MURRUMBIDGEE PRIVATE IRRIGATORS INC
&
MURRUMBIDGEE GROUNDWATER INC

Submission: IPART Prices for Water Administration Ministerial Corporation (WAMC)

Contents

Background

MPII represents approximately 400 regulated and unregulated water users in the Murrumbidgee Valley outside of the Irrigation Corporations, Murrumbidgee Irrigation and Coleambally Irrigation Cooperative. Our membership takes in a broad area, communities and commodities, from Gundagai to Balranald to Moulamein. MPII accounts for approximately one third of the diversions on the Murrumbidgee system with approximately 400,000 megalitres being made up of High Security and General Security entitlements dispersed amongst the members.

MGI represents approximately 270,000 megalitres of groundwater entitlements shared by approximately 250 groundwater users in the Murrumbidgee Valley which comprises a large agricultural area in the vicinity of 84,000 square kilometers in the southwest of NSW. The MGI members' generation of food and fibre production support the townships of Leeton, Griffith, Darlington Point, Coleambally, Hay, Carathool and Jerilderie. Many of the farming enterprises provide extensive employment opportunities both directly and indirectly due to the high labour component required during the development, planting and harvesting cycles of their commodities.

The Riverina located within the Murrumbidgee, known as the "food bowl of NSW" producing an extensive array of crops such as corn, sorghum, sunflowers, rice, cotton, prime lambs, beef cattle, wine grapes, citrus, almonds, walnuts, vegetables, stonefruits, seed production and wool. Reliable production from this area underpins domestic and export markets earning valuable trade income for our nation.

Introduction

Murrumbidgee Private Irrigators Inc (MPII) & Murrumbidgee Groundwater Inc (MGI) appreciate this opportunity to make a submission to the IPART - Review of prices for the Water Administration Ministerial Corporation July 2025.

Our submission responds directly to the questions posed by IPART, addressing critical issues including the three-year determination period, price caps, performance metrics, and the fundamental structure of WAMC pricing.

Our members who are among the most productive irrigators in Australia are already experiencing unprecedented cost pressures. Rapidly rising water management fees, combined with regulatory complexity and broader input cost increases, threaten the viability of irrigated agriculture and the regional communities it sustains.

This submission makes clear:

- The urgent need for a comprehensive, independent review of WAMC's price structure;
- The importance of fair and transparent cost sharing that recognises the public benefits of sustainable water management;

- The necessity of efficiency in compliance and service delivery; and
- The critical role of affordable water pricing in maintaining regional food and fibre production.

We strongly urge IPART and the NSW Government to consider the perspectives shared in response to your questions and to use the upcoming three-year review period to deliver genuine, lasting reform to NSW's water pricing framework.

Submission

What are your views on the proposed 3-year determination length?

MPII and MGI support the proposed three-year determination period, as it provides a critical window to undertake a comprehensive review of the Water Administration Ministerial Corporation (WAMC) operating model, budget, and pricing framework. This review is essential given the ongoing escalation of WAMC budgets beyond IPART's allowed expenditure targets, coupled with IPART's continued push towards full cost recovery through increased licensing fees. Together, these trends are driving price rises that are unsustainable for irrigation businesses and regional communities.

We see this three-year period as a vital opportunity to fundamentally reform rural water pricing in NSW. The current model is no longer fit-for-purpose; it needs a thorough examination of its underlying assumptions and cost structures to ensure water pricing is affordable, transparent, and sustainable into the future.

MPII and MGI support New South Irrigators Council (NSWIC) recommendation that this review:

- Be overseen by the shareholding Ministers (Treasurer and Minister for Finance) to ensure high-level accountability.
- Be led by an independent consultant with expertise in water economics, such as Aither or Seftons, to provide objective analysis.
- Include broad consultation with key stakeholders, including WaterNSW, WAMC, the MDBA, NRAR, NSW-DCCEEW, the NRC, and state and valley-based irrigation peak bodies including NSWIC.

Key areas that must be addressed in this review include:

- Assessing whether WAMC's corporate and operating model delivers affordable and efficient services for rural water users.
- Re-evaluating cost-sharing arrangements between water users and the broader public to determine if they remain fair and equitable.

- Reviewing the validity of the 'impactor pays' principle that underpins current pricing determinations.
- Scrutinising WAMC's cost-recovery targets and identifying opportunities to improve efficiency.
- Ensuring IPART decisions actively protect the long-term viability of irrigation-dependent businesses and contribute to regional food security.

It is essential that this review does not simply adjust the margins of the existing system. Instead, it must drive a complete rethink of rural water pricing to deliver a model that works for both water users and the broader community. The affordability of water has reached a tipping point, and without meaningful change, the sustainability of irrigation businesses and the communities they support will be at risk. This three-year period must be used to deliver lasting, practical solutions.

