

9 December 2024

Submission: WAMC and WaterNSW pricing proposals

Dear IPART,

As an irrigator and landholder, I am writing to express my strong opposition to the proposed significant increase in water prices by the Water Administration Ministerial Corporation (WAMC) and WaterNSW. The proposed changes outlined in your Issues Paper would have severe consequences for rural communities and the agricultural sector.

Impact on Farm Business

The proposed increases are too high and will significantly affect my business's profitability. I do not support the proposed increases. The price of commodities is not increasing at the same rate as these fees, and the farm sector cannot absorb these price increases. I have seen price increases in the industry before, but never anything this high, particularly without clear justification.

Justification for Price Increases

What is the justification for these price increases? I do not understand what services I am paying for. Murray Irrigation provides many of the services that WaterNSW provides to river pumpers. Why am I being charged for services I do not receive? WaterNSW and WAMC indicate their costs have increased, but I have not experienced any change in service. What is driving these cost increases, and what is the justification?

Government regulation is driving cost increases and reducing the efficiency of the commercial sector. As government corporations, WaterNSW and WAMC cannot expect to pass on these unreasonable costs to water users. This is the first full WaterNSW Price Proposal to be undertaken using IPART's 3Cs (customers, costs, and credibility) Framework, which is centred around pricing proposals that promote customer value. Where is the customer value?

User Pays and Cost Shares

It is crucial that the principle of user pays and cost shares be enforced. Community groups and the environment also benefit from the water in the system and should therefore share the burden of price increases. Price increases should not be fully passed onto irrigators. Water planning and management have expanded beyond what is required for water storage and delivery systems to include climate change adaptation, fish passageways, environmental flow management, recreation, and other public good services. These additional costs should be borne by the users or beneficiaries of those additional services, not just rural water customers.

Furthermore, the NSW Government reform programs have been inefficient and ineffective. Any additional costs resulting from these programs should not be passed onto irrigators and landholders.

Lack of Engagement by WaterNSW and WAMC

I do not feel that I was engaged by WaterNSW or WAMC on these proposed price increases, how they would affect my business, and the flow-on effects to my community. Some of the engagement questions asked by WaterNSW did not include an option for customers to reject expenditure or price increases. We do not understand how our values and preferences have directly influenced expenditure or pricing decisions. We need more time to gather meaningful feedback from affected customers.

Economic Implications for Rural Communities

Rural communities depend heavily on agriculture as a key economic driver. Increasing water prices will not only impact farmers but also have a ripple effect on local economies. Higher costs will lead to reduced spending, affecting businesses and services within these communities. This could result in economic decline and depopulation as residents move in search of better opportunities.

Recommendations

1. **Review the Proposed Price Increases:** Consider the economic and social impacts on rural communities and the agricultural sector. Implement a more gradual pricing strategy that allows for adaptation over time.
2. **Consultation with Stakeholders:** Engage in meaningful dialogue with affected stakeholders, including irrigators, to understand their concerns and incorporate their feedback into the final pricing decision.

In conclusion, I urge IPART to reconsider the proposed significant increase in water prices. It is essential to find a balance that ensures sustainable water management while supporting the viability of the agricultural sector and the well-being of rural communities.

Thank you for considering my submission.

Yours sincerely,

[Redacted signature block]