



IPART SUBMISSION

West Corugan Private Irrigation District

Response to WAMC and WaterNSW pricing proposal for the 2025 – 2030 determination period.

West Corugan Private Irrigation District (WCPID) supplies Stock & Domestic and General Security water to approximately 300 farms within our 220,000ha footprint surrounding the townships of Berrigan, Oaklands, Savernake, Rennie and Urana in the Murray Valley Region. This vital water supply supports the production of winter cereal and pulse crops; summer crops such as rice, corn and cotton; horticulture, dairy, hay and fodder; and livestock for meat and fibre.

Whilst West Corugan Private Irrigation District recognises and accepts that the changes to WaterNSW's operating license, additional regulatory obligations and increased operational costs may all contribute to the need to increase fees and charges over the next five years, West Corugan cannot accept that such changes necessitate price increases of the magnitude proposed.

The proposed cumulative increase for WAMC and WaterNSW charges, in the 2025 – 2030 determination period for the Murray Valley is as follows for a standard water user¹:

- High Security Entitlement Charge – 203%
- General Security Entitlement Charge – 191%
- Water Take Charge – 169%

If the proposed figures are used in a real-life WCPID situation², the WaterNSW and WAMC pass-through charges alone would increase by \$1.85M over the 5-year period, with no consideration for CPI increases or IIO charges!

WCPID members simply cannot absorb these costs, and it is unrealistic to assume on-farm productivity would be able to increase at the same rate necessary to cover these additional costs.

¹ IPART information paper, pages 19 -20

² Refer Table 1

**West Coruragan Private Irrigation District
2023-2024 Irrigating Season**

TABLE 1	ML	2024-25 Prices	\$
All Water Entitlements Held by WCPID	79462	\$ 7.71	\$ 612,652.02
Water Pumped - ML - Usage/Take	58380	\$ 6.89	\$ 402,238.20
Total WAMC & WaterNSW Pass-through charges			\$ 1,014,890.22

	ML	2029-30 Proposed Prices	\$
All Water Entitlements Held by WCPID	79462	\$ 22.47	\$ 1,785,511.14
Water Pumped - ML - Usage/Take	58380	\$ 18.54	\$ 1,082,365.20
Total WAMC & WaterNSW Pass-through charges			\$ 2,867,876.34

TOTAL PASS-THROUGH CHARGES INCREASE OVER THE 5-YEAR PERIOD **\$ 1,852,986.12**

WCPID believes such extreme price increases are not justifiable and can see no direct correlation having been demonstrated by WaterNSW between the exorbitant price increases and any better or more efficient levels of service expected to be provided by WaterNSW & WAMC in the future.

WaterNSW further state in their pricing proposal³, that the recovery of the true cost of services in the Cost Reflective Base Case, is not affordable for customers, or WaterNSW, without intervention. This demonstrates that WaterNSW is aware that the full-cost recovery model they are proposing is neither affordable nor viable.

WaterNSW has already acknowledged customers cannot be held responsible to pay for these imposed obligations and yet attempts to make them do so with the exorbitant price increases.

WCPID supports the recommendation put forward by WaterNSW, that IPART and WaterNSW jointly engage with the NSW Government to work towards finding a realistic pricing structure when setting out rural bulk water charges and WAMC charges.

West Coruragan Private Irrigation District believes that costs imposed upon WaterNSW under their new Operating license and additional regulatory obligations, including environmental projects such as the cold-water pollution solutions, fishways and other Government assigned projects should be funded by the relevant Government Departments.

³ Page 78, Table 12

WCPID does not believe it reasonable for the agricultural sector and Rural Valley communities, to cover an unfair share these additional costs.

Throughout the entire consultation process, the number one priority of our members, and indeed all members within the Murray Valley, has been to maintain water affordability. Our members are already facing increased cost-of-production, and increased cost-of-living expenses. Maintaining affordable water prices is critical to the future sustainability of our member's agricultural enterprises and the West Corugan Irrigation District as a whole.

WaterNSW has recognised the need to minimise costs and expenditure and has committed to delivering key outcomes for its customers: ⁴

- To maintain a downward pressure on costs to support customer affordability
- Provide secure and reliable water delivery
- Be open and transparent about customer charges and WaterNSW expenditure
- Drive sustainable water and land management
- Provide customer and community access to data and information
- Provide good customer experiences

However, the excessive proposed price increases are a total contradiction to WaterNSW's own stated aims.

WCPID supports the committed key outcomes and encourages WaterNSW to follow through on these commitments as they are integral to maintaining trust, good relations and the viability of all irrigation communities.

West Corugan also raises the question of the Irrigation Corporation Districts (ICD) Rebate currently paid to Private Irrigation Districts for work undertaken on behalf of WaterNSW. This is not mentioned in the WaterNSW five-year pricing proposal.

The Irrigation Corporations & Districts (ICD's) conduct activities that warrant a discount on WaterNSW's regulated bulk water charges in recognition of 'avoided' costs in not directly servicing a larger number of smaller customers. The avoided costs are calculated based on the services WaterNSW does not provide due to ICD activities.

The WaterNSW pricing proposal refers to its operating costs increasing, but the same cost increases apply to the Irrigation Districts undertaking work that directly reduces the work of WaterNSW.

