

11th July 2025

IPART
Submission to WAMC Draft Determination
June 2025
Via email
water@ipart.nsw.gov.au



Re: MRFF Submission to WAMC Draft Determination 2025

We would like to thank IPART for the opportunity to provide a submission to the "WAMC Draft Determination 2025" (the **Draft**).

In relation to the Draft, we would like to make the following commentary.

1. 3-Year determination for WAMC

We support the three-year determination period to undertake a wholesale review of WAMC's operating model, budget and performance.

While WAMC budgets continue to increase far beyond IPART's allowed expenditure targets, IPART still maintains that licensing fees should be gradually raised in order to achieve full cost recovery.

These two trends of increasing budgets and an insistence on an incremental pathway to full-cost recovery are leading to unsustainable price rises.

MRFF requests this period is used alongside the WaterNSW review to overhaul rural water pricing in NSW with lasting solutions to affordability and sustainable water management.

2. 3-Year focus of WaterNSW and the Department

We believe the next 3 year period requires a thorough review of WAMC and its operating model.

It appears to us that the current structure of WaterNSW and WAMC are unsustainable from a cost point of view. The reforms over the past decade have not delivered the promised efficiencies and customer focus. It is imperative that the mooted Review of the Sustainability of Rural Bulk Water take into account service delivery, planning and affordability across the sector.

The following points are those which we believe are impacting pricing across the board from both WaterNSW bulk water services and the cost of water management (i.e. WAMC):

- Continued policy change driven at the departmental level to reduce access and reliability for customers over and above the Murray Darling Basin Plan reductions via buybacks and other policy settings.
- Continued growth in staffing resources within WaterNSW and WAMC to continue to manage water in NSW that is outside the consumers ability to control which is neither transparent nor defensible.
- Increase in resources and activity, yet no resources available to ground truth major policy work for accuracy or proper consultation with landowners. i.e. Wetlands policy proposal, FPH metering at Dept level prior to implementation.
- WAMC v WaterNSW issues need to be considered given the duplication that exists between the two bodies that is proving to be ineffective on the ground. Further, any review should examine the potential duplication within WAMC (i.e. Dept, WaterNSW and NRAR).
- Customers / Users are seeing this growth in resourcing leading to a growing level of bureaucracy causing many consumers to incur additional cost at the farm gate for simple applications and compliance costs through WaterNSW and other government agencies. We observe that the skill level of the Department has diminished over time.
- There is a growing concern of there being a level of “government resources justifying their roles” within WaterNSW and WAMC causing more problems on the ground bureaucratically and economically. A clear business plan should be available for WAMC activities within the Department.
- WaterNSW and the Department are forecasting a reduction in access to water for users both via policy and climate change. With an ever-increasing cost base, the current user pays model requires that cost to be born primarily at the farm gate placing undue pressure on the viability of production. These issues need to be squarely and strategically addressed.

This has an impact on rural costs of living and the security of production of food and fibres in regional economies. It proves to be an unsustainable business model for both consumers, WaterNSW and WAMC.

Recommendations

- The review over the next 3 years needs to be in 2 parts;
 - i) A review of the corporation of both WaterNSW and WAMC and its efficiency to remove duplication and ensure a sustainable business model is in place that doesn't result in wholesale and substantial pricing rises over time
 - ii) A wholesale review of the water sector and structural issues of water availability vs cost of service to take place. This needs to include the policy impacts of reliability of water for users as a result of policy changes over time and the commensurate cost for WaterNSW and WAMC to operate without undue impact on production viability as a result.

3. Role of Treasury

We believe it is important for IPART to assess the role of Treasury in this process. To date, dividends have been paid to Treasury each year from WaterNSW.



We believe the following should be consider;

- Under the State Owned Corporations Act the goal of WaterNSW is to maximise the net worth of the State's investment in Water NSW
- Treasury forgoing the dividend for a short period of time would allow WaterNSW to understand its long-term financial situation and issues with affordability. The financial status of the corporation needs to be understood and accepted by all stakeholders.
- Under the user pays system, the burden of government mismanagement should be the borne by the government. This is an on-going issue, however it is a sub-set of the issue above.
- The user is not at fault for where the structure and management of WaterNSW and WAMC resulting in unsustainable cost proposals.

It is critical that the role of the owners (including NSW Treasury) is addressed through any review process. The blind expectation of increasing returns versus community and consumer outcomes requires a high level of engagement by the NSW Government and a potential response via consideration of community service obligations.

4. Ongoing inclusion in the review process

There is an ongoing expectation that consumers and user's groups are included in the planning and discussions occurring over the next 3 years given the level of contribution from a financial and customer service point of view. We would encourage IPART and the NSW Government to engage with NSW Irrigators Council through a codesign process commencing as soon as possible.

Thank you again for the opportunity to provide comment on the Draft.

If you have any question or wish to discuss further, please don't hesitate to contact me.

Sincerely,



Michael Drum
Executive Officer

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.