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Lachlan Valley Water Inc

ABN 38 597 032 631 Sustainable, productive and efficient water use in the Lachlan Valley

Submission to IPART

Regarding the Issues Paper for WAMC and WaterNSW Proposed Pricing

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SUBMISSION ON THE IPART ISSUES PAPER REGARDING THE PRICING PROPOSALS FOR WATERNSW AND WAMC

Executive Summary

This summary examines the challenges and implications of increasing irrigated water costs in New South Wales, focusing on the agricultural sector's critical need for accessible water to maintain productivity, food security, and rural community wellbeing. The summary considers the impacts of the NSW "Impactor Pays" model, regulatory inefficiencies, and overlapping compliance requirements, providing an analysis of alternative models for water pricing and management. The summary also explores the role of the Independent Pricing and Regulatory Tribunal (IPART) as a potential leader in driving innovative water policy and offers policy recommendations to balance economic sustainability, environmental responsibility, and fair access for farmers.

The rising cost of irrigated water in New South Wales (NSW) has become a pressing issue for the state's agricultural sector, which relies heavily on affordable and reliable water access to produce food and fibre for the nation. This summary argues that the current model of water pricing and regulatory framework not only jeopardises farmers' ability to remain viable but also risks the stability of Australia's food supply and rural economy.

The Murray-Darling Basin, where much of NSW's agriculture is concentrated, produces over 40% of the nation's food and fibre and generates approximately $24 billion in annual revenue. This region's agricultural output is essential not only to the NSW economy but also to national food security. Farmers in this region face multiple regulatory and financial burdens, including the NSW "Impactor Pays" model and an array of overlapping regulatory requirements. These factors contribute to the complexity and cost of water access, which strains the agricultural sector and regional communities. By addressing these challenges, IPART has an opportunity to shape a more sustainable and balanced future for water policy in NSW.

The Importance of Agriculture in the Murray-Darling Basin.
The Murray-Darling Basin is a cornerstone of Australian agriculture, supporting more than 7,300 irrigated farms and producing nearly 90% of Australia's cotton, 40% of its fruit, and a significant share of vegetables, grains, and dairy products. This area's agricultural activities contribute over $60 billion annually to the Australian economy and provide more than 250,000 jobs, particularly in rural and regional areas.

However, policy failures such as the implementation of the Murray-Darling Basin Plan have introduced significant challenges. Despite an estimated $13 billion investment, the plan has not met its targets, and agricultural water availability has decreased. This summary emphasises that the rising cost of water further threatens the productivity and economic viability of this critical region.

The NSW "Impactor Pays" Model and Its Misalignment with the National Water Initiative.
In New South Wales, the "Impactor Pays" model charges water users based on their perceived impact on water resources. While intended to encourage responsible water use, this model effectively penalises farmers who require water for essential agricultural activities. The "Impactor Pays" approach is at odds with the National Water Initiative (NWI), which advocates for a "user pays" model, where charges reflect the cost of supplying water rather than penalising users for their necessary water needs. It must be acknowledged that people

and organisations beyond farming benefit from water storages and infrastructure yet are not required to “pay” for it like farmers. Towns and town tourism economies that are influenced by storages such as Cowra/Wyangala and Lake Cargelligo along the Lachlan River have little financial input into the maintenance and construction costs of water infrastructure.

Implications for Farmers: The "Impactor Pays" model increases financial pressure on farmers who must pay additional fees despite using water responsibly and sustainably. This summary suggests alternatives such as a “Cost Recovery” model, where farmers pay only the direct costs associated with water delivery, or a “Sustainable Use Incentive” model, which rewards farmers for adopting water-saving measures. These approaches align with the NWI's goals, promoting fair and economically viable water access while supporting both environmental objectives and the sustainability of agricultural enterprises.

IPART’s Role as an Innovator in Water Policy

IPART has an opportunity to go beyond its traditional role as a regulator and act as a catalyst for innovative, long-term solutions to water pricing and management. Instead of simply setting prices, IPART can play a vital role in exploring and mandating/implementing sustainable policies that support both the agricultural sector and the environment.

Proposed Policy Innovations:

1. **Investment in Water-Saving Technologies:** By mandating funding water efficiency and storage projects, IPART could help farmers manage resources more effectively, especially during periods of drought.
2. **Predictable, Long-Term Water Management Plans:** Establishing stable water allocation frameworks would allow farmers to plan their operations without the uncertainty of abrupt policy changes.
3. **Sustainable Use Incentive Programs:** Rather than imposing additional fees, IPART could consider a system to reward farmers who employ sustainable practices, helping to save both water and costs.

If IPART encourages these innovative approaches, it could play a pivotal role in building a resilient, sustainable water policy framework that benefits the NSW agricultural community and the nation as a whole.

Prioritising Farmers’ Water Needs for National Food Security

Farmers are stewards of the land and providers of food and fibre. Agriculture is a significant contributor to the national economy and a key component of Australia’s food security. Every increase in water costs and every restriction on access threatens to weaken the food supply chain and drive-up food prices for consumers. By ensuring that farmers’ essential water needs are met, and met for reasonable costs, IPART can help secure the affordability of food and the stability of the national food supply.

Prioritising farmers’ water needs also supports rural economies, which depend on agricultural stability for employment and growth. This summary argues that water policy must recognise the essential role of farmers, placing their needs at the forefront of decision-making.

The Burden of Over-Regulation on the Irrigation Community

Farmers in NSW are currently subject to a range of overlapping regulations that impose significant financial and operational burdens. For example in the recent WaterNSW Operating Licence Review, IPART determined additional policy requirements such as Domestic Violence Handling for Call Centre staff which adds additional costs to WaterNSW. Additionally, WaterNSW has had set up a concierge service for Duly Qualified Persons (to support a very expensive metering roll out) due to the failures of the system, again, adding in additional costs. IPART needs to better understand the water space and look to reduce regulatory burden, not increase as it has been.

Examples include:

- **High Cost of Regulatory Burden**:The adminstative changes in licenceing have been significant especially in low-risk situations compared to other licensing/regulatory bodies; for example water trading which is low-risk WaterNSW cost over $1200, whereas to complete trade Land Registry Admin charge only $160.

- **Environmental Watering and Water Sharing Plans:** Farmers must navigate both Commonwealth Environmental Water Holder (CEWH) guidelines and NSW water-sharing plans, which often impose conflicting requirements on water use. Water Sharing Plans which conflict with EPA rules as well as environmental impacts.

- **Redundant Reporting Obligations:** Farmers are required to submit water usage reports to multiple agencies, including the DCCEEW, WaterNSW, and the Murray-Darling Basin Authority (MDBA). Each agency has its own reporting format and schedule, creating additional administrative burdens.

