



Our ref: EC25-003967

Ms Carmel Donnelly PSM - Chair
Independent Pricing and Regulatory Tribunal
WAMC and WaterNSW price review
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Dear Ms Donnelly PSM

IPART WaterNSW Rural Valleys Pricing Review 2025-26 Discussion Paper,

As the Commonwealth Environmental Water Holder (CEWH), I welcome the opportunity to provide feedback on IPART's Discussion Paper on pricings for *WaterNSW Rural Valleys pricing review 2025-26*.

I write further to my submission of 3 June 2025 regarding your *Draft determination of WaterNSW bulk water service prices from 1 July 2025* (refer:EC25-001758) and the submission of Dr Marcus Finn of 6 December 2024 regarding your *Review of Prices for WaterNSW regional and rural bulk water* (refer: EC24-002774).

In the final report on your review of prices for WaterNSW Rural Valleys from 1 July 2025, I have noted the one-year price determination for regional and rural bulk water services from 1 July 2025 to 30 June 2026 provides IPART with an opportunity to further assess WaterNSW's costs and proposed revenue model from 1 July 2026.

In our previous submissions of 6 December 2024 and 3 June 2025, my office raised several important considerations that remain relevant to IPART's future determination of WaterNSW's charges. In making this submission, I have chosen to respond to the following questions in your Discussion paper.

Question 6. What do you consider the appropriate counterfactual to WaterNSW' operations under the impactor- pays principles

The impactor pays principle underpins the National Water Initiative pricing principles. From the perspective of an environmental water holder, the impactor of a river or groundwater system is any party that extracts water for consumptive use. Further, aquatic ecosystems are significantly impacted by the construction of infrastructure to hold, release and divert the natural movement of water. I consider it appropriate for IPART to continue considering the environmental impacts of all parties who benefit from the regulation and extraction of water from river systems and aquifers.

The impactor pays principle is of particular importance when it comes to the construction and maintenance of infrastructure, such as fish passages, as a means to mitigate the environmental impacts

of regulating river systems. Such infrastructure is not a 'nice to have' investment for environmental outcomes. Rather, it is critical for mitigating the impacts on river systems that have been modified for commercially beneficial or other consumptive purposes. For example, the construction of three fishways in the Lachlan valley at Wyangala Dam, Marebone Break Regulator and Gunidgera Weir are again proposed to be deferred to provide a \$29.1 million cost saving measure for WaterNSW customers. This is despite them being a requirement under the *Fisheries Management Act 1994*, and being deferred over the past three price determination periods. Further deferral of these works is only likely to increase the cost over time, in addition to the environmental impacts caused by the delay in investment. It is also critical that fees and charges reflect the cost of investing in and maintaining this infrastructure.

As an environmental water holder, I operate for the public good and do not negatively impact river systems. Rather, the CEWH amongst other things operates to offset the environmental impacts of river regulation and water extraction. As such, I would like IPART to note that as a large customer of WaterNSW, the CEWH significantly contributes to the cost of these works when funded through customer tariffs. This in effect represents further Commonwealth Government investment to offset the costs incurred by consumptive impactors of the NSW rural river systems.

Question 13. What do you consider the most important issued relating to WaterNSW rural pricing structure

It is important to determine an equitable tariff structure that reflect the efficient recovery of the revenue required to sustainably maintain the services provided by WaterNSW to all customers. Given the significant proportion of fixed costs incurred by WaterNSW, tariffs must also consider a wide range of water availability and use scenarios in the recovery of that revenue.

Question 16. What are your views on the proposed approach to assessing efficient cost of the MDBA and BRC?

Further to my submission of June 2025, the review process undertaken by IPART must ensure future tariffs transparently includes adequate funding for river operations, the maintenance of infrastructure and the critical joint venture environmental functions undertaken by the Murray-Darling Basin Authority (MDBA) and the Border Rivers Commission (BRC). I encourage IPART to incorporate a review of the revenue required to properly support the function of these organisations, including the capital projects proposed by both the MDBA and the BRC.

Other matters

I note that IPART have acknowledged feedback from the CEWH regarding equitable access for all customers to alternative pricing models, including the 100 per cent fixed price tariff structure proposed for environmental water holders. If alternative tariff structures are to be considered, I would like to reiterate the need for IPART to explore the market implications for the trade of water products between parties that operate under different tariff structures as part of your forthcoming review.

Thank you for the opportunity to comment. If you wish to discuss this submission, please contact [REDACTED]

I look forward to your draft determination in March 2026.

Yours sincerely

[REDACTED]

Dr Simon Banks
Commonwealth Environment Water Holder

26 November 2025