

Background of Cowra Council Local Water Utility

Cowra Shire is a local government area (LGA) located approximately 230 km west of Sydney and 160 km north of Canberra. The major urban centre in the Cowra Shire is the Cowra township, along with a number of smaller villages including Billimari, Darbys Falls, Gooloogong, Morongla, Noonbinna, Wattamondara, Woodstock and Wyangala.

The Cowra Council Local Water Utility (LWU) operates five water supply schemes that service customers within the Cowra LGA, and portions of the Hilltops and Weddin Shire.

Lachlan River surface water supply:

- Cowra water supply scheme – currently provides potable water to the Cowra township, the southern distribution system into the Hilltops and Weddin Shire areas, Woodstock, and the locality of Westville.
- Darbys Falls water supply scheme – currently provides potable water to the Darbys Falls village.
- Wyangala non-potable water supply scheme – currently provides non-potable water to the Wyangala village.

Lachlan Groundwater

- Billimari non-potable water supply scheme – currently provides non-potable water to the Billimari village and portion of rural localities around Billimari.

Central Tablelands Water (CTW) water supply scheme – the villages of Gooloogong and locality of Pearce are currently supplied with potable water from (CTW).

Council's LWU holds a Local Water Utility Water Access Licenses (WAL6439), issued under the Water Management Act 2000, which relates to the water supply to Cowra. The following apply to the WAL:

- WAL license number WAL6439
- Category [Subcategory] Local Water Utility
- Entitlement 5,000 ML/year
- Water Source Lachlan Regulated River Water Source
- Water Sharing Plan (WSP) Lachlan Regulated River Water Source 2016
- Management zone That Part Of The Water Source Upstream of Lake Cargelligo Weir
- Works approval 70WA600007

As a result of the strategic planning for the water supply the Cowra LWU has modelled the average year demand as 2060 ML/year and dry year demand as 2360 ML/year.

Cowra Council Feedback on IPART Review of WAMC and WaterNSW Proposed Prices from 1 July 2025

Questions 1 and 13: How will the WaterNSW and WAMC proposed prices impact customers?

The combined WAMC and WaterNSW Lachlan Valley proposed prices will result in the following significant increases in annual cost of water to the Cowra Council LWU (refer Appendix A):

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Council Adopted Long Tern Financial Plan: Purchase of Water Expense	\$197,521	\$202,262	\$207,116	\$212,087	\$217,177	\$222,389
Total Estimate of WAMC and WaterNSW Prices	\$235,143	\$306,969	\$409,478	\$570,294	\$796,379	\$1,114,297

Questions 2 and 14: What factors should we consider so that prices are appropriate for different customer types?

When setting its water prices the Cowra Council LWU must take into account the ability of its customers to pay for residential water supply; a critical human need.

Council cannot continue to raise water prices to its customers to meet increased prices from WAMC and WaterNSW; the LWU Performance Monitoring database indicates that Cowra LWU is already a high price water utility relative to national median and state trends:
(reference: <https://water.dpie.nsw.gov.au/our-work/local-water-utilities/local-water-utility-performance>)

Performance monitoring database

The performance monitoring data dashboard below provides a comparison of all local water utilities in regional NSW.

[Assets](#) | [Connections](#) | [Environment](#) | [Financial](#) | [Health](#) | [Pricing](#) | [Water](#) | [Yearly_Trends](#) | [Glossary](#)

