

17 May 2023

IPART
Attention Matthew Mansell
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Dear Matthew

WaterNSW Annual Review of rural bulk water charges for 2023/24

Coleambally Irrigation Co-operative Limited (CICL) supports IPART's draft report which recommends increases in WaterNSW charges are limited to CPI (currently estimated as 6.7 percent) from 1 July 2023.

CICL's interpretation of WaterNSW's application is that it is a request for an increased revenue allowance above the 2021 determination to assist with its business stability.

CICL does not believe WaterNSW has provided sufficient evidence to support the proposition that water sales in 2023/24 will be substantially less than the volumes assumed in the 2021 determination. For the Murrumbidgee, the assumed water sales are only 2.6 percent less than the 2021 determination and the number of entitlements has increased by a small amount (2,144). CICL does not believe this forecast sale volume change is material.

As IPART has correctly pointed out, the 2021 determination included a revenue volatility allowance intended to allow WaterNSW to insure against year-to-year variations.

The issues associated with avoiding future price shocks, raised by WaterNSW, are issues for the next pricing determination which must include a focus on understanding the benefits and disbenefits of different tariff structures for recovering WaterNSW efficient costs.

CICL values the important role WaterNSW and its ongoing financial stability. We acknowledge the last 12 months has placed significant pressure on WaterNSW as it has managed flood operations across the state. If these operations are driving increased costs this raises genuine questions about cost sharing for a range of WaterNSW activities, which also should be considered in the next determination.

If you would like to clarify the issues raised in this letter, please do not hesitate to contact

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Yours sincerely

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