

# Murray Regional Strategy Group

## IPART Submission – Review Prices for WaterNSW and WAMC regional and rural bulk water from 1 July



The Murray Regional Strategy Group (MRSRG) is a coalition of organisations from industry, irrigation, and community from the NSW Murray Valley. Rather than being a peak organisation, it is a collaborative voice for a united position on water issues in the Murray Valley

### Overarching Comments

The Murray Regional Strategy Group strongly opposes the pricing proposal for the Murray Valley submitted to IPART as it leads to unsustainable cost increases for regional and rural bulk water users in NSW.

The revenue requirements for managing and operating water services in NSW are escalating at a rate that outpaces the financial capacity of its customers. IPART's impactor-pays principle disproportionately shifts these rising costs onto rural water users, particularly farmers. This business model is fundamentally flawed and unsustainable.

### Lack of Engagement

In Water NSW's Pricing Proposal dated 30 September 2024, Figure 1 – "Our engagement journey and how it shaped our submission" – outlines the process used to develop their submission. The first step states: **"Listening to what we've heard to date from our customers." These insights were intended to be the starting point for identifying topics and issues for this price proposal, with community information initiating the engagement process.**<sup>1</sup>

However, members of our organisation have repeatedly highlighted the poor engagement with WaterNSW and, in particular, WAMC. Engagement has been reduced to a mere tick-the-box exercise rather than a genuinely collaborative approach where customers are listened to and their concerns acted upon. We do not feel that WaterNSW or WAMC have clearly outlined how the proposed price increases would impact the businesses we represent, nor the subsequent effects on our communities.

In the engagement process used by WaterNSW and WAMC, there was no opportunity for customers to reject their expenditure or the price increases. As an organisation, we do not feel the voice of rural customers is valued. We have highlighted during previous "Have Your Say" processes that this model and the ongoing increase in costs for NSW rural water users is an unsustainable burden. None of our input has influenced the expenditure or pricing decisions.

Of further concern, are proposed changes by WaterNSW to reduce the number of Murray Valley Customer Advisory Committee (CAG) meetings to 2 per year. MRSG is also aware in the last IPART review, IPART required WaterNSW to extend consultation beyond formal CAGs in each valley. This creates additional costs for one-on-one consultation. There is no transparency on this new concept of 'consultation', levels of knowledge and how costs are applied under full cost recovery.

Impact of Price Increases

Rural water customers face debilitating increases in their water bills of up to 200 percent and more over the next five years under the proposals outlined in the IPART issues paper.

Our members are accustomed to fluctuating input prices; however, the price increases proposed in the IPART issues paper are unprecedented. These unmatched hikes pose a significant risk to the viability of small and medium family farms, which will, in turn, impact the regional communities that rely on them.

Many rural water customers simply cannot absorb these costs, potentially leading to farm closures and job losses across regional NSW. The flow-on effects will be felt nationwide through further increases in the cost of living, as farmers will have no choice but to pass on higher water costs, driving up food prices and adding pressure on households across NSW.

For example, a NSW Murray irrigator accessing water through a private irrigation system is facing substantial increases in water bills -

	<b>2024-2025 Current charges per WE</b>	<b>2029-2030 184% increase over five years per WE</b>
<b>Class C pass through charges (excluding IIO charges)</b>	<b>\$7.71</b>	<b>\$21.89</b>
<b>Water usage fee (excluding IIO charge)</b>	<b>\$6.89</b>	<b>\$19.56</b>
<b>TOTAL cost per WE</b>	<b>\$14.60</b>	<b>\$41.45 (excluding IIO charges)</b>

Currently, a general security irrigator in the NSW Murray who uses 500ML a year pays \$7,300 in government charges, which will increase to \$20,725 by 2029. If this increase is applied to the Murray Irrigation footprint alone, using their five-year annual average usage of 553,000ML, it will result in \$23 million leaving the region and its communities.

In contrast, the proposed prices submitted by WaterNSW to IPART indicate that a Sydney Water resident can expect less than a \$1 per week increase (approximately 80 cents per week or \$42 on average per annum) to their water bill in 2025-26. This is to provide bulk water services that meet regulatory and legislative obligations and community expectations at the lowest sustainable cost.<sup>2</sup>

We find it unreasonable that Greater Sydney has a planned capital expenditure of \$1,485.8 million from 2026 to 2030, while rural areas have a significantly lower planned expenditure of \$553.1 million. Despite this disparity, rural water users face up to 200% increase in water bills, whereas Sydney residents are looking at an increase of less than \$1 per week.