Do the 2.5% and 5% caps on prices strike the right balance between cost recovery and impacts on customers?

Caps on Price Increases and Balancing Cost Recovery with Affordability

MPII and MGI welcome IPART's rejection of WAMC's proposed initial 15% price rises, and we acknowledge that capping price increases to 2.5% and 5% offers short-term relief to water users. However, we do not believe these caps alone resolve the fundamental issues in the current pricing model or strike the right balance between cost recovery and the viability of irrigation businesses.

Cost Recovery Concerns

While some level of user contribution is reasonable, MPII and MGI cannot support IPART's continued pursuit of 82% cost recovery from licence holders. This target is unrealistic and incompatible with a productive irrigation industry, especially given the ever-expanding WAMC budgets driven by new programs, compliance measures, and environmental initiatives. These activities often serve the broader public interest such as climate planning, environmental flows, and Aboriginal water programs yet their costs are unfairly shifted onto irrigators.

Under the current arrangements, irrigators already contribute a significant share (43%) of WAMC's budget. Even with annual caps of 5%, price increases compound quickly, placing an unsustainable burden on farm businesses. If 82% cost recovery remains the target, water licence fees could nearly double over the next decade, pushing many irrigators beyond financial viability.

Impacts on Irrigators and Regional Communities

The escalating cost of water licences undermines the viability of irrigation enterprises and, by extension, regional economies dependent on irrigated agriculture. Affordability concerns cannot continue to be ignored, IPART's approach of targeting full cost recovery while WAMC's costs climb year after year will only lead to declining service quality, reduced competitiveness of irrigation, and serious flow-on effects for rural communities.

A Pathway to Real Balance

MPII and MGI believe that to achieve a genuine balance:

- IPART must reconsider its fixation on full cost recovery and instead adopt a model that recognises the public good components of water management.
- Cost-sharing arrangements should be restructured so that licence holders pay for baseline services, but broader community-benefiting programs are funded by government.
- A thorough review of WAMC's operating costs, drivers of budget increases, and efficiency should be undertaken to identify opportunities for savings.
- Government should consider direct Treasury funding for programs delivering public benefits rather than forcing irrigators to bear these costs.

Escalating Budgets Must Be Addressed

WAMC's costs have consistently exceeded budget allowances ranging from 45% to 134% above approved levels in recent years due to factors like expanded compliance efforts, non-urban metering reforms, floodplain harvesting rules, and evolving public expectations around water management. These increases are largely driven by government policies, not irrigator actions, and should therefore be funded by the public, not individual licence holders.

While the 2.5% and 5% caps offer temporary reprieve, they do not fix the underlying structural flaws in the pricing model. Without a fundamental shift in the approach to cost recovery and serious scrutiny of WAMC's expanding budgets the current model will continue to erode the affordability of water for irrigators and threaten the sustainability of regional industries. The upcoming three-year review must prioritise building a fair and sustainable pricing framework that balances the need for efficient water management with the economic realities facing irrigation communities.

What are your views on a potential alternative cap of prices for water management services at 10%?

Proposed 10% Cap on Price Increases

MPII and MGI strongly oppose any move to raise the annual price cap on water management services to 10%. Under the current cost-sharing arrangements, which unfairly burden irrigators with costs for activities that often benefit the broader community, annual increases of this magnitude would have unacceptable impacts on farm businesses and regional communities.

Unrealistic and Unsustainable

We do not support the notion that licence fees should automatically rise year-on-year, especially while the goal of achieving 82% user cost recovery remains unchanged. This target is neither fair nor achievable and must be fundamentally reconsidered before any future pricing determinations. Pursuing annual price increases of up to 10% without first addressing the flawed cost-recovery model would only accelerate the financial pressure on irrigators.

Clear Evidence of Impact

The widespread opposition to the previously proposed 15% price rises highlighted how unaffordable such increases would be for licence holders. A 10% cap would still represent a steep and unjustified rise, threatening the viability of many irrigation enterprises and undermining regional economic stability. Even IPART has acknowledged that significant price increases, especially when compounded with inflation, could have substantial negative impacts on customers.

Context Matters

IPART must also recognise that price increases cannot be considered in isolation. Irrigators are already facing rising input costs across the board including fertilisers, energy, and freight alongside tighter water markets due to Commonwealth water buybacks and increasingly erratic weather patterns. Adding sharp increases in licensing fees to these pressures would be untenable.

What are your views on our proposed performance metrics? Could these be improved?

MPII and MGI support the proposed performance metrics as a starting point but urge that they be expanded to include:

- Measures of cost-efficiency and budget adherence.
- Benchmarks for eliminating duplication across state and Commonwealth responsibilities.
- Targets for improvements in service delivery quality as experienced directly by water users.

