.

Oberon Council also supports IPART's draft decision to limit increases in WaterNSW's charges to CPI from 1 July 2024. Oberon Council notes the impact of price increases on small councils where there is no alternative source of water and suggests that future IPART price reviews consider the use of incentives to protect the supply of water.

WaterNSW provided a submission noting they do not support IPART's draft decision and maintained their proposal to update the demand forecast and increase prices above inflation in 2024-25. WaterNSW argues that:

1. IPART's draft decision for 2024-25 prices applies a test inconsistent with that used previously. WaterNSW contends that if IPART applied the test from the 2018-19 draft report in the current review, this would support a decision to update the demand forecast and increase prices above inflation in 2024-25.
2. IPART has not considered whether WaterNSW is likely to recover the IPART determined revenue allowance over the determination period. WaterNSW states that it provided evidence in its pricing proposal that it is likely to under-recover its revenue allowance and that IPART should update the demand forecast and increase prices in 2024-25 to ensure WaterNSW is able to recover the revenue requirement set in the 2021 Determination.
3. IPART has consistently decided that it is not reasonably necessary to update the demand forecast and prices in all 6 annual reviews. WaterNSW suggests that these decisions are inconsistent with the previous Australian Competition and Consumer Commission (ACCC) decisions to update demand forecasts and prices during the annual reviews.
4. IPART should increase prices in 2024-25 to lessen the impact of future price increases.

We do not accept WaterNSW's claim that IPART has applied different tests in the 2018-19 and 2024-25 annual reviews. While our reports have been refined over each successive annual review, each annual review has consistently considered whether there is evidence of a sustained shift in demand that justifies updating the demand forecast and prices to apply in the next year of the determination period.

In the 2017 and 2021 price reviews, IPART included a revenue volatility allowance to mitigate WaterNSW's revenue risk over the 2017 and 2021 determination periods<sup>2</sup>. We note that over the first 3 years of the current determination period, actual water sales have been above the demand forecast used to set prices in the 2021 Determination. This suggests that over the first 3 years of the 2021 determination period, WaterNSW has recovered more revenue than the revenue requirement set in the 2021 Determination. Water sales in 2024-25 would need to be significantly below the forecast used to set prices in the 2021 Determination for WaterNSW to recover less than the revenue requirement set in the 2021 Determination. We have not found evidence to suggest that water sales in 2024-25 will be significantly less than the forecast used to set prices in the 2021 Determination.

IPART's first annual review in 2018 explained the differences between the ACCC and IPART approaches in determining prices and undertaking annual reviews.<sup>3</sup> One of the key differences being that the ACCC preferred to address revenue volatility by including an Unders and Overs Mechanism (UOM) with the expectation that prices would be updated to account for the UOM in each subsequent annual review.<sup>4</sup> IPART has not included a UOM and instead included a revenue volatility allowance to mitigate the impact of demand volatility on WaterNSW's revenues over the determination period. IPART's expectation has been that we would not update demand forecasts and prices in annual reviews except to the extent that is reasonably necessary having regard to changes in demand or consumption forecasts and price stability.

We note that if the demand forecast for 2024-25 is updated to include recent higher than average water sales, the demand forecast for 2024-25 will, counterintuitively, decline. This unexpected result occurs because of the high volatility of historical water sales (i.e. the water sales data exiting the 20-year rolling average are higher than the water sales data entering the 20-year average). This situation demonstrates the importance of exercising discretion at each annual review when considering whether it is reasonably necessary to update demand forecasts and prices at each annual review .

We maintain the view set out in our Draft Report that changes in WaterNSW's costs are outside the scope of the annual review. We have not reviewed WaterNSW's costs and we consider it would be pre-emptive to assume that prices will increase as a result of the next comprehensive review of WaterNSW's prices due to commence in September 2024.

We have considered all stakeholder submissions and maintain our view that there is no evidence to indicate a sustained shift in demand and therefore it is not reasonably necessary to update the demand forecast and prices in 2024-25 from those set in the 2021 Determination. We note this is the final review under the WCR. Future price determinations will be made using IPART's new water regulation framework.

