

28 November 2025

NSW Independent Pricing and Regulatory Tribunal

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Dear Tribunal Members

CICL Submission to the IPART Discussion Paper WaterNSW Rural Valleys pricing review, October 2025

Key points

- CICL thanks the Tribunal for commencing its review of WaterNSW rural bulk water services and for its ongoing interest in the sustainability of both rural water services and WaterNSW's diverse customer base, including protection of customers from the use of monopoly power and the need to encourage competition.
- CICL believes there is compelling evidence that IPART will not have sufficient time to properly consider the three areas it intends to examine:
 - WaterNSW efficient base costs
 - The appropriateness of the impactor pays principle and resulting cost shares, and
 - WaterNSW pricing structures.¹
- CICL recommends IPART set prices from 1 July 2026 to 30 June 2028 based on the current prices plus CPI only.
- Providing a two-year determination will allow more time for:
 - IPART to properly consider and consult with customers on the findings of the expenditure review consultants work and IPART's views on the efficient cost base for WaterNSW, including at a valley level.
 - completion of the NSW Treasury review of the WaterNSW operating model. This review needs customer input and is an important step in ensuring WaterNSW's operating model is sustainable for WaterNSW and its customers.
 - IPART to properly consider and consult on alternative models for cost recovery and the attribution of costs between customers and government.
 - proper consideration by IPART, WaterNSW and customers of alternative pricing structures.
 - time for WaterNSW to provide a new pricing proposal for customer consideration.
- A critical issue for CICL, raised in each of our earlier submissions, is the absence of accessible valley-based information including both historical and proposed capital and operating expenditure. CICL expects through the course of this determination and future determinations this information should be readily available to customers. CICL continues to seek justification for cost increases in the Murrumbidgee valley above the 2021 determination prices. The 2021 determination was made under the Water Charge Rules 2010 (*Cth*), which required IPART to set prices in Murray Darling Basin valleys at full cost recovery of the efficient costs.²
- CICL welcomes IPART's consideration of cost shares and believes changes to IPART's cost share methodology are essential to ensuring affordability of WaterNSW services to customers. CICL welcomes IPART opening a discussion about the appropriate counterfactual considerations for WaterNSW operation. It is CICL's view IPART's current counterfactual is no longer valid under today's water management frameworks.

¹ [Discussion-Paper-WaterNSW-Rural-Valleys-pricing-review-2025-26-October-2025-\(2\).PDF](#) pg. 11.

² [Final Report - Review of Water NSW's rural bulk water prices - September 2021 | IPART](#)

- The appropriate counterfactual is a scenario in which WaterNSW would still need to operate major storages, manage regulated rivers, support delivery of basic landholder rights and town water supply, support recreational services, ensure dam safety, achieve flood mitigation, deliver environmental water and supply end of system flows, even if no water is used for irrigation.
- The WACC methodology should be based on the whole of business applying the same WACC for both Rural and Greater Sydney charges.
- CICL does not support a revenue cap. CICL considers the proposed WaterNSW Revenue Cap with a side constraint effectively delivers a fixed revenue to WaterNSW, with all the risk borne by customers.
- CICL believes using the 20-year rolling forecast usage model remains sound until an improved method is identified and evaluated.
- CICL supports continuation of the current fixed to variable pricing structure. This is necessary to avoid customers being faced with high WaterNSW charges in years of low water availability. These are years when farmers have potentially negative incomes affected by both low rainfall and low allocations and limited capacity to pay.
- CICL supports continuation of the high security premium for high security, local water utility and domestic and stock licences. These licences are more reliable than general security and prioritised for access to annual allocations under Water Management Act 2000 (NSW) and Water Sharing Plan for the Regulated Murrumbidgee River Water Source 2016.
- CICL does not support a change to a regional pricing model.
- Consideration of an alternative pricing model should be led by WaterNSW and must be done in consultation with affected customers. It requires detailed assessment of the impacts on the different customer groups and demonstration the alternative structure is more efficient for WaterNSW, meets the needs of water users and does not result in socialisation of costs across a diverse group of customers with unrelated core water delivery services.
- As a minimum for equity, CICL recommends the WaterNSW ICD rebate is increased by the same percentage as WaterNSW allowed operating expenses for each year of the IPART determination.
- CICL welcomes IPART's attention to Murray Darling Basin costs.
- CICL considers capacity to pay and affordability are important issues, with water users unable to pass on increased costs to consumers. The combination of increased water charges, changing government priorities increasing uncertainty for general security water entitlements holders and the Commonwealth's intervention in the water market are all placing significant adjustment pressures on irrigated agriculture in the Basin and causing our customers significant uncertainty with the potential to undermine ongoing investment. These issues need to be considered in parallel with capacity to pay.

Introduction

1. CICL welcomes the opportunity to contribute to IPART's review of Rural Valleys pricing. CICL has previously made submissions to IPART's 2025 Determination for Rural Valleys pricing, and the points made in these submission remain relevant to the current review. Our previous submissions are at Attachment A and Attachment B.
2. IPART in its Final Determination raised a number of important questions about the efficiency of its base costs which need to be addressed.³ In addition IPART raised

³ [Final-Report-Review-of-prices-for-WaterNSW-Rural-Valleys-from-1-July-2025-June-2025.PDF](#) pg. 16.

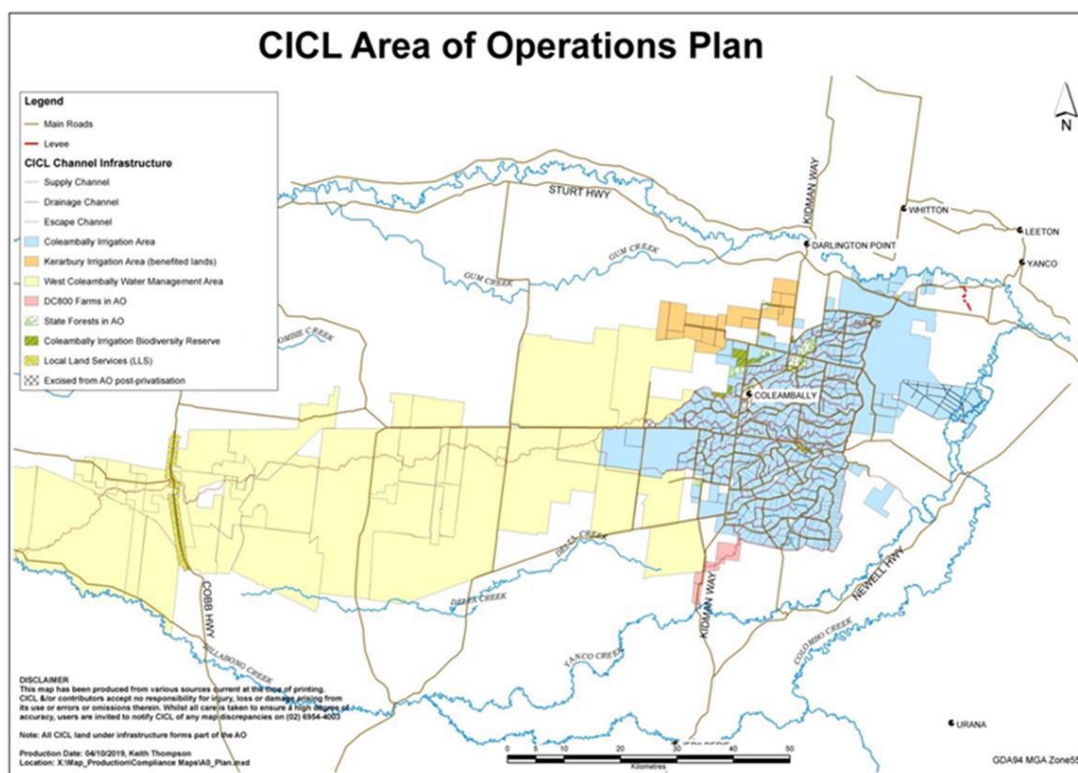
questions about the sustainability of the WaterNSW operating model, “We have questions about whether WaterNSW operating model is fit for purpose...”⁴

3. CICL does not believe the time available is adequate for IPART to consider the issues raised in their draft report and the Discussion Paper. The questions around the WaterNSW operating model, determination of WaterNSW valley by valley base efficient costs and the implications of potentially different cost share methodologies are important issues which need proper and informed consideration.

About CICL

1. CICL is a gravity fed, off river, irrigation supply scheme in the Murrumbidgee Valley. CICL is a “group scheme” or IIO which means it has shared infrastructure providing irrigation and drainage services to its customers within the Area of Operations. Figure one shows CICL’s Area of Operations, including the intensively irrigated area of the former government owned Coleambally Irrigation Area.
2. Figure Two is the CICL Works Plan including its location relative to the Murrumbidgee River, Yanco Creek and Billabong Creek. This figure shows the linkage between CICL infrastructure and WaterNSW operations, including the Tombullen⁵ storage and releases into the Yanco Creek via CICL’s Coleambally Catchment Drain (CCD) and DC 800.

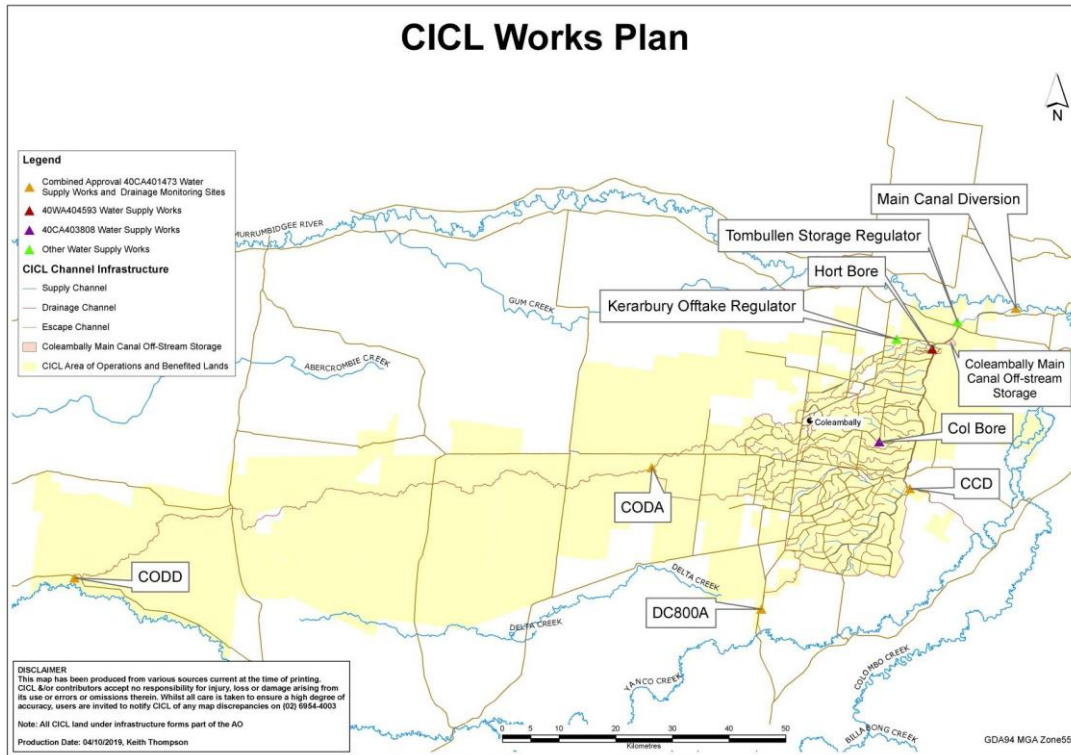
Figure One: CICL Area of Operations



⁴ [Final-Report-Review-of-prices-for-WaterNSW-Rural-Valleys-from-1-July-2025-June-2025.PDF](#) pg. 19.

⁵ Tombullen is a WaterNSW owned and operated re-regulating storage in the Murrumbidgee, critical to WaterNSW efficient operation of the Murrumbidgee River. Flows into the storage, based on WaterNSW orders are entirely from CICL’s main canal.

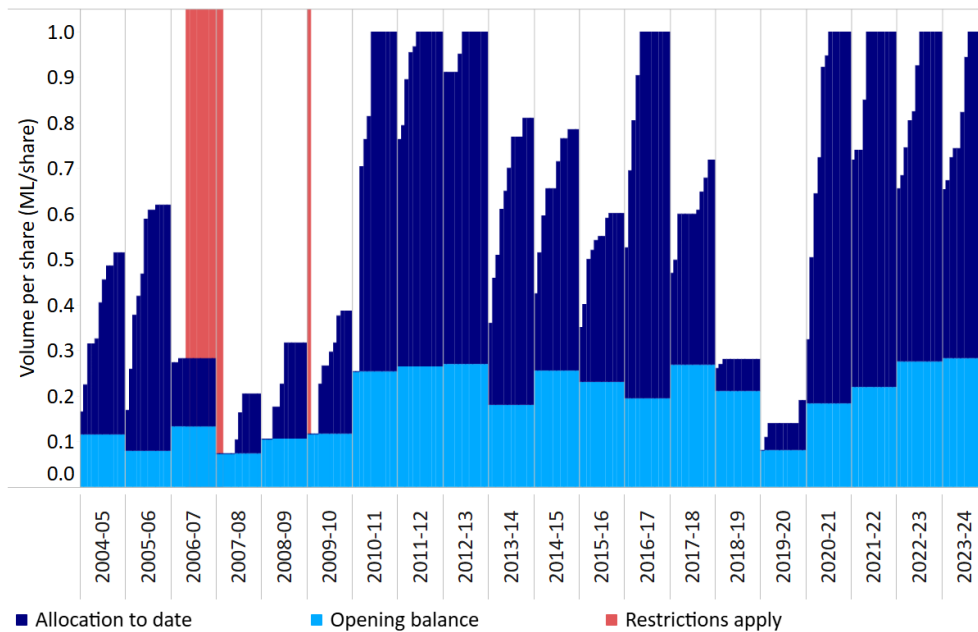
Figure two: CICL Works Plan



- We supply irrigation and drainage services to around 500 farms owned by nearly 300 businesses who are mainly "mum and dad" farmers. The CICL area of operations is circa 456,821ha, with the intensively irrigated area approximately 80,000ha. Our customers grow a range of irrigated crops, their farming systems are predominantly annual production, and there is some investment in permanent plantings. Annual water deliveries in the last three years range from 241GL to 265GL.
- CICL holds a number of Water Access Licences (WALs) including general security, conveyance, supplementary and high security in the Murrumbidgee Regulated River Water Source.
- CICL's general security WAL is the primary driver of water availability to CICL's irrigation farmers, with access to water under this licence a key determinant of economic prosperity and social wellbeing of the region. The NSW Water Management Act 2000 (NSW) and the associated Water Sharing Plan for the Regulated Murrumbidgee River Water Source, mean water allocations to general security water licences are the lowest priority and are impacted by variability in rainfall and inflows into storage and rivers including the Murrumbidgee's tributaries. The general security entitlements on issue are also the highest number of unit shares, with general security making up 65 percent of the entitlements on issue (excluding LowBidgee supplementary⁶). This means revenue from general security entitlements and their associated water use are significant to WaterNSW total revenue.
- Figure three shows the incremental available water determination including carryover volumes to general security licences in the Murrumbidgee, key years where water availability was restricted during the millennium drought (2004/05-2009/10) and the tinder box drought (2017/18-2019/20). The point of this information is the capacity of our farmers to pay both CICL delivery charges and WaterNSW charges is impacted by seasonal water availability including low rainfall.

⁶ NSW Department of Climate Change, Energy, the Environment and Water 2025 General Purpose Water Accounting Report 2023-2024 - Murrumbidgee Catchment, pg. 26.

Figure Three: Incremental available water determinations and carryover volumes for general security as a proportion of share component.⁷



Response to IPART's questions

What are the issues you consider IPART should further consider as part of this review?