According to the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), administrative compliance costs can amount to thousands of dollars per farm annually, diverting resources that could otherwise be invested in improving productivity and water conservation.

Simplifying Regulation: Policy Recommendations
This summary proposes several strategies to simplify regulation and alleviate the administrative burden on NSW farmers:

1. **Streamlined Licensing and Reporting across all agencies.** For example, **c**onsolidating Water Access Licenses and Water Use Approvals into a single application would eliminate redundancies, simplify compliance, and reduce costs.

2. **Unified Water Allocation Framework:** Establishing a predictable water allocation plan would allow farmers to make long-term plans, particularly during drought periods, and ensure that their essential water needs are prioritised.

By mandating implementation of these reforms, IPART can support agricultural productivity and sustainability while reducing unnecessary costs and complexities for farmers.

Water is more than a commodity for farmers in NSW; it is essential to food security, the rural economy, and the wellbeing of communities across Australia. IPART has a rare opportunity to drive positive, long-term change in water policy, establishing a sustainable, farmer-first approach that supports agricultural productivity and environmental responsibility.
Lachlan Valley Water INC emphasises that IPART should act not only as a price regulator but as a proactive leader in reducing regulatory burdens and costly legislation, advocating for efficient water use, and developing fair pricing models. By championing sustainable, innovative solutions, IPART can secure the future of NSW agriculture, strengthen food security, and benefit the entire Australian economy.

1. Introduction

Lachlan Valley Water (LVW) welcomes the opportunity to make a submission on the WAMC and WaterNSW Pricing Proposal. Lachlan Valley Water is an industry organisation representing surface water and groundwater licence holders in the Lachlan and Belubula valleys. Membership of LVW is voluntary and our some 450 members represent all categories of licences except for those held by environmental water managers. While this submission is made on behalf of our members, individual members may also make their own submissions.

2. Overview

WaterNSW has been transparent about the intense pressure on its revenue requirements in this next 2025-2030 pricing determination period in its exhaustive engagement with customer advisory groups and water working groups over the last 20 months. Cost drivers outside WaterNSW's control include rising capital expenditure costs for infrastructure; rising operational costs including interest rates, energy, insurance and construction costs; and, additional requirements IPART has added to the WaterNSW operating licence such as data sharing between agencies, floodplain harvesting related functions, communications and monitoring.

Drivers inside the NSW Government's control include land tax; WaterNSW dividends to Government; and expecting rural water customers to pay the costs of public good policies, programs and projects such as fish passageways and cold-water pollution. At the same time, the lion's share of costs are apportioned to rural water licence holders under IPART's impactor-pays principle. The WaterNSW 2025-2030 pricing proposal still has customers covering 80-100 per cent of operating and capital costs.

Similarly, WAMC's revenue requirements are ballooning faster than farmers' capacity to pay. Even with WAMC's proposed reduction in the customers' notional share of costs from 79% to 42%, WAMC is still seeking to raise $371.6 million from customers over the next pricing determination, compared with about $204 million over the 2021-25 determination period, an 82% increase. WaterNSW has also sought to reduce the bill shock of it 21-24% per year plus CPI pricing proposal with alternate scenarios to cap prices at 15 per cent a year plus CPI, if the NSW Government agrees to some cost saving measures. However, 15% per year plus CPI still amounts to WaterNSW prices more than doubling on average across the State; this is still unaffordable for most water licence holders.

The impactor pays model is unjust, as it forces irrigators to pay for public goods that are enjoyed by the wider community. Water in NSW is managed for multiple purposes, including the health of the environment and wellbeing of communities, but it is licence holders who are expected to pay the majority of this cost.

Secondly, the WAMC budget has exploded due in many parts to failed government reforms. Despite efforts of irrigators to comply with new rules, failed rollouts are ultimately being paid for by irrigators through increased charges. The fundamental problem here is not how pricing is structured, but the fact that WaterNSW and WAMC revenue requirements are ballooning faster than the capacity of its customers to keep paying more, while IPART's impactor-pays principle shifts an ever-greater proportion of those ballooning costs onto rural water users, primarily farmers. This is not a sustainable business model by any measure.

3. Responses to IPART's Issue's Paper Submission Template Questions

Question 1. How will WAMC's proposed prices impact customers?

WAMC's revenue requirements are ballooning faster than farmers' capacity to pay. Even with WAMC's proposed reduction in the customers' notional share of costs from 79% to 42%, WAMC is still seeking to raise $371.6 million from customers over the next pricing determination, compared with about $204 million over the 2021-25 determination period, an 82% increase.

The proposed price increases for the 2025-2030 pricing determination period dwarf the steep price increases and higher customer cost shares imposed in the 2021-25 pricing determination, when WaterNSW bulk water charges were increased by an average 29 per cent for entitlement charges and 31 per cent for usage charges over the four-year period, plus CPI. Additionally, many water users also experienced significant WAMC price increases in 2021, compounding the pressure on their profitability.

In short, the proposed WAMC and WaterNSW prices if accepted, will drive most irrigated agricultural businesses out of the market and cause them to "shut up shop" for good.

Question 2. What facilities should we consider so that prices we set for WAMC are appropriate for different customer types? How well has WAMC considered these factors in the development of its proposal?

A robust analysis would break down the 13,000 licences WAMC claims can afford to pay 15% per year plus CPI into the small, medium and large customer categories in Tables 100-108 (pp218-223), to provide a clear line of sight on many licences fall into each category.

The next step would be to align these small, medium and large customers with the ABARES profitability deciles. This would likely demonstrate that most of the 13,000 licences are held by small and medium customers who are definitely not in the top decile, and probably not even the second, third or fourth. On this measure, perhaps only the top 1% of licences controlling 65% of the water volume may fall into that top ABARES profitability decile; we just don't know because WAMC has not done the work.

Lastly, the profitability of irrigated broadacre cropping is not a suitable proxy for the profitability of all other irrigated agricultural production, and therefore the affordability of WAMC's 15% increase for the 13,000 licences it deems to be 'larger' water users. Just because a large cotton grower with a large water entitlement over 1000 ML may be highly profitable, doesn't mean a small water customer with 100 ML or a medium customer with 500ML growing fruit, vegetables, pasture, dairy and a range of other products can similarly afford higher charges.

Question 3. Do the proposed 2.5% and 15% caps on prices strike the right balance between cost recovery and impacts of customers

WAMC proposes that the capped 2.5% increase from the 2021-2025 pricing determination be maintained only for those licences paying the Minimum Annual Charge (MAC). It proposes a 15% per year (plus CPI) increase for WAMC's water entitlement and water take prices applying to 'large' water licences on the assumption those holding larger licences can afford to pay so much more.