## 2 Context and approach

### The annual review framework is set by WCR

Under Part 6 of the WCR, we are accredited by the Australian Competition and Consumer Commission (ACCC) to determine WaterNSW's bulk water charges for rural customers in the MDB valleys and the Fish River.

The WCR requires us to follow a 2-stage price review process for determining or approving these regulated charges:

1. Determine the rural bulk water charges for a set determination period<sup>5</sup>
2. Conduct an annual review of the rural bulk water charges for the second year of the period, and for each subsequent year within the determination period.<sup>6</sup>

For the annual reviews, the WCR requires that we determine the regulated charges for the relevant year.<sup>7</sup> They also state that we must not vary the charges from those set out in the prevailing price determination, except to the extent that it is reasonably necessary, having regard to 3 matters only:

1. the "changes in the demand or consumption forecasts" set out in WaterNSW's application for an annual review
2. "price stability"<sup>8</sup>
3. the consistency of the charges with the requirements in other provisions of the WCR.

We completed the first stage of this price review in September 2021, when we set the charges for rural bulk water services for the 2021 determination period.

We are undertaking the third annual review of WaterNSW's rural bulk water charges for the 2021 determination period. Our report focuses on charges that are influenced by water entitlements, allocations and water sales. However, our decisions apply to all charges for rural customers in the 9 MDB valleys and Fish River, including miscellaneous and metering charges.

We have considered whether the charges we set in the 2021 Determination remain consistent with the WCR. We have carefully compared the WCR we used to set charges in the 2021 Determination as well as the WCR as amended on 1 July 2020 and are satisfied that our charges remain compliant.

We note that IPART has been accredited by the ACCC under the WCIR since September 2015 to set regulated charges for WaterNSW's MDB valleys and rural customers in the FRWS. This arrangement comes to an end on 30 June 2025 and future pricing will be done under IPART's water pricing framework, with the next proposal due in September 2025.<sup>9</sup>



## The annual review only applies to MDB valleys and Fish River

Only the regulated charges that are set under the WCR are within the scope of this annual review. Therefore, the review applies to rural customers in the 9 MDB valleys and Fish River (Figure 1). It does not apply to the charges for rural customers in the North Coast, South Coast, urban customers in Fish River and Hunter Valleys. These charges were set under the *Independent Pricing and Regulatory Tribunal Act 1992 (NSW)* (IPART Act) and are not subject to WCR.

Figure 1 Valleys in and out of the scope of this annual review



Note: This map is not to scale and is for illustrative purposes only. This annual review excludes urban customers in Fish River.

The annual review applies to WaterNSW, Murray-Darling Basin Authority (MDBA) and Barwon-Dumaresq Border Rivers Commission (BRC) charges. The price structure for these charges comprises of:

- Usage charges (\$ per megalitre (ML) of water used) in both the MDB valleys and Fish River. In reviewing these charges, we consider the latest data on usage volumes based on a 20-year rolling average of historical water sales volumes.
- Fixed entitlement charges (\$ per ML of licensed entitlement per year) in the MDB valleys or fixed Minimum Annual Quantity (MAQ) charges (\$ per ML of MAQ per year) in Fish River.

The scope of this annual review does not include reviewing other elements of the 2021 Determination, such as the efficient costs of providing these services or the price structures.

Although this annual review determines all WaterNSW charges, including charges for metering and telemetry services, this report focuses on charges that are impacted by changes in water entitlements and sales.

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## This review involves a 2-step process

In assessing whether it is necessary to update WaterNSW's regulated charges, we work through the following process.

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### Step 1 Update water entitlement, water sales and CPI data and calculate updated charges

We update water entitlement and sales data, calculate updated historical averages and calculate updated charges based on this updated data.

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### Step 2 Consider whether there is evidence of a sustained shift in demand or consumption and therefore whether to update charges

If there is evidence of a sustained shift in demand or consumption, we can be confident that updating charges to reflect this sustained shift will generally support price stability. That is, it will allow charges to begin transitioning towards levels that are likely to be determined at the next major price review. If there is no evidence of a sustained shift in demand or consumption, there is a risk that updating charges will introduce unnecessary price volatility.