7. The range of issues identified in IPART's final report for 2024/2025 including the issues raised in the Chair's foreword⁸ capture the complexity of issues facing WaterNSW from the fundamentals of its operating model, the escalation of non-commercial activities, to genuine questions about the efficiency of WaterNSW costs.
8. CICL supports the three workstreams identified by IPART, however CICL is concerned there is insufficient time available to allow proper consideration of the range of important issues identified by IPART.
9. In addition, there is limited transparency around how the following activities interact to inform future pricing for rural water customers and services for customers. These are:
 - a. WaterNSW business transformation⁹ and its impact on future costs and services
 - b. Consideration of the WaterNSW operating model including its appropriateness by the NSW Government.
 - c. IPART's current pricing review of WaterNSW, with no new information being provided by WaterNSW, with the WaterNSW proposal now out of date.
10. In this review, IPART also needs to consider how its Three C's Framework¹⁰ is being effectively applied, with the IPART process the only apparent avenue for seeking customer input to the new determination.

⁷Ibid pg. 32.

⁸ [Final-Report-Review-of-prices-for-WaterNSW-Rural-Valleys-from-1-July-2025-June-2025.PDF](#)

⁹ [WaterNSW business transformation - WaterNSW](#)

¹⁰ [Water regulation Handbook | IPART](#)

11. The AtkinsRealis WaterNSW Rural Valleys Expenditure Review 2025¹¹ raised a number of questions about the efficiency of WaterNSW costs and their underlying methodology for justifying proposed cost increases, for example:

"Considering the scale of increase (and consequent impact on customers) WaterNSW has provided surprisingly little formal documentation such as business cases demonstrating decision-making logic, efficiency and consideration of the impacts and benefits to customers."¹²

"We have been surprised by the fact that the business has not been able to provide detailed assessment and understanding of historical variance in opex, given that this is the kind of thing we would expect a well-managed business to have assessed at the time and have had plans in place to manage overspend."¹³

"WaterNSW has provided some high level narrative for the higher spend (e.g. overheads, insurance and land tax) but has not provided robust detailed justification especially for the high overheads costs. The lack of explanation suggests that WaterNSW may not have a strong system of measuring, understanding and managing variance against the Determination."¹⁴

12. It is CICAL's view, in this determination IPART needs to establish the efficient costs for the operation of WaterNSW and this information needs to include establishing the efficient valley-based costs and transparency in the methodology used by WaterNSW to attribute significant overhead costs to each valley. CICAL is disappointed the AtkinsRealis report failed to report on valley-based costs as had previous expenditure reviews completed for the 2021 determination¹⁵ which included expenditure by valley.
13. Regarding the review to be undertaken by your expenditure consultant, we are concerned about how IPART may respond if the second consultant disagrees with the first consultant. At best, this would imply that there is significant confusion about the costs. Will WaterNSW be asked to defend costs it is not proposing? With its recent proposed job cuts, it is unclear what scope will be provided to the expenditure consultant. As the previous WaterNSW proposals were done 18 months to two years ago, such proposals are likely out of date in any case. We encourage a rigorous review of costs by IPART with caution applied to attempting to establish an efficient cost base given these circumstances.
14. CICAL welcomes IPART's consideration of the impactor pays cost sharing and the appropriateness of the counterfactual scenario used by IPART to determine cost shares for the various activities undertaken by WaterNSW. This is an important issue, which presents an opportunity to both reset costs attributed to water users but also focus WaterNSW on its core business.
15. Consideration of Murray Darling Basin and Border Rivers costs as part of this determination is supported.
16. CICAL also believes it is imperative this review includes an opportunity for stakeholders to have further input to IPART's initial thinking around these important issues prior to the release of the draft report and determination in March 2026.
17. The IPART Water Regulation Handbook refers to each water business being responsible for developing their own pricing proposals¹⁶. Given this current IPART review has directly

¹¹ [Report-by-Atkins-WaterNSW-Rural-Valleys-Expenditure-Review-June-2025-\(1\).PDF](#)

¹² Ibid pg. 12.

¹³ Ibid.

¹⁴ Ibid. pg. 30.

¹⁵ [Consultant-supplementary-report-by-Atkins-Expenditure-review-of-WaterNSW-Rural-Bulk-water-services-June-2021.PDF](#)

¹⁶ https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Handbook-Water-regulation-July-2023-V2.PDF) pg. 30.

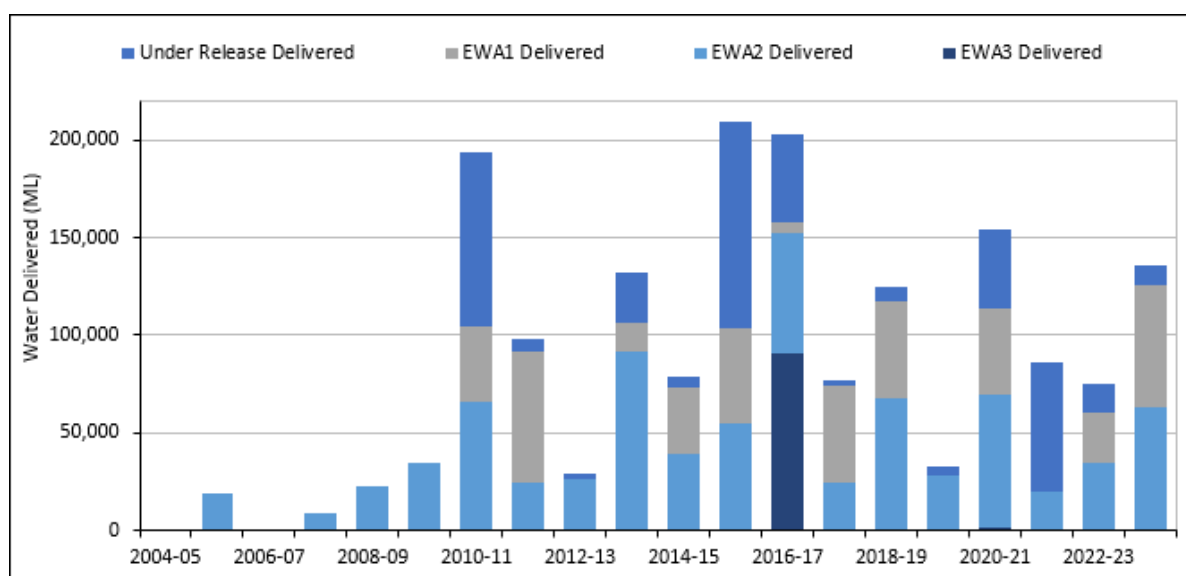
followed on from an IPART decision rather than a water business price submission, IPART should make available an additional opportunity to explore issues or draft findings from itself or its expenditure consultants. This could be via an issues paper with a new workshop in early 2026.

How has water use and crop production changed in your local area? Does the current method of water pricing support these changes?

The consumptive pool has reduced and the volume available for environmental use has increased from both planned environmental water and held environmental water.

18. Twenty years of water reform have changed both water use and crop production in the CICL area of operation. The key drivers of change in water use and crop production are both annual water availability and its variability (refer figure three) and a reduction in the volume of water in the consumptive pool as governments have sought to adjust the balance between the consumptive pool and the environment. The Water Sharing Plan for the Murrumbidgee Regulated River Water Source, first made in 2003/04, reduced water use by a long-term average of 90GL¹⁷. This reduction was without compensation to water entitlement holders and was a consequence of new planned environmental water rules. Figure 4 shows the volumes of environmental water delivered from Environmental Water Accounts (EWA) in the Murrumbidgee.¹⁸ There are additional examples of the significant volume associated with Planned Environmental requirements in the WSP, as detailed in the General Purpose Water Accounting Report.¹⁹

Figure 4 Total planned environmental water deliveries from Burrinjuck Dam



19. In addition, various government programs have further shifted the balance between the volume available to the consumptive pool and the volume available to the environment. In the Murrumbidgee valley, environmental water holdings equal 32 percent of the water entitlements issued as shown in Figure 5,²⁰ with this proportion continuing to increase

¹⁷ [Pre 2009 water recovery table](#)

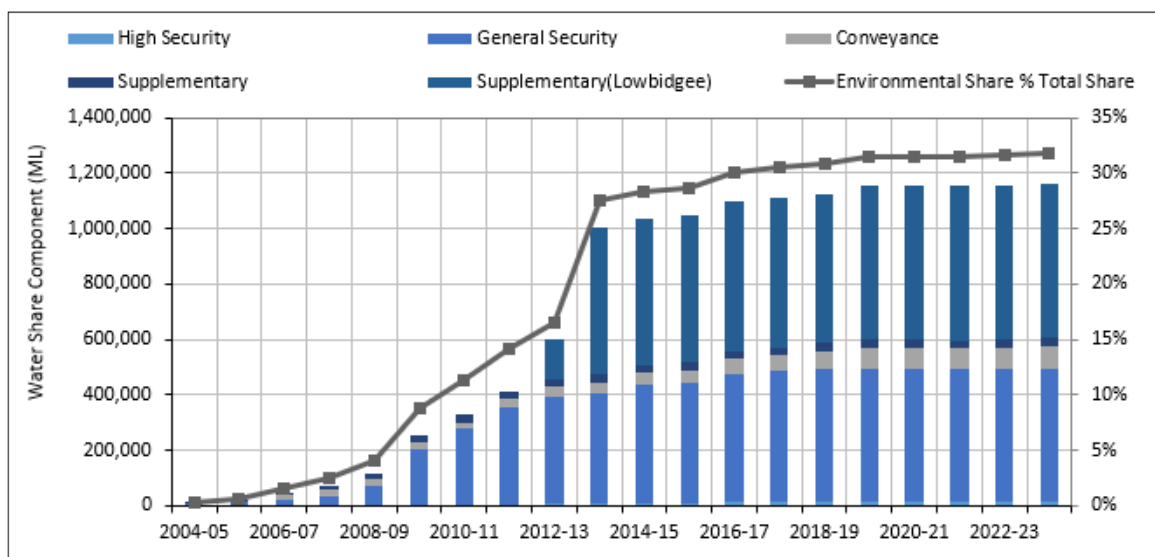
¹⁸ [General Purpose Water Accounting Report - Murrumbidgee Catchment 2023-24.pdf](#). pg. 49

¹⁹ Ibid page 48

²⁰ Ibid page pg. 46.

as the Commonwealth Government progresses further water purchases as part of its implementation of the Murray Darling Basin Plan.²¹

Figure 5 Held environmental water share component in the Murrumbidgee (note Supplementary Lowbidgee was created in 2012/13.)



20. Water trading has increased with the Water Market Rules (*Cth*) 2009 and Water Charge Rules (*Cth*) 2010 effectively separating land and water, allowing water to move between users including to government. This reform has increased the value of water entitlements, supported the growth in annual allocation trade and allowed water to move to different users, including to the environment.

Water use is variable with water use by some crops more sensitive to changes in availability

21. The outcomes of both policy changes and climatic variability is CICL's customers water use continues to change and respond as farmers seek to optimise their returns from their assets and in response to changes in commodity prices. Rice production is clearly the industry most sensitive to these issues.²²

Have you observed improvements in the level of rural water services provided by WaterNSW to explain the increase in base costs over time?

22. Rural water services can be described and measured in different ways. As noted previously, CICL across its business enjoys a positive and constructive relationship with WaterNSW. The open and transparent communication between Water Operations South and CICL contributes to the effectiveness of water delivery and mutual understanding of issues and challenges facing WaterNSW and CICL in meeting its customers' requirements. In asking this question, CICL assumes IPART is seeking to identify how service has improved to reflect the substantial increase in WaterNSW base costs from 2021. WaterNSW has a customer service charter; the table below describes CICL's experiences against the key service elements relevant to CICL described in this charter.²³ In summary, with the exception of development of WaterInsights, it is difficult to draw a tangible link between increased costs and improved rural water services to customers.

²¹ [Australian Government water purchasing in the Murray–Darling Basin - DCCEEW](#)

²² [Annual Compliance Report – Coleambally Irrigation](#) pg.23

²³ [Customer Service Charter](#)

| Customer Service Charter | CICL Experience |
|-----------------------------------|---|
| Customer contact | <ul style="list-style-type: none"> ▪ CICL along with Murrumbidgee Irrigation has weekly contact with WaterNSW River Operations South, these meetings are crucial to both CICL and WaterNSW to assist with efficient river operations. ▪ They are a forum for information sharing between WaterNSW, CICL and Murrumbidgee Irrigation whose orders collectively are significant volumes. Effective communication about water demand and operational issues is critical to efficient river operations and service. ▪ The meetings are important to building an understanding of issues relevant to river operations, for example delivery of Inter-Valley Transfers, operations of the two storages Burrinjuck and Blowering and factors impacting on customer demand. ▪ WaterNSW Operations South also constructively communicates with CICL on their requirements for delivery of water via CICL infrastructure, specifically orders for Tombullen and orders for delivery to the Yanco Creek via CICL channels. ▪ It is difficult to directly associate WaterNSW Operations South customer contact with CICL with an increase in WaterNSW base cost. |
| Licensing regulation and dealings | <ul style="list-style-type: none"> ▪ Access to view the status of water entitlement (permanent trades) and annual allocation trades via the WaterNSW IWAS portal has not improved or changed. ▪ The cost of transactions for permanent trade (71Q) and annual (71T) has increased significantly but there is no additional services being provided. ▪ The WaterNSW Water Register remains challenging to use and difficult to navigate. ▪ CICL's experience of services for dealings is as follows: <ul style="list-style-type: none"> ○ Permanent trades – various examples of CICL lodging a completed 71Q via email to WaterNSW customer service email, and waiting approximately five days for a call from a WaterNSW customer service representative to take the credit card payment over the phone, and then proceed to forward the request to another WaterNSW customer service representative to approve the application, which can take between 10-20 days after payment via credit card has been confirmed. ○ Temporary trades – lodgement of 71T from CICL to WaterNSW via email to water.trade@waternsw.com.au with approvals varying between same day and three days later. ▪ The WaterNSW customer service email takes approximately three days for a reply, when not related to allocation assignments, compared to a 24 hour turn around in the last determination period. |

| | |
|--|---|
| | <ul style="list-style-type: none"> WaterNSW quarterly and annual billing is no better and no worse and still has approximately a two-month lag from end of quarter until invoices received (via email). |
| Water delivery, ordering and reporting | <ul style="list-style-type: none"> The WaterNSW IWAS water ordering system has not notably changed in functionality since 2021. In fact, it appears unchanged since CICL commenced using IWAS in 2016. WaterNSW core service, of a seven-day advance order from CICL is a fixed requirement, limited by infrastructure and geography. This is fundamental service functionality, it has not changed and is unlikely to. CICL notes Water Operations South is focused on reducing the operational surplus from river operations to increase delivery efficiency to support increased water availability. This objective shows the inherent tension between delivery efficiency and service. CICL supports WaterNSW efforts to reduce the operational surplus and is proactively working with Water Operations South to assist meeting this objective whilst minimising the impact on service. |
| Information communication and | <ul style="list-style-type: none"> CICL values and appreciates the opportunity to contribute to WaterNSW Customer Advisory Groups and CICL's experience with these groups is positive. WaterNSW Water Insights Portal is a valuable communication tool which WaterNSW has invested heavily in. This portal is increasingly the key point for information sharing and communication about water issues used extensively by WaterNSW and other parties. It has features which all stakeholders can use to access information. The beneficiaries of Water Insights extend beyond the WaterNSW customer base which has funded its development and in the case of CICL customers, is of interest but not necessarily directly related to a service. |

What is the appropriate methodology to calculate WaterNSW WACC and should IPART apply a 10-year transition to trailing average for the long-term cost of debt and a 5-year transition for the current cost of debt for the MDB valleys?