The 2025-2030 WAMC proposal states NSW has 40,000 water licences. Of these, it says about 27,000 are paying the Minimum Annual Charge that is proposed to increase by only 2.5% a year. Implicitly, pricing in Tables 97 and 98 on p216 in the WAMC proposal suggest all 27,000 licences can be categorised as very small water customers with a 10ML entitlement and 10ML take.

The idea that farmers can readily absorb costs masks the impact on vulnerable industries (dairy, rice) and the effect of drought on profitability. These price increases would leave many farmers vulnerable and incapable of managing the impacts of reduced water allocations during a dry period. Robust analysis would align the WAMC/WaterNSW customer categories of those holding very small, small, medium and large licences, against the profitability and other metrics relevant to the agricultural production linked to those licences.

Affordability analysis would also take account of the additional costs imposed on rural water customers to comply with WAMC and WaterNSW reforms such as the non-urban metering policy roll-out. Water users are not only paying through their water bills for the blowout in Government's costs due to impractical and efficient reform design and implementation, but additional costs incurred through delays, supply chain and technical issues rooted in the policy's poor design. The costs have run into the tens and hundreds of thousands of dollars, further eroding profitability.

Question 4. What do you think about WAMC's engagement process? Do you think WAMC has engaged effectively with customers and stakeholders?

Not at all. LWC feels that WAMC essentially "turned up" to water working groups and advised what was planned and spent most of the time trying to justify their existence and their roles. LVW believes that targeted engagement with water users through a series of workshops and information sessions held in rural communities would have been a far better method of engagement to get a realistic understanding of water users needs. LVW is curious to know how much money was spent paying consultants and working group participants, and how that money could have been better spent in reducing water related charges.

Question 5. Did WAMC's consultation process target the right stakeholders, and was an appropriate level of content provided to stakeholders so they could meaningfully engage with it?

Not at all. LVW feels the engagement was too broad and allowed non-water users opinions, the same weighting as water users. LVW feels that its easy for non-water users to support increased pricing when they don't have any "skin in the game" is paying WAMC fees. This was evident in the example of the Nature Conservation Council's attempted high-jacking of the IPART Public Hearing in November 2024 to promote their own agenda of pricing irrigators out of the market. LVW believes that until the "impactor pays" model is reviewed, the "impactors" opinions and feedback from those considered as impactors should carry more weight, and ideally be the only ones considered relevant to pricing discussions.

Question 6. Did WAMC consult sufficiently with Aboriginal peoples and communities? What First Nations priorities should be considered in IPART's determination?

LVW is unsure of WAMC's consultation with Aboriginal people and communities, as we didn't see any evidence of this during consultation with the broader community groups and can only assume any it was conducted separately and in isolation to the broader consultation. LVW is concerned however with the emphasis being placed on Aboriginal people and communities regarding engagement and policy determination, and believe that all stakeholder views should be considered equally.

Question 7. Are WAMC's customer outcomes and metrics appropriately ambitious yet achievable? Do they incorporate what stakeholders said was important to them?

Not answered.

Question 8. Does WAMC's proposal represent a reasonable and efficient balance of costs and service levels, and does it align with customers' willingness to pay?

While WAMC's responsibilities have undoubtedly expanded, LVW feels that the pace of reforms has been hasty and poorly coordinated, with little time allowed for proper consideration and reform design. In short, the Department is trying to do too much, too quickly, not doing any of it well. The result is ballooning costs that water licence holders are expected to cover. It is evident the work program over the next five years must be reviewed, with low priority programs being delayed so that important reforms can be executed properly. In recent years, LVW has witnessed reforms being placed on top of one another, without first assessing the impacts of previous reforms.

'The majority (85%) of WAMC's notional revenue requirement (NRR) is comprised of operating expenditure, primarily related to labour (remuneration and salary on-costs), travel, consumable equipment and the contracting of services'. There is little detail on how this money is allocated so it is difficult to assess efficiencies.

As part of this pricing determination, WAMC must re-assess its work program and prioritise the most important reforms. Cost blowouts of the magnitude seen in the latest budget can be better managed by triaging its program and not attempting multiple, at times, overlapping reforms.

Question 9. How would the proposed metering charges affect you?

It must be remembered that no one charge should be looked at in isolation; rather IPART must consider the culminative affect of all proposed fees and charges affecting water users, including those outside of the current WAMC and WaterNSW pricing determination. The cost of installing metering, maintaining telemetry equipment, increasing restrictions on use of land, all being driven increasing regulatory and legislative costs (ie, are not normal operational costs water users) contribute to the deluge of additional costs water users are expected to absorb in order to continue operation. None of these improve the bottom line of the business; impact the growing effort required to maintain compliance (and in an environment where compliance requirements are consistently increasing) increases producers operational downtime as they are forced to spend increasing amounts of time meeting compliance requirements.

Question 10. How would the proposed consent transaction charges affect you?

Consent transaction charges are separate fee-for-service charges designed to recover the efficient costs of WAMC activities. In the 2021 determination period, WaterNSW general under-recovered the costs of these charges.

The WAMC pricing proposal notes the adoption of the Water Licensing Improvement Program will result in expected savings of $1.13 million or 20% over 10 years, and Digital business improvement strategies like the Water Market System (WMS) will result in 12% efficiency saving for relevant transactions.

WAMC proposes that consent transaction charges be cost-reflective. As they have fixed costs, the number of customers using the transaction. Considering the strategies implemented above, savings should be passed on to customers. Concerningly, however, WAMC did not directly consult on these charges with Customer Advisory Groups, despite these costs being a key concern. We recommend that all low-risk administration-based fees and charges should be made affordable and transparent. Costs must not be prohibitive for agricultural water users who want to comply with their licence requirements.

The fees WaterNSW are applying for basic services are completely out of line with other comparable asset transfer costs. To transfer a car in NSW it costs $37 with ServiceNSW, and to transfer a property title in NSW it costs $156.55 Excl GST.

LVW supports the reduction of the fee to make a work active/inactive.

Furthermore, customers wish to have further transparency on what their fees cover. Noting the water access licence dealing category of fees; there are notable differences between costs for regulated, unregulated and groundwater sources. Information regarding how fees are determined should be easily accessible and show how water user fees are demonstrating value.

Question 11. What are your views on WAMC's proposal to largely maintain the current cost share ratios? The exception is regional planning and management strategies, where WAMC has proposed reducing the customer share from 60% to 50%.

Water entitlement holders pay 80-100 per cent of 20 out of 35 Water Administration Ministerial Corporation (WAMC) activities[1]. IPART also increased water users' share of WAMC's notional revenue from 72.3 per cent in 2017 to 77.9 per cent. This drove the more modest 2.5% annual increase in WAMC water charges.