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## How we calculate updated charges

In 2020-21, we reviewed and set WaterNSW's rural bulk water charges to apply over four years 2021-22, 2022-23, 2023-24 and 2024-25. We set these charges based on water entitlement and usage forecasts that were based on the most up to date data available at the time. For water entitlements, this was the number of entitlements in place in 2019-20 when WaterNSW developed its pricing proposal. For water usage, this was actual water usage data over the last 20 years (2000-01 to 2019-20). The first step of the annual review process involves calculating updated charges based on the following updates to entitlement and water usage data:

1. For the 2022-23 annual review, we calculate updated charges for 2022-23 based on the number of entitlements in place in 2021-22 and water usage data over the most recent 20 years (i.e. rolling the 20-year average forward one year to 2001-02 to 2020-21).
2. For the 2023-24 annual review, we calculate updated charges for 2023-24 based on the number of entitlements in place in 2022-23 and water usage data over the most recent 20 years (i.e. rolling the 20-year average forward two years to 2002-03 to 2021-22).
3. For the 2024-25 annual review, we calculate updated charges for 2024-25 based on the number of entitlements in place in 2023-24 and water usage data over the most recent 20 years (i.e. rolling the 20-year average forward three years to 2003-04 to 2022-23).

### 3 We have decided to maintain WaterNSW's charges as set in the 2021 Determination

We have decided to maintain WaterNSW's MDB charges for 2024-25 as set in the 2021 Determination. That is, charges will not be updated to reflect updated water entitlement and sales forecasts. Instead, increases in charges will be limited to inflation of 3.6% from 1 July 2024. This is based on our assessment that it is not reasonably necessary to vary charges because we have not found evidence of a sustained shift in demand or consumption and therefore, we cannot be confident that updating charges in 2024-25 would lead to improved price stability.

Our decision is



1. To maintain the regulated charges set under the 2021 Determination for 2024-25, adjusted for inflation.

#### 3.1 While water entitlements are stable, average historical water sales are lower

Table 3.1 shows that water entitlements have remained relatively stable between the 2021 Determination and the 2024-25 Annual Review. Table 3.1 also shows that average historical water sales have declined from the 20-year historical average used to forecast demand in the 2021 Determination (i.e. 2000-01 to 2019-20) to the updated 20-year historical average considered in this 2024-25 Annual Review (i.e. 2003-04 to 2022-23). This decline in average historical water sales is driven by years with relatively high water sales (i.e. 2000-01 and 2001-02) rolling out of the 20-year historical average.

Table 3.1 Water entitlement and average historical sales (ML)

	Water entitlements			Average historical water sales		
	2021 Determination	2024-25 Review	% change	2021 Determination	2024-25 Review	% change
Border	266,359	266,359	0.0%	139,453	128,308	-8.0%
Gwydir	536,585	536,885	0.1%	220,489	202,463	-8.2%
Namoi	265,395	265,663	0.1%	138,241	124,286	-10.1%
Peel	47,002	46,416	-1.2%	12,625	11,474	-9.1%
Lachlan	690,418	672,515	-2.6%	182,100	149,333	-18.0%
Macquarie	675,157	676,313	0.2%	232,545	188,478	-18.9%
Murray	2,347,178	2,352,508	0.2%	1,379,454	1,324,800	-4.0%
Murrumbidgee	2,704,141	2,694,501	-0.4%	1,531,632	1,481,430	-3.3%
Lowbidgee	747,000	747,000	0.0%	n/a	n/a	n/a
<b>Total</b>	<b>8,279,235</b>	<b>8,258,160</b>	<b>-0.3%</b>	<b>3,836,539</b>	<b>3,610,573</b>	<b>-5.9%</b>

Sources: IPART, Prices for rural bulk water services from 1 October 2021 – Final Report, September 2021, pp 112-113 and WaterNSW's pricing application for the 2024-25 annual review.

Note: WaterNSW levies fixed entitlement charges (and does not levy variable usage charges) on Lowbidgee entitlements.

Table 3.2 shows that for the Fish River Water Supply Scheme (FRWSS), Minimum Annual Quantities (MAQs) are stable and average historical water sales used to forecast demand have declined from the 20-year average used to forecast demand in the 2021 determination to the updated 20-year average used to calculate updated charges in the 2024-25 annual review.