23. CICAL remains of the view the WACC methodology should be based on the whole of business applying the same WACC for both Rural and Greater Sydney charges. CICAL notes WaterNSW's efficient whole-of-business costs includes payment of interest on historical debt, with interest rates not varying by region. Regardless of whether WaterNSW invests to service Sydney or a small rural valley, its interest rate is the same. We therefore recommend that cost reflectivity to end users within valleys is best supported by applying the same WACC to each business unit and each valley.
24. CICAL is unable to respond to the second part of this question without access to better information about WaterNSW debt and how the different methods may affect prices over time. CICAL acknowledges there are important questions about intergenerational equity

in terms of who bears the costs of long-lived assets. CICL grapples with this issue in its own business.

25. CICL notes at the recent NSWIC meeting, Andrew George, CEO of WaterNSW said “*there are historical issues with the WACC with debt in Rural Valleys since formation not covered by charges.*”²⁴ CICL seeks increased transparency on the reasons for this debt, how it is distributed and to what extent it may be caused by the regulatory framework of the Water Charges Rules 2010 (*Cth*) and therefore the responsibility of rural water customers to pay for.
26. CICL recognise WaterNSW’s responsibility to manage its business in a sustainable manner. We also recognise IPART’s legal obligations to ensure sufficient revenue for WaterNSW to manage itself in a sustainable manner.
27. CICL note IPART approved record revenues for WaterNSW in its 2025 decision. The key challenge appears to not be a shortfall in revenue but successive and significant increases in operating expenditure, far above levels that IPART has historically deemed efficient.
28. Financial sustainability should be considered on a whole-of-business basis, with each business unit (and valley) paying the efficient costs of service provision. Efficient, not actual, levels of operating expenditure should be assumed for any financeability assessment.

Would it be appropriate to include a true-up when setting maximum prices to account for not updating the WACC in the 1-year 2025 Determination?

29. CICL does not support including a true up for the WACC when setting prices from 1 July 2026. This would in effect be a retrospective adjustment in prices to rural water customers, when both WaterNSW and the Tribunal have identified there are issues with the WaterNSW corporate model which need to be addressed and resolved.

What do you consider the appropriate counterfactual to WaterNSW operations under the impactor-pays principle?

30. CICL welcomes IPART’s consideration of cost shares and believes changes to the cost share methodology are essential to ensuring affordability of WaterNSW services to customers. CICL welcomes IPART opening a discussion about the appropriate counterfactual considerations for WaterNSW operation. It is CICL’s view IPART’s current counterfactual is no longer valid under today’s water management frameworks.
31. The appropriate counterfactual is a scenario in which WaterNSW would still need to operate major storages, manage regulated rivers, support delivery of basic landholder rights and town water supply, support recreational services, ensure dam safety, achieve flood mitigation, deliver environmental water and supply end of system flows, even if no water is used for irrigation.
32. Under this counterfactual, many regulatory and operational activities continue because they are driven by legislative obligations, public expectations and interjurisdictional agreements, rather than irrigation demand.
33. In the case of changes to WaterNSW operating licence to increase water quality obligations, the town and community beneficiaries are also impactors. Irrigators that do not require potable water should not be deemed impactors and costs associated with meeting these higher obligations should be borne by end users or governments via a Community Service Obligation.
34. In the case of environmental water delivery, systems are heavily managed to achieve maximum benefit from available water. Environmental water is no longer incidental to the delivery of irrigation water but is targeted with respect to timing and volumes.

²⁴ Andrew George, CEO of WaterNSW, pers. comm., NSWIC Thursday 6 November 2025.

35. The MDBA Sustainable Rivers Audit 2025 notes the lessons from The Living Murray project include:
*"On-going monitoring shows that releases of water for the environment, combined with variable natural rainfall and river flows, increases flow and connectivity. These changes help improve the health of the Basin waterways, wetlands forests and promote waterbird and fish breeding. These effects flow on to positive economic, social and Cultural impacts."*²⁵
36. In the absence of water use for irrigation, environmental water would still need to be carefully managed to offset the impacts of climate change and to continue to support the health of Basin waterways and catchments.
37. Flood mitigation, public safety and dam safety functions would still continue. The presence of downstream communities and infrastructure necessitate regulated storages. These drivers relate to public risk and planning, not irrigation.
38. River connectivity, system operations and delivery to South Australia remain essential due to Basin Plan requirements and interjurisdictional agreements. Both state and national policy would continue to mandate water sharing, regardless of irrigation demand.
39. As WaterNSW would still have a significant role in water management in the absence of irrigation water deliveries, it would still need its corporate systems and governance functions. Much expenditure on these functions would still be required in the absence of water management for irrigation.
40. Since the establishment of modern water management functions 20 years ago, government policies and community expectations have shifted markedly. Environmental water recovery, interjurisdictional obligations and community obligations are fundamental objectives rather than ancillary desires. A growing share of water is held for environmental and town purposes, with irrigators only receiving water allocations once all other users have sufficient water. Accordingly, irrigation use has declined over time. With this context in mind, it is inappropriate to view irrigators as the sole or primary impactor or beneficiary of WaterNSW operations, as many public policy objectives drive increasing proportions of WaterNSW costs.

Do you agree with the current cost share ratios listed in Table 4.1? If not how and why should these amended?

41. As noted in previous submissions to IPART, CACL does not agree with the current cost shares. CACL has previously offered alternative cost shares, however, given IPART's consideration of an alternative counterfactual, we are reluctant to provide specific alternative costs shares and would welcome the opportunity for further engagement with IPART and their consultant on this issue. We believe best practice by IPART would involve a standalone review by IPART between price reviews, similar to the process undertaken over 10 months in 2018/19. Having said this, what is unlikely to change is CACL's view water users should not be funding either the capital or operating expenditure associated with fish passage and cold-water pollution mitigation. Irrigation water users should also not be responsible for the additional costs associated with changes to WaterNSW operating licence or activities related to addressing climate change.

Can you provide examples where it may be difficult to identify impactors? Or the situations where an impactor is easy to identify but unable or unwilling to pay the cost share assigned to them?

42. As noted above CACL believe the current methodology no longer reflects current water management including the drivers of change for implementation of government policy

²⁵ <https://www.mdba.gov.au/sites/default/files/publications/2025-sustainable-rivers-audit-sra.pdf>
 pg. 65

which is imposing costs on WaterNSW. In addition, there are other impactors causing costs and extracting significant value from water infrastructure across NSW.

What do you consider the most appropriate method for allocating costs shares for WaterNSW rural operations?

43. Water users are seeking fairness in the sharing of WaterNSW costs which increasingly are driven by external factors, including government policy settings which are reducing the size of the consumptive pool. It is CICL's view water users should only pay for the efficient cost of rural operations for services which they exclusively use or require. All other costs should be shared between other beneficiaries and or government (where it is not feasible to charge either the impactor or beneficiary.)
44. CICL is most interested in IPART changing the counterfactual as the basis for determining its cost shares. CICL is less concerned about choices between impactor pays and beneficiary pays. Addressing the counterfactual and understanding the drivers of costs is essential to determining the method.
45. CICL also encourages IPART to explore the methodology adopted by other states, in particular Victoria and South Australia, for the recovery of rural water infrastructure costs. Irrigators in these states are direct competitors in the water market with our customers, in an open market it is important NSW policy settings do not disadvantage NSW irrigators.

Over what determination period should we set prices?

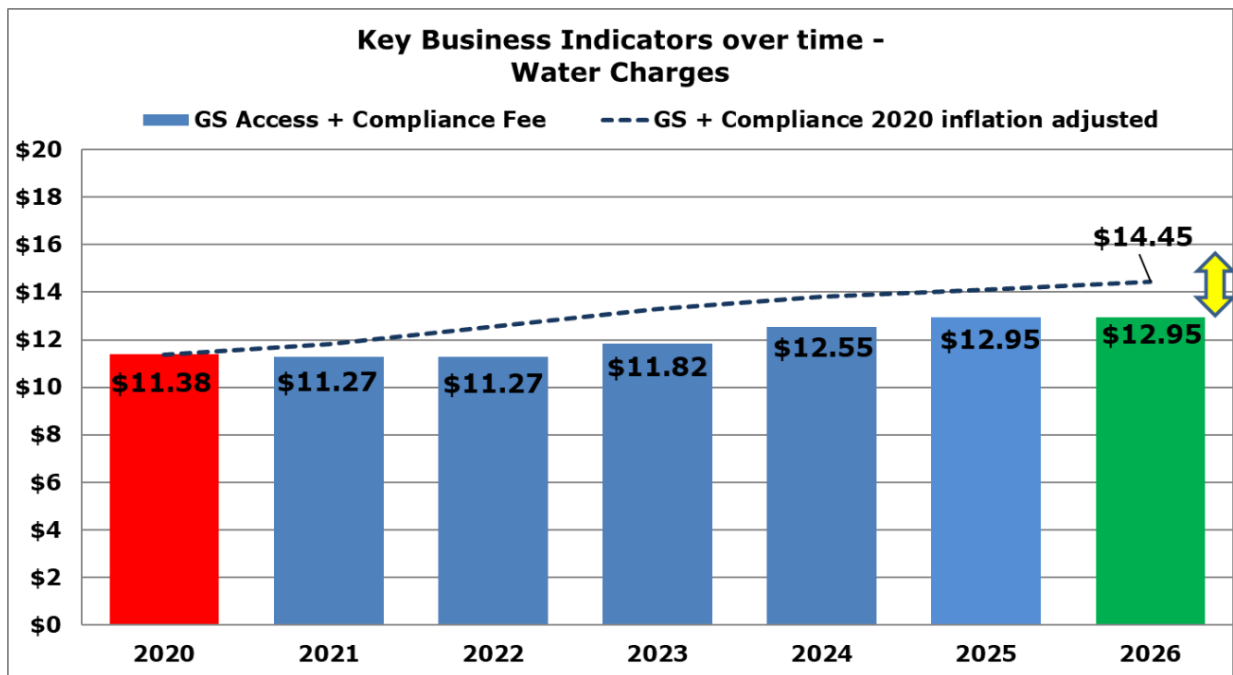
46. CICL supports a IPART making a two-year determination, with WaterNSW prices to be adjusted in this period by CPI only. This will allow for:
 - a) IPART to properly consider and consult with customers on the findings of the expenditure review consultants work and IPART's views on the efficient cost base for WaterNSW, including at a valley level.
 - b) completion of the NSW Treasury review of the WaterNSW operating model, this review needs customer input and is an important step in ensuring WaterNSW's operating model is sustainable for WaterNSW and its customers.
 - c) IPART to properly consider and consult on alternative models for cost recovery and the attribution of costs between customers and to government.
 - d) proper consideration by IPART, WaterNSW and customers of alternative pricing structures.
 - e) time for WaterNSW to determine its priorities and engage with customers and prepare a new pricing proposal for customer consideration.
47. A two-year determination will allow for other important policy issues outside of WaterNSW control to be finalised. These include the replacement of the Water Sharing Plan for the Murrumbidgee Regulated River expected in 2027, finalisation of the current Basin Plan including reconciliation of the sustainable diversion limit adjustment mechanism (SDLAM) and completion of the Basin Plan (2026) and Water Act Review (2027). These issue are important, and they are expected to impact the volume available in the consumptive pool and policy settings to deliver any change. Some of the SDLAM projects also have the potential to impact on the WaterNSW efficient cost base.
48. A one-year period would be too short and would require a second consecutive IPART-led process commencing as soon as the 2026 determination is finalised. Short determination periods add costs to IPART, WaterNSW and stakeholders such as us. It denies certainty to irrigators and other market participants.
49. CICL is opposed to a three year or longer determination. AtkinsRealis noted a distinct lack of certainty with WaterNSW's costs, and this was compounded by WaterNSW proposing further operating costs following the recent IPART decision. Any three year or longer determination would have a high chance of making major cost errors.

50. Once WaterNSW has earned stakeholder confidence with renewed customer engagement and justification for costs, we would then support a longer-term determination period.

What are your views of WaterNSW proposed revenue cap? Is further consideration of the form of price control a priority for you for the upcoming determination period?

- 51. CICL does not support a revenue cap. CICL considers the proposed WaterNSW Revenue Cap with a side constraint effectively delivers a fixed revenue to WaterNSW, with all the risk borne by customers.
- 52. WaterNSW is proposing a revenue cap with a side constraint as their preferred method of controlling annual charge revenue. CICL is concerned the WaterNSW proposed approach will result in customers being faced with higher charges in years with low water availability, the specific years in which farm businesses are likely to be financially stressed.
- 53. Any change in price control should be underpinned by genuine customer engagement and robust business modelling. This should include quantitative consideration of the revenue volatility currently borne by WaterNSW, including quantifying the inter-correlation of demand and revenues of different valleys, including Sydney.
- 54. CICL appreciates there are costs drivers outside of WaterNSW control, impacting its business. However, CICL has not seen evidence of WaterNSW actively seeking to control its costs or identify alternatives to mitigate their impacts. There are some parallels between WaterNSW and CICL because we both operate water delivery businesses, with variable supply and demand and long-lived assets. CICL has more levers to manage revenue volatility than WaterNSW, however it is important to observe CICL continues to deliver on its strategic intent of maintaining price increase to CPI (or below) as shown by figure 6²⁶.

Figure 6 CICL Water Charges for general security delivery entitlements.

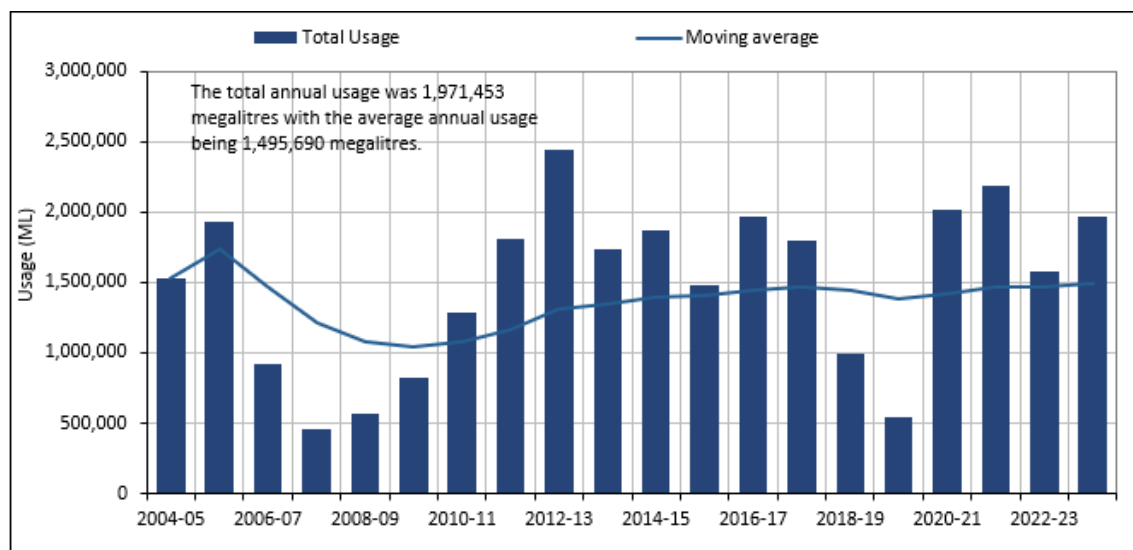


²⁶ CICL Presentation to CICL Annual General Meeting October 2025.

What factors should we take into account when assessing the most appropriate approach to forecasting usage?

55. CICL's view is using the 20-year rolling forecast usage model remains sound until an improved method is identified and evaluated. At least in the case of the Murrumbidgee, where periods of low use are often followed by periods of higher water use as shown in Figure 7²⁷ and the moving annual average is consistent with water sharing plan management conditions.²⁸

Figure 7 Total account and moving average under water sharing plan management.



