

Independent Pricing and Regulatory Tribunal (IPART)

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Dear IPART Tribunal Members

PRICES FOR WATERNSW REGIONAL AND RURAL BULK WATER FROM 1 JULY 2026

I appreciate the consultation IPART has undertaken as part of this determination. I believe a lot of constructive work has been undertaken to begin to re-set WaterNSW prices, so they are more reflective of contemporary water-use. However, I do also believe further work is required.

The comments made in this letter reflect points raised in the joint-submission you have received from the three Riverina Irrigation Infrastructure Operators (IIOs): Murray Irrigation; Murrumbidgee Irrigation; and Coleambally Irrigation Co-operative Limited. The commentary in this letter highlights and reinforces the issues that are of specific relevance to Murray Irrigation.

I strongly support IPART recommending a 2-year determination for WaterNSW prices. I note some critical work remains outstanding, regarding: (i) the potential future structure of WaterNSW as an organisation; (ii) potential irrigator contributions to future cost-share structures; and (iii) the likelihood of there being a dedicated *government service activity* going forward. Two years is a reasonably bounded timeframe to complete this work, and will ensure these components can be satisfactorily settled ahead of 1 July 2028.

As such, I believe any determination above 5 % (plus CPI) would be too high. Given the outstanding foundational work described above, an increase above 5 % (plus CPI), risks locking in prices for Murray Irrigation's customers that don't reflect their actual use of WaterNSW services. If an IPART determination for 1 July 2026 results in customers being overcharged, I imagine this would be extremely difficult to wind-back at a future point in time.

The reform uncertainty that remains further exacerbates concerns raised in the joint-IIO submission regarding the proposed Demand Volatility Adjustment Mechanism (DVAM), as well as IPART's suggested true-ups. I strongly endorse the joint-IIOs recommendation to reject both the DVAM, and the suggested weighted average cost of capital (WACC) true-up in particular.

I further believe that 5 % (plus CPI) avoids the significant social impacts that are expected to arise from higher price increases. It's the fairest way to move forward given likely farm affordability challenges over the next few years. As noted in the joint-IIO submission, farm input costs have significantly increased in recent times. Reflecting concerns raised in the submission, irrigators in Murray Irrigation's footprint have also been exposed to sharp increases in costs for automotive fuel, diesel, transport, and fertiliser.


In addition, I believe it's important to highlight that Murray General Security licence holders currently have an allocation of 22 %, with only six weeks of the current water year remaining. The NSW Government has also advised that under its current assessments, there will be no opening allocation for General Security licences at the commencement of the 2026-2027 water year.

As such, any increase above 5 % (plus CPI) would unnecessarily worsen the affordability strain described above, especially given the true irrigator contribution to WaterNSW costs is not currently known.

More broadly, I strongly support commentary in the joint-IIO submission regarding Irrigation Corporation and Districts (ICD) rebates. The ICD rebate is critical for acknowledging the services that IIOs perform on behalf of WaterNSW – and importantly, the avoided WaterNSW costs associated with these services.

I agree that the avoided cost methodology remains reasonable in principle; however it does not reflect the activities performed by modern IIOs. I also agree that ICD rebates should increase in line with general price increases. For example, Murray Irrigation's ICD rebate appears to reduce by approximately \$20,000 over the period proposed by IPART in its draft decision. This is difficult to understand given the general theme of upwards cost-pressure that characterises this price period in particular.

Once more, I thank Tribunal members and IPART staff for the level of consultation that has taken place over the course of this price period. Murray Irrigation looks forward to continuing to work closely with all of you as we head towards a final price determination for 1 July 2026. We would welcome further engagement with IPART staff before the final decision, and on the broader reform work that follows.



Ron McCalman

CEO