Table 3.2 Minimum annual quantities and average historical sales in FRWSS (ML)

	Minimum annual quantities (MAQ)			Average historical water sales		
	2021 Determination	2024-25 Review	% change	2021 Determination	2024-25 Review	% change
<b>Raw Water</b>						
EnergyAustralia	8,184	8,184	0%	1,850	1,548	-16%
WNSW (GS)	3,650	n/a	n/a	2,142	n/a	n/a
Oberon Council	1,064	n/a	n/a	681	n/a	n/a
Lithgow Council	100	n/a	n/a	100	n/a	n/a
Minor customers	17	17	2%	51	51	-1%
<b>Filtered Water</b>						
Lithgow Council	1,678	n/a	n/a	826	n/a	n/a
Minor customers	46	48	3%	103	92	-10%

Sources: IPART, Prices for rural bulk water services from 1 October 2021 – Final Report, September 2021, pp 119-121 and WaterNSW's pricing application for the 2024-25 annual review.

Note: n/a fields were not reported in WaterNSW's application and are not in scope for this review.

### 3.2 Updating charges would generally result in charges increasing above inflation

If 2024-25 charges are maintained in line with the 2021 Determination, charges and bills would increase by inflation of 3.6%.

If 2024-25 charges are updated based on updated water entitlement and usage data:

- Bills for General Security customers would increase between 3% (Lowbidgee) and 24% (Lachlan).
- Bills for High Security customers would increase between 3% (Gwydir) and 17% (Macquarie).
- Bills for Fish River customers would increase between 4% (Raw water minor customers) and 15% (Filtered water minor customers).

### 3.3 WaterNSW has proposed to update charges to reflect updated water entitlement and sales data

WaterNSW provided its annual pricing application to IPART on 28 March 2024. In its pricing application, it proposed to update MDB charges for 2024-25 to reflect both updated water entitlement and sales forecasts, as well as inflation. WaterNSW's proposal would mean that most MDB charges would increase above inflation in 2024-25.<sup>10</sup>

WaterNSW's pricing application noted the 20-year rolling average of historical water usage had declined since prices were set in the 2021 Determination and that prices should be updated (i.e. increased) to reflect the updated 20-year average. It therefore proposed that 2024-25 MDB charges should be updated to reflect:<sup>11</sup>

- Updated water entitlement forecasts and high security premiums, using latest actual data
- An updated 20-year rolling average of water sales, utilising 2020-21, 2021-22 and 2022-23 data, and
- CPI (forecast to be 3.7% at the time of WaterNSW's application, 28 March 2024).

WaterNSW expressed that its proposal to update 2024-25 charges for lower demand forecasts would increase prices now and thereby reduce future price shocks at the next price review. It also noted that its expected downward trend in water sales was supported by its understanding of evolving climatic conditions, as well as scientific consensus including a CSIRO state of the climate report predicting longer and more frequent droughts (particularly in drier parts of Australia) caused by climate change.<sup>12</sup>

WaterNSW also submitted that increasing charges would improve its financial sustainability by allowing for the sufficient recovery of its prudent and efficient costs over the 2021 determination period. Specifically, WaterNSW estimates that it will under-recover its revenue requirement over the 2021 determination period and submitted that updating prices would therefore enable it to provide its regulated services on a sustainable basis and this is in-line with the long-term interests of customers.<sup>13</sup>