In this pricing determination, WAMC is proposing to reduce customers' notional share of its increased revenue requirement in the 2025-2030 determination period from 79% to 42%. This is not the generous concession it sounds like. A 42% customer cost share of WAMC's revenue requirement translates to $371.6 million, an 82% increase on the ~$204 million raised from customers that was 79% of the IPART-allowed expenditure in the 2021-25 period.[2]

This substantial increase in revenue sought from customers is why WAMC is seeking to more than double its charges by 2030 for about a third of water licence holders, rather than

[1] Final-report-Review-of-prices-for-the-Water-Administration-Ministerial-Corporation-September-2021.PDF (nsw.gov.au) [P 95].
[2] Water Administration Ministerial Corporation 2025-30 pricing proposal, pp. 31

maintain the 2.5% per cent a year cap on price increase for all licence holders in the 2021 pricing determination.

WAMC's proposed change in cost-share ratios is a smokescreen to try to claw back even more money from water users to cover WAMC's ballooning costs.

It is notable that none of WAMC's four customer outcomes on p14 of the IPART Issues Paper involve efficient and cost-effective delivery of water services to drive down WAMC charges. Without this, it is not possible for the people being charged to have confidence that the WAMC is genuinely driving greater efficiency to save costs.

Given WAMC's poor service and lack of budgetary discipline, LVW does not support WAMC's proposed change to a two-tier pricing structure in order to increase the revenue recovered from water users. The 2.5 per cent cap IPART imposed in the 2021 determination for all water licence holders should be maintained.

Question `12. Is there any new information about WAMC's activities we should take into account when setting cost shares? For example, are there changes to:
— who is causing the need to undertake an activity?
— who is benefiting from an activity?
— the scope of an activity?

The irrigation industry in Australia, particularly within the Murray-Darling Basin, is subject to extensive regulation aimed at preserving water resources, protecting ecosystems, and ensuring equitable access for agricultural and environmental needs. However, LVW argue that the level of regulation imposed on this industry is excessive, especially when compared to other sectors that impact public health, safety, and the environment but operate under less stringent controls.

The Murray-Darling Basin is governed by a complex web of federal and state laws, with the **Water Act 2007** serving as the primary legislative framework.

Key regulations include:

- **Water Licensing**: Farmers and operators must obtain licenses to extract water, adhering to strict caps on usage. Licensing is enforced through state bodies such as Water NSW and NRAR. Detailed monitoring, including metered usage and telemetry systems, ensures compliance – so why is additional regulation required?
- **Water Resource Plans**: These plans outline rules for water sharing, environmental flows, and sustainable extraction levels, ensuring compliance with the **Basin Plan 2012**, which sets legal limits on water use and **prioritises environmental needs**.
- **Monitoring and Compliance**: Authorities such as the Murray-Darling Basin Authority (MDBA) and NRAR enforce compliance through tools like satellite imaging, on-ground inspections, and audits. Penalties for breaches can include fines of up to $2.1 million for corporations and potential imprisonment for individuals in severe cases.

These measures are designed to manage finite water resources sustainably to benefit the environment but impose high costs on farmers, creating administrative hurdles, and reducing operational flexibility. In contrast, other industries with significant environmental, public health and safety implications often face less robust oversight.

Comparative Analysis: Less Regulated Industries:

Cosmetic Surgery and Non-Surgical Cosmetic Procedures. The cosmetic industry has historically operated under fragmented and inconsistent regulatory frameworks, with significant gaps that have only recently begun to be addressed.

- **Title Misuse**: Before 2023, the title “cosmetic surgeon” was unregulated, allowing general practitioners to perform complex surgical procedures without specialist qualifications. Following public outcry and high-profile incidents, the **Australian Health Practitioner Regulation Agency (AHPRA)** now mandates additional accreditation and oversight.
- **Injectables Regulation**: While treatments such as Botox and dermal fillers fall under the **Therapeutic Goods Act 1989**, enforcement of administration standards remains weak. Many beauticians, under minimal supervision, administer these treatments, leading to risks such as infections, allergic reactions, and botched outcomes.
- **Adverse Event Reporting**: Unlike irrigation compliance systems, which employ proactive monitoring, the cosmetic industry relies on voluntary reporting of adverse events, which often leads to delayed interventions.

Dietary Supplements and Alternative Therapies. The regulation of dietary supplements and alternative therapies highlights significant deficiencies compared to the rigorous standards imposed on irrigation.

- **Pre-Market Requirements**: Most supplements are “listed” rather than “registered” under the **Therapeutic Goods Administration (TGA)**. This means they only need to meet basic safety standards without proving efficacy, allowing questionable products to enter the market.
- **Misleading Marketing**: Despite oversight under the **Australian Consumer Law (ACL)**, many supplement companies exploit loopholes to make unsubstantiated health claims. Enforcement actions are rare, with penalties often insufficient to deter violations.
- **Post-Market Surveillance**: Unlike the irrigation industry’s constant monitoring, regulatory action in this sector typically occurs only after complaints are lodged or harms are reported.

Waste Management and Recycling: While waste management is critical for environmental protection, the industry often lacks the enforcement rigor seen in irrigation.

- **Illegal Dumping**: Despite frameworks like the **National Waste Policy Action Plan 2019**, enforcement is inconsistent across states, with offenders often evading significant penalties.
- **Recycling Standards**: The lack of uniform standards means recyclables are frequently sent to landfills due to contamination, undermining national sustainability goals. By contrast, irrigation regulations mandate precise water quality and quantity measurements to prevent wastage.
- **Monitoring Gaps**: Unlike irrigation, where satellite technology tracks compliance, waste management relies on sporadic inspections, allowing widespread non-compliance.

Engineered Stone and Occupational Health. The construction industry’s handling of engineered stone, linked to silicosis, demonstrates the slow pace of regulatory reform despite clear health risks.

- **Exposure Limits**: The **Model Work Health and Safety (WHS) Laws** set permissible silica exposure levels, but inconsistent enforcement across states undermines their effectiveness.
- **Policy Delays**: Despite mounting evidence, calls for a national ban on high-silica engineered stone have yet to result in comprehensive action. Workers continue to face hazardous conditions with limited regulatory oversight.

- **Proactive Monitoring**: Unlike the irrigation industry, where data collection is integral to compliance, silicosis cases often go undetected until irreversible damage has occurred.

The irrigation industry, particularly in the Murray-Darling Basin, operates under some of the most stringent regulatory frameworks in Australia – more rigid than many environmental and health practitioners and industries. While these measures aim to ensure sustainable water use, their complexity and rigidity add significant cost to food and fibre producers. **An opportunity exists for IPART to lead a review into streamlining the excessive and costly regulatory environment to find an acceptable balance between costs to irrigated agriculture and achievable and beneficial environmental outcomes.**

Question 13. How will WaterNSW's proposed prices impact customers?

