



# Summary of discussion at NSW Irrigator Council workshop

6 November 2025

## 1 Overview

IPART was invited to attend a session at the NSW Irrigators' Council annual general meeting (AGM) to present on its 2025-26 review of the Water NSW rural valleys prices.

IPART's Chair Carmel Donnelly PSM introduced the Tribunal members and key members of the secretariat in attendance and introduced the 2025 review of WaterNSW rural valleys.

The Chair gave an overview of the previous review of WaterNSW rural valleys that commenced with WaterNSW's pricing proposal in September 2024 and resulted in a short-term maximum price determination of prices from July 2025. She outlined some of the issues raised by stakeholders and the matters that the Tribunal will consider in more detail during this new review including the impactor pays approach and appropriate cost shares.

The Chair outlined the review timeline including that a discussion paper was released in October this year and we are holding 2 online workshop sessions, over the next two weeks.

The Chair confirmed that IPART will consider both previous submissions made during the 2024-25 review and new submissions made during the 2025-26 review.

Secretariat members then made short presentations on the review process, cost shares and our preliminary work on externality-adjusted prices.

The slides for the workshop are also available on our website.

## 2 Summary of Q&As and discussion points

The tables below provide a summary of the discussion points and questions raised during the discussion. These discussion points have been grouped into similar themes.

## Table 1 Questions and discussion points

**Counterfactuals and cost sharing approaches:** Discussion about counterfactuals included clarification of the meaning of the term 'counterfactuals', the reason for its use and ideas about alternative scenarios.

**In the cost shares framework what is meant by counterfactual?**

- Counterfactual is part of current cost shares framework (ie, it attempts to clarify and ensure consistency in how the impactor pays principle is applied).
- To attribute particular costs to particular impactors, IPART employs a counterfactual analysis which asks whether an activity would still be required if not for the existence of a particular user.
- The counterfactual starting point currently used by IPART is a world without high consumptive use of water resources.
- Water customers face the costs of the services they receive, including costs WaterNSW incurs to comply with environmental and other regulatory requirements in delivering those services.
- The impactor pays approach, and the counterfactual are intended to help ensure that WaterNSW rural valleys bulk Water customers do not pay for costs that WaterNSW would still incur in the absence of high-consumptive use of water (ie, if there was no need for WaterNSW to store and release bulk water to WaterNSW's customers).
- IPART's approach to price setting uses an impactor pays principle for consistency with the National Water Initiative (NWI) Pricing Principles.
- IPART is interested in other counterfactuals that may reflect the current information we have about water infrastructure.

**Under the counterfactual approach how is the impact of town water and flood mitigation water requirements considered?**

- For flood mitigation and town water where a dam is built for the primary purpose of flood control or town water, the downstream community (that benefits from the flood mitigation service provided by the dam) may be identified as an impactor.
- In such a case, the counterfactual analysis may indicate that a dam would have been built even if high consumptive water use customers did not require it.

**Will IPART also consider beneficiary pays as a method to determine who should pay?**

- Beneficiaries are an important consideration and are another way of examining the external costs and benefits associated with water use.
- This will be further considered in the current review.

**Consultants:** Discussion about how IPART plans to use consultants to assist with this review and opportunities for stakeholders to engage with the consultant's work.

**There is a large amount of work in a short amount of time for IPART.**

**Are you using consultants?**

**Will stakeholders have an opportunity to engage with the consultant's work?**

**Are these consultants the right organisation to help drive efficiency?**

- IPART has engaged consultants – Ernst and Young as part of the expenditure review and Houston Kemp as part of the cost shares work.
- Consultants augment the team's capability, but they provide advice in line with IPART's processes and methods for regulating water businesses.
- Consultant advice is one of the inputs to Tribunal decisions, but Tribunal is the ultimate decision maker.
- IPART's practice is to publish consultants reports and to seek stakeholder input. We will also consider opportunities for scheduling further workshops.

**Social impacts of prices:** Discussion about the types of social impacts IPART may consider when setting prices.

**Will IPART consider customers capacity to pay when determining water prices?**

**Could this result in assets being stranded?**

- As part of the one-year determination for WaterNSW IPART undertook some capacity to pay analysis. We will further examine this as part of this review.
- We welcome any information that stakeholders can provide to assist with this analysis.
- In the 2025-26 one-year determination, the Chair's Foreword addresses broader issues including sustainability of the operating model of WaterNSW. This is a question for government. We will consider if functions given to WaterNSW should be funded as Customer Service Obligations and rather than through service charges from customers, and what is the role of government?

**Irrigators were described as price takers who are unable to pass on the water price increases to their customers. Water price increases impact lower margin products like milk, rice and fodder, which a stakeholder said are not produced due to price of water.**

- IPART would welcome information and data about examples of products at risk due to price of water in submissions as well as any information about the broader community benefits of sustaining certain industries in NSW.

**Efficiency:** Discussion about how to ensure or improve efficiency through the prices.

**Observed that private operators can drive efficiencies, but risk averse organisations (such as State Owned Corporations) increase costs.**

**Can IPART drive fundamental efficiency improvements in delivery bulk water, and do you have the appropriate consulting assistance?**

- IPART is continually exploring ways to improve efficiency. IPART will consider how to drive efficiency improvements and it is also required by legislation to consider scope for efficiency improvements.

**Will you be reviewing the efficiency of NSW's share for Murray Darling Basin Authority (MDBA) and Border Rivers Commission (BRC) costs noting that these charges form a high proportion of some valleys water charges?**

- IPART will consider the efficiency of the underlying costs that are used to set the NSW Government's annual contributions to the MDBA and the BRC.
- IPART will review the capital projects proposed by the MDBA and the BRC and consider what proportion of their respective costs should be borne by WaterNSW's customers.

**Will IPART consider the impact of WaterNSW recent restructure and transformation process?**

- We are aware of the announcement, we will review the actual changes to opex from the transformation, however, it would not directly affect the way we set prices. IPART sets maximum prices that reflect our assessment of what an efficient business would need to deliver WaterNSW's bulk water services.

**Other issues:** Discussion on the consideration of regional prices and other considerations for this review

**WaterNSW proposed regional based prices**

- IPART would consider the social impacts of moving from a valley based pricing structure to a regional pricing structure. For example some users will avoid higher increases, others facing increases from other valleys.
- Then would consider the social impacts for primary producers, towns.

**Why is IPART interested in trends in water use (question 2 in the recent discussion paper)?**

- Understanding how trends in water use have changed will assist IPART when considering matters such as who are the impactors and beneficiaries, what are the cost drivers and changes in demand.