

13th April 2021

Scott Chapman
IPART



RE: MRFF Submission Rural Bulk Water Prices Water NSW – Macquarie Valley

Macquarie River Food and Fibre (MRFF) is an industry body representing water licence holders who are ground and surface water users in the Macquarie Valley Catchment. We represent and support over 500 water entitlement licence holders and their communities.

MRFF members are food and fibre producers contributing to the economic, social and environmental health of the Macquarie Valley.

Further to the issues raised in our previous submission on 21 October 2020 and 2nd March 2021, we would like to raise additional concerns relating to Water NSW pricing included in IPART draft determination.

1. Change in “User Share” apportionment

As per our previous submissions, we note the change in user share of the following Water NSW costs:

- Water Quality and Monitoring (increase from 50% to 80% user share);
- Environmental Planning and Protection (increase from 50% to 80% user share);
- Dam Safety and Compliance (increase from 50% to 80% user share);
- Flood operations (increase from 50% to 80% user share).

Whilst we believe that the total cost of particular items is questionable, we would strongly object to the amendment of the cost recovery apportionment included in the draft determination.

Specifically, the line items above occur as a result of significant public interest in the operations of the river, and as such should be apportioned more broadly across the community. We believe the draft determination is inequitable and unfairly burdens water users for additional costs that result from broader governmental and public interest in river operations.

It is our view that the general public expect a level of monitoring and care for environmental assets and natural resources regardless of their contribution to industry via consumptive use. The Government therefore has a duty of care to ensure that rivers remain healthy, with or without irrigation.

As such, with no additional burden placed on the system by users but more so from increased requirements by Government as a result of broader community interest and expectation, it is inequitable to increase the customer share of *Water Quality and Monitoring* and *Environmental Planning and Protection*. These activities would occur without industry and would likely face similar cost pressures in any event as a result of the increased public expectation of Government's duty of care to maintain environmental assets.

Further, almost all *Dam Safety and Compliance* and *Flood Operations* in the Macquarie exist for the safety and benefit of urban and populous towns and cities along the river. With this in mind, it is difficult to understand why a further increase in charges is levied at water users when the requirement for this activity is clearly a broader community expectation of Government to maintain and operate the asset to provide flood mitigation and management for urban establishments.

As such, MRFF strongly object to the changes in the user share apportionment of these specific charges.

2. Metering reform costs


MRFF is highly concerned about the large proposed price rise, its affordability for water users, and the principles on which it is based. We acknowledge IPART have decided that metering costs under WAMC have not been determined due to a lack of information being provided by Water NSW. We also note that IPART support the implementation of metering at this point in time, but should continue to do so at the cost and risk of Government until an appropriate determination is made.

The irrigation industry strongly contends that reforms were driven in large part by government failure to properly deliver its compliance responsibilities. Water users have long paid for compliance activities that the Government evidently and indisputably under-delivered until recent times. MRFF is of the strong position that water users should not have to face cost increases for services previously paid for, but not delivered, or delivered poorly.

We are concerned that the extent of changes for WaterNSW remains overstated in the draft determination. The draft determination creates an impression that metering services are a new function for WaterNSW, with a general failure to recognise previously required services. We expect that many of WaterNSW's previous roles should remain relatively constant under the new reforms, and some roles to even be reduced with consequent lower costs involved.

We note Water NSW and IPART position that cost efficiencies as a result of metering and telemetry will not appear in this determination given the slow take up of the metering policy by water users and the general implementation of the policy by Government. We believe that the additional cost of implementing this policy should be treated the same as the WAMC metering costs, in which the Government pay the additional operational costs over and above the current costs until such time as the take up by industry has reached an appropriate point and the efficiencies of the policy are achieved.

It is important to highlight that water users are outlaying significant capital expenditure to purchase and install telemetry devices in addition to upgrading meters. We remain concerned about cost duplication given the capital expenditure incurred for telemetry devices and installation by users to meet the new metering reform requirements, whilst incurring higher WaterNSW charges included in the draft determination.



We believe that users should not have to bear the cost of the capital outlay to install the meter and telemetry as well as additional operational expenditure by Water NSW in implementing the Metering policy.

Sincerely,

Michael Drum
Executive Officer
Macquarie River Food and Fibre