	Current Determination Annual Average	2025-26	2026-27	2027-28	2028-29	2029-30	Total FY26-FY30	Draft Proposal - Annual Average	Annual Average Variance %
<b>Total Capital Expenditure</b>	<b>\$218.4</b>	<b>\$308.9</b>	<b>\$495.5</b>	<b>\$533.0</b>	<b>\$463.6</b>	<b>\$352.8</b>	<b>\$2,153.8</b>	<b>\$430.8</b>	<b>97%</b>
Greater Sydney	\$116.4	\$164.3	\$300.9	\$370.8	\$367.9	\$281.9	\$1,485.8	\$297.2	155%
Rural Valleys	\$91.4	\$113.8	\$164.7	\$136.1	\$78.9	\$59.6	\$553.1	\$110.6	21%
WAMC (WaterNSW share)	\$10.6	\$30.8	\$30.0	\$26.0	\$16.8	\$11.4	\$114.9	\$23.0	116%

**Table 9 – WaterNSW proposed capital expenditure compared with current determinations (\$m, \$2024-25) <sup>3</sup>**

Value for service

Our member organisations cannot report increased value in services that justify such an exorbitant price increase. In fact, for some, the service value has significantly decreased, with certain systems being left without water this winter and spring for the first time since the Millennium Drought

As a result, many farmers could not irrigate winter cereals and spring pastures, leading to millions of dollars in lost income across the district. Additionally, there has been a lack of access

to domestic and stock water supplies, as well as ecological impacts resulting from no-flow events in these creek systems.

Detrimental policy decisions being forced onto the Murray Valley do not represent value for money. We expect a much greater level of collaborative engagement to justify the elevated expenditure required for implementing policies that jeopardise our food security and increase the cost of living.

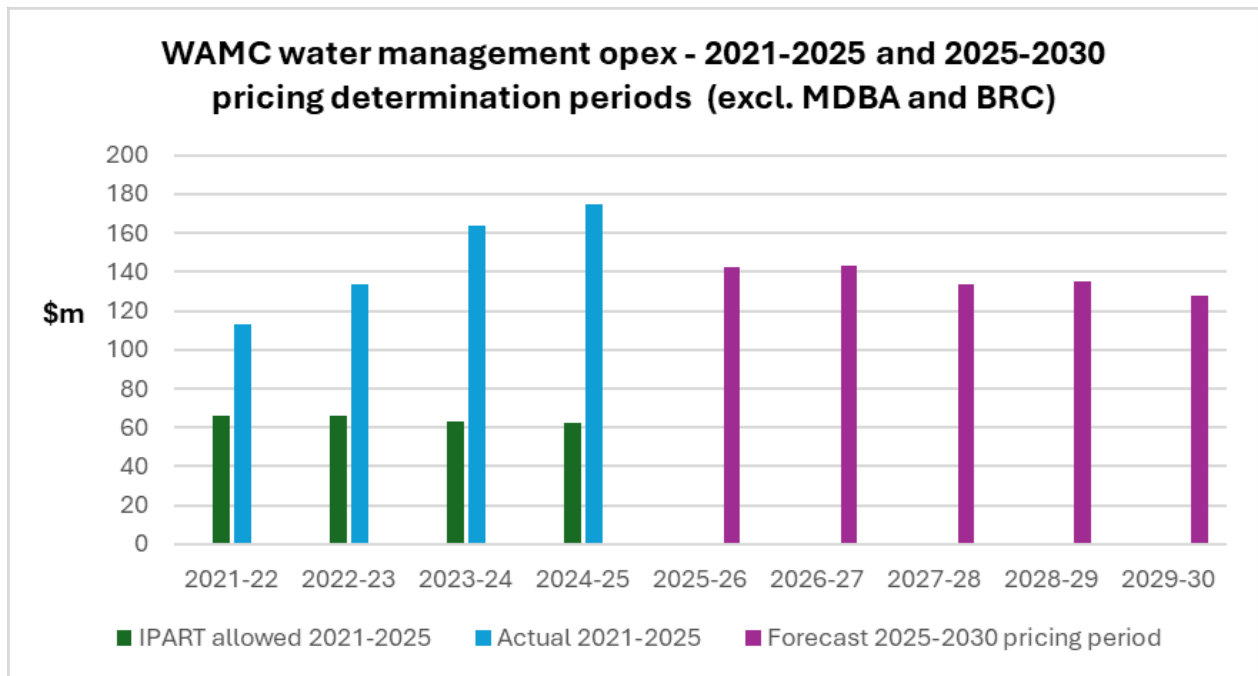
Repeated requests to discuss the detailed impacts of Government water policy on the Murray Valley with high-level decision-makers in WaterNSW and NSW DCCEW remain unfilled. For example, there is still no willingness demonstrated within NSW Government water policy areas to discuss potential decisions with NSW Murray stakeholders prior to Basin Official Committee meetings (BOC) or Ministerial meetings (MINCO). Such conversations are critical not only to avoid further social and economic impacts, but also to avoid financial waste within Government spending. Centralised decisions can lead to policy outcomes made without recognition of the impacts, or consideration of possible alternatives.

