

30 June 2025

NSW Independent Pricing and Regulatory Tribunal

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Dear Tribunal Members

CICL Submission to IPART's Draft Report and Determination for WAMC

Key points

1. Coleambally Irrigation Co-operative Limited (CICL) supports the NSW Independent Pricing and Regulatory Tribunal's (IPART's) proposed three-year determination for the Water Administration Ministerial Corporation (WAMC).
2. CICL recommends IPART only increase WAMC charges by the consumer price index (CPI).
3. CICL supports IPART's decision to hold Murray Darling Basin Authority (MDBA) costs constant in real terms.
4. CICL does not support the five percent price cap or the potential alternative price cap of 10 percent.
5. The performance metrics proposed could be improved to include more outcome measures as detailed point 24-27 below.
6. CICL supports a review of the WAMC price structure, this review needs to extend beyond a review of the price structure to consider the WAMC operating model. This review needs to be led by an independent panel, with terms of reference developed in consultation with IPART and water users.
7. CICL supports a review of IPART's Rural Water Cost Shares, this review should be conducted in parallel with the review of the WAMC and WaterNSW operating model.

Introduction

8. CICL thanks IPART for their review of the WAMC pricing proposal and their associated due diligence of WAMC's pricing proposal.
9. CICL welcomes the opportunity to provide feedback on IPART's Draft Report and Draft Determination for its review of prices for WAMC from 1 October 2025 to 30 June 2028.
10. The submission provides direct feedback on the questions asked by IPART. CICL notes the significant detail and analysis in IPART's draft report and the two Stantec-Expenditure review of MDBA and BRC costs and Water Administration Ministerial Corporation expenditure review. CICL has not had the time or resources to review in detail these reports however, these reports include useful insights and analysis which should be captured by the proposed price structure review.
11. A central issue for CICL and its customers is many of the WAMC activities we are being asked to fund do not directly relate to a service to water users, this is the particularly the case for our members where CICL as the Irrigation Infrastructure Operator (IIO) is responsible for metering, water account management, compliance, billing and is the approval authority for internal water entitlement and annual allocation transactions. It is CICL's view the draft report does not adequately address this issue. It also does not address the avoided costs for WAMC services as a result of the CICL's functions and services.

12. Further information about CICL and its services is included in CICL's submission to IPART's Information Paper, December 2024.¹

Response to IPART questions

Question one - What are your views on the proposed 3-year determination?

13. CICL supports IPART's proposal to have a three-year determination for WAMC charges. A three-year determination provides sufficient time for proper and robust consideration of the WAMC operating model, price structure and cost shares.

Question two - How reasonable is it to assume the forecast take from floodplain harvesting will be 30 percent of floodplain harvesting entitlements?

14. This question is not applicable to CICL or its customers.

Question three - Do the 2.5% and 5% cap on prices strike the right balance between cost recovery and impacts on customers (the 2.5% applies to the Minimum Annual Charge)?

15. CICL does not support different price caps applying to customers paying the Minimum annual Charge (MAC) compared to other customers.
16. Customers paying the MAC represent 62 percent of WAMC's customers.² The impact of price increases on farm businesses with no capacity to pass on costs through the market are material, CICL does not understand the justification for applying a lower price cap to customers on the MAC, compared to other customers.
17. CICL does not support a price cap of 5 percent and recommends IPART apply only CPI to WAMC charges.
18. CICL supports IPART's decision to hold MDBA costs constant in real terms.
19. CICL notes the NSW budget has increased the cost allocation to both the Department of Climate Change Energy Environment and Water (DCCEEW) and the Natural Resource Access Regulator (NRAR) by more than IPART's efficient cost allowance.³ In the case of NRAR the budget is a 23.4 percent increase on the 2024/2025 budget.
20. CICL does not believe that constraining the revenue received from water users will materially impact the delivery of WAMC services, given their budget allocation and past performance where expenditure has significantly exceeded IPART's determination of efficient costs. CICL believes there is a strong case to restrict price increase to CPI while the review of the WAMC operating model, pricing structure and cost shares proceeds over the next three years.

Question four - What are your views on a potential alternative cap of prices for water management services at 10%?

