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Your submission for this review:

Given the issues identified in this submission, the GVIA make the following overall recommendations. 1. The GVIA agree with IPART that a draft price determination for three years is a reasonable approach balancing the needs to provide certainty with the opportunity for WaterNSW to improve its proposal. We do note that a fundamental review is required before WaterNSW updates its expenditure proposals. 2. The GVIA believe that over the next three years there needs to be a fundamental performance review of WaterNSW to ensure enhanced efficiencies and cost management so WaterNSW can deliver the fundamental service, bulk water delivery, to customers. 3. The outcomes of this review should inform a fundamental review of the structure corporate objectives and regulatory framework for WaterNSW. 4. Water users request to be actively involved in this fundamental review of the structure of WaterNSW. 5. Water users request access to the review completed by independent experts AtkinsRalis (Atkins) into WaterNSWs proposed operating and capital expenditure. 6. Without a full review of the volumes by valley and the impact on prices we do not support the proposed update to water sales volumes in this draft determination.



*Submission to IPART WaterNSW Draft  
Determination May 2025:*

*By:*

*Gwydir Valley Irrigators Association Inc*



*making every drop count*

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## I Summary and Purpose

The Gwydir Valley Irrigators Association (GVIA) is the representative body for water entitlement holders in the Gwydir Valley and welcome the opportunity to provide our feedback to IPART on their WaterNSW Draft determination May 2025 from the perspective of our members.

The draft determinations and responses have been addressed for the rural valleys as they are those that will impact our members.

This document aims to represent the concerns, views and experiences of our members and the community. Each member reserves the right to express their own opinion and is entitled to make their own submission.

The GVIA and our members, are members of the NSW Irrigators Council and we generally support the submissions made by this organisation.



## 2 Draft Decisions addressed in this submission

1. To set 3-year determination periods for WaterNSW Greater Sydney and Rural Valleys and delay the commencement of prices for Greater Sydney until 1 October 2025
2. To set prices for WaterNSW Rural Valleys from 1 July 2025 to 30 June 2028 based on the current prices, adding increases for inflation and some specific increases to reflect safety-related priorities where the Tribunal is satisfied the increases are in the public interest.
3. To increase prices for WaterNSW Rural Valleys customers by 1.9% plus inflation from 1<sup>st</sup> July 2025, and then by inflation on 1<sup>st</sup> July 2026 and 1<sup>st</sup> July 2027.
4. To adopt the forecast water sales volumes outlined in Table 6.5 for WaterNSW Rural Valleys.

## 3 Questions addressed in this submission

1. Do you agree with the draft decision to set a 3-year determination period?
2. In your view, what should WaterNSW focus on over the next 3 years?
3. Should WaterNSW's proposed safety-related costs (including dam, crane and electrical safety) be included in WaterNSW Rural Valleys prices from 1 July 2025?
4. Should IPART further adjust WaterNSW's current Rural Valley prices to account for changes in water sales volumes from the 2021 price review (ie, 3,964,658 ML/year) to this draft decision (ie, 3,806,128 ML/year)?
5. Are there any other matters we should consider in making our decision to carry forward decisions from the WaterNSW Rural Valleys 2021 price review?
6. Do you agree that IPART's draft pricing decisions are likely to provide adequate revenue to support WaterNSW's financeability for up to 3 years?

## 4 Overall Recommendations

Given the issues identified in this submission, the GVIA make the following overall recommendations.

1. **The GVIA agree with IPART that a draft price determination for three years is a reasonable approach balancing the needs to provide certainty with the opportunity for WaterNSW to improve its proposal. We do note that a fundamental review is required before WaterNSW updates its expenditure proposals.**
2. **The GVIA believe that over the next three years there needs to be a fundamental performance review of WaterNSW to ensure enhanced efficiencies and cost management so WaterNSW can deliver the fundamental service, bulk water delivery, to customers.**
3. **The outcomes of this review should inform a fundamental review of the structure corporate objectives and regulatory framework for WaterNSW.**
4. **Water users request to be actively involved in this fundamental review of the structure of WaterNSW.**
5. **Water users request access to the review completed by independent experts AtkinsRéalis (Atkins) into WaterNSW's proposed operating and capital expenditure.**

- 6. Without a full review of the volumes by valley and the impact on prices we do not support the proposed update to water sales volumes in this draft determination.**

#### *4.1 Do you agree with the draft decision to set a 3-year determination period?*

We support the proposal for a three year determination period.

We note that the proposed price increases were very significant and not associated with efficiencies or improved service delivery. We are also extremely concerned that there was minimal commitment to improve program implementation and organisational issues.

