



Australian Government

Commonwealth Environmental Water Holder



Our ref: EC25-002114

Ms Carmel Donnelly PSM - Chair
Independent Pricing and Regulatory Tribunal (IPART)
WAMC price review
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Dear Ms Donnelly PSM

Submission in response to IPART's draft report and decisions regarding WAMC pricing proposal

Thank you for the opportunity to provide feedback on IPART's June 2025 draft report on its *Review of prices for the Water Administration Ministerial Corporation (WAMC) from 1 October 2025 to 30 June 2028*. I write further to the submission of Dr Marcus Finn on 6 December 2024 regarding your *Review of Prices for WaterNSW regional and rural bulk water* (refer: EC24-002774) and my letter of 3 June 2025 regarding your *draft determination of WaterNSW bulk water service prices from 1 July 2025* (refer: EC25-001758).

In your *Review of prices for the Water Administration Ministerial Corporation from 1 October 2025 to 30 June 2028 Draft Report*, I thank IPART for publicly acknowledging the significant contributions of Commonwealth environmental water to environmental outcomes across the Basin. Recognition of the role environmental water plays in supporting river health, biodiversity, and resilience is vital to fostering shared responsibility and informed policy development. Improving the health of the environment through the management of Commonwealth environmental water contributes to the public good and sustainability of water resources in NSW, offsetting the environmental impacts associated with river regulation. I acknowledge that IPART has considered and reflected on the feedback provided in our earlier submission, particularly regarding the application of the "impactor pays" principle. We appreciate the recognition of the "impactor pays" principle as a core component of your pricing framework, which supports an equitable distribution of water management costs (and aligns with the National Water Initiative Pricing Principles).

We also appreciate your acknowledgement that implementing diverse pricing caps for different customers, based on their presumed pattern of use and ability to pay, establishes inequitable cross-subsidies within the water market. In rejecting the WAMC proposal to implement tariff increases of up to 15 per cent per annum for 'large customers' – as a rapid pathway to full cost recovery for their water management services – I note that IPART have instead recommended limiting increases to a maximum of 5 per cent per annum in each catchment, for a maximum increase of 15.8 per cent over the three-year period. While this is a reasonable outcome to manage 'bill shock' for customers, I look forward to engaging with IPART in your analysis of WAMC's cost allocation and pricing structures in your next pricing review, particularly in relation to its implementation of environmental water management services, which are provided in the public good.

I support the decision to adopt a shorter determination period, to allow for the review of WAMC's cost allocation and pricing structure prior to the next pricing review. A shorter period also provides greater flexibility to respond to evolving environmental water management needs and ensures that pricing structures remain fit for purpose in a dynamic policy and operational environment.

I would also like to express our continued interest in exploring alternatives to the current one-part tariff applied to unmetered water licences in unregulated and groundwater systems. As previously outlined in our submission of 6 December 2024, this structure assumes full utilisation of entitlements regardless of actual water availability and use decisions. This does not reflect the operational realities of environmental water management. We encourage consideration of a more flexible approach—such as a two-part tariff based on modelled take—that better aligns charges with actual usage and licence conditions in these systems. I further note that the Commonwealth does not use groundwater in the same way as extractive users, with groundwater allocations typically retained in aquifers for environmental benefit, which arguably have limited requirements for water management services.

In reviewing the draft report, we note that the presentation of proposed charges lacks sufficient granularity to enable a clear year-on-year comparison or a detailed assessment of cost impacts across the Commonwealth's diverse portfolio of water entitlements. For example, the tables in chapter 10 (Draft prices), provide a breakdown of the components of the tariff, however this is only presented for the 2027-28 water year. The tables provided in chapter 13 (Impacts of draft decision) provides a year-on-year example of price changes, but only for a scenario that aggregates the tariffs for a 500 megalitre entitlement and assumed water take of 60 per cent. The aggregation of entitlement and usage charges, along with MDBA and BRC components, makes it difficult to directly apply this to the Commonwealth's environmental water holdings and expected level of use. We encourage IPART to consider presenting charges in a more disaggregated format in future reports.

Finally, I reiterate the importance of adequate, sustainable funding for the Murray–Darling Basin Authority (MDBA) and the Dumaresq–Barwon Border Rivers Commission (BRC) to support infrastructure maintenance and renewal. Ensuring they are appropriately resourced is essential to the long-term sustainability of assets and the ongoing management of shared water resources.

I appreciate the opportunity to contribute to this process and look forward to IPART's final determination in September 2025. Should you wish to discuss the submission further, please contact

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Yours sincerely

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Dr Simon Banks
Commonwealth Environmental Water Holder
8 July 2025