

## MRSG response to Independent Pricing and Regulatory Tribunal (IPART) Draft Report

The Murray Regional Strategy Group (MRSG) comprises industry, Indigenous, community organisations and irrigation groups from the food and fibre producing region in the Murray Valley in Southern NSW.

MRSG acknowledge and appreciate that the latest report from IPART has confirmed the original 28% increase in government fees and charges will not be passed on in whole to General Security (GS) irrigators in the NSW Murray footprint. However, the revised increase of roughly 10% is still beyond the reach of the average irrigators who are struggling under the current structure used to recover water delivery / operational costs.

MRSG would like to make the following recommendations and comments on behalf of its member organisations to ensure greater accountability and transparency in the distribution of costs for water usage and operation in the NSW Murray Valley footprint.

### **MDBA Pass Though Charges**

MDBA fees and charges are currently not subject to IPART or ACCC determination processes like other monopoly providers.

Irrigators are covering the cost of all water users and beneficiaries within the NSW Murray footprint, irrigators cannot bear the brunt of the majority of MDBA fees and charges, for example in South Australia every single water user must contribute to MDBA fees and charges.

Recommendations:

1. As the MDBA is a monopoly provider, the MDBA fees and charges should and must be subject to an ACCC and / or IPART determination like all other monopoly providers.

2. Just as compliance has been separated from implementation, we request the separation of River Operations from Environmental Water Management within MDBA fee structure to provide some transparency and assurance that irrigators are not paying the environmental proportion of water costs. The Basin Plan was developed for 'the good of the nation as a whole' and as such should not be worn predominantly for the irrigator to pay for.
3. MDBA / river operation charges need to be socialised across all water users (ie beneficiaries) of river operation, including (but not limited to) tourism and town water supplies.

### **Reduced reliability**

Over the past two decades irrigators in the NSW Murray Valley have experienced a reduction in allocation reliability of greater than 25% for GS entitlement holders, yet these irrigators have endured increases in fees and charges of greater than inflation, this is not sustainable when usage has significantly reduced.

Food and fibre producers reliant on GS allocations in our footprint are coming off the back of a 0%, 3% and currently 50% allocation, which has significantly impacted their income earning potential. Meeting increased fixed fees and charges with reduced access to water for production is unsustainable.

At a recent online forum to discuss the impacts on food and fibre producers who are struggling with the burden of fixed costs whether they receive an allocation or not, a government employee's response was – "just sell your water" to cover the cost of fees and charges. Our great concern is those responsible for policy setting, including the structure of how the costs associated with water policy, delivery and operation, do not fully understand the impacts on the rest of the nation when our irrigators cannot produce the food we all enjoy on our supermarket shelves.

### **Recommendation:**

A total restructure for recovery of water policy, delivery and operational costs needs to be undertaken by NSW. The current reliance on fixed fees / charges to recover costs places a heavy burden on irrigators who are not the only beneficiaries of water management in NSW.

A beneficiary cost recovery mechanism needs to be implemented increasing the focus on usage charges rather than fixed charges.

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### Increased collaboration

While there are opportunities for our member organisations to participate in stakeholder advisory groups, we strongly believe this process can be strengthened. By improving relationships between policy setting, water operation / delivery and communication between all agencies involved in the management of water, steps can be taken to avoid the impost being worn by food and fibre producers and the communities who rely on them.

Our irrigators were among the first in the state to install modern metering and implementing compliance. Our producers are measured to the cupful and pay the price for meeting an expectation sought from the rest of society at large.

Currently our members can have little influence on policy decisions which have a major impact on their livelihoods. Our representatives can be of great assistance to policy setters and water operators to identify opportunities to maximise efficiency, decrease costs and help avoid costly mistakes.

MRSRG are concerned with the full cost recovery mindset of the NSW Government, which will see our compliant food producers slugged with the cost of unintended government mistakes.

### Recommendation:

Increase a collaborative working relationship between government agencies and MRSRG, this would include -

- **Bi annual meetings** between MRSRG, the Water Minister and senior staff.
- **Peak Level Annual forums** with senior staff from WaterNSW, NSWDPPE, NSW Natural Resources Access Regulator, NSW Environmental Water Holder and the NSW Treasury.
- **Valley Specific workshops** allowing user representatives from NSW Murray Valley to interact directly with agency / departmental staff on NSW Murray issues, to take place three times a year.
- **Appoint a Murray Valley water director** who would act as a one stop shop to coordinate all our issues and champion the NSW Murray within the Department (NB this position does not need to be located in regional NSW).

Kind Regards,

**Geoff Moar**

**Chair - Murray Regional Strategy Group**



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