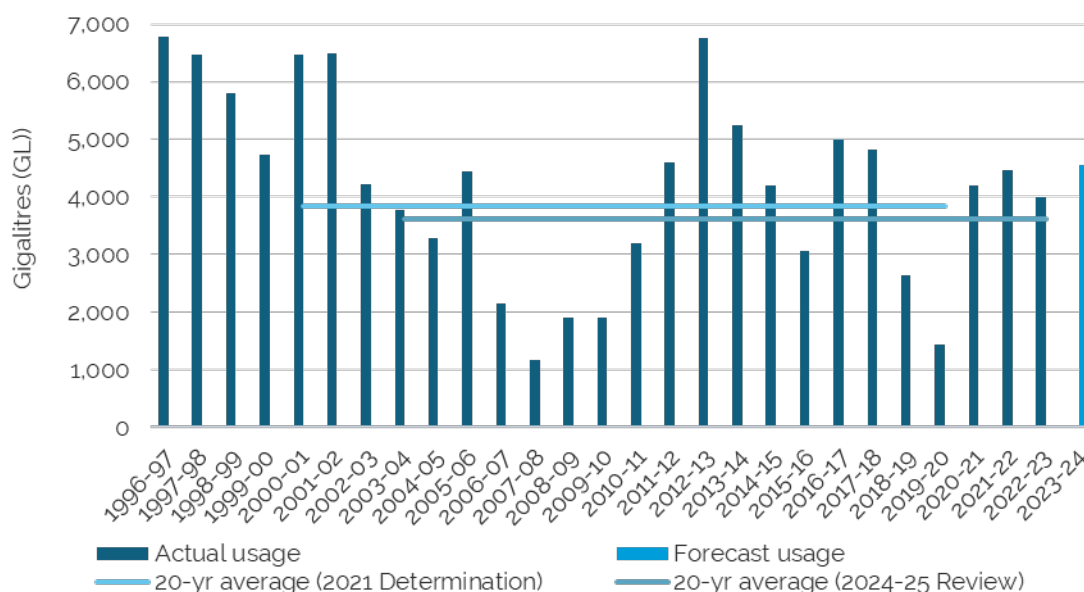
### 3.4 We do not consider it reasonably necessary to update charges in 2024-25

In our 2021 price review, we included a revenue volatility allowance in WaterNSW's charges for the 2021 determination period.<sup>14</sup> This revenue volatility allowance is designed to allow WaterNSW to insure against year-to-year differences in actual water sales over the determination period. Therefore, when considering whether it is reasonably necessary to update charges, we do not focus on year-to-year differences in actual water sales. Instead, we focus on whether there is evidence of a sustained shift in demand such that updating prices would be likely to improve price stability.

This section presents our analysis supporting our decision to maintain 2024-25 charges in line with the 2021 Determination.

Figure 2 shows actual water sales over the last 27 years (1996-97 to 2022-23), forecast water sales for 2023-24, the 20-year average water sales used to set charges in the 2021 Determination (2000-01 to 2019-20) and the updated 20-year average water sales used to calculate updated charges for 2024-25 in this annual review (2003-04 to 2022-23).

Figure 2 Historical water sales



Source: WaterNSW pricing application to IPART annual price review (data provided in pricing model), March 2024 and IPART analysis.

In its pricing application, WaterNSW states that the 20-year average used to forecast demand and set prices in the 2021 Determination is too high and does not reflect recent water usage trends. However, we note the three most recent years of actual water sales data (i.e. 2020-21, 2021-22 and 2022-23) and the forecast water sales for the current year (2023-24) are all higher than the 20-year average used to set prices in the 2021 Determination. The average of actual water sales between 2020-21 and 2022-23 was 10% higher than the forecast we used to set prices in the 2021 Determination. The forecast water sales for 2023-24 is 19% higher than the forecast we used to set prices in the 2021 Determination. These observations do not support the argument that the 20-year average used to set prices in the 2021 Determination was too high and does not reflect recent water usage conditions.

WaterNSW forecasts water sales in 2024-25 equal to the updated 20-year average (2003-04 to 2022-23). However, we consider several factors could support higher than average water sales in NSW in 2024-25, including:

- high dam storage levels (currently above 70% across regional dams in NSW)<sup>15</sup>
- high water allocation rates (currently 100% in the majority of valleys across NSW)<sup>16</sup>, and
- the potential transition to a period of drier conditions and recovering agricultural production.<sup>c</sup>

<sup>c</sup> The ABARES Water Market Outlook – April 2023 indicates a potential move towards drier conditions in 2023-24 and favourable conditions for irrigation activities such as cotton and rice. Report available at: [Water Market Outlook – April 2023 - DAFF \(agriculture.gov.au\)](https://www.daff.gov.au/water-market-outlook)

WaterNSW suggests that increasing prices in 2024-25 will mitigate future price impacts driven by upward cost pressures at the next price review which is scheduled to commence in September 2024. We have not yet reviewed WaterNSW's proposed expenditure for the 2025 determination period and we do not want to pre-empt that review process. We also note that WaterNSW's proposal to update prices in 2024-25 would result in very large price increases in some valleys which may result in unnecessary price volatility if large price increases in 2024-25 are then subsequently reversed by price decreases from 2025-26.