What do you consider the most important issues relating to WaterNSW rural pricing structures?

Fixed to variable ratios

56. CICL supports continuation of the current fixed to variable pricing structure, this is necessary to avoid customers being faced with high WaterNSW charges in years of low water availability. These are years when farmers have potentially negative incomes affected by both low rainfall and low allocations and limited capacity to pay.
57. CICL has previously supported exploration of alternative pricing structures in association with environmental water holders, which would allow WaterNSW to reduce exposure to variability in water sales associated with the current pricing structure.
58. In contrast with farmers, as a business entity WaterNSW should have more capacity to manage its risk exposure to variable water sales. In the Murrumbidgee, CICL is not convinced WaterNSW has under recovered on its revenue over the determination period given the average annual water use (refer figure 7.)
59. It is important WaterNSW is appropriately collecting the usage revenue for environmental water holders, which now make up 32 percent of water entitlements in the Murrumbidgee (figure 5). It is essential WaterNSW is charging environmental water

²⁷ [General Purpose Water Accounting Report - Murrumbidgee Catchment 2023-24 \(1\).pdf](#) pg. 34

²⁸ Ibid.

holders consistent with the *'Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin'* (June 2013, revised Aug 2019)²⁹

Clause 5.2 of the Intergovernmental Agreement says:

"Except as otherwise agreed between the Commonwealth and the relevant State(s) to facilitate improved environmental watering, Basin States agree that the characteristics of licensed entitlements held for environmental use will not be enhanced or diminished relative to like entitlements held and used for other purposes. This includes that they will be subject to no less favourable conditions, including with respect to fees and charges, access to allocations, capacity to use, trade, and carryover, than like entitlements held for other purposes..."

60. This agreement means, with the exception of planned environmental water use³⁰ and lower utilisation of held environmental water compared to the irrigation sector, the changed ownership of water entitlements should not impact on WaterNSW revenue.

High Security Premium

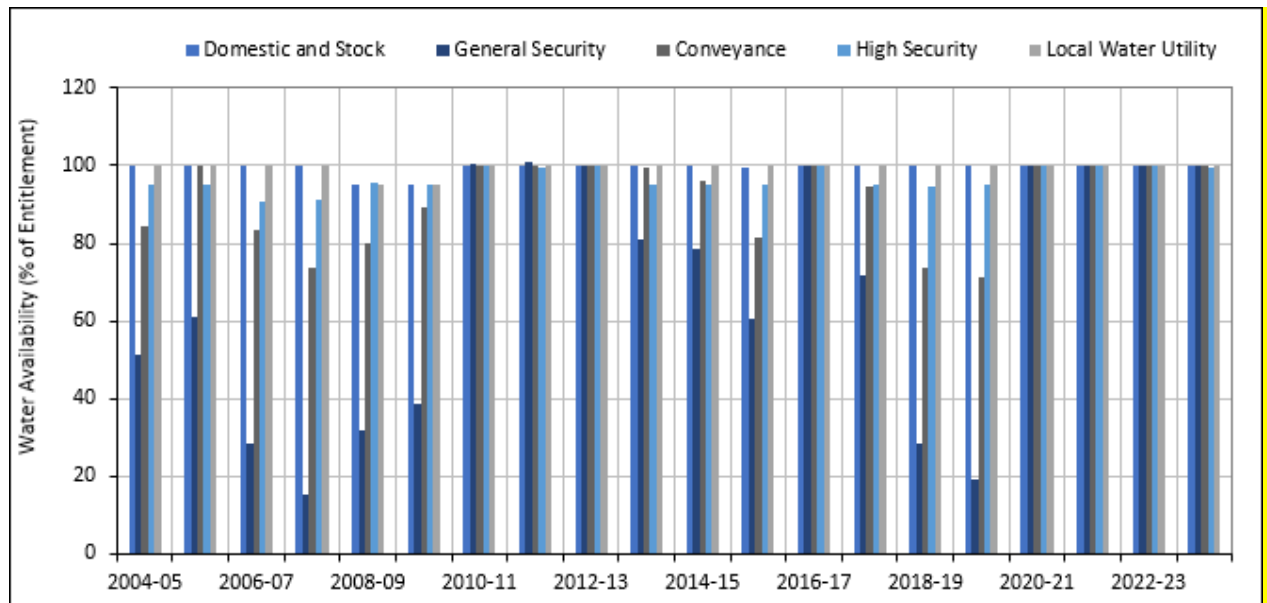
61. CICL supports the high security premium, high security, local water utility and domestic and stock licences in the Murrumbidgee are more reliable than general security and prioritised for annual allocation by the Water Management Act 2000 (NSW) and Water Sharing Plan for the Regulated Murrumbidgee River Water Source 2016. Figure 8 shows the water availability for the different classes of water entitlements since 2004/05,³¹ including the variability in annual allocation to general security water entitlements.

²⁹ [iga-on-implementing-water-reform-mbd-9-august-2019.pdf](#)

³⁰ In the Murrumbidgee planned environmental water requirements have not materially change since the first Water Sharing Plan for the Regulated Murrumbidgee Water Source was made in 2003.

³¹ NSW Department of Climate Change, Energy, the Environment and Water 2025 General Purpose Water Accounting Report 2023-2024: Murrumbidgee Catchment, NSW Department of Climate Change, energy, the Environment and Water. Purpose Water Accounting Report. Page 32.

Figure 8 Murrumbidgee water availability (carryover plus available water determinations).



Regional Based Pricing

62. CICL does not support a change to a regional pricing model, as noted in CICL's December 2024 submission to IPART.
63. Consideration of an alternative pricing model should be led by WaterNSW and must be done in consultation with affected customers. It requires detailed assessment of the impacts on the different customer groups and demonstration the alternative structure is more efficient for WaterNSW, meets the needs of water users and does not result in socialisation of costs across a diverse group of customers with unrelated core water delivery services.
64. Despite several requests, WaterNSW has neither published nor engaged on operating and capital expenditure on a valley-by-valley basis. CICL recommends customers in a particular valley should be provided with information relating to the cost, revenue and service levels of that valley so they can make informed cost-service trade-off decisions that affect them. We believe that would demonstrate best practice customer centricity and align with the Three C's Framework.
65. Any shift to regional pricing would undermine these efforts. It would make it impossible for customers in any valley to be able to understand the costs they are paying for.
66. Region-based pricing would also lead to the deliberate creation of cross-subsidies between valleys and may distort the investment decisions of businesses. CICL and its customers have made deliberate investments in improving on-farm and delivery system efficiency, these investments should not be undermined by charge increases which are unrelated to the service received from WaterNSW in the Murrumbidgee Valley.

Are any of these changes to pricing structure feasible within the timeframe for this review and what are the likely impacts?

67. CICL does not believe it is feasible in the time available to consider any changes to the current pricing structure. The short time frame, the significant policy questions being asked by IPART and uncertainty about WaterNSW efficient cost base all work together to prevent proper consideration of changes to WaterNSW pricing structure.

Are there any other factors we should consider when setting Irrigation Corporation and Districts rebates?

68. CICL acknowledges the methodology for calculation of Irrigation Corporation District (ICD) rebates based on “avoided costs” has not been reviewed. CICL contends the actual costs to WaterNSW because of the existence of irrigation corporations is unlikely to exceed the avoided costs of metering and billing.
69. CICL would willingly contribute to a review of the methodology but questions whether there is sufficient time available to progress any such review in coming months, including proper consultation. Transparency in how WaterNSW costs are attributed per valley is also important, as some WaterNSW costs will be driven by “Works Approval” not volume. It is essential our customers are not paying twice for the same services.
70. As a minimum for equity, CICL recommends the WaterNSW ICD rebate is increased by the same percentage as WaterNSW allowed operating expenses for each year of the IPART determination.

What are your views on the proposed approach to assessing the efficient costs of the MDBA and BRC?

71. CICL supports IPART further investigating the efficiency of MDBA and BRC costs. CICL notes water users have no direct influence on the services provided by River Murray Water. In the case of the Murrumbidgee, the costs being recovered relate to assets and operations in the River Murray system not the Murrumbidgee. IPART has an important role in ensuring the MDBA costs passed through to customers are efficient. CICL encourages IPART to also explore how other jurisdictions recover River Murray Water costs from water users. It is important the WaterNSW approach to cost recovery does not reduce the competitiveness of NSW water users.

What factors should we take into account when assessing customer capacity to pay?

72. CICL supports IPART considering customer capacity to pay in their deliberations. It is important IPART does not assume irrigators have capacity to absorb large price increases. CICL encourages IPART to consider the issues raised by the RMCG analysis of Farm Business Profitability included in the Murray Irrigation submission to the WAMC pricing determination.³² As noted in CICL’s earlier submission we believe the Deloitte Access Economics report³³ is a superficial analysis of the impact of the proposed charges on the NSW irrigation sector and should not be used to justify the irrigation sector’s capacity to pay.

³² [Online-Submission-Murray-Irrigation-Name-suppressed-1-Jul-2025-115601178.PDF](#) pg. 2

³³ [2024 Pricing Proposal - WaterNSW - Attachment 30 WaterNSW gross margins analysis | IPART](#)

Other issues – Land Tax

73. CICL notes AtkinsRealis was unable to verify and confirm WaterNSW’s proposed land tax expenditure, including its assumption that rural valleys land tax would increase at 8.4% above inflation every year.
74. CICL notes actual land tax paid by WaterNSW in 2023/24 was approximately one percent lower than 2022/23 in nominal terms, or a significant reduction in real terms.³⁴
75. In addition, AtkinsRealis notes:
Land tax – increasing land valuation and an increase in the land portfolio due to the WAMC Land Transfers³⁵
76. It is not apparent whether this was reviewed in detail by AtkinsRealis or whether there are any benefits of the land to WaterNSW customers. It is unknown which land this is or why this land was transferred, but we understand if the land was not transferred it would not be payable. Therefore, we suggest IPART and its consultants explore the decision making which occurred regarding these transfers to determine if they are consistent with efficient decision making. In addition, we do not know the quantum of the forecast land tax expenditure this decision relates to.
77. Cognisant that land tax is costly to customers, we recommend IPART calculates an efficient cost base on the assumption surplus land is sold. This would have the added benefit of lowering the regulatory asset base.

Conclusion

78. IPART has a critical role in this determination to ensure water users are not exposed to abuses of monopoly power influencing the prices paid and services provided, including ensuring only the efficient costs of WaterNSW activities required by customers are included in charges.
79. CICL firmly believes IPART’s established framework for sharing of costs between water users and government is seriously challenged because of the massive cost escalations proposed by WaterNSW. The sharing of costs no longer reflects today’s water management frameworks. We welcome IPART’s consideration of alternative approaches.
80. CICL believes the time available for IPART to complete their work program is a major challenge. Time pressures plus the potential implications of factors outside of IPART’s control such as the NSW Government’s consideration of the WaterNSW operating model provide a sound basis for IPART adopting a two-year determination, based on 2025/26 water charges plus CPI only.
81. CICL appreciates the opportunity to be involved in this review and looks forward to ongoing engagement and dialogue.
82. For further information please contact [REDACTED]

Yours sincerely

[REDACTED]

Julian Speed
CEO

³⁴ (<https://www.waternsw.com.au/documents/publications/general-publications/annual-reports/WaterNSW-Annual-Report-2023-24.pdf> pg. 105

³⁵ [Report-by-Atkins-WaterNSW-Rural-Valleys-Expenditure-Review-June-2025-\(1\).PDF](#) pg.44

Attachment A – CICL Submission to IPART WaterNSW and WAMC pricing determination, December 2024

Attachment B – CICL Submission to IPART WaterNSW Information Paper and Draft Determination, May 2025

9 December 2024

NSW Independent Pricing and Regulatory Tribunal

[Have your say - WaterNSW](#)

[Have your say - WAMC](#)

Dear Tribunal Members

CICL Submission to the IPART Pricing Determination for WaterNSW and WAMC

Key points

1. The Independent Pricing and Regulatory Tribunal (IPART) is presented with a significant challenge in making these pricing determinations. The two pricing proposals collectively total 1,700 pages but from the information provided it is not possible to build a clear picture of all activities, the associated costs and their efficiencies that regulated water users in the Murrumbidgee Valley are being asked to fund.
2. Despite clear messages from customers during development of their proposals about affordability and cost shares between water users and government, both organisations are proposing significant price rises and largely unchanged cost shares between water users and government. Ultimately leaving IPART to adjudicate on the appropriateness, fairness and affordability of the pricing proposals. Coleambally Irrigation Cooperative Limited (CICL) believes this situation is unsatisfactory and inconsistent with IPART's vision when it developed its 'Three Cs' framework, focusing on Customer Value, Cost Efficiency and Credibility. CICL would support a shorter determination period, to allow both organisations to re-shape their pricing proposals.
3. If accepted by IPART the pricing proposals will be at a cost of nearly \$5M annually to Coleambally farmers alone, compared to current charges, by 2030. It is essential IPART comprehensively assesses the justification for these proposals.
4. CICL believes the proposed price increases highlight the high cost of NSW water regulation, and challenges of the cost recovery model. This is particularly true for the Water Administration Ministerial Corporation (WAMC) which has 62 percent of its customers only paying the minimum annual charge (MAC).¹ Many of WAMC's planning and management activities are core regulatory responsibilities of government. These issues combined with IPART's impactor pays model, are driving up the cost of business on the productive sector. For Murray Darling Basin customers, these issues are exacerbated by ongoing water reform including declining water availability because of government interventions, causing extraordinary uncertainty to our sector.
5. This determination is a pivotal opportunity to reshape the funding model for both WaterNSW and WAMC, to meet the needs of water users, WaterNSW and Government and to provide incentives for these government enterprises to innovate and reduce costs.

¹ Water Administration Ministerial Corporation 2025-2030 pricing proposal. (page 22)

Recommendations - WaterNSW

1. CICL recommends IPART and its expenditure review consultants forensically analyse WaterNSW increased operational expenditure, including identifying the factors driving the increase to determine WaterNSW efficient costs.
2. CICL recommends operating costs be broken down into corporate costs and valley-based costs to allow proper scrutiny.
3. CICL recommends IPART and their consultants critically review the proposed capital expenditure to provide water users with confidence in the prudence and efficiency of its costs and WaterNSW capability to deliver the program.
4. CICL recommends the approved capital program details the proposed capital allowance by expenditure activity for each Rural Valley to allow proper scrutiny.
5. CICL recommends IPART revise and lower the user share for a range of activities where there are public good outcomes and/or the drivers are caused by government regulation, changing community expectations and government's response to climate change. These are cost increases that should not be unreasonably borne by consumptive users.
6. For equity, CICL recommends the WaterNSW ICD rebate is increased by the same percentage as WaterNSW allowed operating expenses for each year of the IPART determination.
7. CICL recommends the new obligations in WaterNSW operating licences are removed from the allowable costs to be recovered from high security irrigation and general security water entitlement holders and their associated water use.
8. CICL recommends a single WACC for both Rural Valleys and Greater Sydney charges.
9. CICL recommends IPART explores the opportunities to continue the status quo pricing model for irrigation customers in combination with 100 percent fixed charges for environmental water holders and a higher government share.
10. CICL recommends that IPART and its expenditure review consultants assess WaterNSW capacity to deliver the large-scale investment in digital technology in the timeframe, including assessing their previous performance at an individual project and project portfolio level.
11. CICL recommends IPART's analysis of the proposed expenditure include an assessment of how well the project plan and implementation plan for the Joint Technology Roadmap has addressed conflicting needs between organisations relating to system functionality and/or process without compromising the cost, timeline and/or benefits from the initiative.
12. CICL recommends IPART specifically confirms that WaterNSW charges do not include recovery of implementation costs of the Water Market Reforms from water users.