⁴ WaterNSW Pricing Proposal page 15

I refer to West Corurgan's letter dated 21 June 2024 (attached) highlighting that the ICD rebate for 2024-2025 was reduced from the previous year, despite a CPI increase of 3.7%.

West Corurgan would ask that IPART seriously consider the valuable work ICD's undertake in reducing WaterNSW workload when setting the ICD rebate for the next five years.

WCPID understands WaterNSW & WAMC need to cover the costs of all aspects of supplying water to all customers both large and small. However, secure and reliable water supply at an **affordable price** must be the number one priority.

WaterNSW and WAMC must only set prices that would be reasonably likely to cover, but not exceed, the prudent and efficient costs of providing their services^{5/ 6}.

West Corurgan Private Irrigation District believes the 2025-2030 pricing proposals put forward by both WaterNSW & WAMC are simply ambit claims and would ask IPART to recognise this and to rigorously review their claims when setting a fair and reasonable pricing structure.

Peter Hamilton
General Manager
WEST CORURGAN PRIVATE IRRIGATION DISTRICT

⁵ Water Charge (Infrastructure) Rules 2010 (Cth) - Rule 29(2) (b)

⁶ Ministerial reference for WaterNSW's Murray-Darling Basin Services.pdf (accg.gov.au)

21 June 2024



Matthew Mansell

IPART

Director, Policy & Pricing Division

Water Pricing Team

IPART determination of Irrigation Corporation District Rebates (ICD)

2024-2025

Dear Matthew,

Thank you for your time, 20 June 2024, explaining IPART's role in determining the Irrigation Corporation Districts Rebate and providing links to key aspects of IPART Reports.

However, on behalf of the West Corugan Board of Management I would still seek clarification as to why the Irrigation Corporation Districts Rebate (ICD) has been reduced for the 2024-2025 year, despite the work required, and the costs associated in undertaking that work on behalf of Water NSW, increasing, not decreasing.

Irrigation Corporation Districts Rebate:

The Irrigation Corporations & Districts (ICD's) conduct activities that warrant a discount on Water NSW's regulated bulk water charges in recognition of avoided costs in delivering water to the ICD customers.

IPART review and determine the ICD rebate annually.

Water NSW may avoid costs, but the Private Irrigation Districts certainly don't.

IPART sets the Regulated River Water Prices and has applied the CPI inflation rate in determining these fees each year but has not also applied the CPI inflation rate to the ICD Rebate.

In fact, the Rebate has been reduced this year! \$38,262.00 to \$38,002.00 for 2024-2025.

Whilst I accept that the basis for the ICD Rebates is from the 2021 determination period, but so too are all fees and charges, to which IPART then determines the level of inflation and increases fees and charges each year based on that inflation rate. Should this same principle not be applied to the ICD Rebate?

The 2021 Report specifically refers to the costs Water NSW avoids and the services it does not provide due to the ICD activities:

West Corugan Private Irrigation District

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ICDs, located in the Lachlan, Murray and Murrumbidgee valleys, undertake activities such as billing, metering and monitoring for customers that are serviced within their irrigation distribution network. The structure of ICDs and their activities means that Water NSW services fewer large customers rather than many smaller customers.

..... rebates to ICDs to reflect Water NSW's 'avoided costs' of not directly servicing a larger number of smaller customers. The avoided costs are calculated based on the services Water NSW does not provide due to ICD activities..... These activities include billing, metering and compliance, telemetry installation and data transfer.

Whilst Water NSW may be avoiding costs, the wages and administrative costs of Private Irrigation Districts to provide the activities that Water NSW does not, are subject to inflation and these expenses have increased accordingly year-on-year. Therefore, the West Corugan Board of Management would question why the ICD Rebate should not also increase and definitely not decrease as it did for the 2024-2025 year.

IPART's 2021 Review of Water NSW's Rural Bulk Water Prices also referred to Water NSW implementing metering reforms:

Over the 2021 determination period, Water NSW will implement the staged non-urban metering reforms (see Chapter 14). The activities undertaken by Water NSW and the costs and meter charges associated with the reforms may significantly alter the costs avoided by ICDs, and hence the rebates.

It should be noted that West Corugan was involved in the metering reforms.

It was not a reform. It was a case of accept the State-owned meter or else they would remove it! Design and installation costs of a new meter amounted to approximately \$500,000.

To assist in making this decision, West Corugan requested maintenance data from Water NSW to establish ongoing costs if we were to take over their Accusonic meter, only to be told that under Freedom of Information they could not provide that information.

Prior to taking over the meter on 16 September 2021, West Corugan had written to Water NSW complaining about the lack of maintenance which we believed resulted in inaccurate readings.

For the entire 2023-2024 irrigation season we have been manually recording our pumping readings as the meter has not been working and which required all transducers to be replaced at a cost of \$55,000.

Naturally Water NSW saved on their costs, they passed all the meter maintenance costs (and problems) onto the end user.

West Corugan Board of Management strongly requests IPART to rigorously review the rationale and criteria behind determining the Irrigation Corporation District (ICD) Rebate during the September 2024 review of Water NSW's charges, with the view to increasing the ICD Rebate substantially.

Please don't hesitate to contact me if I can be of assistance and in the meantime, I look forward to your response.

Kind Regards

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WEST CORURGAN PRIVATE IRRIGATION DISTRICT

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