We agree with the comments by IPART that it does not believe a shorter determination would allow sufficient time for IPART to complete the assessment of WaterNSW's efficient cost and review price structures or cost shares. WaterNSW must change its approach and assessment processes for its programs and capital expenditure. Its planning processes seem to be cursory and do not exhibit a commitment to customers as costs are passed via prices with no sense of credible engagement and options assessment.

In addition, we feel that there needs to be improved clarity and transparency between the cost sharing of WaterNSW and WAMC. Our members have noted they will need to have seen the IPART WAMC determination to make any additional comments.

#### **Recommendation**

- 1. The GVIA agree with IPART that a draft price determination for three years is a reasonable approach balancing the needs to provide certainty with the opportunity for WaterNSW to improve its proposal. We do note that a fundamental review is required before WaterNSW updates its expenditure proposals.**

#### *4.2 In your view, what should WaterNSW focus on over the next 3 years?*

We would like to acknowledge and thank IPART for engaging independent experts to undertake a detailed expenditure and cost review under its new regulatory framework. These expenditure reviews are the foundation of any assessment, and it is our view they are required to provide customer confidence in the economic regulatory framework.

We note that this Information Paper noted that the review identified potential areas for efficiencies or cost reduction. As such we believe these areas should be thoroughly explored in the next three years.

We request that the review by independent experts AtkinsRéalis (Atkins) into WaterNSW's proposed operating and capital expenditure be made available to customers to provide improved transparency of potential for efficiency and cost reduction. However, the next three years should not simply be a more thorough expenditure review.

We feel that it is appropriate to initiate a fundamental review of WaterNSW and that rural customers should be actively involved in this review to ensure there are improvements in efficiencies, cost management and that the core objective of delivery of service is not compromised. There may be potential to initiate an advisory panel where WaterNSW, IPART, the NSW government and Customers work together in this fundamental review process.

This review process should include investigation of the drivers of costs including regulatory requirements, land taxes and dividends to treasury.

We have provided a terms of reference for this review as an attachment. It is our view that this type of review of performance is required to improve WaterNSW.

After this first assessment of performance, consideration of adjustments to the structure of bulk water and water management services delivery should be undertaken. We do note at this time that the performance review is required to test whether delivery is the issue or are there structural issues or a combination of both.

This performance review process is important to ensure that a clear problem statement is agreed by all parties before solutions are designed.

This review should also address the challenges of delivering priority infrastructure to enhance bulk water delivery across the state. This may include the installation of river gauges such as at Boggamildi on the Gil Gil in the Gwydir Valley, repair of weirs such as the one at Lake Pamamaroo at Menindee or Weir 32 fish passage at Menindee, all of which will enhance operational challenges faced by WaterNSW.

## **Recommendation**

- 2. The GVIA believe that over the next three years there needs to be a fundamental performance review of WaterNSW to ensure enhanced efficiencies and cost management so WaterNSW can deliver the fundamental service, bulk water delivery, to customers.**
- 3. The outcomes of this review should inform a fundamental review of the structure corporate objectives and regulatory framework for WaterNSW.**
- 4. Water users request to be actively involved in this fundamental review of the structure of WaterNSW.**
- 5. Water users request access to the review completed by independent experts AtkinsRéalis (Atkins) into WaterNSW's proposed operating and capital expenditure.**

### *4.3 Should WaterNSW's proposed safety-related costs (including dam, crane and electrical safety) be included in WaterNSW Rural Valleys prices from 1 July 2025?*

Where safety related costs are not covered by WAMC and are necessary for WaterNSW to complete their core responsibilities of bulk water delivery it is acceptable to include them in the WaterNSW Rural valleys prices. We would note that we assume that these costs have been deemed as efficient.

### *4.4 Should IPART further adjust WaterNSW's current Rural Valley prices to account for changes in water sales volumes from the 2021 price review (ie, 3,964,658 ML/year) to this draft decision (ie, 3,806,128 ML/year)?*

Without a full review of the volumes by valley and the impact on prices we do not support this update. Our customers can understand that the costs for safety are allocated using the relevant water sales volume.



We would consider that not taking forward the draft determination prices as less than best regulatory practice as our members have no concept of the impact of this change on prices. The information and consultation around this issue does not meet the expectation around transparency. We note that a 3 year determination will mean that these volumes can be updated in the future.