Robust, streamlined performance measures will help ensure that licence holders receive fair, effective, and affordable services from WAMC.

Proposed Performance Metrics

MPII and MGI welcome efforts to improve accountability and introduce clear performance metrics for WAMC. Our members have experienced rising fees without corresponding improvements in service delivery, and we are concerned that WAMC regularly exceeds its budget with little consequence. Meaningful performance measures are essential to restore confidence in the system and ensure value for money for licence holders.

Support for the Proposed Outcomes

The four proposed outcomes represent a reasonable foundation for assessing WAMC's performance. However, we believe they should go further to ensure transparency, drive efficiency, and avoid unnecessary duplication of effort across agencies.

Avoiding Duplication Across Agencies

One key improvement would be to establish mechanisms that prevent overlapping responsibilities between NSW-DCCEEW, the MDBA, NRC, and other state and Commonwealth agencies. For example:

- NSW-DCCEEW allocates funding for long-term average annual extraction limit (LTAAEL) reviews, even though the MDBA already monitors sustainable levels of take through Sustainable Diversion Limits (SDLs).
- Reviews of the 58 Water Sharing Plans (WSPs) involve multiple layers of assessment first by the NRC, then a response by NSW-DCCEEW, followed by further development. This process adds unnecessary complexity and cost, which has been identified by NSW-DCCEEW itself as a budget driver.

Streamlining these processes would improve efficiency, reduce costs, and ensure that performance metrics meaningfully track outcomes rather than administrative duplication.

What are your views on a potential price structure review?

MPII and MGI call for:

- An immediate, independent, and comprehensive review of the WAMC pricing structure.
- A re-examination of the impactor pays principle to reflect public benefits delivered by water management.
- Abandoning the 82% cost recovery target.
- Clear delineation between costs for policy planning and implementation, with public funding for programs benefiting the wider community.
- Efficiency improvements in compliance costs and budget transparency.

A fair, modern, and sustainable pricing structure is essential to maintain irrigation businesses, regional communities, and the long-term health of NSW's water resources.

Potential Price Structure Review

MPII and MGI strongly support a comprehensive review of the current WAMC price structure. Prices are rising faster than irrigators' capacity to pay, directly threatening the viability of irrigation businesses and regional communities across NSW. Without fundamental change, there can be no lasting solution to affordability or sustainability in rural water pricing.

Need for an Independent, Holistic Review

We believe this price structure review must be led by the shareholding Ministers, as the existing framework cannot deliver fair or enduring outcomes. All options should be on the table. The review should balance irrigator viability with environmental sustainability and public confidence in water management.

Challenges with the Impactor Pays Principle

MPII and MGI fundamentally disagree with the current cost-sharing model based on the "impactor pays" assumption. Many of WAMC's core functions respond to community and government expectations for environmental regulation, not just the actions of irrigators. Yet irrigators are expected to pay for nearly 82% of WAMC's costs, often funding programs that primarily benefit the wider public such as climate planning, water quality monitoring, and compliance activities.

Other public services in NSW, like public transport, achieve only around 25% cost recovery from users because they produce clear public benefits. By contrast, water management functions delivering biodiversity improvements, climate resilience, and reliable water supplies during drought are treated as purely user-funded. This fails to acknowledge the immense public value of these programs.

Recognising Public Benefits

Irrigation infrastructure was originally built as part of nation-building efforts to secure food and water supplies for Australia. This continues to provide broad benefits beyond irrigation businesses including reliable local food and fibre production, stronger communities, and resilience in extreme weather. Public contributions to water management funding are therefore justified and necessary.

Compliance Costs and NRAR's Role

MPII and MGI support strong, independent water compliance and take a zero-tolerance approach to water theft. However, compliance costs must be efficient and proportionate. Members are concerned about duplication of compliance costs, as irrigators pay for metering infrastructure, telemetry, and reporting on top of other charges.

NRAR's own statistics show over 99% compliance among water users. Yet, perceptions of water theft remain high in the community, partly fuelled by NRAR's own media releases. This perception should not be used as justification for continual budget increases, especially when actual infringement rates are low.

Moreover, water users currently pay for NRAR to educate them on regulations rules that are complex because they were designed by government agencies. This is inefficient and places unfair cost burdens on irrigators.

Conclusion

Thank you for the opportunity to provide a submission for the IPART – Review of prices for the Water Administration Ministerial Corporation.

MPII and MGI are clear: the current WAMC pricing model is broken, unfairly burdening irrigators with rising costs for programs that benefit the entire community. Without urgent reform, escalating fees and flawed cost recovery targets will push irrigation businesses and regional communities to the brink. We call for an immediate, independent review of the pricing structure to deliver a fair, transparent, and sustainable model one that recognises the public good in water management, ensures efficient use of funds, and keeps irrigation viable for the future of NSW's food and fibre security.