Key Findings - WaterNSW

1. CICL believes the Deloitte Access Economics report² is a superficial analysis of the impact of the proposed charges on the NSW irrigation sector and should not be used to justify the irrigation sector's capacity to pay.
2. There are significant opportunities for improvements in WaterNSW processes for seeking customer input to the services paid for by customers, including providing valley-based information to inform discussion.
3. Water Working Groups consistently raised concerns about affordability and cost shares between government and water users, with a strong view that some activities needed a higher government contribution.
4. IPART and its expenditure consultants have an important task to assess the efficiency and prudence of WaterNSW capital program along with their capability to deliver the proposed program. This is particularly important since WaterNSW has failed to fully deliver against the previously allowed capital program.

² Attachment 30 Access Economics Report

5. CICL considers the proposed WaterNSW Revenue Cap with a side constraint effectively delivers a fixed revenue to WaterNSW, with all the risk borne by customers.
6. The benefits of the alternative model are in favour of WaterNSW and not centred on improved services to valley-based customers.
7. Consideration of alternative pricing models must be done in consultation with affected customers and include detailed assessment of the impacts on the different customer groups. These impacts have been inadequately examined during customer consultation, with a complete lack of detail at a per-valley level.

Recommendations - WAMC

8. CICL recommends IPART and its expenditure review consultants forensically analyse WAMC's operational expenditure, including identifying the factors driving the increase, to determine WAMC efficient costs.
9. CICL recommends IPART confirm that WAMC is not seeking to recover costs from water users wherever funding is available from the Commonwealth Government or other government programs. Examples of these activities include:
 - Funding for sustainable diversion limit adjustment mechanism projects
 - Funding for implementation of Resilient Rivers Water Infrastructure Program
10. CICL recommends IPART confirm the WAMC cost allocation to individual valleys is consistent and reflective of where the costs are expected to be incurred.
11. CICL recommends IPART revisit the cost shares for WAMC activities.
12. CICL recommends IPART confirm that no costs associated with implementation of the Water Market Reforms are recovered from water users.

Key findings - WAMC

13. CICL believes the proposed price increases highlight the high cost of NSW water regulation, and challenges of the cost recovery model. This is particularly true for WAMC which has 62 percent of its customers only paying the minimum annual charge³ and many of its planning and management activities are core regulatory responsibilities of government.
14. It is CICL's view regional planning is a core function of government which should have a zero-cost share from water users. Actions to be implemented should be subject to business case analysis, including consideration of who pays.
15. The NSW Non-urban metering policy was not "fit for implementation," and this failing has imposed significant costs on industry and the Department.
16. In the absence of IPART supporting a reduction in the revenue requirement from water users, WAMC charges should consider avoided costs and economies of scale for Irrigation Infrastructure Operators (IIOs).

Introduction

17. CICL welcomes the opportunity to provide feedback to the IPART pricing determination. This submission details CICL's views on the pricing proposals prepared by WaterNSW and WAMC. Its focus is on the proposed costs for surface water licence holders and users in the Murrumbidgee valley.
18. CICL believes IPART is faced with a significant task and challenge in this determination because of both the quality of the information available to them and the scale of the proposed price increases. This determination is the first under IPART's new 'Three Cs' framework, which aims to focus IPART's pricing reviews on entities promoting customer value, cost efficiency and credibility over the short-term and long term⁴. CICL as a

³ Water Administration Ministerial Corporation 2025-2030 pricing proposal.

⁴ [How we regulate the water businesses | IPART](#)

customer of both WaterNSW and WAMC effectively has no choice or influence over the service it receives from WaterNSW and WAMC.

19. CICL acknowledges both WaterNSW and the NSW Department of Climate Change Energy the Environment and Water (the Department) are important stakeholders to us, and we enjoy a positive and respectful relationship with the leadership teams and staff of these organisations. These relationships are important to the effectiveness of water management and regulation in the southern Murray Darling Basin.
20. CICL appreciates the time and willingness of both Water NSW and the Department to support our understanding of either their pricing proposals or their business issues.
21. This submission is prepared in the context of CICL's operation as an IIO, also providing monopoly services to its customers and highly regulated by both Commonwealth and State water legislation, in addition to the governance requirements applying to corporations and co-operatives under Commonwealth and/or State legislation. CICL's 2023-2028 Strategic Plan aims to limit increases in customer charges to a level at or below CPI.⁵ In contrast to the outcomes delivered by WaterNSW and WAMC, CICL has provided customer value by achieving water charge increases below CPI over time.
22. CICL's charges to general security delivery entitlement holders since 2009 are shown in Attachment 1. This figure shows CICL charges for financial year 2025 are 33.1 percent below the inflation adjusted 2009 charges. CICL recognises our business model is different to those of WaterNSW and WAMC but there are also parallels. In this determination, IPART has an important role to scrutinise the underlying cost increases proposed by both WaterNSW and WAMC and determine not only whether they are efficient but the causes of the increases, including the justification for passing these costs onto water users who have no influence over the service received.

About CICL

23. CICL is a gravity fed, off river, irrigation supply scheme in the Murrumbidgee Valley. CICL is a "group scheme" or IIO which means it has shared infrastructure providing irrigation and drainage services to its members in our Area of Operation. We supply irrigation and drainage services to around 500 farms owned by nearly 300 businesses who are mainly "mum and dad" farmers. The CICL area of operations is circa 456,821 ha, the intensively irrigated area is approximately 80,000 ha. Our members grow a range of irrigated crops, their farming systems are predominately annual production, and there is some investment in permanent plantings. Annual water deliveries in the last three years range from 241GL to 265GL.⁶
24. CICL reports in its Annual Compliance Report⁷ against the requirements of the following:
 - Combined Water Supply Work Approval and Water Use Approval 40CA401473 (Murrumbidgee regulated river water source).
 - Combined Water Supply Work Approval and Water Use Approvals for Groundwater extraction 40CA403808 and 40WA404593; and
 - Environment Protection Licence No 4652.
 These requirements include reporting on CICL's authorised works and monitoring sites for water releases including quality as well as CICL's piezometer network for measurement of groundwater levels and salinity/salt loads. The costs of compliance with these obligations are borne by CICL and in turn our customers.
25. CICL is required to comply with the Water Market Rules 2009 (*Cth*), Water Charge Rules 2019 (*Cth*) and the Water Act 2007 (*Cth*). These Commonwealth obligations including reporting requirements to the Bureau of Meteorology (the Bureau) and the ACCC impose additional regulatory burden on CICL, the costs of which are passed onto our customers.
26. We deliver environmental water in partnership with the NSW Government and the Commonwealth Environmental Water Holder via our supply and drainage infrastructure.

⁵ Summary CICL Strategic Plan 2023-2028 www.colyirr.com.au

⁶ CICL Annual Compliance Report, 2024, www.colyirr.com.au

⁷ Ibid

We also deliver operational and environmental water to the Yanco Creek ordered by WaterNSW.

27. CICL delivers water to the WaterNSW mid-river storage "Tombullen." Water can only be supplied to this important mid-river storage owned and operated by WaterNSW via CICL's Main Canal. WaterNSW make some contribution to CICL for these deliveries through an access service charge.⁸
28. CICL holds a number of Water Access Licences (WAL) including general security, conveyance, supplementary and high security in the Murrumbidgee Regulated River Water Source. CICL also holds an aquifer licence in the Lower Murrumbidgee Deep Groundwater Source.
29. CICL's general security WAL is the primary driver of water availability to CICL's irrigation farmers, with access to water under this licence a key determinate of economic prosperity and social well-being of the region.

Affordability and business risk

30. The combined impact of the proposed WaterNSW and WAMC charge increases on CICL and its customers is significant. Under the proposed charge increases, CICL's 2030 charges will need to recover an additional circa \$1M per annum from customers through its delivery entitlement charges to cover the fixed and usage charges associated with its conveyance licence.⁹ Applying the higher costs to all of CICL's general security water entitlements, assuming annual use of 60 percent, requires an additional \$3.9M to be collected from our regional community to fund government services, giving a total estimated impact of \$4.9M.
31. At a farm scale CICL calculates the 2030 charges for a customer holding 1,400 general security water entitlements¹⁰ and use equal to 60 percent of their water entitlements, as an annual bill increase of more than \$16,000. The percent of the total bill which is government charges will increase from 33 percent in 2024/2025 to 53 percent in 2029/2030. This seems remarkable given CICL's extensive infrastructure used to service our customers' water supply and drainage requirements.
32. CICL is deeply concerned the proposed increases will exceed the capacity of its customers to pay. Farm businesses are not able to pass on cost increases through their product to buyers. The proposed increases will place additional pressure on farm business viability and the competitiveness of agriculture regionally. This risk will translate to additional pressure on CICL and its debt management policies.
33. The Deloitte report¹¹ commissioned by WaterNSW to justify the "affordability" of the WaterNSW 2024 price submission, has a number of limitations which reduce its relevance and accuracy. In particular, the quality of the data set for irrigated agriculture is questionable, with the ABARES data confounded by dryland farming data. Deloitte acknowledge the key caveats and limitations of the data sets which have informed this analysis.

*"A lack of data on financial performance and water cost differences between irrigators and non-irrigators means that assumptions are necessary, and so the data for irrigators has greater uncertainty."*¹²

⁸ CICL Schedule of charges [2024-25+Schedule+of+Charges+CICL+with+Govt+charges.pdf](#)

⁹ CICL is required under the Water Charge Rules 2010 (*Cth*) to include in its Schedule of charges how it passes through to customers government charges. CICL's costs associated with holding and using its surface water and groundwater are passed onto customers through its delivery entitlement charge.

¹⁰ A standard farm in CICL when it was formed held 1,400 water entitlements.

¹¹ Attachment 30 Deloitte Access Economics

¹² Ibid

34. CICL does not agree with the key finding for our region, *"based on averages across regions and sub sector over recent years, farms that are most exposed to higher water costs in NSW have had the greatest capacity to pay."*¹³
In fact, the report, despite its weaknesses shows negative profit margins as a share of revenue in 2018/19 and 2019/20 and low profits in 2017/18.¹⁴
35. Also relevant is the misleading nature of the use of averages, which Deloitte acknowledge in their statement
*On average, agricultural bulk water customers appear well placed to deal with higher water prices, helped by a series of strong years recently. That said, even within the market segments examined here the experiences of individual farms can vary widely. Some farmers will be more exposed to water costs than the average, and some will be under greater financial pressure. Furthermore, a series of poor years – defined by either or both of poor seasonal conditions and/or low agricultural commodity prices – would lower the ability of the sector to absorb higher charges.*¹⁵
36. CICL believes the Deloitte report is a superficial analysis of the impact of the proposed charges on the NSW irrigation sector and should not be used to justify the irrigation sector's capacity to pay.

WaterNSW

Customer engagement in services offered

37. CICL supports IPART's intention for water businesses to have meaningful conversations with customers to understand their priorities and needs.¹⁶ There is an underlying logic in this approach. CICL's strategic vision is to *"enhance value through industry leadership in sustainable water and irrigation management."*¹⁷ Our strategic initiatives are grounded in customer service, efficient and reliable service delivery and cost control.¹⁸
38. CICL also acknowledges that achieving meaningful and informed engagement on water pricing is not a simple task. Water users are diverse and often the wider community has limited understanding of what is a complex set of regulations which drives services. CICL believes WaterNSW genuinely tried to seek customer input, at a high level into its pricing proposal.
39. CICL believes a fundamental flaw in the WaterNSW approach to engagement was the inclusion of "community" views at inequitable levels when discussing services provided by WaterNSW.
40. CICL's leadership diligently participated in the Water Working Groups (Southwest) and each of the Customer Advisory Group (CAG) meetings in the Murrumbidgee Valley where pricing was discussed. Our observations from this process are:
For the Water Working Groups
- The customers most directly impacted by water charge increases were a minority in the *Water Working Groups*.
 - The knowledge base of *Water Working Group* members was diverse with some members having an extremely low understanding of water management and regulation.
 - The methodology used to assess participants' views on the options was subjective. Participants were not given sufficient information to understand what was being proposed for their valley in terms of expenditure and how this would translate into increased charges.

¹³ Ibid

¹⁴ Ibid

¹⁵ Ibid

¹⁶ IPART, 2022 Delivering customer value Our water Regulatory framework.

¹⁷ CICL Strategic Plan, www.colyirr.com.au

¹⁸ Ibid

- The methodology did not allow for the cumulative impact of proposed changes on specific customer groups to be adequately assessed.

For the customer advisory groups

- The information presented to the Murrumbidgee CAG focussed on WaterNSW challenges with the mismatch between its revenue model and its costs with the current tariff structure. It also emphasised the high proportion of cost increases which WaterNSW argued were outside of its direct control, for example higher inflation and interest rates.
- CAG members were not provided sufficient information about the revenue required from the Murrumbidgee Valley. This is important information for customers to understand the expenditure required to maintain the service capability of assets and the revenue required to ensure operations are adequately funded. CICL understands the challenges of ensuring the ongoing reliability of long-lived infrastructure assets, with responsibility for many such assets in our own region.
- A weakness of the engagement process was a lack of clear explanation or evidence of the make-up (at a valley level) of both operational and capital future costs compared to actual expenditure and the previous IPART determined allowances. CICL is confident the Murrumbidgee CAG would have provided valuable feedback to WaterNSW on the proposed costs and services if this information was presented.
- The CAGs when asked to vote on their preference for tariff structure they were given limited choices without the option of the "status quo." It is therefore misleading to assume widespread support for the proposed revenue cap as a form of price control.
- WaterNSW introduced its proposed alternative scenario 3¹⁹ (a regional pricing model) in the last CAG meeting before finalising their pricing submission. The Murrumbidgee Valley which has the lowest entitlement and water take charge across NSW was to be included with the Lachlan Valley, the Murray Valley and the South Coast. This proposal is perceived to automatically create "winners and losers," but these varying impacts were not acknowledged by WaterNSW. In the absence of any evidence, CICL believes it was misleading of WaterNSW to suggest that over time this arrangement is better for customers in the Murrumbidgee Valley.

For CICL

- CICL was provided the opportunity to consider an alternative fee structure for CICL, which was a 100 percent fixed water entitlement charge. WaterNSW provide detailed analysis of the proposed changes, which would have necessitated CICL passing on this changed tariff structure to customers. Moving to a 100 percent fixed tariff structure is problematic for our customers, whose revenue is subject to water availability. CICL appreciated the efforts of WaterNSW to engage on this option. However, in potentially moving to a 100 per fixed tariff, there was insufficient benefit offered to CICL to support this change, which would have assisted WaterNSW manage its perceived revenue risk of the current fixed versus variable tariff structure.
41. Despite the weaknesses in the engagement with the *Water Working Groups* these groups consistently raised concerns about affordability.²⁰ The final *Working Group* report also acknowledged the importance of cost shares, with changes to cost shares needing to be resolved, it included feedback on existing cost shares.²¹ The final *Water Working Group* report also shows most of the activities which could be considered to have public good outcomes or social good outcomes. Participants expressed views that the government share should be higher, with examples of dam safety compliance, environmental planning and protection.²² When asked about the high cost of environmental compliance for fish ways and cold-water pollution, only seven percent of 46 respondents thought

¹⁹ Attachment 26 Proposed Rural Valley bulk water charges and bill impacts.

²⁰ Water Working Groups 2025-2030 Final Report of the Process.

²¹ Ibid

²² Ibid

the government share of 20 percent was correct, with most participants supporting a higher cost share.²³

42. It is therefore disappointing WaterNSW's core pricing proposal does not clearly articulate the case for different cost shares between water users and Government.

Operating expenditure

43. WaterNSW has adopted a new operating model which has resulted in proposed increased operating costs of 43 percent.²⁴ Water prices in Murray Darling Basin valleys, over successive price determinations have been set at IPART's determined prudent and efficient costs.

