



15 April 2021

Water NSW's rural bulk water prices and the Water Administration Ministerial Corporation prices draft determinations
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, Sydney NSW 1240

Dear Tribunal Members,

Letter of support - NSW Irrigators' Council submissions

The Ricegrowers' Association of Australia (RGA) would like to formally acknowledge its support for the NSW Irrigators' Council submissions in response to the IPART Draft Reports and Determinations for both the Water NSW's rural bulk water draft pricing proposal and the Water Administration Ministerial Corporation draft pricing proposal (from 1 July 2021 to 30 June 2025).

The RGA is the peak body for and collective voice of NSW rice growers representing around 1200 voluntary rice grower members located predominately within the NSW Murray and Murrumbidgee valleys. The RGA's main objective is to represent members on issues affecting the viability of their businesses, their communities and their industry.

Water is an essential input into rice production, and hence the proposed increase is a key concern for grower members. In a reasonable water year, the rice industry is one of the largest water users in our two valleys, and therefore rice grower contribute a significant volume of the revenue generated through the relevant NSW water charges.

While we acknowledge that the draft prices are significantly less than those prices proposed by WaterNSW and the WAMC, we are still of the opinion that the price increases proposed are exorbitant and much greater than both the efficient cost of water delivery/management and then what is acceptable to water users and industry.

We argue that in some circumstances water users' share of the costs is disproportionate and extreme, for example users should not be expected to pay 80% of the costs for items such as environmental planning and protection, fish passage and water quality monitoring. These services are in the public interest and would need to be provided regardless of the use of water by irrigators. Hence Government should pay a much greater share of these costs.

Furthermore, a key driver of increased costs is the need to adjust to climate change and more frequent and severe dry periods. During extreme dry periods, general security irrigation allocation in the NSW Murray and Murrumbidgee are significantly reduced (often in recent times to 0%) and typically for consecutive years.

Water management during these extreme dry periods is not to service general security irrigators, but rather to service high priority needs, some of which do not pay these charges (such as river operations, stock & domestic users and the environment). It is not fair nor sustainable to ask

irrigators to pay the costs during these periods, particularly since irrigators are the last to receive an allocation during these times.

Furthermore, our members have been let down by Government who have previously under-delivered on their roles and responsibilities with respect to water management, including those services that have long been paid for. It is simply unfair to ask irrigators to duplicate their contributions towards the costs of these services (in consecutive price determinations) due to the poor performance of government. Furthermore, the governments' lack of performance has created real costs for the irrigation sector, including through severely hindering the sectors social licence and reputation. The consequences of governments' lack of performance should be recognised and accounted for, and irrigators shouldn't be asked to continue to pay the associated costs.

A great example of this is the compliance function. The learning from the Four Corners 'Pumped' program should be that compliance is in the interests of all members of the public, not just irrigators themselves. Just like other compliance services administered by government (for example the police) it should be the tax payer who pays for this service, not the water user.

The RGA also believes that the 'impactor-pays' basis for distributing the operational and capital expenditure costs is flawed and consequently irrigators are required to contribute a much greater share of these costs than is reasonable. The cost-drivers in water management are complex, diverse, external, and not singular (including changing public expectations, societal values, and climate) and cannot practically be incorporated into this framework. The RGA believes that a 'user-pays' principle for distributing costs is a more equitable framework than the current 'impactor pays' framework.

We also are concerned about the proposal to change the tariff structure from the current 60/40 structure to an 80/20 arrangement. Such a structure requires irrigators to shoulder a much greater share of the cost burden during dry periods, and at the same time almost guarantees the government agencies full revenue during these periods. Hence in principle we are opposed to this suggested change. However we have not considered the potential cost implications closely and consequently seek that WaterNSW run a separate consultation process with stakeholders in our valleys to explain any potential cost savings before a decision is made.

We also wish to highlight our concerns about the proposed increases to the MDBA bulk water delivery usage charges in the NSW Murray and Murrumbidgee valleys. These price increases of 12% and 9% respectively seem exorbitant, especially when arguably the efficiency of water delivery in the Murray River system is decreasing at the expense of the reliability of the entitlements held by general security irrigators, who are being asked to pay these price increases.

Finally we note that a lack of response from industry and grassroots irrigators should not be interpreted as an acceptance of the draft price determinations. The reports produced for both current reviews of NSW Water Prices are highly technical and require readers to have significant expertise and background knowledge to interpret each.

Furthermore, the current consultation period is unfortunate timing for rice growers, having occurred at the busiest time of the year while growers are both harvesting their rice and other summer crops, and at the same time planting their winter crops.

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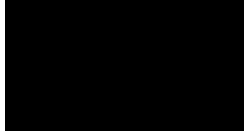
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A member of National Farmers' Federation, National Irrigators' Council and NSW Irrigators' Council

For these reasons, we collectively rely on the skills, knowledge and expertise of our peak body, the NSW Irrigators' Council, and therefore encourage IPART to pay careful consideration to the detailed submission provided by the NSW Irrigators' Council.

We otherwise thank you for the opportunity to provide our submission to these reviews.

Yours sincerely,



ROB MASSINA
RGA PRESIDENT