WaterNSW's pricing application refers the CSIRO State of the Climate Report 2020<sup>17</sup> which predicts more frequent and prolonged periods of drought particularly in dry regions of Australia. WaterNSW suggests these conditions are likely to result in lower average water usage going forward. We acknowledge that forecasting demand for water in regional and rural NSW is challenging. While we have relied on using average historical water usage to forecast demand in our previous reviews of WaterNSW's prices, we are open to exploring alternative forecasting approaches that are informed by the broad range of factors, including the effects of climate change, that influence the availability and demand for water. We encourage WaterNSW to build on its understanding of these factors and investigate alternative approaches to forecasting demand for water in regional and rural NSW to inform our next comprehensive review of WaterNSW's prices that is due to commence in September 2024.

## 4 Charges to apply 2024-25

We have calculated the charges that customers would pay in 2024-25 based on our decision to maintain regulated charges as set under the 2021 Determination. These charges are shown in Table 4.1, Table 4.2 and Table 4.3. Our decision also applies to other charges in the 9 MDB valleys and Fish River, including miscellaneous and metering charges.

For the Final Report, we have used an inflation rate of 3.6% to convert the charges to nominal dollars for the 2023-24 period. This is slightly lower than the estimate of 3.7% used in WaterNSW's pricing application and our Draft Report.

Table 4.1 WaterNSW rural bulk water charges for 2024-25 (\$2024-25)

Valley	High Security fixed charge (\$/ML)	General Security fixed charge (\$/ML)	Usage charge (\$/ML)
Border	7.67	2.81	8.19
Gwydir	20.27	4.71	20.03
Namoi	33.70	11.77	35.98
Peel	71.48	6.78	28.55
Lachlan	29.24	4.32	36.31
Macquarie	23.51	4.59	25.21
Murray	2.63	1.15	3.41
Murrumbidgee	4.86	1.67	5.79
Lowbidgee	0.00	2.00	0.00

Source: IPART, *Prices for rural bulk water services from 1 October 2021 – Determination*, September 2021, p 8, adjusted for inflation.

Table 4.2 MDBA and BRC rural bulk water charges for 2024-25 (\$2024-25)

Valley	High Security fixed charge (\$/ML)	General Security fixed charge (\$/ML)	Usage charge (\$/ML)
Border	5.64	2.06	1.00
Murray	10.07	4.43	2.16
Murrumbidgee	2.17	0.75	0.43

Source: IPART, *Prices for rural bulk water services from 1 October 2021 – Determination*, September 2021, p 9, adjusted for inflation.

Table 4.3 Fish River rural bulk water charges for 2024-25 (\$2024-25)

Valley	Access (or MAQ) charge (\$/kL)	Usage up to MAQ (\$/kL)	Usage in excess of MAQ (\$/kL)
Raw water – major customers	0.57	0.38	0.96
Raw water – minor customers	0.57	0.38	0.96
Filtered water – minor customers	1.00	0.62	1.62

Note: the MAQ is the Minimum Annual Quantity.

Source: IPART, *Prices for rural bulk water services from 1 October 2021 – Determination*, September 2021, pp 16-17, adjusted for inflation.



## A Additional information on how we update charges

Our decision is to increase charges in the MDB valleys and Fish River by inflation of 3.6%. This means we are not updating charges based on changes in consumption or demand forecasts. For completeness, we present the updated charges for 2024-25 that would have applied if we did decide to update charges to reflect the updated water data provided to us by WaterNSW. This appendix is for information only. The formula we use to update charges are consistent with the approach detailed in [2022-23 Annual Review of WaterNSW's rural water charges](#). The full calculation and other information can be found in the accompanying pricing model for the 2024-25 annual review available on our [website](#).