## Recommendations

- 6. Without a full review of the volumes by valley and the impact on prices we do not support the proposed update to water sales volumes in this draft determination.**

### *4.5 Are there any other matters we should consider in making our decision to carry forward decisions from the WaterNSW Rural Valleys 2021 price review?*

In the discussion paper IPART notes that WaterNSW is faced with volatility of supply and demand as it is subject to the inherent variability of Australia's climate. We note that this is the same challenge the majority of the bulk water customers face. As commercial operations they have to develop a strategy to manage this volatility. The Issues Paper indicates that "these supply and demand challenges may be testing WaterNSW's operational model. As a Public Non-financial Corporation and State Owned Corporation, WaterNSW is expected to operate as a commercial business and provide a dividend to government."

We believe that a fundamental review should investigate the challenges of the expectation of a dividend to government given the volatile nature of the business.

### *4.6 Do you agree that IPART's draft pricing decisions are likely to provide adequate revenue to support WaterNSW's financeability for up to 3 years?*

Our members do not have a view on this question. We trust that IPART can make this assessment. We would note that a fundamental review of the viability of bulk water supply under proposed cost structures is an issue WaterNSW should consider discussing with customers in each valley which costs are considered low priority if financeability is assessed as a risk. Of course, the Government may also alter and communicate its expectations around dividends while the review of WaterNSW takes place.

## 5 About the GVIA

### 5.1 Our region

The Gwydir Valley Irrigators Association (GVIA) represents more than 450 water entitlement holders in the Gwydir Valley, centred around the town of Moree in North-West New South Wales. Our mission is to build a secure future for members, the environment and the Gwydir Valley community through irrigated agriculture.

The Gwydir is characterised as having low water reliability with most water held as general security water with a reliability of 36% (that means entitlement holders could expect in the long-term just over a third of their entitlement can be accessed). Supplementary water entitlement is somewhat more reliable with 55% but accounts for less than a quarter of the total volume. Groundwater reliability is considered 100% but there is less than 30,000ML



available. Floodplain harvesting licences were issued in 2022, significantly reducing access for the region, and contribute almost a quarter of the water use in the region over the long term. However, access is episodic, in line with moderate to major floods.

The Gwydir has had more environmental water recovered than required by the Murray Darling Basin Authority modelling and legislation. There is an additional 5,000 megalitres of water owned by Government's above the legislated amount for our region<sup>1</sup>. As a result of water reform, only approximately 19% of the total river flows are available for diversion for productive use<sup>2</sup>. This equates irrigators holding 575,000ML from regulated entitlement (high security, general security and supplementary water) and 28,000ML available from groundwater aquifers.

Entitlements owned for environmental purposes total more than 186,000ML, which includes an Environmental Contingency Allowance of 45,000ML. The NSW and Commonwealth environmental water managers are now responsible for 28.5% of high security entitlement, 29% of general security entitlement and 13% of supplementary entitlement for environmental use. Environmental water is primarily used to contribute waterbird and fish breeding events, to maintain the condition and extent of the Gwydir Wetlands. This significant environmental portfolio altered behavioural assumptions and influenced how the system operates.

## 5.2 What we do

The GVIA's mission is to build a secure future for our members, the environment and the broader Gwydir Valley community through irrigated agriculture, we do this together by making every drop count in the river or the aquifer, on-farm, for the environment, or for our community<sup>3</sup>.

GVIA members hold entitlements within the Gwydir regulated and unregulated surface water areas, in addition to groundwater resources. All of which are managed through water sharing plans, which have been progressively developed since early 2000.

The GVIA organisation is voluntary, funded by a nominal levy, cents/megalitre on regulated, unregulated and groundwater water entitlement. The levy is paid and supported on average by 85% of the eligible entitlement (excludes NSW and Commonwealth entitlement).

The Association's primary activities revolve around negotiating with government at a Federal, State and Local level to ensure equality and the rights of entitlement holders are maintained and respected. The core activities of the Association are funded entirely through the voluntary levy, the Association does however undertake programs and projects to maintain and improve the sustainability of members on-farm activities, which can be funded by government or research corporations.

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<sup>1</sup> The Gwydir Valley has met the legislative requirements of the Murray Darling Basin Plan of 42,000 megalitres of LTDLE entitlement for local/instream environmental outcomes and a further 7,600 megalitres for shared contribution to the northern basin. The NSW and Australian Government's hold 54,600 megalitres LTDLE entitlements<sup>Error! Bookmark not defined.</sup>. Based on IQQM long-term modelling and the volume of water purchased for the environment

<sup>2</sup> Based on IQQM long-term modelling and the volume of water purchased for the environment

<sup>3</sup> For more information, see our corporate video on <https://vimeo.com/177148006>

The Association is managed by a committee of a minimum 11 entitlement holders and employs a full-time executive officer and a part-time administrative assistant, as well as hosting a Project Officer funded through the Cotton Research and Development Corporation, the Gwydir Valley Cotton Growers Association and the GVIA.