WaterNSW's revenue requirements are ballooning faster than farmers' capacity to pay. This is compounded by IPART's impactor-pays principle forcing the lion's share of the costs onto rural water users, with WaterNSW customers covering 80-100 per cent of operating and capital costs.

The transfer of functions from WAMC to WaterNSW and the merger of WaterNSW with Sydney Catchment Authority has not delivered efficiencies and added cost and complexity which rural users are paying for.

NSW is the only state collecting Water Management and Planning costs in this way (Victoria and South Australia have a levy). This leaves NSW water users at a financial disadvantage.

IPART should examine the cost shares, government regulation and community drivers, as many have changed scope and increased costs.

IPART's 3Cs (Customers, Costs, Credibility) framework is flawed. Customers have no say in the services WAMC and WaterNSW choose to provide, their scope or prioritisation. Costs do not consider affordability. Credibility is strained when, for example, the non-urban metering policy was not "fit for implementation" and this failing has imposed significant additional and ongoing costs on industry and the Department.

The information provided in the WAMC and WaterNSW pricing proposal was not sufficient for stakeholders to drill down and fully understand cost drivers. IPART and its consultants need to forensically analyse opex and capex (WaterNSW and WAMC) to determine the efficient costs. Irrigation customers should not have to pay for new WaterNSW licence obligations, as they are neither the drivers nor beneficiaries.

Agricultural water licence holders, particularly small to medium family farms, have been under increasing financial pressure post-2022 and COVID, with rising input costs in interest rates, fuel, insurance, machinery, wages and energy, and higher water allocation prices due to State and Commonwealth environmental water recovery.

NSW's water is managed for multiple purposes, including the health of the environment and wellbeing of communities. Increasingly, there is also an expectation water will be managed to improve the social, economic, cultural and spiritual wellbeing of First Nations.

If the proposed pricing increases are passed on in their current form, they will decimate irrigated agriculture in the Lachlan Valley and the broader MDBA. **LVW estimate that**

upwards of 60% of current water users will effectively have to "shut up shop" because they will be unable to meet the rising operational costs and still make a living.

Question 14. What factors should we consider so that prices we set for WaterNSW are appropriate for different customer types? How well has WaterNSW considered these factors in the development of its proposal?

WaterNSW costs are shared between water customers and the NSW Government (on behalf of the broader community) based on the 'impactor pays principle'.

IPART defines this principle as those who created the need for an activity should pay the costs, based on a counterfactual of: '*a world without high consumptive use of water resources'*.[3]

IPART justifies using the impactor pays principle as:
"We prefer the impactor pays approach over alternative approaches (such as a beneficiary pays approach) as we consider it achieves better efficiency outcomes, as it results in customers facing the full costs of the services they receive. In addition, it is a more practical and transparent method for allocating costs and is consistent with the funding hierarchy that we have used previously for other services."[4]

WaterNSW in 2018 described IPART's interpretation of the impactor-pays principle as very strict and queried whether the counterfactual of a world without high consumptive use of water was correct.

It is possible to have a high consumptive use of water without regulated infrastructure and services. For example, in NSW unregulated rivers, there is still a substantial level of consumptive use of water, it is just that the water is stored in on-farm storages rather than state owned dams and other infrastructure.

Without a dam on the State's rivers, there would undoubtedly be less consumptive use as a system of on dam storages would likely lead to higher losses and not have the benefit of coordinated storage/usage as is found under the current arrangements in regulated river systems. However, high consumptive use would still undoubtedly occur.

Therefore, the best that the counterfactual can state for WaterNSW's bulk water services is that
there would be a world without a "higher" consumptive use of water and without regulated infrastructure.[5]

IPART's narrow impactor pays definition is highly problematic for the management of a public good in a developed society which necessarily requires consumptive use of water, and where changing expectations in the broader community impact resource management decisions and therefore costs.

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[3] https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Final-Report-Review-of-Water-NSWs-rural-bulk-water-prices-September-2021.PDF [P 107].
[4] https://www.ipart.nsw.gov.au/sites/default/files/documents/final-report-rural-water-cost-shares-february-2019.pdf [P 2].
[5] WaterNSW submission to IPART Draft Report on Rural Water Cost Shares, October 2018.
https://www.ipart.nsw.gov.au/sites/default/files/documents/online-submission-waternsw-y.-chora-29-nov-2018-074900000.pdf

IPART's impactor pays counterfactual – a world without high water consumption – does not hold for many WaterNSW and WAMC activities, as it assumes the benchmark is a river system with no management or infrastructure requirements to deliver water to people living in the catchment. This understanding can be broadened even further, as under the current arrangement, irrigators are expected to pay for many reforms that benefit the wider public (including climate change adaptation). Historically, water management infrastructure was built to 'drought-proof' town water supplies and to develop inland regions in the national interest through improved river navigation and irrigated agriculture.

Many irrigation networks were built or expanded to provide opportunities for soldier settlers as a reward for their service to the nation after WWI and WWII. The current 'impactor pays' pricing structure fails to account for the public good provided by irrigation, in the form of food security. It also appears to ignore the fact that food production and irrigation development was not caused by irrigators, but rather through government initiatives that recognised the importance of food security and local food production

As it stands, irrigators are asked to pay for reforms that benefit everybody. However, infrastructure originally constructed in the name of nation building last century is now also maintained, upgraded and managed for multiple public interest purposes, including ecosystem functions and services, recreation, cultural and managed environmental flows.

The impactors are no longer only the towns, industry and farms relying on the service of delivering water, but all stakeholders demanding a say in the how and why of water management and infrastructure. Many of these non-customer stakeholders do not even live in the river valleys where they demand change. Yet under the current cost-share ratio, customers who access only 28 per cent or less of total inflows for agriculture, towns, and industry use, are having to pay to meet the impact of broader community expectations. In simple terms, those expectations are having a substantial impact on costs, but the costs are not being assigned to 'impactor', being the broader community, via the public purse.

Logically, if anyone across any community can now have an impact on decisions and priorities, then the impactor-pays principle requires that the costs are shared accordingly, rather than burdening a small sliver of society with the costs to meet the broader community's changing expectations.

Considering the changing contexts of water management and infrastructure, LVW calls on IPART to revise its definition of an 'impactor', and to review how costs are shared between rural water customers and the NSW Government on behalf of other users and the broader community.

Question 15. What do you think about WaterNSW's engagement process? Do you think WaterNSW has engaged effectively with customers and stakeholders?