44. IPART's final report for its 2021 determination states:

*In making our 2021 Determination, we are guided by different legislation in different valleys. For the 9 valleys in the Murray–Darling Basin (MDB) and rural customers in the Fish River Water Supply Scheme (FRWS) we must comply with the Commonwealth Government's Water Charge Rules 2010 (Cth) (WCR). The WCR require us to set prices that fully recover Water NSW's efficient costs that are not met from other sources.*²⁵

45. CICL's view is the proposed increases in operating costs need further explanation and justification. Water charges for Murray Darling Basin valleys have been set a full cost of the efficient costs, since at least when the Water Charge Rules 2010 (Cth) were made if not before this date. Whilst WaterNSW has proposed a number of reasons for why their operating expenditure has escalated, CICL does not believe the explanation is satisfactory.
46. The efficiency savings promised by government and WaterNSW and its predecessor State Water from the merger of State Water with Sydney Catchment Authority and subsequently the transfer of some functions from WAMC to WaterNSW, have not delivered material improvement in services or reduced costs. CICL argues that these changes have added complexity to WaterNSW's business and reduced its ability to focus on the efficient delivery of bulk water services to its rural water customers.
47. **CICL recommends IPART and its expenditure review consultants forensically analyse WaterNSW increased operational expenditure, including identifying the factors driving the increase to determine WaterNSW efficient costs.**
48. **CICL recommends operating costs be broken down into corporate costs and valley-based costs to allow proper scrutiny.**

Capital expenditure

49. CICL notes WaterNSW is proposing a total \$54.2M of capital expenditure over the five years of the determination for the Murrumbidgee,²⁶ including \$6.9M for design and implementation of cold-water pollution measures. CICL has been unable to identify the detail of what is proposed for the Murrumbidgee, limiting our capacity to have a view on its importance.
50. WaterNSW is proposing a Rural Valleys capital program of \$478.2M which is 1.7 times the IPART allowance for FY 22-25 and 4.5 times their forecast actual expenditure FY 22-25.²⁷ In addition WaterNSW is proposing \$1,419.8M of capital expenditure over the five years for Greater Sydney²⁸. This is 3.78 times the IPART allowed expenditure and 6.7 times WaterNSW actual forecast expenditure FY 22-25.
51. IPART and its expenditure consultants have an important task to assess the efficiency and prudence of WaterNSW capital program along with their capability to deliver the

²³ Ibid

²⁴ IPART Information Paper, November 2024.

²⁵ IPART Review of WaterNSW rural bulk water prices from 1 October to 30 June 2025, Final Report, September 2021.

²⁶ Attachment 8 Capital expenditure for infrastructure

²⁷ Ibid

²⁸ Ibid

proposed program. This is particularly important when the previously allowed capital has not been spent by WaterNSW.

52. **CICL recommends IPART and their consultants critically review the proposed capital expenditure to provide water users with confidence in the prudence and efficiency of its costs and WaterNSW capability to deliver the program.**
53. **CICL recommends the approved capital program details the proposed capital allowance by expenditure activity for each Rural Valley to allow scrutiny.**

Cost shares

54. CICL welcomes comments by Tribunal Chair Carmel Donnelly PSM during the IPART public hearing, confirming the Tribunal is not bound by decisions of the previous Tribunal.²⁹
55. CICL believe there are flaws in IPART's impactor pays approach which assumes a world without high consumptive water use, as an appropriate or viable model for this and future determinations. CICL believes WaterNSW cost drivers are increasingly influenced by government regulation, decisions about business structure (i.e. merger of State Water and Sydney Catchment Authority and transfer of WAMC functions to WaterNSW), government regulation and external factors including general public interest and community expectations. These factors are changing the scope and costs of WaterNSW activities that should be recognised in IPART's decisions on user shares for WaterNSW activities.
56. Table one shows the WaterNSW Cost Activity, and the user share as determined by IPART in their 2016/017 and 2021 price determination. The cost activities highlighted in yellow are areas where CICL believes the use share needs to be reduced in recognition of the variable drivers of these costs and the change in scope.

Table one – User shares for WaterNSW cost activities

| Cost Activity | Description | 2016/17 price review ³⁰ | Current user share % ³¹ | CICL 2025 |
|-------------------------------------|-----------------------|------------------------------------|------------------------------------|-----------|
| Customer support | Operating | 100 | 100 | 100 |
| Customer billing | Operating | 100 | 100 | 100 |
| Metering and compliance | Operating and capital | 100 | 100 | 100 |
| Water delivery and other operations | Operating and capital | 100 | 95 | 90 |
| Flood operations | Operating and capital | 50 | 80 | 50 |
| Hydrometric monitoring | Operating and capital | 100 | 90 | 50 |
| Water quality monitoring | Operating and capital | 50 | 80 | 50 |
| Direct insurances | Operating and capital | 100 | 100 | 100 |
| Corrective maintenance | Operating and capital | 100 | 95 | 95 |
| Routine maintenance | Operating and capital | 100 | 95 | 95 |
| Asset management planning | Operating and capital | 100 | 95 | 95 |
| Dam safety compliance | Operating and capital | 50 | 80 | 50 |

²⁹ IPART Public Hearing, 14 November 20024

³⁰ Aither, Rural water cost sharing review Final Report, January 2019

³¹ IPART, 2021 Review of WaterNSW rural bulk water prices From October 2021- 30 June 2025, Final Report, September 2021

| | | | | |
|---------------------------------------|-----------------------|-----|-----|-----|
| Dam safety compliance pre-1997 | Capital | 0 | 0 | 0 |
| Environmental planning and protection | Operating and capital | 50 | 80 | 20 |
| Corporate systems | Operating and capital | 100 | 80 | 50 |
| ICD rebate | Operating and capital | 100 | 100 | 100 |
| Renewals and replacement | Operating and capital | 90 | 95 | 90 |
| Risk transfer product | Operating | 100 | 100 | 100 |

57. A priority activity for revisiting and lowering the user share is for the construction of fishways and cold-water pollution control. These are high-cost activities recognised as an important to native fish recovery to complement environmental flows.³² The MDBA has identified that funding for these complementary measures is limiting native fish recovery.³³
58. **CICL recommends IPART revise and lower the user share for a range of activities where there are public good outcomes and or the drivers are caused by government regulation, changing community expectations or the cost of increased regulation.**

ICD rebates

59. CICL welcomes WaterNSW continuation of the ICD rebates. CICL understands that WaterNSW has a methodology for calculation of these rebates based on “avoided costs” for metering and billing services. This methodology is not available to CICL. CICL questions why the rebate proposed by WaterNSW has not been increased by the same percentage as the WaterNSW proposed operational expenditure and there is also no annual increase proposed over the life of the determination.
60. **For equity, CICL recommends the WaterNSW ICD rebate is increased by the same percentage as WaterNSW allowed operating expenses for each year of the IPART determination.**

Other issues

New operating licence obligations

61. There are new obligations in WaterNSW’s operating licence which impose additional operating and capital costs on WaterNSW. The WaterNSW pricing proposal includes \$19.9M of additional costs for Rural valleys,³⁴ with direct costs of \$24.7M plus total capital expenditure of \$8.872M.³⁵
62. The WaterNSW submission states:

There are several key new obligations which will drive costs, where the impactor may be considered to be local water utilities, specifically:

- *Increased scope of water quality management system to include local water utilities in non-declared catchments;*

³² Native Fish Strategy for the Murray Darling Basin [Native Fish Strategy for the Murray-Darling Basin 2003–2013 | Murray-Darling Basin Authority](#)

³³ Murray Darling Basin Presentation, November 2024. Native fish condition in the MDB (2023)

³⁴ Attachment 8 Base-Tend-Step operating expenditure.

³⁵ WaterNSW Pricing Proposal 2025-2030.

- *Raw water quality policy for drinking water suppliers, which will specify the roles and responsibilities of WaterNSW and drinking water suppliers in improving water quality monitoring, improving the quality of water made available to drinking water suppliers, identifying and reducing hazards and risks and education. The policy will also specify WaterNSW's processes for the early warning system, the quantity and quality parameters to include in the early warning system, water quality monitoring, engagement and providing data.*
 - *Water quality monitoring enhancements program requirements which includes determining which parameters should be monitored in the raw water for drinking water suppliers and the environment with a need to also consider the 'Roadmap to an improved regulatory framework for local water utilities;'*
 - *Early warning system to provide advanced notification of significant changes to flow, water source offtake levels that impact water characteristics and exceedances of water quantity or water quality parameters.³⁶*
63. CICAL is deeply concerned these new obligations are being passed onto general security water entitlement holders and water users. Water quality issues are not caused by irrigation water users, these are demands for services being on WaterNSW by one customer segment.
64. **CICAL recommends the new obligations in WaterNSW operating licences are removed from the allowable costs to be recovered from high security irrigation and general security water entitlement holders and their associated water use.**

Weighted Average Cost of Capital (WACC)

65. WaterNSW has proposed a higher WACC (4.3 percent) for Rural Valleys compared to Greater Sydney (3.6 percent)³⁷. CICAL believes WaterNSW's approach seeking a higher WACC for Rural Valleys compared to Greater Sydney is unjustified and will result in higher charges to rural water users than necessary.
66. WaterNSW pricing proposal also includes increases for Rural Valleys which are higher than the proposed increases for Greater Sydney³⁸. In addition, WaterNSW costs are only a small portion (eight percent) of Sydney Water's revenue requirements.³⁹ This contrasts with the CICAL customers, where government charges are a higher proportion of CICAL's water charges to its customers (Refer point 31).
67. WaterNSW proposal infers that WaterNSW can identify unique sources of capital (different market rates) or a unique mix of capital (different weightings in terms of market value) applicable to Rural Valleys and Greater Sydney. CICAL's view is the WACC calculations are only relevant at the business level, as discrete costs bases are not key drivers of capital requirements.
68. CICAL understands, in this determination IPART is not bound by the Water Charge Rules 2010 (*Cth*) and the associated WACC determined by the ACCC. In practice the cost of accessing capital is judged by WaterNSW's total business, not its separate elements. The flexibility available to IPART when setting Rural prices presents an opportunity for IPART to ensure equity through the use of a consistent WACC for both Rural and Greater Sydney charges.
69. **CICAL recommends a single WACC for both WaterNSW Rural Valleys and Greater Sydney charges.**

Revenue cap

70. WaterNSW is proposing a revenue cap with a side constraint as their preferred method of controlling annual charges revenue. CICAL is concerned the WaterNSW proposed

³⁶ Attachment 25 Proposed user and government shares.

³⁷ WaterNSW Pricing Proposal 2025-2030

³⁸ Ibid

³⁹ Ibid

approach will result in customers being faced with higher charges in years with low water availability, the specific years in which farm businesses are likely to be financially stressed.

71. As noted in 40: the CAGs were not given the option of supporting the status quo, and where customers selected a preference, it was in comparison with the alternative of higher fixed charges.
72. CACL considers the WaterNSW Revenue Cap with a side constraint effectively delivers a fixed revenue to WaterNSW, with all the risk borne by customers.
73. WaterNSW is proposing environmental water holders shift to 100 percent fixed charges. Environmental water holders are the single largest customer of WaterNSW and the volume of held environmental water is increasing in Murray Darling Valleys because of the Commonwealth's commitment to achieving the 450GL of water in the Murray Darling Basin Plan.⁴⁰ Assuming environmental water holders accept this proposal, this change would directly address WaterNSW revenue issue of volatility. This benefit will increase further if IPART determines the government share of some of WaterNSW activities was to increase.
74. **CACL recommends IPART explores the opportunities to continue the status quo pricing model for irrigation customers in combination with 100 percent fixed charges for environmental water holders and a higher government share.**

WaterNSW Technology Roadmap

75. WaterNSW is proposing significant expenditure in digital technology, totalling \$361.29M including \$163.46M of capex.⁴¹ The proposed program is intended to deliver services for the benefit of the three NSW water sector agencies with a joint technology Road Map⁴². CACL assumes these activities are captured as Corporate systems which have an 80 percent water users cost share.
76. CACL is also embarking on a smaller scale and less complex "Digital Roadmap" and CACL believes WaterNSW approach to application of digital technology is important to WaterNSW future business efficiency.
77. WaterNSW explanation for unforeseen expenditure raises questions about adequacy of WaterNSW expenditure forecasts. For example, costs such as "Cloud adoption", changes in "licensing costs and the cost of onboarding" are far too ambiguous to accept that these major expenditure forecasts have been rigorously prepared.
78. CACL has significant concerns around whether the shared "ecosystem" approach of WaterNSW, the Department and the Natural Resource Access Regulator (NRAR) will progress efficiently. CACL is concerned this approach may result in compromised solutions which may take longer and cost more.
79. **CACL recommends that IPART and its expenditure review consultants assess WaterNSW capacity to deliver this large-scale investment in digital technology in the timeframe, including assessing their previous performance at an individual project and project portfolio level.**
80. **CACL recommends IPART's analysis of the proposed expenditure in the WaterNSW technology road map include an assessment of how well the project plan and implementation has addressed conflicting needs between organisations relating to system functionality and/or process without compromising the cost, timeline and/or benefits from the initiative.**

⁴⁰ [Framework for delivering the 450 GL - DCCEEW](#)

⁴¹ Attachment 11 Digital expenditure (page 5)

⁴² Attachment 11 Digital expenditure (page 6).

Water Market Reform

81. The Water Market Reforms legislated in the *Restoring our Rivers Act 2023 (Cth)* will impose new obligations on CICL and other IIOs. WaterNSW submission indicates the cost of the water market reforms are uncertain because there may be a shortfall in the Federal Funding Agreement with NSW.⁴³ These reforms will impose significant costs on CICL to support our compliance with the new requirements. No funding is available to CICL to support this investment.
82. It is unclear from WaterNSW submission what these proposed costs are, including whether they are in WaterNSW costs or WAMC costs.
83. **CICL recommends IPART confirm WaterNSW charges do not include recovery of the cost of Water Market Reform from water users.**

Alternative models – Rural Valleys – Regional Pricing

84. As noted in 40 above, CICL has significant concerns with WaterNSW proposal to shift towards regional pricing. CICL in principle does not support WaterNSW seeking this fundamental shift in approach at the same time as it is seeking higher water charges.
85. CICL observes the benefits of the alternative model are “WaterNSW centric” and not centred on improved services to valley-based customers.
86. Consideration of an alternative pricing model must be done in consultation with affected customers and include detailed assessment of the impacts on the different customer groups.

