

13 May 2024

IPART
Attention Matthew Mansell
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E: [REDACTED]

Dear Matthew

IPART Annual Review of WaterNSW rural bulk water charges for 2024/25

Coleambally Irrigation Co-operative Limited (CICL) supports IPART's draft report which recommends increases in WaterNSW charges are limited to CPI from 1 July 2024.

CICL's interpretation of the WaterNSW application is it is a request for an increased revenue allowance above the 2021 determination to avoid future price shocks on irrigators and because of updated demand forecasts.

CICL does not agree WaterNSW in 2024/2025 will necessarily experience water sales substantially less than the volumes assumed in the 2021 determination. For the Murrumbidgee, the assumed water sales are only 3.6 percent less than the 2021 determination and the number of entitlements has decreased by a small amount (9,640ML).

CICL does not believe the forecast sales volume and reduced entitlements change is material.

As IPART have noted, actual usage in the last three years and forecast usage for 2024/2025 are above the 20-year average used to set prices in the 2021 determination. In addition IPART has correctly pointed out that the 2021 determination included a revenue volatility allowance intended to allow WaterNSW to insure against year-to-year variations.

CICL values the important role and work of WaterNSW, and its ongoing financial stability is paramount. CICL is aware of the significant work under way by WaterNSW to prepare for the next pricing determination including foreshadowing significant cost increases to irrigators.

The 2025 determination will be critical for WaterNSW, water users and IPART. The issues associated with avoiding future price shocks, raised by WaterNSW in their application for a water charge increase above inflation, are issues for the next pricing determination.

The 2025 determination must include a focus on understanding the benefits and drawbacks of different tariff structures for recovering the WaterNSW efficient costs and scrutiny of cost drivers.

CICL does not support IPART pre-empting the outcomes of the next determination as part of their annual review allowed under the Water Charge Rules 2010 (Cth) (WCR). CICL also considers that WaterNSW's request is inconsistent with the extent of changes permitted by the WCR.

If you would like to clarify the issues raised in this letter, please do not hesitate to contact

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Yours sincerely

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Julian Speed
Chief Executive Officer