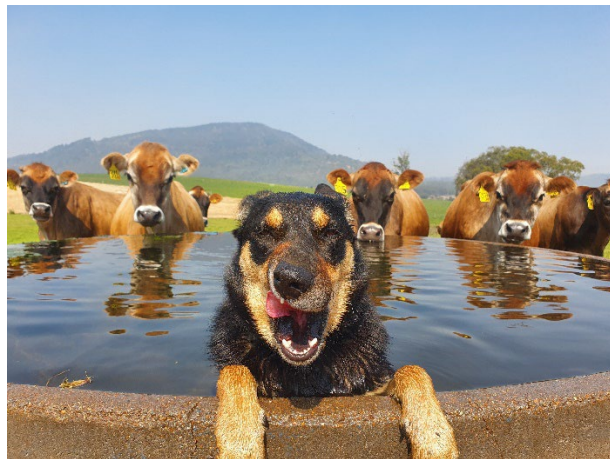


DAVID WILLIAMS



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IPART ISSUES PAPER: IPART IS REVIEWING PRICES FOR
WAMC AND WATERNSW 1 NOVEMBER 2024



Introduction

My name is David Williams, and together with my family, we operate a 330-cow dairy farm situated on the regulated Paterson River in Vacy, located in the Lower Hunter region. Our operation benefits from a 1000ML water allocation, which is vital to our farm as we irrigate approximately 140 hectares. Irrigation plays an essential role in maintaining the success of our business.

We are currently contracted to Lactalis Dairy, with 2.5 years remaining on our contract, ensuring that our income is secure for the immediate future. However, over the past 12 months, our income has declined due to a decrease in cull cow prices.

I have been an active member of the Coastal Valleys Customer Advisory Group (CAG) for several years, and I was also involved in the Coastal Water Working Groups.

Lack of Consultation

I would like to begin by clarifying that I hold no animosity toward any individual staff member of the involved departments. While improvements have been made with the current water determination, there is still significant room for improvement, particularly in terms of transparency.

A prime example of this lack of consultation was the announcement regarding the pump hydro at Glenbawn and Glennis Creek Dams. As a member of the Coastal CAG, I was unaware of this project until it was publicly tendered and later released in the media. Furthermore, this project was not raised during Coastal Working Group meetings. There is also a lack of clarity around the pipeline project from Lostock to Glennis Creek. Water users have not been informed as to whether their contributions are funding these investigations. What else is being withheld from the public?

Additionally, there is a concerning lack of transparency when it comes to the accounting of water prices. The varying pricing across different valleys makes it difficult to determine if the operating costs of WaterNSW are being equally distributed. With numerous staff overlaps across regions, this inefficient and expensive operational structure raises questions about its effectiveness.

Communication regarding the pricing determination has been minimal, with a vague email directing users to the IPART website, where relevant pricing information is buried in thousands of pages. The absence of clear communication via plain-language emails from WaterNSW, DCCEEW, and NRAR suggests that these departments are not keen to share the details of the substantial price increases with water users.

The Coastal Water Working Group, in my opinion, was skewed against water users and was designed to gather information to secure a favourable outcome for the departments. Despite our feedback on pricing, it appears that the concerns raised were ignored in favour of the departments' narratives. By the end of the final session, I felt disillusioned with the process.

Even though the Coastal CAG received updates from WaterNSW, DCCEEW, and NRAR on pricing proposals, we were unable to present these to other water users until a final determination was published. This determination only appeared on the IPART website, leaving farmers with little time to respond during the busiest season of the year.

I have engaged with WaterNSW and NRAR at field days like Tocal and AGQUIP, yet pricing was never mentioned. At AGQUIP, when I specifically inquired about pricing, I was told no information was available. This highlights the ongoing issue of one-sided consultation, with information only shared on a "need-to-know" basis.