Not at all. LWC feels that working groups were too broad and that the tools used by the consultant's were confusing and were geared to for feedback on limited options. Further LVW believes the online and advised what was planned and spent most of the time trying to justify their existence and their roles. LVW believes that targeted engagement with water users through a series of workshops and information sessions held in rural communities would have been a far better method of engagement to get a realistic understanding of water users needs. LVW is curious to know how much money was spent paying consultants and working group participants, and how that money could have been better spent in reducing water related charges.

Question 16. Did WaterNSW's consultation process target the right stakeholders, and was an appropriate level of content provided to stakeholders so they could meaningfully engage with it?

Not at all. LVW feels the engagement was too broad and allowed non-water users opinions, the same weighting as water users. LVW feels that it's easy for non-water users to support increased pricing when they don't have any "skin in the game" is paying WaterNSW fees. The use of social media surveys and community working grounds supports an "any man and his dog" approach to what needs to LVW believes that until the "impactor pays" model is reviewed, the "impactors" opinions and feedback from those considered as impactors should carry more weight, and ideally be the only ones considered relevant to pricing discussions. Further, information that was to be discussed during a scheduled water working group was often only provided immediately before or at that working group leaving participants little time to digest or understand the information fully being asked to provide feedback on a preferred option during that same group.

Question 17. Did WaterNSW consult sufficiently with Aboriginal peoples and communities? What First Nations priorities should be considered in IPART's determination?

LVW is unsure of WaterNSW's consultation with Aboriginal people and communities, as we didn't see any evidence of this during consultation with the broader community groups and can only assume any it was conducted separately and in isolation to the broader consultation. LVW is concerned however with the emphasis being placed on Aboriginal people and communities regarding engagement and policy determination, and believe that all stakeholder views should be considered equally.

Question 18. Are the WaterNSW customer outcomes and metrics appropriately ambitious yet achievable? Do they incorporate what stakeholders said was important to them?

Not answered.

Question 19. Does WaterNSW's proposal represent a reasonable and efficient balance of costs and service levels, and does it align with customers' willingness to pay?

Absolutely not. LVW has witnessed a decline in service levels, customer engagement, regional presence, and a loss of operational knowledge directly relating to centralisation of WaterNSW staff over the last 2 years. Late 2023 saw an arrogant operational leadership team with a "we know boats" attitude when confronted with numerous issues by well-seasoned and experienced water users which resulted in increased angst and potential costs to the same water users (Lake Cargelligo project, evaporation rule, lack of Dam spill as a few examples). While engagement has improved during 2024, operational knowledge and collaboration is still lacking. The price increases proposed are unrealistic, untenable, and will decimate irrigated agriculture within the valley if applied as they are. LVW reiterates, IPART needs to focus on how to streamline water management and how to reduce the increasing exorbitant costs, rather than just considering how they are to be paid. The industry is at a place where royal commission into water management is needed to review the over regulation, over lapping government management organisations, and the unrealistic expectation of Australia's producers of food and fibre to meet these costs.

Question 20. Would you prefer prices to remain stable over the determination period or do you support WNSW's proposal for a revenue cap where prices adjust by up to 5% per year in response to changes in water sales?

Not answered.

Question 21. If you are a Licenced Environmental Water holder or Lachlan Valley customer, how will the proposed changes to price structures affect you?

While the 80% fixed and 20% variable charges model is being considered by LVW water users, the proposed increases in all models make continuation of irrigated agriculture untenable.

The tables below that under a 40% fixed and 60% variable model shows nearly a **340%** price increase over 5 years on current prices for General Security fixed component, and a **420%** price increase over the same period for the variable component.

Lachlan	Cost Reflective Base Case (CRBC) - 40% Fixed Tariff Structure - Standard Water Use Customers					
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Annualised increase
	$2024-25	$2024-25	$2024-25	$2024-25	$2024-25	$2024-25	
High Security Fixed Charge ($/ML)	$29.24	$30.51	$39.54	$51.25	$66.45	$86.19	24%
General Security Fixed Charge ($/ML)	$4.32	$5.19	$6.72	$8.72	$11.30	$14.66	28%
Variable Usage Charge ($/ML)	$36.31	$53.92	$69.86	$90.55	$117.42	$152.30	33%

* Indicative prices - Lachlan on 40% fixed tariff (current)

The table below shows an average of a **406%** increase on bills for a medium water user over the next 5 years using the current 40/60 model.

Lachlan	Cost Reflective Base Case (CRBC) - Indicative bills ($2024-25) - Standard Water Use Customers						
General Security ($2024-25)	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Annualised increase
Small Customer (100ML)	$2,611	$3,754	$4,864	$6,305	$8,175	$10,604	32.4%
Medium Customer (500ML)	$13,053	$18,770	$24,321	$31,524	$40,876	$53,019	32.4%
Large Customer (1000ML)	$26,106	$37,539	$48,641	$63,049	$81,752	$106,039	32.4%
High Security ($2024-25)	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Annualised increase
Small Customer (100ML)	$6,555	$8,443	$10,940	$14,180	$18,386	$23,849	29.5%
Medium Customer (500ML)	$32,775	$42,214	$54,699	$70,900	$91,932	$119,244	29.5%
Large Customer (1000ML)	$65,550	$84,428	$109,398	$141,800	$183,864	$238,488	29.5%

The tables below that under an 80% fixed and 20% variable model shows a **760%** price increase over 5 years on current prices for General Security fixed component, and a **150%** price increase over the same period for the variable component.

Lachlan	Cost Reflective Base Case (CRBC) - 80% Fixed Tariff Structure - Standard Water Use Customers						
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Annualised increase
	$2024-25	$2024-25	$2024-25	$2024-25	$2024-25	$2024-25	
High Security Fixed Charge ($/ML)	$29.24	$51.79	$69.72	$98.00	$137.85	$194.01	46%
General Security Fixed Charge ($/ML)	$4.32	$8.81	$11.86	$16.67	$23.45	$33.00	50%
Variable Usage Charge ($/ML)	$36.31	$15.25	$20.53	$28.86	$40.60	$57.14	9%

The table below shows an average of a **250%** increase on bills for a medium water user over the next 5 years using the proposed 80/20 model.

Lachlan	Cost Reflective Base Case (CRBC) - Indicative bills ($2024-25) - Standard Water Use Customers						
General Security ($2024-25)	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Annualised increase
Small Customer (100ML)	$2,611	$1,796	$2,418	$3,399	$4,781	$6,728	20.8%
Medium Customer (500ML)	$13,053	$8,980	$12,089	$16,993	$23,905	$33,642	20.8%
Large Customer (1000ML)	$26,106	$17,960	$24,178	$33,986	$47,810	$67,284	20.8%
High Security ($2024-25)	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Annualised increase
Small Customer (100ML)	$6,555	$6,704	$9,025	$12,686	$17,845	$25,115	30.8%
Medium Customer (500ML)	$32,775	$33,520	$45,125	$63,430	$89,225	$125,575	30.8%
Large Customer (1000ML)	$65,550	$67,040	$90,250	$126,860	$178,450	$251,150	30.8%

While a 250% increase in WaterNSW prices (only) under the 60/40 model is significantly better than a 406% increase under and 80/20 model, neither significant increases are palatable to Lachlan Valley Water Users.