21. CICL does not support the alternative price cap of 10 percent. CICL believes this review has identified significant issues with both the prudence and efficiency of WAMC costs. IPART's draft decision identified \$101M of inefficient WAMC operating expenditure, clearly there are shortcomings in WAMC's underlying cost base. These questions need to be addressed before increased recovery of WAMC costs by water users proceeds.

¹ [Prices for Water Administration Ministerial Corporation \(WAMC\) from 1 October 2025 | IPART](#).

² Water Administration Ministerial Corporation 2025-2030 pricing proposal.

³ Climate Change Energy the Environment and Water NSW budget 2025-2026, June 2025.

22. In addition, there are genuine unresolved questions about the extent to which water users are being asked to fund government policy development which should have a 100 percent government cost share.
23. Customer consultation undertaken by WaterNSW and WAMC during the development of their pricing proposals did not support any willingness to pay for price increases above CPI.

Question five - What are your views on the proposed performance metrics, and could they be improved?

24. CICL is concerned the proposed measures and objectives are not sufficiently targeted or a measurement of outcomes, compared to outputs. CICL has major issues are with the outcomes for Objective 2 – Sustainable and effective water resource management, and questions of the meaning of “effective” in this objective. CICL’s view is this objective for Murray Darling Basin catchments should focus on compliance with the sustainable diversion limits, for both surface water and groundwater.
25. CICL questions the appropriateness of including a performance measure for sustainable and effective water resource management of inland Water Sharing Plans using updated climate data for available water determinations. This metric is a narrow tool for improved resilience to changes in water availability and some systems it may not even be an effective tool. It also implies resilience is only required during periods of low water availability.
26. The performance measures for Outcome 3 Confidence in water resource management, are about transparency; none of these are measures of public confidence. Given the funding available to NRAR for compliance activities, a performance measure for actual compliance would be better. Likewise, under Value for Money Objective 4 - efficient and effective compliance and enforcement programs, the performance measure of labour expenditure is not a measure of efficiency or effectiveness.
27. Objective 4 Value for Money - the objectives under value for money need to consider the prudence of expenditure, not just the efficiency. This means an increased focus on the priority activities. There are too many examples of DCCEEW incurring expenditure which CICL would argue has not been prudent, for example investment in the Regional Water Strategies. Reporting on statewide operating expenditure is of little relevance to water users who are more likely to be interested in valley specific outcomes.

Question six - What are your views on a potential price structure review?

28. CICL supports a price structure review, however this review needs to be more comprehensive than a DCCEEW review of its cost allocation and recovery structures.
29. CICL offers the following guidance on our expectations of the review:
 - a. The review should be independent of WAMC and managed by an independent panel with expertise on regulation and delivery of water services.
 - b. IPART should have an important role in co-ordination and providing its expertise.
 - c. The terms of reference should be developed in consultation with water users and other relevant stakeholders.
 - d. The review needs to either include a review of the Rural Water Users cost shares applying to both WAMC and WaterNSW regulated water charges, or have strong linkages to this review.
 - e. The review should explore the interlinkages between WAMC and WaterNSW.
 - f. The review needs to consider the relevance of valley-based costs as opposed to top-down allocation of costs.
 - g. The review needs to consider the significant avoided costs of the activities of Irrigation Infrastructure Operators in the context of WAMC services, and how the function and role of IIOs is best reflected through pricing, to avoid IIO customers paying for WAMC services which they do not benefit from.

Conclusion

30. Structural issues face the NSW rural water sector, where the majority of water entitlements and use reside with a relatively small number of licence holders. However, the costs of many WAMC services are influenced by the number of licences, basic landholder rights and the number of work approvals. IPART has a critical role in this determination to ensure water users are not exposed to abuses of monopoly power and to ensure cross subsidisation of costs between water users is minimised.
31. CICL does not believe the proposed price caps including the alternative price cap of 10 percent strike the right balance between cost recovery and impacts on customers, with the risk of building into pricing unjustified and inefficient expenditure unrelated to services received by CICL or our customers.
32. CICL is keen to continue working constructively with IPART and WAMC on the proposed review of the WAMC pricing structure and a review of the Rural Water cost shares, and look forward to being engaged in the development of the review.
33. For further information please contact either [REDACTED]
[REDACTED] [REDACTED].

Yours sincerely

[REDACTED]

Julian Speed
CEO