Unfair, Unaffordable, and Insulting Pricing

The suggestion that a 15% increase in the first year and compounding to over 100% by 2029 is manageable is frankly insulting, especially when your income remains stagnant. For many farmers, this represents an unexpected financial burden. Amanda Jones from DCCEEW's comment during the IPART public hearing, where she stated that water users "have the capacity to pay," was particularly concerning. I can assure you that neither I, nor most farmers in this area, have the capacity to absorb such price increases. Even a modest increase would have many farmers questioning the viability of their irrigation operations, particularly after a significant drop in beef prices over the past 18 months.

Irrigation is crucial for producing the majority of the feed for our cows. Under the current pricing model, our minimum water bill is \$79 per day, or \$28,960 annually. The 2029/30 pricing proposal would raise this to \$164 per day, or \$60,010 annually. If we irrigate and use 6ML per day, our daily cost will rise from \$229 to \$511. In a drought year, if we use our full allocation, the total cost could escalate to \$118,010—not including the additional burden of CPI adjustments. This represents a staggering 426% increase since 2021.

Adding to this financial strain is the requirement for coastal water users to install meters. For my farm, this will cost an additional \$40,000. The current pricing structure is complicated, with varying prices for different valleys and different user types, such as inland versus coastal, regulated versus unregulated, or bore users versus small users. This pricing structure seems inequitable, especially when considering that smaller users, who have lower per-unit costs, are often more expensive to service.

Furthermore, Basic Landholder Rights (BLR) users—who number in the thousands across the state—pay nothing for their water access, despite having the highest water security. Their collective water usage has a significant impact on the system, yet it is not accounted for in pricing determinations.

Another concern is the lack of detail regarding joint partnership arrangements such as holiday parks and dams that charge day visitors.

Will IPART be visiting land leasing costs regarding projects such as the pumped hydro and possibly other renewable projects or will this burden of cost recovery fall to water users?

Concerns Regarding WaterNSW, DCCEEW, and NRAR

It is troubling to observe that the only time these departments cooperate is when WAMC fees are involved. Between pricing proposals, there has been no effort to streamline or simplify operations, and each agency seems reluctant to address issues affecting water users. Specifically, WaterNSW appears to be "double-dipping" by charging exorbitant administrative fees for what is often a minimal, keyboard-based operation. This leaves ample room for cost-saving measures.

DCCEEW, meanwhile, appears to have an anti-agriculture stance, particularly when it comes to Hunter Valley water users. Examples include their pursuit of a cease-to-pump order for tidal water users, their reversal of the 30% harvestable rights on the coast, and the slow progress of environmental water releases in the Hunter. Furthermore, when discussing environmental releases, DCCEEW has been quick to consider every small interest group, but has failed to adequately address the concerns of water users.

While DCCEEW may prioritize environmental concerns, it should not be funded at the expense of water users. The lack of transparency in how user funds are allocated raises significant concerns. Water users should not be expected to shoulder the environmental costs of DCCEEW's operations, especially when their policies seem to be influenced by a culture of agricultural ignorance, or worse, anti-agriculture bias.

NRAR has failed to meet the needs of coastal water users, particularly when it comes to implementing the metering rollout. Despite some success in addressing historical water theft, their current enforcement efforts have been minimal compared to the number of active water users. The cost of identifying and addressing each breach is disproportionately high, making it an inefficient use of NRAR's budget. Additionally, the fact that 35% of NRAR staff are based in Sydney only adds to operational inefficiency, with travel time consuming valuable resources. NRAR's reports also appear to be more focused on presenting a more favourable image than on effectively addressing the real issues water users face.

In conclusion, the current water pricing and management system is inequitable, unsustainable, and unaffordable for many water users. Greater transparency, consultation, and fairness are urgently needed to ensure that the agricultural industry remains viable in the face of rising costs.

I am deeply disillusioned with this process. If IPART approves even a modest price increase for the agencies, it will seriously jeopardize the viability of our farming operation. Previously, I have never doubted our ability to continue farming, but now it feels increasingly unfeasible. This situation threatens the sustainability of our livelihood.

Yours Sincerely *David Williams*