National Median
708.0

Weighted Median
702.00

Annual bill based on 200kL/a - WS

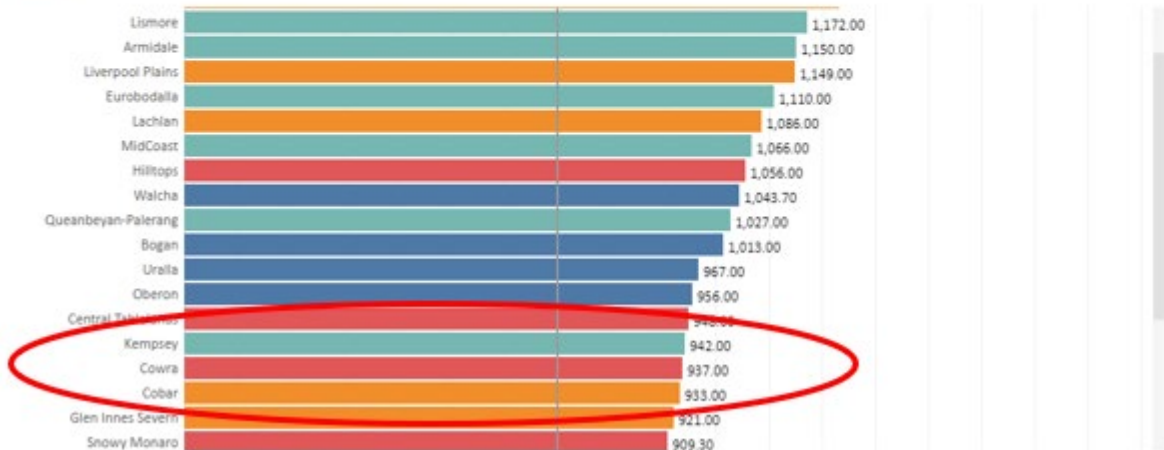
Units: \$/assmt

Annual water bill based on 200 kilolitre of water consumption

The data shows the nominal value of the selected report year

The weighted median is the median of the available validated data for the indicator with the number of connected properties applied as weights.

The national median is the median of available data from the latest national performance report. The included data is only for the LWUs with more than 10,000 connected properties.



The limitations of a LWU to pass on cost increases to its customers; particularly fixed charges which are levied regardless of water usage; must be a factor in setting appropriate prices for WAMC and WaterNSW for LWU town water licence holders.

Question 20: Would you prefer prices to remain stable over the determination period or do you support WNSW’s proposal for a revenue cap?

Question 21 If you are a Lachlan Valley customer how will the proposed changes to price structure affect you?

Up until the implementation of the ‘improved regulatory and assurance framework for local water utilities’ under the Town Water Risk Reduction Program in July 2022, the Council LWU has been regulated to a fixed proportion of income from its customers of only 25%; with 75% income to be recovered from usage charges.

This income proportion was regulated on a LWU the size of Cowra to ensure an appropriate price signal was sent to customers: reducing water usage reduces annual bills.

While the Council LWU can now transition to a higher proportion of fixed (access) charges, Council is at high risk of not receiving sufficient revenue over the Long Term Financial Plan period to recover its costs.

The proposed WaterNSW move to higher proportion of income from fixed charges (80% of income) in the Lachlan Valley further increases Council’s risk.

To minimise the financial risk of payment of high fixed charges to WaterNSW for the supply of water; regardless if water is used by Cowra Council LWU customers; Cowra Council LWU would need to increase its proportion of income from access charges (fixed charges) from its customers.

This will be a direct contradiction to the current pricing signal sent by Cowra Council LWU to its consumers: reducing annual water usage reduces annual bills. The flow on effects of this contradictory message could be:

- increased water demand leading to further costs for the LWU;
- additional capital cost to increase treatment and system capacity as demand increases.

Appendix A

	UOM	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Council Adopted Long Term Financial Plan (LTFP): Purchase of Water Expense		\$197,521	\$202,262	\$207,116	\$212,087	\$217,177	\$222,389
Proposed Pricing of WAMC and WaterNSW to Cowra Council:							
<u>WATER NSW</u>							
Entitlement HS Local Water Utility	\$/ML	\$146,200	\$258,950	\$348,600	\$490,000	\$689,250	\$970,050
Water Usage	\$/ML	\$74,799	\$31,415	\$42,292	\$59,452	\$83,636	\$117,708
Annual Scheme Management Charge							
<u>WAMC CHARGES</u>							
Entitlement HS Local Water Utility	\$/ML	\$6,950	\$8,000	\$9,200	\$10,550	\$12,150	\$14,000
Water Usage	\$/ML	\$4,553	\$5,232	\$6,015	\$6,922	\$7,972	\$9,167
Minimal annual charge	\$/PA						
<u>Other Pass Through Charges</u>							
WAMC - MDB Authority Entitlement	\$/ML	\$1,900	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300
WAMC - MDB Authority Usage	\$/ML	\$742	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071
Total Estimate of WAMC and WaterNSW Prices		\$235,143	\$306,969	\$409,478	\$570,294	\$796,379	\$1,114,297

	UOM	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Increase over Council Adopted Long Term Financial Plan: Purchase of Water Expense		\$37,622	\$104,707	\$202,362	\$358,207	\$579,202	\$891,908
Council LTFP Forecast LWU Income		\$8,241,733	\$8,477,099	\$8,723,495	\$8,984,269	\$9,252,868	\$9,529,530
Required Annual Increase in Council LWU pricing to Cowra consumers to meet WAMC / WaterNSW proposed prices (over and above CPI)			1.2%	2.3%	4.0%	6.3%	9.4%