

MDBA ref: D25/14720

Ms Carmel Donnelly PSM – Chair
Independent Pricing and Regulatory Tribunal (IPART)
WAMC Prices 2025-2028
PO Box K35
Haymarket Post Shop, Sydney NSW 1240.

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Dear Ms Donnelly PSM

Murray-Darling Basin Authority response to:

- **IPART Draft Report June 2025 – Review of Prices for the Water Administration Ministerial Corporation from 1 October 2025 to 30 June 2028 - June 2025**
- **IPART Draft Report May 2025 – Prices for WaterNSW Bulk Water Services – May 2025**

As the Executive Director, River Management, Murray-Darling Basin Authority (MDBA), I submit the following to the Independent Pricing and Regulatory Tribunal (IPART) to clarify and supplement the draft report's assessment of *"insufficient evidence to determine the efficiency of MDBA costs,"* by providing additional context, explanation and material.

Evidence base that supports a prudent and efficient budget

We disagree with the IPART's draft assessment on both the WaterNSW and WAMC determinations that relate to the sufficiency of the evidence base for MDBA (Joint Programs) activities. We believe we have provided a full suite of materials that clearly demonstrate the proposed Joint Programs work plan and budget is prudent and efficient. This evidence is summarised in **Appendix A** and provided in full across the accompanying attachments.

- Attachment 1 provides the MDBA Recommended Joint Programs Budget 2025-26 to 2028-29.
- Attachments 2 to 4 outline the key drivers and justification for the change from an annual process with a constrained budget, to a Joint Programs multi-year work plan (4-year) and uplifted budget that is prudent, transparent and efficient.

- Attachments 5 to 7 detail the frameworks used to guide and develop the Joint Programs multi-year work plan and uplifted budget.
- Attachments 8 to 12 provide the independent, internal and committee-based reviews and assessments that informed the budget refinement and finalisation.
- Attachment 13 provides the IPART commissioned independent review by Stantec of the WaterNSW and WAMC costs.

Shifting to a multi-year budget for the Joint Programs and implications for the IPART submissions

The MDBA provided initial information to the NSW Government on the 24 January 2024 to support the NSW IPART submission. Whilst this information was the best available at that time, we were clear it would be superseded by a comprehensive multi-year work plan and budget, aligned with the new budget and asset management frameworks.

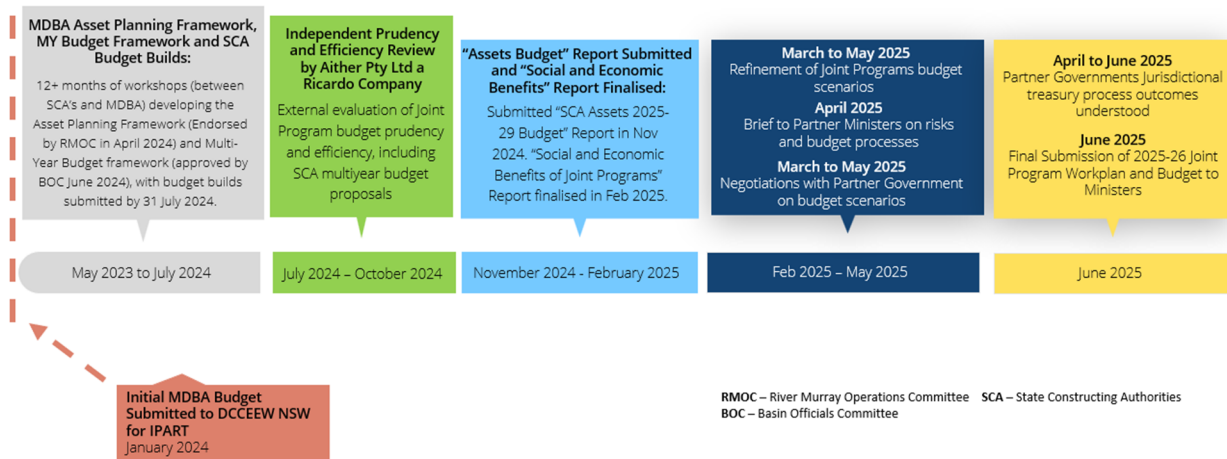
This approach, approved by the Ministerial Council, aimed to address the issues raised in the previous independent reviews of the Joint Programs including:

- The River Murray asset renewal ratio has been between 40-60%, well below the 90-110% target for financial sustainability set by the NSW, Victorian and South Australian Governments. This means that capital expenditure for asset renewal is currently one-third to one-half of the level required to sustain the asset base.
- Operation and maintenance expenditure for the infrastructure assets has been declining in real terms over time and is insufficient for the size and age of the asset base which is likely to increase delivery risks over time.
- The ability to deliver efficiencies will remain constrained whilst the program remains on an annual work plan and budget approval cycle. The proposed shift to a 4-year budget cycle combined with the investment uplift would enable the delivery of program efficiencies which are currently unattainable.

