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Lachlan Valley Water Inc

Sustainable, productive and efficient water use in the Lachlan Valley

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Independent Pricing and Regulatory Tribunal

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Annual Review of WaterNSW Rural Bulk Water Prices for 2023/24

Introduction

Lachlan Valley Water (LVW) is an industry organisation representing more than 400 surface water and groundwater users in the Lachlan catchment. We welcome the opportunity to make a submission on the draft decision on the WaterNSW bulk water prices for 2023-24.

Water usage forecast

LVW does not agree with WaterNSW's claim that the rolling average usage is likely to decline significantly by the end of the 2021-2025 regulatory period, and we specifically consider that usage is unlikely to decline in the 2023/24 water year, given that most valleys have storages over 90% full. We also note that the actual total 2021/22 usage was higher than the 20-year average.

We are concerned that the forecast 2022/23 usage shown in Table 25 in WaterNSW's submission is significantly less than the actual 2022/23 year-to-date usage for all but two valleys, as per the data provided in the [NSW Water Register](#). While severe flooding in 2022 did affect usage in some regions, and particularly the Lachlan where the flood was the worst in 70 years, the actual usage in most other valleys is closer to the 20-year rolling average historical water sales. The table below shows the WaterNSW 2022/23 forecast usage, the actual year-to-date usage and the relationship of the actual usage in 2022/23 to the 20-year average water sales determined by IPART.

Table 1: WaterNSW forecast usage and actual year-to-date usage for 2022/23

Valley	WaterNSW forecast 2022/23 Usage (ML)	Actual 2022/23 year-to-date usage (ML)	Actual 2023/23 usage as % of the IPART 20-year average
Border Rivers	80,000	78,471	56.1%
Gwydir	180,000	236,670	107%
Lachlan/Belubula	53,000	88,767	48.7%
Namoi	102,000	162,636	117%
Peel	6,000	7,640	60%
Macquarie/Cudgegong	50,000	129,657	56%
Murrumbidgee	1,400,000	1,297,364	85%

LVW acknowledges that WaterNSW provided their submission on 31 March, and that usage has increased since then.

In addition, most of the storages in regional NSW are over 90% full, and with the BOM long range forecast for warmer than average conditions over the next 3 months, and that the July – September rainfall is likely to be below median it is anticipated that water usage will therefore be significantly higher than average in the 2023/24 water year. This certainly applies in a region like the Lachlan where irrigators will be aiming to recover after the impacts of the recent flooding.

In summary, irrigation usage varies widely based on both seasonal conditions and water availability, so on the basis that availability in 2023/24 will be high in all regions and weather conditions are forecast to be drier than average, it is therefore realistic to expect that usage will be higher than the 20-year average in most, if not all, regions. This also calls into question the WaterNSW forecast that there will be a shortfall in the recovery of their variable revenue requirement, because if usage is above the 20-year average they will be receiving a higher income than forecast.

Summary

Lachlan Valley Water concurs with IPART’s assessment that high dam storage levels, high water allocation rates and a possible transition to drier conditions all indicate there is likely to be higher than average water sales in the next 1 to 2 years. LVW supports IPART’s decision to maintain the regulated charges set under the 2021 Determination for 2023/24.

We also note that the Australian Bureau of Statistics considers inflation may have peaked by the end of 2022 and is now trending downward, and we believe that IPART should take into consideration the most up-to-date information on the inflation rate for the 2023/24 year.

Lachlan-specific issues

We also note that it is a responsibility for WaterNSW to manage their costs prudently and to prevent significant cost blowouts. A major issue currently in the Lachlan is the Lake Cargelligo embankment project, where the forecast costs have tripled since the 2021 determination. We acknowledge that there has been significant flood damage in this valley, however, LVW would like clear information from WaterNSW on specifically what generated the cost increase from \$11.5 million to approximately \$35 million for the Lake Cargelligo project. We also note that Lake Cargelligo is not simply a re-regulating storage but a recreational and environmental asset for the wider community, and that this should be factored into who bears the costs.

LVW also seeks clear information on what the costs of the emergency works to deal with the 2022 flood damage are, and how these works are being funded.

If there are any questions regarding this submission please feel free to contact me.

Yours faithfully



Mary Ewing
Executive Officer