WAMC

Customer engagement in services offered

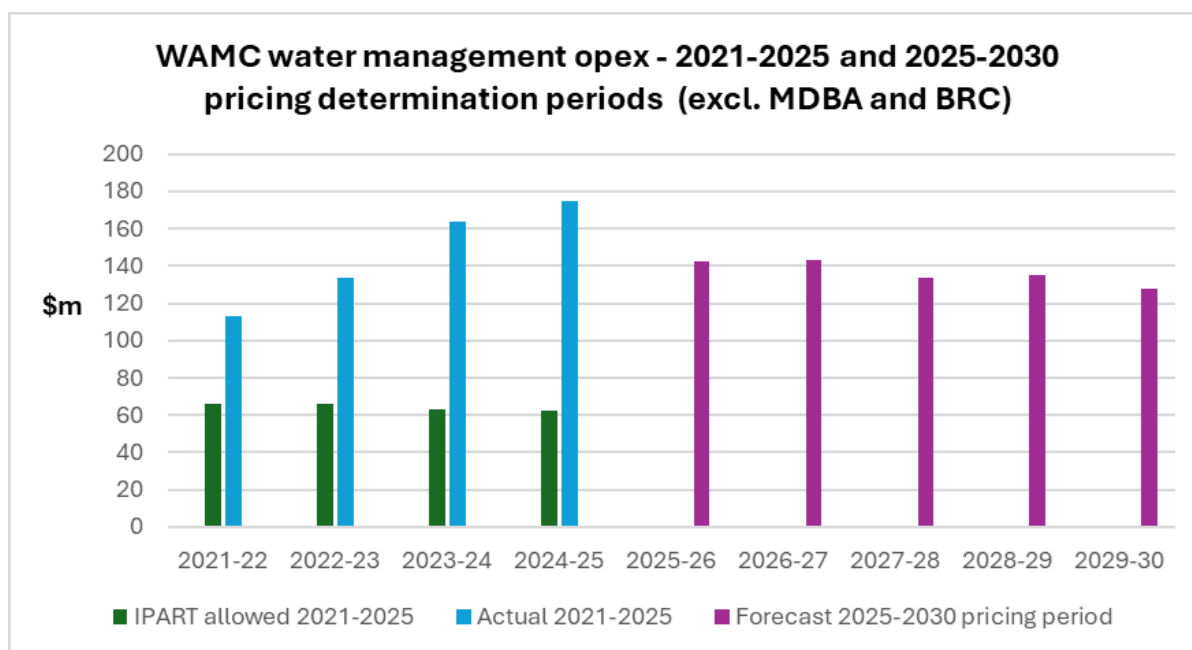
87. A central issue for WAMC is many of the activities do not directly translate to a service to water users and therefore water users do not see themselves as customers or beneficiaries. The services WAMC undertakes are often hidden services; for example compliance with the Basin Plan sustainable diversion limit. This is particularly the case for customers within an IIO, where the IIO is the primary source of information and is responsible for water management, compliance and billing of customers. This situation is exacerbated by the fact for many of WAMC’s activities that regulated water users are being asked to fund are NSW Government statutory water management and planning responsibilities. Water users essentially have no choice in the services and are only one of multiple stakeholders considered by WAMC as it undertakes this function. Consequently, achieving customer engagement in services is problematic for WAMC.
88. CICL’s customer engagement for WAMC services was through participation in the Murrumbidgee CAG and the Water Working Group (Southwest). CICL’s comments (37 to 42) capture CICL’s views on the effectiveness of customer engagement generally for the pricing proposals.

Operating expenditure

89. CICL acknowledges that IPART’s previous determination for WAMC charges included a government subsidy of the user share of IPART’s determination of the efficiency of WAMC costs.
90. Figure One shows the WAMC water management operating expenditure for 2021-2025 and 2025-2030. This figure demonstrates WAMC costs have escalated over the four years of the last determination and WAMC believes this increase in cost will be incurred going forward, albeit at a slightly lower rate.

⁴³ Attachment 22 Compliance and regulatory drivers of expenditure.

Figure One: WAMC Operating Expenditure (excluding MDBA and BRC)



Sources: NSWIC Weekly Report, Friday 1 December 2024

91. In contrast to the WaterNSW submission, the WAMC submission does identify the revenue required from each valley.
92. **CICL recommends IPART and its expenditure review consultants forensically analyse WAMC's operational expenditure, including identifying the factors driving the increase, to determine WAMC efficient costs.**
93. **CICL recommends IPART confirm that WAMC is not seeking to recover costs from water users wherever funding is available from the Commonwealth Government or other government programs. Examples of these activities include:**
- Funding for sustainable diversion limit adjustment mechanism projects
 - Funding for implementation of Resilient Rivers Water Infrastructure Program
94. **CICL recommends IPART confirm the WAMC cost allocation to individual valleys is consistent and reflective of where the costs are expected to be incurred.**

Cost shares

95. CICL believes the quantum of WAMC's increased costs and their pricing proposal which seeks to increase prices to the Murrumbidgee general security water entitlement by 101 percent or 15 percent per year plus CPI⁴⁴ is unacceptable.

WAMC states that under the National Water Initiative it is required to recover its efficient costs between water users and government using the "impactor pays" principle⁴⁵. CICL contests this assertion and argues NSW has chosen to collect its water planning and management charges from water users with this approach; it is not bound to do so. South Australia and Victoria, who are also signatories to the National Water Initiative have chosen a different model, with both collecting a Natural Resources Management Levy or equivalent from water users.⁴⁶ In both South Australia and Victoria the statutory government functions

⁴⁴ IPART Information Paper WAMC and WaterNSW proposed bills.

⁴⁵ WAMC Pricing Proposal.

⁴⁶ ACCC Water Monitoring Report 2022-2023 [ACCC Murray-Darling Basin Rural Water Monitoring report 2022-23](#)

are funded by government. The NSW model places NSW water users at a competitive disadvantage, raising potential questions about adherence to competitive neutrality principles. In table 2, CICL has proposed alternative cost shares for the WAMC activities.

Table 2 WAMC customer shares for operating and capital expenditure⁴⁷ and CICL's 2025 recommendation

| Activity | 2015-16 price review | 2018-19 cost share review | CICL view 2025 |
|---|----------------------|---------------------------|----------------|
| W01-01 Surface water quantity monitoring | 70 | 100 | 70 |
| W01-02 Surface water data management and reporting | 50 | 50 | 50 |
| W01-03 Surface water quality monitoring | 50 | 60 | 20 |
| W01-04 Surface water algal monitoring | 50 | 40 | 0 |
| W01-05 Surface water ecological condition monitoring | 50 | 50 | 20 |
| W02-01 Groundwater quantity monitoring | 100 | 100 | No comment |
| W02-02 Groundwater quality monitoring | 100 | 100 | No comment |
| W02-03 Groundwater data management and reporting | 100 | 100 | No comment |
| W03-01 Water take data collection | 100 | 100 | 80 |
| W03-02 Water take data management and reporting | 100 | 100 | 80 |
| W04-01 Surface water modelling | 50 | 80 | 50 |
| W04-02 Groundwater modelling | 100 | 100 | No comment |
| W04-03 Water resource accounting | 100 | 100 | 50 |
| W05-01 Systems operation and water availability management | 100 | 100 | 70 |
| W05-02 Blue-green algae management | 50 | 40 | 0 |
| W05-03 Environmental water management | 0 | 80 | 0 |
| W05-04 Water plan performance assessment and evaluation | 50 | 50 | 50 |
| W06-01 Water plan development (coastal) | 70 | 70 | No comment |
| W06-02 Water plan development (inland) | 70 | 70 | 50 |
| W06-03 Floodplain management plan development | 0 | 0 | 0 |
| W06-04 Drainage management plan development | 0 | 0 | 0 |
| W06-05 Regional planning and management strategies | 70 | 70 ⁴⁸ | 0 |
| W06-06 Development of water planning and regulatory framework | 75 | 80 | 0 |
| W06-07 Cross-border and national commitments | 50 | 50 | 20 |
| W07-01 Water management works | 50 | 80 | |
| W08-01 Regulation systems management | 100 | 100 | |
| W08-02 Consents management and licence conversion | 100 | 100 | Cost recovery |
| W08-03 Compliance management | 100 | 100 | 20 |
| W08-99 Water consents overhead | 100 | 100 | 0 |
| W09-01 Water consents transaction | 100 | 100 | Cost recovery |
| W10-01 Customer management | 100 | 100 | |
| W10-02 Business governance and support | 70 | 80 | 0 |
| W10-03 Billing management | 100 | 100 | 100 |

⁴⁷ IPART Final Report - Rural Water Cost Shares WaterNSW and Water Administration Ministerial Corporation, 2019

⁴⁸ WAMC Pricing proposal is recommending the cost share for this activity is reduced to 50 percent because some of the activity relates to climate change, for which WAMC considers the broader community is the "impactor" (Chapter 6).

96. Commentary supporting different cost shares:

- Water reforms implemented by NSW and the Commonwealth are reducing water use across the Basin. Continuation of the current cost shares will place a disproportionate impact on water users not subject to the minimum annual charge.
- The activities being undertaken by WAMC, particularly in the Murray Darling Basin are changing because of water reform and the complexity of Commonwealth and State legislation. These are changes driven by the National interest and water users are only indirect beneficiaries through sustainable water management. There are important wider community and public good benefits of these reforms. These activities have changed the scope of WAMC activities, particularly
 - W05-01, 03, 04, and W06-07
- Irrigation water users do not cause algal blooms and have no discretion over the take of water with blue green algae. WAMC activities W01-4 and W05-2 are public good activities which should have a zero-water user share.
- Water Sharing Plan (inland) W6-02 - water sharing plans are important to water users as these plans provided the framework for water sharing between the consumptive pool and the environment. Importantly, they set the water allocation framework to achieve compliance with Long Term Annual Average Extraction Limits. The statutory plans are important to both the public interest and water users. In the Murray Darling Basin, there is no scope to increase the volume of water available to the consumptive pool. CICL supports continued water user contribution to water sharing plans, however, a cost share of 70 percent is too high, particularly as it is anticipated their reviews have the potential to significantly impact on the yield and reliability of water entitlements and the future volume available to agriculture.
- NSW embarked on its Regional Water Strategies W06-05, initially with funding from the sale of Snowy Hydro. WAMC have acknowledged water users are not the impactors for these strategies. CICL understand the regional water strategies will identify priority actions for implementation. Regional planning is a core function of government which should have a zero-cost share from water users. Actions to be implemented should be subject to business case analysis, including consideration of who pays.
- CICL acknowledges the important work of WAMC on cross border and national commitments W6-07, particularly in relation to the Murray Darling Basin Plan. CICL believes a cost share of 50 percent is too high for this activity because NSW participation is in the interests of NSW, not just water users, i.e. NSW is representing the interests of communities and the state's economic output and environment.
- CICL does not support the increased costs of the Natural Resources Access Regulator (NRAR) being recovered from water users. CICL believes it is important water users contribute, however the cost share for this activity should be reduced. NRAR at the IPART public hearing acknowledged the vast majority of water users are compliant⁴⁹. In 2023/2024 NRAR launched 368 compliance activities, with 169,073 works, and 53,000 licences (WAMC and WaterNSW). These are extremely high levels of compliance. This means all licence holders are being asked to pay for the "actions" of a few. NRAR's argument that irrigators' social licence is supported by their action and activities, is self-justification.

97. CICL recommends IPART revisit the cost shares for WAMC activities.

⁴⁹ IPART WAMC and WaterNSW public hearing Thursday 14 November.

Non-urban metering policy and metering charges

98. CICL supports the effective and efficient implementation and continual improvement in metering, monitoring and measurement of water use. Unfortunately, the 2018 NSW Non-urban Water Metering Policy developed by government has faced significant implementation barriers generally beyond the control of water users, leading to the NSW Government announcing in 2023 a review of the policy.⁵⁰
99. Ultimately the NSW non-urban metering policy was not fit for implementation and this failing has imposed significant costs on industry and the Department.
100. IPART seeks feedback on the proposed metering charges. CICL supports WAMC's proposed methodology to establish the metering charges. CICL's metering charges relative to other WAMC charges are not material, demonstrating the economies of scale for CICL customers of having a single metering point for regulated water.
101. The non-urban metering policy has imposed additional costs on CICL to provide NRAR and WaterNSW with access to our metered diversions through the prescribed Local Intelligence Device and connection via the Data Acquisition Scheme. This constitutes additional reporting of our existing real time Supervisory Control and Data Acquisition (SCADA) link from CICL's river offtake meter to WaterNSW River Operations. It is noteworthy that these changes make no material improvement to the quality of the measurement of CICL's diversions.

Other issues

Water Market Reform

102. The *Restoring our Rivers Act 2023 (Cth)* is imposing a significant regulatory burden on IIOs, with no funding available to the IIO to support their transitions to the new requirements over the next two years.
103. CICL understands that NSW will be funded by the Commonwealth to support NSW compliance with these new requirements.
104. CICL recommends IPART confirm that no costs associated with implementation of the Water Market Reforms are recovered from water users.

IIO business model versus WAMC services

105. CICL believes there are a number of WAMC functions which include avoided costs and economies of scale because of the structure of IIO business models.
106. Examples of avoided costs include:
 - Metering and compliance activities, where CICL is responsible for metering of all take by customers. CICL irrigation customers are unable to order water if there is insufficient water in their account to satisfy the order.
 - Consent over transactions where CICL is the approval authority for all internal trades of water entitlement and annual allocation.
107. CICL is also responsible for monitoring and reporting on its groundwater levels and salt loads as part of its annual compliance report to government.⁵¹ These activities overlap with groundwater monitoring and the Basin Plan salinity management plan.
108. In the absence of IPART supporting a reduction in the revenue requirement from water users, WAMC charges should more adequately reflect the avoided costs and economies of scale afforded by the role of IIOs.

⁵⁰ Fact Sheet Review of the non-urban metering framework 2023

https://water.nsw.gov.au/_data/assets/pdf_file/0007/586816/review-of-num-rules-fact-sheet.pdf

⁵¹ [Annual Compliance Report — Coleambally Irrigation](#)

Conclusion

109. IPART has a critical role in this determination to ensure water users are not exposed to abuses of monopoly power influencing the prices paid and services provided by both WaterNSW and WAMC. CICL firmly believes that IPART's established framework for sharing of costs between water users and government is seriously challenged because of the massive cost escalations proposed by both WaterNSW and WAMC since the last determination.
110. These issues are further exacerbated by the structural issues of the industry, where the majority of water entitlements and use reside with a small number of licence holders. However, the costs of many of WaterNSW and WAMC services are influenced by the number of licences, basic landholder rights and the number of works approvals.
111. This submission aims to provide constructive feedback to IPART on both pricing proposals to assist in the difficult task confronting them.
112. CICL would welcome the opportunity to discuss further its recommendations and concerns with both the WaterNSW and WAMC pricing proposals.
113. For further information please contact [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED].

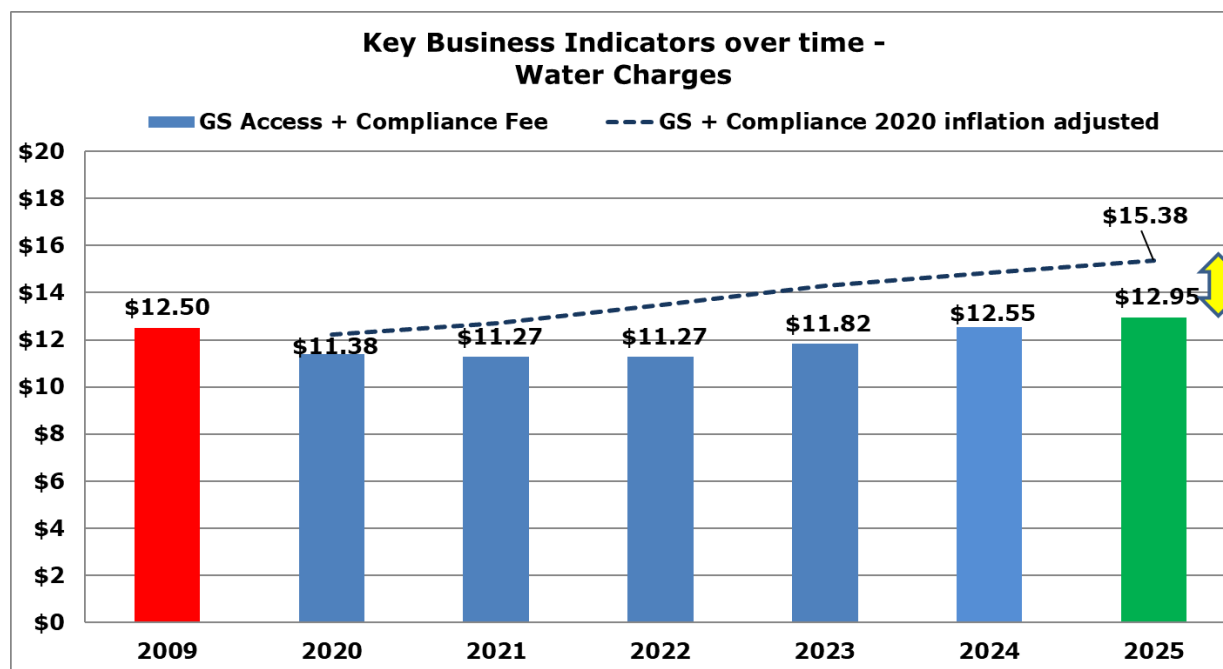
Yours sincerely

[REDACTED]

Julian Speed
CEO

Attachment 1

CICL key business indicator over time; general security delivery entitlement charges including CICL's environmental compliance fee, compared to 2009.