Our modelling below shows mixed advantages for both models depending on licence type and usage, with approx 18% usage being the tipping point for where an 80/20 model becomes more cost effective for GS water users. Ideally, models should be mixed between licence types so that GS could use an 80/20 model and HS could use a 60/40 model.

PROPOSED PRICES LACHLAN			80% FIXED CHARGES (WaterNSW)						
			Past Prices	PROPOSED PRICES ($/ML)					
			2024/25		2025/26	2026/27	2027/28	2028/29	2029/30
HS Entitlement			29.24		51.79	69.72	98.00	137.85	194.01
GS Entitlement			4.32		8.81	11.86	16.67	23.45	33.00
Usage			36.31		15.25	20.53	28.26	40.60	57.41
Fixed Charge Ratio			80:20	80:20	80:20	80:20	80:20	80:20	80:20
Costs for	**1000**	**ML GS Licence**							
Usage	0	ML/yr	4320	0	8810	11860	16670	23450	33000
Usage	100	ML/yr	7951	0	10335	13913	19496	27510	38741
Usage	180	ML/yr	10856	0	11555	15555	21757	30758	43334
Usage	300	ML/yr	15213	0	13385	18019	25148	35630	50223
Usage	400	ML/yr	18844	0	14910	20072	27974	39690	55964
Usage	500	ML/yr	22475	0	16435	22125	30800	43750	61705
Usage	600	ML/yr	26106	0	17960	24178	33626	47810	67446
Costs for	**200**	**ML HS Licence**							
Usage	0	ML/yr	5848	0	10358	13944	19600	27570	38802
Usage	40	ML/yr	7300	0	10968	14765	20730	29194	41098
Usage	80	ML/yr	8753	0	11578	15586	21861	30818	43395
Usage	100	ML/yr	9479	0	11883	15997	22426	31630	44543
Usage	160	ML/yr	11658	0	12798	17229	24122	34066	47988
Usage	200	ML/yr	13110	0	13408	18050	25252	35690	50284
There is no volatility allowance in the 80% fixed charge option.									

ACTUAL PRICES LACHLAN			40% FIXED CHARGES (WaterNSW)						
			Past prices	ACTUAL PRICES ($/ML)					
			2024/25		2025/26	2026/27	2027/28	2028/29	2029/30
HS Entitlement			29.24		30.51	39.54	51.25	66.45	86.91
GS Entitlement*			4.32		5.19	6.72	8.72	11.30	14.66
Usage			36.31		53.93	69.86	90.55	117.42	152.30
Fixed Charge Ratio			40:60	40:60	40:60	40:60	40:60	40:60	40:60
Costs for	**1000**	**ML GS Licence**							
Usage	0	ML/yr	4320	0	5190	6720	8720	11300	14660
Usage	100	ML/yr	7951	0	10583	13706	17775	23042	29890
Usage	180	ML/yr	10856	0	14897	19295	25019	32436	42074
Usage	300	ML/yr	15213	0	21369	27678	35885	46526	60350
Usage	400	ML/yr	18844	0	26762	34664	44940	58268	75580
Usage	500	ML/yr	22475	0	32155	41650	53995	70010	90810
Usage	600	ML/yr	26106	0	37548	48636	63050	81752	106040
Costs for	**200**	**ML HS Licence**							
Usage	0	ML/yr	5848	0	6102	7908	10250	13290	17382
Usage	40	ML/yr	7300	0	8259	10702	13872	17987	23474
Usage	80	ML/yr	8753	0	10416	13497	17494	22684	29566
Usage	100	ML/yr	9479	0	11495	14894	19305	25032	32612
Usage	160	ML/yr	11658	0	14731	19086	24738	32077	41750
Usage	200	ML/yr	13110	0	16888	21880	28360	36774	47842

LVW had previously been advised that models couldn't be split within a valley, however one of the large IIO's within the valley was directly contacted by WaterNSW and offered 100% fixed with 0% variable at the same time the rest of the valley was in discussions regarding an 80/20 split. The environmental water holders in the valley have also been offered 100% fixed.

Question 22. What are your views on WaterNSW's proposal to maintain the current cost share ratios? What do you think of the alternative options WaterNSW provided that could increase the Government share for some activities?

NSW's water is managed for multiple purposes, including the health of the environment and wellbeing of communities. Increasingly, there is also an expectation water will be managed to improve the social, economic, cultural and spiritual wellbeing of First Nations.

However, rural water customers (primarily farmers) carry a substantial burden of these water management costs under the so-called 'impactor pays' principle. IPART defines this principle to mean water storage and delivery infrastructure and associated water management would not be necessary if not for regional towns, industry and farmers.

On this basis, IPART in 2021 determined that rural water customers pay 80-100 per cent of WaterNSW operating and capital costs[6], including an increased share of the following activities:

- water quality and monitoring (increase from 50% to 80% user share).
- environmental planning and protection (increase from 50% to 80% user share).
- dam safety and compliance (increase from 50% to 80% user share).
- flood operations (increase from 50% to 80% user share).

LVW strongly disagrees with the current WaterNSW cost-share ratios, as costs are heavily recovered from rural water customers, primarily farmers, for public interest items.

Question 23. Is there any new information about WaterNSW's activities we should take into account when setting cost shares? For example, are there changes to:
– who is causing the need to undertake an activity?
– who is benefiting from an activity?
– the scope of an activity

WaterNSW has advised that new activities and obligations added to its operating licence by IPART in its 2024 licence review adds $15.6 million a year to its costs. A number of these costs are driven by changes in expectations around water management by the public.

These changes include obligations to monitor environmental flows, installation of fish passageways, increasing knowledge of climate change and better environmental, social and governance (ESG) reporting, among others.

These new obligations pose a significant cost burden on WaterNSW, which is passed onto licence holders. IPART must stop adding new obligations that are in themselves a significant cost driver, and require that public good licence obligations are met through another funding source.

