



## **Jemalong Irrigation Limited's Submission to IPART – Draft Pricing Determination for WaterNSW Bulk Water Services (May 2025)**

### **Introduction**

Jemalong Irrigation Limited (JIL) is an irrigation infrastructure operator in the Lachlan Valley, Central-West New South Wales, servicing approximately 85 farming businesses. On average, the scheme delivers around 30,000 megalitres of regulated surface water each year to support a range of irrigated winter and summer cropping programs, as well as livestock cropping enterprises, providing water security for livestock, in addition to grain, hay, and fodder production. Through this, JIL water supplies also underpins dryland farming operations, and ultimately contributes a significant and critical role in drought resilience across eastern Australia.

We appreciate the opportunity to comment on IPART's draft pricing determination regarding WaterNSW's pricing proposal. Customers within the JIL scheme have expressed strong concern about the ongoing viability of irrigated agriculture under escalating government water charges. Affordability pressures, uncertainty around future pricing, and delays in the determination process have weakened industry confidence. These factors are eroding the capitalisation value of JIL and farm irrigation infrastructure and assets, the confidence to invest, and threatening the long-term sustainability of productive farming systems.

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

While we understand the rationale for a short-term determination, a 3-year timeframe introduces uncertainty at a time when long-term confidence is critical. Agricultural enterprises make investment decisions over 5–10 year cycles, and lack of forward pricing guidance undermines strategic planning. This uncertainty has already been compounded by an 18-month consultation process and the extended delay between WaterNSW's submission and the release of IPART's draft determination. The absence of clear long-term pricing policy is affecting farm viability and the ability of irrigators to secure finance or maintain investment in water infrastructure.

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

WaterNSW must improve cost transparency and more clearly distinguish between commercial delivery costs and those associated with broader public benefit – such as flood management, dam safety compliance, and environmental obligations. These community service costs should be funded by government, not irrigators. WaterNSW should also focus on improving operational efficiency, introducing service-level benchmarks, and working with stakeholders to ensure future pricing frameworks are equitable, sustainable, and predictable.

## **4. Are there any other matters we should consider in making our decision to carry forward decisions from the WaterNSW Greater Sydney 2020 price review?**

In carrying forward decisions, IPART must ensure pricing reflects the actual structure of benefit. If WaterNSW's role has evolved to meet wider safety, regulatory or environmental responsibilities, these must be transparently separated from its commercial service of delivery. Reapplying past pricing assumptions without this reallocation of costs, places undue financial burden on irrigators, and is threatening the sustainability of irrigated agriculture as an industry because of factors unrelated to the industry.

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

We strongly oppose blanket inclusion of safety-related capital costs in rural pricing without disaggregating the costs that serve public benefit versus those that serve customers directly. Where infrastructure upgrades are undertaken to meet regulatory or dam safety standards, those obligations arise from public policy and should be funded by government. Irrigators in valleys like the Lachlan are price-sensitive, and continued cost shifting of this nature threatens the viability of agriculture, undermines the value of water entitlements and finance/debt security, and reduces long-term resilience to drought.

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

Yes. It is essential that any decisions carried forward are reviewed against updated usage volumes, asset performance, and actual service delivery outcomes. Rural users are increasingly sensitive to both price and service quality, and legacy assumptions must be reassessed to ensure fairness. IPART must also consider the compounding effect of successive cost pass-throughs on asset values and investor confidence in irrigation infrastructure and irrigated agriculture viability as a whole.

It would be appropriate to consider the social impacts of an inadequate pricing proposal that stands to destabilise the irrigation industry in the Lachlan Valley and specifically within Jemalong Irrigation's area of operations and undermine drought resilience. As farm viability declines, populations reduce, economic resilience of surrounding towns decline and the social impacts are significant – small schools close, community moral is affected, and social issues emerge. The negative impacts of a pricing proposal that lacks transparency and fails

to deliver appropriate cost allocation, has a compounding effect reaching further than the farm margin, and ultimately causes social decline.

**9. 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?**

The focus on WaterNSW's financeability must be balanced with the financial sustainability of its customer base. Irrigators are operating in increasingly tight margins, and rising government water charges risk reducing usage, driving disinvestment, and ultimately weakening the system IPART aims to protect. Revenue adequacy for WaterNSW cannot come at the expense of eroding the productive base of irrigated agriculture, which remains vital to national food security and drought response across NSW.

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