

Hunter Valley Water Users Association submission: **IPART - Prices for WaterNSW bulk water services May 2025**

1. Do you agree with the draft decision to set a 3-year determination period?

HVWUA considers IPART's three-year draft determination period a more favourable approach. We appreciate that IPART has acknowledged the concerns raised by water users regarding the existing WaterNSW business structure which is not fit for purpose and in need of review.

However, HVWUA remain concerned about WaterNSW's ability to create a justified, fair and affordable proposal within three years given the scope of change that is required. We ask IPART to evaluate the time frames required by WaterNSW to review their prior proposal, engage in co-design with regulated customers, and finalise a new proposal. It may be appropriate to adopt a five-year determination period to resolve long-standing pricing issues and ensure the process is not rushed.

HVWUA recognises IPARTs desire to consider all relevant issues pertaining to the current pricing model. This includes the impactor pays model, cost sharing arrangements and whether a state-owned-corporation model is appropriate. These are significant considerations and should align with the next WaterNSW pricing review period.

Given the complexity of water management and the number of water agency projects affecting Hunter Valley water users (e.g., non-urban water metering reform, coastal sustainable extraction project, water sharing plan reviews, pumped hydro renewable energy), HVWUA emphasises that water users need a well-paced consultation process with multiple points of contact for the development of a fit-for-purpose pricing proposal. This should not be rushed, and we would support a 5-year determination period.

2. In your view, what should WaterNSW focus on over the next 3 years?

WaterNSW should focus on:

- Delivering water to users in an efficient and affordable manner, improve efficiencies and reduce costs.
- Improving customer record data – ensure customer records are up-to-date and accurate.
- Improving outcomes for customers – quality products must be provided at an affordable rate, including:

- customer services:
 - provide in-person customer services (e.g., via staff at regional ServiceNSW centres).
 - improve response time frames for forms and application processing.
 - improve response time frames for email inquiries.
 - reduce the cost of transaction fees.
- customer communications – provide customers with clear information on:
 - water licence and approval conditions, and notifications when these are updated (i.e., when the mandatory metering conditions is applied).
 - water use reporting and recording requirements.
 - metering rules and exemptions.
- customer consultation:
 - co-design the format of Customer Advisory Groups with members.
 - improve operations and project transparency for customers.
- Performing a review of the WaterNSW business model.
- Developing a new pricing proposal with the assistance of IPART and in consultation with customers, relevant peak bodies, NSW Treasury, NRAR, NSW-DCCEW and NSW-DPIE.

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?

HVWUA considers it appropriate for WaterNSW and the NSW Government to cover these costs. We observe that in previous determination periods, WaterNSW have been inefficient and wasteful in the use of water user funds to perform safety-related projects. This has resulted in Hunter Valley water users paying for safety-related costs across multiple pricing determinations without seeing practical change on the ground.

If water users must pay, IPART must ensure that WaterNSW costs are efficient, represent value for money for customers and are also shared with the broader community as they also benefit from these safety-related works.

4. Should IPART further adjust WaterNSW’s current Rural Valley prices to account for changes in water sales volumes from the 2021 price review to this draft decision?

Limited quantitative information on potential adjustments has been provided, making it difficult to understand the impacts of a reduced sales volume scenario. HVWUA does not support this suggestion.

HVWUA considers that the gradual decrease in water use is a result of poor policy, increasing costs for farmers in NSW and natural weather variability. Farmers within our region are changing their operations or leaving the industry due to the increased cost of inputs and the complexity of navigating government “red tape” - agricultural policies and requirements that demand more time, finance and resources to comply.

This represents a serious risk to the long-term sustainability of NSW budgets and the viability of irrigated agriculture. As far as we can see, water sales volumes will continue to decline as a result of external drivers. It should not fall on customers to pay higher water prices due to the falling number of irrigators.

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?

HVWUA would request that IPART consider whether agricultural water users in the Hunter Valley are eligible for a Community Service Obligation (CSO). The IPART draft decision has been to maintain the CSO subsidy payments by the NSW Government for North Coast and South Coast regulated customers. This will ensure that prices in these valleys remain constant in real terms and affordable during the upcoming determination period.

In the 2017 determination, the Hunter Valley had achieved cost-recovery through a change in pricing structure. However, by the 2021 determination, the pricing model was no longer achieving this outcome due to increases in WaterNSW capital and operating expenses. Water users were left to bear significant entitlement charges increases; 40.9% for high security, 41.1% for general security, and 40.7% for usage charges.

We consider that the Hunter Valley has a similar profile of primarily small agricultural water users who are being priced out of irrigation, similar to that of the North Coast and South Coast. With recognition that the WaterNSW pricing model is inefficient and unaffordable, we ask WaterNSW to investigate the capacity to pay for Hunter Valley within this determination period.

Hunter Valley Water Users Association thanks IPART for the opportunity to provide feedback on its WaterNSW information paper and draft determination. We hope our feedback and recommendations provide helpful industry insight for the finalisation of the determination for WaterNSW rural bulk water prices from 1 July 2025.

The HVWUA committee is available to answer questions if IPART seeks any further information.

Yours sincerely,

[Redacted signature block]

Scott Wheatley

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About Hunter Valley Water Users Association

Hunter Valley Water Users Association (HVWUA) represents over six hundred water users who access groundwater, regulated and unregulated water sources across the Greater Hunter region. Industries represented include the thoroughbred industry, dairy, viticulture, horticulture, beef and cropping.

Founded in 1994, HVWUA seeks to ensure the future of water use and industry in the Greater Hunter region by supporting the sustainable and productive use of water resources. We engage in advocacy to promote secure water rights for water users, advocate for best practice water policy, and encourage industry profitability and sustainability.

HVWUA is a member of the NSW Irrigators' Council and partner with NSWIC Coastal Valley Forum to develop locally relevant state and national policies and strive to provide advice to stakeholders and decision-makers.