

28 May 2025

NSW Independent Pricing and Regulatory Tribunal

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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:
- a. 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
 - b. WaterNSW half year operating expenditure is less than budget.¹⁰
 - c. 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]
[REDACTED]

Yours sincerely

[REDACTED]

Julian Speed
CEO

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