### 5.3 *Contacts*

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## 6 Appendix One – Performance Review Terms of Reference

This terms of reference (ToR) is provided to illustrate the difference between an expenditure review and a fundamental review of whether WaterNSW can be fit for purpose under the existing structure and regulatory framework.

It aligns with common Australian government review practices and can be adapted for statutory or company State Owned Corporations.

### **Performance Review of WaterNSW**

#### 1. Introduction

This Terms of Reference establishes the scope, purpose, methodology, and governance arrangements for an independent performance review of Water NSW. This review is commissioned by NSW Government in accordance with policy requirements to ensure the Corporation delivers value for money, aligns with government priorities, and meets the expectations of customers and stakeholders.

#### 2. Background

The Corporation is one of SOC established to capture, store and release water in an efficient, effective, safe and financially responsible manner. It is to supply water in compliance with appropriate standards of quality and to provide for the planning, design, modelling and construction of water storages and maintain and operate works efficiently and economically and in accordance with sound commercial principles.

Other objectives of Water NSW are to be a successful business and, to that end to operate at least as efficiently as any comparable business, and to maximise the net worth of the State's investment in Water NSW. It should also exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.

Where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development.

This review will assess the Corporation's performance over the period [e.g., 2020–2025].

#### 3. Objectives of the Review

The purpose of the performance review is to assess whether the Corporation:

- Is delivering relevant, effective, and efficient outcomes;
- Is providing appropriate governance, strategic direction, and risk management;
- Has systems in place to measure and demonstrate performance and value for customers;
- Engages meaningfully with owner, customers, stakeholders;

- Complies with relevant legislative, contractual, and policy obligations;

#### 4. Scope of the Review

The review will examine, but not be limited to, the following:

##### 4.1 Governance and Strategy

- Board performance and structure, including skills mix and independence;
- Strategic planning and alignment with industry and state priorities;
- Risk management frameworks and internal controls;
- Compliance with legislative and statutory requirements.

##### 4.2 Program Delivery and Impact

- Investment strategy and portfolio management;
- Project selection, oversight, and performance;
- Engagement strategies;
- Economic, social, and environmental outcomes achieved;
- Evidence of value for money and return on investment.

##### 4.3 Financial Management

- Use of funds and Government contributions;
- Efficiency of administrative costs;
- Financial reporting, auditing, and transparency.

##### 4.4 Stakeholder Engagement

- Consultation with customers and industry bodies;
- Engagement with relevant regulatory entities;
- Feedback mechanisms and responsiveness to stakeholder input;

##### 4.5 Monitoring and Evaluation

- Evaluation frameworks and key performance indicators;
- Continuous improvement and learning culture.

#### 5. Methodology

The review will be conducted by an independent panel or consultant with expertise in governance, infrastructure delivery, program evaluation, stakeholder engagement, and economics.

The review will include:

- Desktop analysis of corporate documents, financials, strategic plans, and impact assessments;
- Stakeholder consultations (e.g., surveys, interviews, focus groups);
- Benchmarking against best practice and peer utilities;

- Case studies of selected infrastructure programs;
- A draft report for feedback followed by a final report.

#### 6. Review Period

The review will assess performance from 2015 to 2025, with particular focus on strategic and operational activities aligned with the current price determination and strategic plan.

#### 6. Governance and Oversight

- The review will be overseen by a working group with NSW Treasury/IPART/Nominated Customers reps or a designated Steering Committee.
- The Corporation is expected to fully cooperate and provide timely access to information.
- A project plan and timeline will be agreed upon at commencement.

#### 7. Deliverables

- Inception report and stakeholder engagement plan;
- Interim findings briefing;
- Draft review report (for feedback from the Corporation and Department);
- Final review report including findings, analysis, and recommendations.

#### 8. Confidentiality and Independence

- The review team must operate independently of the Corporation and maintain strict confidentiality.
- Any conflicts of interest must be disclosed and managed appropriately.

#### 9. Use of the Review

The final report will be used by:

- The NSW Government to inform policy and funding decisions;
- The Corporation to improve governance, performance, and stakeholder confidence;
- Customers and stakeholders to assess the value and effectiveness of the Corporation and comment on the SOC model for bulk water delivery.