Table A.1 Indicative WaterNSW rural charges based on updated data

Valley	High Security fixed charge (\$/ML)		General Security fixed charge (\$/ML)		Usage charge (\$/ML)	
	Current (\$2023-24)	2024-25 (\$2024-25)	Current (\$2023-24)	2024-25 (\$2024-25)	Current (\$2023-24)	2024-25 (\$2024-25)
Border	7.40	7.35	2.71	2.81	7.91	8.90
Gwydir	19.58	18.38	4.55	4.80	19.34	21.81
Namoi	32.55	31.47	11.36	11.84	34.74	40.01
Peel	69.03	72.15	6.55	6.52	27.57	31.42
Lachlan	28.24	27.25	4.17	4.64	35.07	44.28
Macquarie	22.70	23.87	4.43	4.53	24.35	31.11
Murray	2.54	2.56	1.11	1.17	3.30	3.55
Murrumbidgee	4.69	4.82	1.61	1.68	5.59	5.99
Lowbidgee	0.00	0.00	1.94	2.00	0.00	0.00

Source: IPART analysis.

Table A.2 Indicative MDBA and BRC rural charges based on updated data

Valley	High Security fixed charge (\$/ML)		General Security fixed charge (\$/ML)		Usage charge (\$/ML)	
	Current (\$2023-24)	2024-25 (\$2024-25)	Current (\$2023-24)	2024-25 (\$2024-25)	Current (\$2023-24)	2024-25 (\$2024-25)
Border	5.45	5.40	1.99	2.06	0.97	1.10
Murray	9.72	9.81	4.28	4.47	2.08	2.25
Murrumbidgee	2.09	2.16	0.72	0.75	0.42	0.44

Source: IPART analysis.

Table A.3 Indicative Fish River rural charges based on updated data

Valley	Access (or MAQ) charge (\$/kL)		Usage up to MAQ (\$/kL)		Usage in excess of MAQ (\$/kL)	
	Current (\$2023-24)	2024-25 (\$2024-25)	Current (\$2023-24)	2024-25 (\$2024-25)	Current (\$2023-24)	2024-25 (\$2024-25)
Raw water – major	0.55	0.57	0.37	0.45	0.92	1.03
Raw water – minor	0.55	0.59	0.37	0.36	0.92	0.96
Filtered water – minor	0.97	1.00	0.60	0.80	1.56	1.81

Note: MAQ is the minimum annual quantity.  
Source: IPART analysis.

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- <sup>1</sup> Reserve Bank of Australia, [Statement of Monetary Policy – Feb 2024](#), accessed on 15 April 2024.
- <sup>2</sup> Review of prices for rural bulk water services from 1 July 2017 to 30 June 2021 – Final Report, June 2017, p6; IPART Review of WaterNSW rural bulk water charges from 1 October 2021 - Final Report, p77.
- <sup>3</sup> IPART Annual Review of WaterNSW regulated charges for 2018-19, Final Report, June 2018, pp 15-16.
- <sup>4</sup> IPART Review of WaterNSW rural bulk water charges from 1 October 2021 - Final Report, p77.
- <sup>5</sup> *Water Charge (Infrastructure) Rules 2010* Part 6 Division 2.
- <sup>6</sup> *Water Charge (Infrastructure) Rules 2010* Part 6 Division 3.
- <sup>7</sup> *Water Charge (Infrastructure) Rules 2010* Rule 29.
- <sup>8</sup> *Water Charge (Infrastructure) Rules 2010* Sub-rule 37(2).
- <sup>9</sup> IPART Review of WaterNSW rural bulk water services from 1 July 2017 to 30 June 2021 - Final Report, 24.
- <sup>10</sup> WaterNSW, Application to IPART's 2024-25 Review of Regulated Charges – Cover Letter and Attachments, March 2024.
- <sup>11</sup> WaterNSW, Application to IPART's 2024-25 Review of Regulated Charges – Cover Letter and Attachments, March 2024.
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- <sup>13</sup> WaterNSW, Application to IPART's 2024-25 Review of Regulated Charges – Cover Letter and Attachments, March 2024.
- <sup>14</sup> IPART Review of WaterNSW rural bulk water charges from 1 October 2021 - Final Report, p75.
- <sup>15</sup> WaterNSW, [Regional NSW Dam Levels](#), accessed 29 May 2024
- <sup>16</sup> NSW Government, [Summary of current water allocations](#), accessed 29 May 2024
- <sup>17</sup> CSIRO, [State of the Climate](#), Accessed 29 May 2024