The multi-year work plan and budget build for 2025-29 was completed in early 2025. It was the result on extensive collaboration with the state constructing authorities and reviews by the Joint Programs jurisdictional governance committees and independent consultants. This process is shown graphically in the figure below. This new information was provided to IPART in quarter 1 and quarter 2 of 2025. The MDBA considers this the best available information on the expenditure needed to operate and maintain the River Murray System over the next four years.

We appreciate the challenges with providing new information in the middle of the regulatory pricing review, however, encourage IPART to draw on the best available information when considering the prudence and efficiency of the Joint Programs.

Multi-Year Budget Timeline



Impact of the three-year costs based on 2021 Determination + inflation

The MDBA recommended work plan and budget provides the most prudent and efficient (as independently verified) means of managing known and increasing high risks to work health and safety, water supply, community safety and the environment.

Without this investment uplift in asset renewal and replacement, the governments of New South Wales, Victoria, South Australia and the Commonwealth will collectively have to contend with potential asset failure and significant escalating risks to communities, economies and the environment.

With many assets near or past their engineered life span, deferring these investments into future years increases the overall financial burden and creates long-term affordability challenges for jurisdictions – and ultimately for customers and future generations.

Whilst each jurisdiction is responsible for determining how they respond to economic regulatory determinations alongside their respective treasury decisions, these decisions can affect the risk profile of all Basin governments.

Funding and therefore contributions for the Joint Programs is based on agreed Ministerial Council cost sharing principles found here ([Cost Shares Principles](#)). This means the annual budget for the Joint Programs can be limited to the cost shares that enables affordability by all jurisdictions. If one jurisdiction limits its funding, this can in turn limit the contribution required from the remaining jurisdictions.

If the NSW's contribution to the Joint Program over the coming years is constrained to the draft IPART determination level, this will affect the risks and benefits realised by all Basin governments. We encourage IPART to give consideration to the impact of ongoing constrained budgets on the shared risks and benefits of the Joint Programs. Further we encourage IPART to carefully consider the numerous independent reviews, requested by the Basin governments for the Joint Programs and the alignment of the IPART findings and advice in relation to these. These reviews have been provided in the attachments.

This portfolio of water regulating infrastructure, valued at \$5.3 billion (2024 replacement), delivers water security that underpins the health of the communities along the river and contributes regional and national economic activity in the order of \$52 billion per annum (gross regional product). There

are significant local, regional and basin scale benefits that are derived from the Joint Programs that should not be ignored.

Fit for purpose customer engagement

The MDBA considers its approach to customer engagement as fit for purpose in the context of our unique role and governance framework. The MDBA does not receive funding or recover costs directly from water entitlement holders. Rather the MDBA is funded through the contributions from the Basin governments. As such, our engagement is focussed on working closely with these governments through the long-established Joint Program governance committees.

Regarding the Joint Program budget development, this is subject to significant oversight through these established committees. These forms of engagement are relevant and appropriate to the context in which the MDBA operates and should be considered when applying the 3Cs framework.

Our state delivery partners play a key role in the on-ground delivery of the program including engaging directly with water entitlement customers and the boarder community. The MDBA also undertakes complementary on-ground engagement with water entitlement holders, communities and industries on issues related to river operations, environmental water delivery, water quality and the Basin Plan.

The MDBA has regional offices in many locations including Albury, Mildura and Murray Bridge. It employs 8 regional engagement officers, supports a Basin Community Committee and hosts regional community forums in addition to attending NSW customer advisory groups and other local forums.

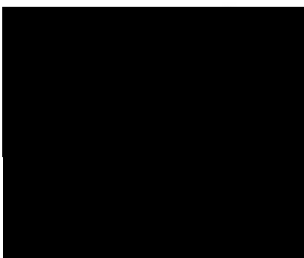
This approach allows the MDBA to incorporate broader stakeholder input into the Joint Programs portfolio planning and investment prioritisation, strengthening community alignment and support for the program.

Summary

In closing, the MDBA, as part of this submission, has provided a substantial body of documentation as evidence to provide justification, transparency and to enable IPART to assess the efficiency of MDBA costs. The MDBA seeks the opportunity to meet with IPART to address any outstanding information requirements and to better understand the IPART analysis that has informed the current draft determination.

Thank you for the opportunity to provide this submission. We welcome the opportunity for further discussion and encourage you to contact myself to arrange a time to meet.

Yours sincerely



30 June 2025