Risks are further increased by Government reliance on the use of external consultancies. This, combined with loss of expertise within Government/departments at state and federal levels, is leading to elevated costs and continues to create higher costs, now being passed onto Murray Valley water entitlement holders.

Murray Valley stakeholders participating in IPART reviews continue to raise concerns about the lack of detailed transparency and appropriate apportionment of costs under full cost recovery cost shares. A significant proportion of costs are related to NSW and/or Federal Government's political decisions on water and environmental policies. However, these costs filter through WaterNSW, WAMC, and the Murray Darling Basin Authorities charges.

### Inequity

Through these price increases, rural water users are being left to bear the escalating costs of WaterNSW and WAMC, and by extension, the water management services of WaterNSW, DCCEEW, and NRAR. This is illustrated in the graph below created by NSWIC from the IPART Issues Paper.



Government regulation is driving these cost increases, thereby reducing the efficiency of the commercial sector. As government corporations, WaterNSW and WAMC cannot expect to pass on these unreasonable costs to water users. Essentially, rural water users are funding the government to put irrigators and food producers out of business, with broader implications to the communities they live in.

The Murray Regional Strategy Group (MRSRG) supports the need for compliance, metering, and monitoring, along with the implementation of complementary measures such as fish passages and cold water pollution solutions. However, these outcomes are imposed on rural NSW users by voters across the state and country, and these costs should be socialised across the entire state and country. Rural water users cannot be expected to cover costs associated with managing, servicing, maintaining, reading, testing, and replacing government-owned structures such as water meters. Nor can rural water users bear the cost of implementing regulation that has flow-on benefits to all state residents.

Inequity in the socialising of expenses to implement the Murray Darling Basin Plan is clearly demonstrated in Table 19 on page 19 of the Information Paper - *WAMC and WaterNSW proposed prices and bills*<sup>4</sup>. General Security Entitlement holders on the NSW Murray regulated system will face a 265% increase to their water bill due to MDBA pass-through charges. This is an outrageous burden for those who have already done the heavy lifting in Basin Plan implementation, including a nearly 40% decrease in reliability on the yield of entitlement, communities who have been decimated by job losses and face elevated risks of flooding due to changes in water ownership and management of air space in upstream storages. These costs

must be socialised across the broader community, not just water entitlement holders. Along with being an example of inequity, it does not provide value to water holders in the NSW Murray Valley and we do not feel there is adequate justification for this excessive increase in charges.

Table 19 Murray Valley prices for regulated rivers, \$/ML, \$2024-25

	2024-25 (current prices)	2025-26	2026-27	2027-28	2028-29	2029-30	Total increase	Annualised increase
<b>Standard Water Use Customers</b>								
<b>WaterNSW component for standard water use customers</b>								
High Security Entitlement Charge	2.63	2.96	3.51	4.16	4.93	5.85	122%	17%
General Security Entitlement Charge	1.15	1.35	1.60	1.89	2.24	2.66	131%	18%
Water Take Charge	3.41	4.00	4.74	5.62	6.66	7.89	131%	18%
<b>WaterNSW MDBA or BRC component</b>								
High Security Entitlement Charge	10.07	12.61	16.33	21.15	27.39	35.48	252%	29%
General Security Entitlement Charge	4.43	5.74	7.43	9.63	12.47	16.15	265%	30%
Water Take Charge	2.16	2.82	3.69	4.82	6.31	8.24	281%	31%
<b>WAMC component</b>								
High Security Entitlement Charge	1.40	1.61	1.85	2.13	2.45	2.82	101%	15%
General Security Entitlement Charge	1.40	1.61	1.85	2.13	2.45	2.82	101%	15%
Water Take Charge	1.01	1.16	1.34	1.54	1.77	2.03	101%	15%
<b>WAMC MDBA and BRC components</b>								
High Security Entitlement Charge	0.73	0.84	0.84	0.84	0.84	0.84	15%	3%
General Security Entitlement Charge	0.73	0.84	0.84	0.84	0.84	0.84	15%	3%
Water Take Charge	0.31	0.38	0.38	0.38	0.38	0.38	23%	4%
<b>Combined price for standard water use customers</b>								
High Security Entitlement Charge	14.83	18.02	22.53	28.28	35.61	44.99	203%	25%

These tables summarise information provided in WAMC's and WaterNSW's proposals to make it easier for customers using different water sources to understand the impact of the proposed prices. IPART is assessing and seeking feedback on the proposals, including these proposed price impacts.

## Conclusion

The current impactor pays model is fundamentally broken. MRSRG remains firm in its belief that rural water users should pay only for the cost of delivering water, while broader costs for public good activities should be shared across the community via public funding. This model would bring rural pricing into line with principles of fairness and equity.