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[6] https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Final-Report-Review-of-Water-NSWs-rural-bulk-water-prices-September-2021.PDF [P103]

Key Concerns

LVW has a number of key concerns that we would like IPART to consider when making pricing determinations. They are as follows

1. **IPART's inability to regulate its own pricing determinations.** It was evident in the presentations from the Public Hearing in November 2024 that IPART are essentially a "toothless tiger" and that their previous pricing determinations have been largely ignored by WAMC organisations and WaterNSW. When we consider that WAMC's operating expenditure was some 150%-220% above IPART's determined expenditure during the period 21/22-24/25, and WaterNSW was 110%-130% above IPART's allowance for the same period. To give a Lachlan specific example, IPART determined a budget of $11.5M in 2021 for the Lake Cargelligo Embankment project (yet to be completed) with WaterNSW advising in early 2024 that they anticipate an overall cost of $45M-$60M will be needed to complete the project. LVW questions the validity and purpose of IPART pricing determinations when it appears they have no bearing on what the department and WaterNSW will actually spend. It's important to note that both organisations cite increase costs to meet regulatory and statutory obligations as in part what drove the increased in spending.

2. **NRAR's position, costs, and attitude towards oversight.** LVW is concerned over NRAR's position on oversight, and its associated costs that are passed on to water users. In his presentation during the November 2024 Public Hearing, Craig Knowles from NRAR stated the following:
    a. "….NRAR is not subject to the control and direction of the Water Minister."
    b. "NRAR is an enforcement agency. We're a law enforcement agency."
    c. "…I fully acknowledge that overwhelmingly as I've done and said for years, the majority of farmers and irrigators and people on the land who are in a productive capacity want to do the right thing, and oftentimes it's the rules and regulations that make it complex for them to achieve compliance, and it is a very small minority of people who have the effect of shredding the social license for the majority…"

    It appears to LVW that Mr Knowles on behalf of the NRAR board see's NRAR as beyond oversight to any parent organisation or body, and not in need of justifying their costs or actions to any agency. Further he states that "the NRAR Board believes that asking our regulated community how much they should pay for an efficient compliance and regulatory regime is counterintuitive" and thus is content to act outside IPART's 3C's framework – again, we question how IPART will address this and the validity of the framework when organisations such as NRAR can seemingly choose to ignore it. Given his comments regarding his position as NRAR as a law agency, and in light of his comments acknowledging the main contributors to non-compliance, LVW questions the need for an additional organisation such as NRAR and their associated costs, when we have other organisations such as NSW Rural Police already enforcing law and investigating rural crime which could easily be extended to water theft given the low numbers on non-compliance. Further his comments regarding the rules and regulations making it complex to achieve compliance, further enforces LVW view that rules and regulations (and governing bodies) need a commonsense check and are streamlined to find an appropriate balance between water user costs and regulatory outcomes.

3. **More costs, loss of operational knowledge, and less engagement and regional presence.** There is no doubt that LVW has experienced a reduction in operational knowledge by Department and WaterNSW, as well as reduced engagement and regional presence. This has been evident through examples such as:

a. The loss and then misapplication of the evaporation rule, despite LVW calling for it for some 12 months before department essentially ‘came clean’ that they didn’t have the draft for the rule that had been agreed to some years before
b. The lack of engagement prior to the draft Water Sharing Plans despite LVW asking to collaborate for 12-18 months beforehand, then being given limited during the middle of harvest and over the Christmas period to respond. When pressed, the Department staff advised the couldn’t engage earlier as they were under staffed, under resourced, and didn’t have the operational knowledge to do so.
c. The initial lack of engagement by WaterNSW regarding the blow out in costs to the Lake Cargelligo embankment project, then an unwillingness to provide further information as costs increased. This was despite LVW members requesting the project be stopped at an earlier stage until such time as the cause of the financial haemorrhages could be identified and addresses.
d. The lack of engagement by WaterNSW to advise of the restrictions on Brewster Weir that could have resulted in a repeat of the 2022 flood events, and only escalated repair work once LVW had briefed several Members of Parliament with constituents along the catchment.
e. The lack of engagement/collaboration on the Regional Water Strategy resulting in the production of a plan with no tangible projects or strategies to provide better water security for the catchment.
f. The lack of Wyangala Dam spill caused by the knowledge gap between Department and WaterNSW staff in June this year despite their being enough water in the system to fill the storages, which would have triggered a “re-set”, and caused significant angst, confusion, loss of income, and loss of confidence within the market.

Social Commentary

To put the proposed prices into perspective, LVW would like IPART to consider to social backlash that would occur if general consumer goods were subject to the same pricing increases over the next 5 years. The table below shows some examples of the impact of price increases for select consumer goods when the total increase rate of 664% for the Lachlan (taken from page 13 of https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Information-paper-Proposed-cost-reflective-prices-and-bills-November-2024.PDF) is applied.

Consumer Item	Current Price	WAMC & WaterNSW increase	2029/30 Price
Take Away Coffee	$6.00	664%	$39.84
Litre of ULP	$1.89	664%	$12.55
Loaf of Bread	$3.00	664%	$19.92
Litre of bottled water	$4.50	664%	$29.88

Please note that the item prices above are average/indicative only and will vary by brand and location.

Consumers wouldn’t be expected to accept such phenomenal prices increases for necessities, and nor should water users.

It’s also hypocritical for government to consider passing on price increases, which are essentially an extra “tax on water users”, they reject a 25 % pay increase for early childhood educators (https://greens.org.au/news/media-release/labor-rejects-25-percent-pay-rise-early-childhood-educators) and a 10% pay increase for nurses (https://www.theguardian.com/australia-news/2024/nov/13/nsw-nurses-strike-pay-salary-minns-government-police-wage-increase) citing the in ability to fund pay increases for essential services, yet are content to have the rural sector accept pricing increases of over 600%.

Conclusion

It is vital that IPART look for ways to reduce water costs, as opposed to focussing on how the costs are to be paid. The "acceptance" of what we consider to be astronomical price hikes is tantamount to seeing the end of irrigated agriculture in the MDBA as we know it. Complex processes, over regulation, overly prescriptive policy/legislation and the ever increasing number of governing organisations must be streamlined to find better financial outcomes for industry. These is no doubt that the Australian water management is top-heavy with governing organisations and policy, all competing for funding. Funds from the Australian Taxpayer and the Australian farmer (also tax payers) must be better utilised. Governing bodies are stripping out workforce, often at the expense of regional representation and engagement, in order to reduce costs, however at the same time new legislation and policy drive operational costs up, so that no net financial benefit is seen by the end payer. It must stop. It's simply not sustainable. The average Australian irrigator is at financial breaking point due to over regulation and the associated costs. The outcome can only be one of two things; Australia loses quality food and fibre production impacting our food security and reducing our ability to trade in these commodities as farms are simply shut down, or, the government is forced to change foreign investment policy so that farms can sold to large foreign investors, carrying any number of known economic and social risks; neither of which would be palatable to the Australian public.

Please feel free to contact me for further information on any of the issues in this submission.

Yours faithfully,

[redacted]

Glenn Daley
Executive Officer
[redacted]