Key points

- The 2025 charge has been set at 3.15 percent above 2024, below CPI of 3.6 percent. This charge remains at only 3.6 percent above 2009 levels.
- The 2024 charge increased by 6.12 percent from 2023 against a CPI increase of 7 percent.
- With inflation applied to the charge since 2009, 2025's charge is 33.1 percent below CPI.
- Comparing to 2020 the charges are 13.8 percent higher but 15.8 percent below the CPI figure.

CPI – Consumer price index

Attachment 2

CICL response to IPART Issues Paper Questions or clause references within CICL's submission

| Question | Clause |
|---|----------------|
| 1. How will WAMC's proposed price increase impact customers? | 30-32 |
| 2. What factors should we consider so that prices we set for WAMC are appropriate for different customer types? How well has WAMC considered these factors in the development of its proposal? <i>WAMC has not recognised the economies of scale associated with larger customers and the potential for different service models, if WAMC was unconstrained by its monopoly powers and regulation.</i> | |
| 3. Do the proposed 2.5 percent and 15 percent cap on prices strike the right balance between cost recovery and impacts on customers? <i>No, there is no logic to customers on the MAC having their charges increased by only 2.5 percent while larger customers costs are increased by 15 percent per annum. CICL asserts customers on the MAC are likely to have alternative sources of income compared to customers being asked to pay an annualised increase of 15 percent.</i> | |
| 4. What do you think about WAMC's engagement process? Do you think WAMC has engaged effectively with customers and stakeholders? | 37-42 & 87-88 |
| 5. Did WAMC's consultation process target the right stakeholders, and was an appropriate level of content provided to stakeholders so they could meaningfully engage with it? | 37-42 & 87-88 |
| 6. Did WAMC consult sufficiently with Aboriginal peoples and communities? What First Nations priorities should be considered in IPART's determination? | Not applicable |
| 7. Are WAMC's customer outcomes and metrics appropriately ambitious yet achievable? Do they incorporate what stakeholders said was important to them? <i>CICL largely agrees with the proposed metrics. Of note is the emphasis on environment and community in these metrics, which supports the case for a different cost share.</i> | |
| 8. Does WAMC's proposal represent a reasonable and efficient balance of costs and service levels, and does it align with customers' willingness to pay? <i>No, CICL and our customers are being asked to pay more for activities which are reducing our access to water.</i> | |
| 9. How would the proposed metering charges affect you? | 100-103 |
| 10. How would the proposed consent transaction charges affect you? <i>Consent transaction charges should aim to recover the efficient costs of service and should not be subsidised by other water users.</i> | |
| 11. What are your views on WAMC's proposal to largely maintain the current cost share ratios? The exception is regional planning and management strategies, where WAMC has proposed reducing the customer share from 60% to 50%. | 95-99 |

| | |
|--|---------------------|
| 12. Is there any new information about WAMC's activities we should take into account when setting cost shares? For example, are there changes to: – who is causing the need to undertake an activity? – who is benefiting from an activity? – the scope of an activity? | 95-98 |
| 13. How will WaterNSW's proposed prices impact customers? | 30-32 |
| 14. What factors should we consider so that prices we set for WaterNSW are appropriate for different customer types? How well has WaterNSW considered these factors in the development of its proposal? | 54-60 |
| 15. What do you think about WaterNSW's engagement process? Do you think WaterNSW has engaged effectively with customers and stakeholders? | 37-42 |
| 16. Did WaterNSW's consultation process target the right stakeholders, and was an appropriate level of content provided to stakeholders so they could meaningfully engage with it? | 37-42 |
| 17. Did WaterNSW consult sufficiently with Aboriginal peoples and communities? What First Nations priorities should be considered in IPART's determination? | N/A |
| 18. Are the WaterNSW customer outcomes and metrics appropriately ambitious yet achievable? Do they incorporate what stakeholders said was important to them? <i>CICL contributed to these metrics during the CAG process and considers them appropriate.</i> | |
| 19. Does WaterNSW's proposal represent a reasonable and efficient balance of costs and service levels, and does it align with customers' willingness to pay? | Multiple references |
| 20. Would you prefer prices to remain stable over the determination period or do you support WNSW's proposal for a revenue cap where prices adjust by up to 5% per year in response to changes in water sales? <i>CICL would prefer stable pricing.</i> | |
| 21. If you are a Licenced Environmental Water holder or Lachlan Valley customer, how will the proposed changes to price structures affect you? | N/A |
| 22. What are your views on WaterNSW's proposal to maintain the current cost share ratios? What do you think of the alternative options WaterNSW provided that could increase the Government share for some activities? | 54-58 |
| 23. Is there any new information about WaterNSW's activities we should take into account when setting cost shares? For example, are there changes to: – who is causing the need to undertake an activity? – who is benefiting from an activity? – the scope of an activity? | 54-58 |

28 May 2025

NSW Independent Pricing and Regulatory Tribunal

[Have your say.](#)

Dear Tribunal Members

CICL Submission to the IPART Information Paper - Prices for WaterNSW bulk water services and Draft Determination for Maximum Prices for WaterNSW's Rural Bulk Water Services from 1 July 2025

Key points

1. Coleambally Irrigation Co-operative Limited (CICL) in principle supports the NSW Independent Pricing and Regulatory Tribunal's (IPART's) draft determination including their draft decision on Murray Darling Basin Authority (MDBA) costs.
2. After months of consideration of the issues raised in submissions, by WaterNSW and IPART's expenditure review consultants, CICL does not believe there is any new evidence which would support IPART changing its draft determination except to reflect the March 2024 -March 2025 CPI of 2.4%.¹
3. CICL notes continuation of the fixed and variable pricing structure and recognises the draft determination uses the updated 20-year rolling average water use data only for safety related costs as proposed by IPART for the next three years.
4. CICL does not support IPART determining a further increase in prices based on updated water use data from 2021. In the Murrumbidgee Valley since 2021 water usage has exceeded the current 20-year rolling average.
5. If IPART is to include increased costs for the electrical safety program and the crane safety program it needs to be confident these costs are the efficient costs and the additional revenue is used by WaterNSW only for these activities.
6. CICL believes the following issues should be a priority for WaterNSW and should be addressed over the next three years:
 - a. Establishing efficient valley-based costs for rural bulk water services.
 - b. Customer engagement in determining valley-based priorities and services and clearly separating out non-commercial or Water Administration Ministerial Corporation (WAMC) services and costs.
 - c. Establishing the efficient costs and therefore revenue requirements to maintain serviceability of valley assets to ensure future sustainability
 - d. Clearly identifying the cost drivers for services to support a review of cost shares between water users and government This work should also capture the avoided costs and economies of scale associated with the operation of the irrigation corporations.
 - e. Identification and quantification of regulatory costs, including their drivers and consideration of how these costs are recovered.
 - f. Identification and separation of non-commercial activities and justification for a community service obligation. This includes the additional costs recently imposed on WaterNSW as part of its operating licence.
7. CICL agrees with IPART that the draft decision will provide WaterNSW with adequate revenue to support WaterNSW financial sustainability over the next three years.

¹ [CPI rises 0.9% in the March 2025 quarter | Australian Bureau of Statistics](#)

8. CICL does not support WaterNSW's solution to lessen the impact in some valleys of introducing regional pricing and cross subsidies between water users in different valleys. This is not a solution to the viability of WaterNSW's commercial operations. In some valleys it creates "winners" and "losers" and does nothing to address transparency of WaterNSW costs and its services.
9. CICL recommends there is structured water user engagement on the issues being considered by IPART, WaterNSW and the NSW Government over the next three years and this engagement should commence immediately. It is essential this engagement clearly separates bulk water services provided by WaterNSW from costs associated with the delivery of WAMC functions.
10. CICL recommends the external consultant's reviews of the WaterNSW capital and operational expenditure are publicly released. These reports will assist stakeholders with their understanding of the issues identified by the consultants and support water users' input into the consideration of WaterNSW revenue requirements and efficient costs.
11. CICL recommends IPART commence a review of the cost shares between water users and government and this review informs government's wider consideration of the WaterNSW operating model, including potential blurring of WaterNSW costs for Water Administration Ministerial Corporation (WAMC) activities undertaken by WaterNSW.

Introduction

12. CICL thanks IPART and its Secretariat for their consideration of the important issues associated with the pricing determination for WaterNSW bulk water services from 1 July 2025. IPART's information paper articulates the challenges faced when considering the WaterNSW pricing proposal. These challenges are consistent with the issues raised by CICL in its submission in December 2025.
13. The draft determination has been received with relief by our customers, who were deeply concerned about the impact of the WaterNSW pricing proposals on their businesses, with irrigators having no capacity to pass these additional costs onto consumers of their products.
14. CICL said in its submission to the WaterNSW and Water Administration Ministerial Corporation (WAMC) Pricing Proposals *This determination is a pivotal opportunity to reshape the funding model for both WaterNSW and WAMC, to meet the needs of water users, WaterNSW and Government and to provide incentives for these government enterprises to innovate and reduce costs.*² CICL believes the IPART Information paper supports this proposition, and looks forward to providing constructive input to both WaterNSW and IPART over the next three years to assist determining the affordable and efficient costs of regulated water supply in the Murrumbidgee Valley.
15. CICL's submission³ to IPART in December describes our business and the importance of IPART's work when making the pricing determinations for WaterNSW and WAMC. This context and the issues raised in our December submission remain relevant.

² CICL Submission to the IPART Pricing Determination for WaterNSW and WAMC, December 2024, pg. 1.

³ [Online-Submission-Coleambally-Irrigation-Cooperative-Ltd-J.-Speed-9-Dec-2024-151450782.PDF](#)

Response to IPART's questions applicable to CICL

Question One - Do you agree with the draft decision to set a 3-year determination period?

CICL supports the draft decision to set a 3-year determination. Consultation on the 2025 pricing determination has been intense and demanding on all stakeholders. A 3-year determination provides time for the important, material issues identified in submissions and by IPART to be properly considered.

IPART's information paper articulates their material concerns with the WaterNSW proposal. CICL believes a shorter determination would not allow sufficient time for WaterNSW to change its approach to determining its efficient valley-based costs and services. A changed approach is required.

Question two - In your view, what should WaterNSW focus on over the next 3 years?

16. CICL believes the following issues should be a priority for WaterNSW over the next three years
- a. Establishing efficient valley-based costs for rural bulk water services.
 - b. Customer engagement in determining valley-based priorities and services and clearly separating out non-commercial or Water Administration Ministerial Corporation (WAMC) services and costs. When engaging with customers about services, information about cost of the service and total costs must be part of the discussion.
 - c. Establishing the efficient costs and therefore revenue requirements to maintain serviceability of valley-based assets to ensure future sustainability.
 - d. Clearly identifying the cost drivers for services to support a review of cost shares between water users and government. This work should also capture the avoided costs and economies of scale associated with the operation of the irrigation corporations.
 - e. Identification and quantification of regulatory costs and consideration of how these costs are recovered.
 - f. Identification and separation of non-commercial activities and justification for community service obligations. This includes the additional costs recently imposed on WaterNSW in its new operating licence.

Question three - Not applicable.

Question four - Not applicable.

Question five - Should WaterNSW's proposed safety-related costs (including dam, crane and electrical safety) be included in WaterNSW Rural Valleys prices from 1 July 2025?

17. CICL seeks confirmation from IPART that only the efficient costs of WaterNSW proposed safety-related costs will be recovered from prices from 1 July 2025. The WaterNSW pricing submission proposed \$6.4M for the electrical safety program and \$1.1M for the

dam crane safety program⁴. Also relevant is transparency over how these safety costs are incurred and recovered across the rural valleys.

18. It is unclear in the draft determination what the impact of the updated 20-year rolling usage figures on prices actually is.

Question six - Should IPART further adjust WaterNSW's current Rural Valley prices to account for changes in water sales volumes from the 2021 price review (i.e., 3,964,658 ML/year) to this draft decision (i.e. 3,806,128 ML/year)?

19. CICL does not support further increases in prices to account for changes in water sales volumes from the 2021 price review. CICL notes that in the Murrumbidgee, water sales from 2021-2024 have exceeded the 20-year rolling average in this period.⁵ In some years sales have exceeded the 20-year rolling average by over 30 percent.

Question seven - Not applicable

Question eight - Are there any other matters we should consider in making our decision to carry forward decisions from the WaterNSW Rural Valleys 2021 price review?

20. CICL's submission to IPART in December 2024 recommended a single Weighted Average Cost of Capital (WACC) for both Rural Valleys and Greater Sydney. CICL is still of this view and believes IPART has the flexibility to adopt the same WACC for both determinations because it is no longer bound by the Water Charge Rules 2010 (*Cth*).
21. CICL supports the continuation of the Irrigation Corporation District (ICD) rebates with these rebates increased by the same percentage of WaterNSW allowed revenue increase.

Question Nine - Do you agree that IPART's draft pricing decisions are likely to provide adequate revenue to support WaterNSW's financeability for up to 3 years?

22. In considering the impact of the draft pricing decisions on WaterNSW revenue and financeability CICL makes the following observations:
- Whilst revenue from rural water services is only one third of WaterNSW revenue⁶, CICL notes in WaterNSW's annual report 2023/2024⁷ and half yearly report 2024/2025⁸ WaterNSW's revenue exceeds its operating expenditure and that WaterNSW is forecasting a dividend to shareholders in 2024/2025 of \$40.0M.⁹
 - WaterNSW half year operating expenditure is less than budget.¹⁰
 - WaterNSW half year regulated capital expense was significantly less than budget. WaterNSW is anticipating its 2024/2025 capital expenditure will significantly increase in the remainder of the 2024/2025¹¹. CICL questions whether WaterNSW expenditure on capital programs will increase as forecast.

⁴ [2024-Pricing-Proposal-WaterNSW.PDF](#), page 30.

⁵ [General Purpose Water Accounting Report - Murrumbidgee Catchment 2023-24.pdf](#) page 35

⁶ [Information-paper-Prices-for-WaterNSW-bulk-water-services-May-2025.PDF](#), page 54.

⁷ [WaterNSW Annual Report 2023-2024](#) page 88

⁸ [WaterNSW-Half-Yearly-Report-2024-25.pdf](#) page 22

⁹ Ibid

¹⁰ Ibid

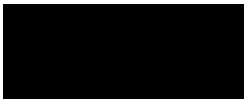
¹¹ Ibid page 20

- d. Interest rates have declined from 4.35 percent to 3.85 percent in 2025, making access to capital cheaper.¹²
- 23. CICL believes these factors support IPART’s view that its draft decision will support WaterNSW financial sustainability in the short term.

Conclusion

- 24. CICL acknowledges some of the issues WaterNSW has raised about the impact of institutional arrangements on the business model of WaterNSW as a State-Owned Corporation are outside of the scope of IPART. However, it is essential the tension between government regulation, services provided and affordability is addressed over the next three years and solutions are found.
- 25. CICL looks forward to contributing to further discussion on this issue and the priorities for WaterNSW raised in this submission.
- 26. For further information please contact [REDACTED].

Yours sincerely



Julian Speed
CEO

¹² [Reserve Bank delivers 0.25 percentage point cut to cash rate in second interest rate reduction of 2025 - ABC News](#)