

MRSG response to Water NSW's Rural Bulk Water Prices and WAMC Water Management Prices

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.

Background

Our membership brings a diverse range of backgrounds allowing MRSG to provide a community focused approach to advocacy in the water space.

We appreciate the opportunity to provide comment on behalf of farmers, business and community across the Murray Valley who are dependent on the availability, reliability and affordability of water – all of which will be further hamstrung by increases in water fees and charges.

MRSG is extremely concerned about the proposed increases in fees and charges to water owners and users through Water NSW's Rural Bulk Water Prices and WAMC Water Management Prices.

Impacts

The NSW Murray Valley has been severely impacted by water reform over the last two decades. Our General Security (GS) water license holders have been impacted by -

- 30% reduction in productive water availability through recovery of environmental water.
- The reduction in the Darling's contribution to entitlement flows across the South Australian border, due to compliance issues by the NSW government.
- Water trading which has shifted water from our staple food production region to downstream crops, pricing our farmers out of the market.

- The increased flows to downstream in the Murray is driving increased transmission losses which is resulting in reduced access to GS allocation as the losses are underpinned by GS entitlements.
- Changes to Water Sharing Plans which further impede the reliability of the GS entitlement holder
- Furthermore, flow targets of the Murray Darling Basin Plan (MDBP) look to further punish our landholders by increasing floodplain inundation events resulting in
 - Spread of invasive weeds
 - Delays in harvest and sowing
 - Loss of crops and stock feed
 - Property damage
 - Increases to insurance and maintenance costs
 - Impacts to culturally significant sites

Our communities have increased water efficiency through basin compliancy including through metering and licensing, business modeling and off farm irrigation upgrades. Our irrigation company delivery losses are as low as 10 percent, outstanding in any sector.

By comparison, the Murray Darling Basin Authority run at approximately a 30 percent loss, exclusive of years when overbank transfers occur.

And yet somehow over the last two decades we have witnessed our reliability fall from 84 per cent to an unacceptable 48 per cent.

Our communities, and indeed the wider Southern NSW communities who rely on the economic productivity generated by NSW Murray Valley, have faced the onslaught of numerous natural and manmade disasters over the last two years, including -

- drought
- zero allocation 2018/2019, 3 percent 2019/2020 and now 17 per cent water allocation
- bushfires
- COVID

MDBA Fee increases

We are expected to accept an increase in fees and charges of up to 62 per cent handed down by the MDBA whose track record of running an efficient system is certainly questionable and who at the same time, hide behind legislation and take no responsibility for adverse impacts of the MDBP.

Adding further insult to our state's food and fibre producers, it is NSW irrigators who are responsible for paying MDBA wages and operational costs, while in South Australia every single water user from the Murray contributes a flat rate to MDBA running expenses.

Given the huge impost already placed on our irrigators it is essential there is transparency between river operational costs and environmental management costs within MDBA fees and charges.

The burden of environmental management costs associated with MDBA fees and charges should not be borne by irrigators in the NSW Murray Valley. Why should further economic impost be placed on our communities to pay for environmental flows? This water is owned by government and it should therefore be government paying these fees, not irrigators.

Clearly the MDBA is a monopoly provider of the most precious resource on the planet and MRSRG firmly believes MDBA fees and charges should be subject to an ACCC and / or IPART determination like all other monopoly providers.

MRSRG will be writing to the Water Minister Mr Keith Pitt requesting separation of river operations and environmental management within the MDBA, and strongly recommending MDBA fees and charges be subject to ACCC and/or IPART determination.

WaterNSW Fees and Charges

In addition to MDBA fee increases, our irrigators are also subject to increases passed on by WaterNSW. In their last determination period four years ago, WaterNSW promised savings on operational and capital expenses, instead in 2020 we have seen an expenditure blow out.

Our communities have little confidence in the ability for WaterNSW to achieve planned savings for 2022. Given their poor track record and their inability to meet expenditure reductions, we expect IPART to heavily scrutinise the proposals made by WaterNSW.

MRSRG believes neither WaterNSW or the MDBA have provided enough detail to justify increased expenditure costs or fees and charges, to be worn by water owners as opposed to water users. This determination period sees a massive shift in equity with fees and charges assessed on water ownership rather than water usage.

Impost

As previously mentioned, the MDBA fee component is increasing by 62 per cent. When combined with WaterNSW increases, each landholder in the NSW Murray Valley is looking at an overall increase of 28 per cent in fees and charges, well above CPI.

Based on a typical farm business which has 600 General Security Water Entitlements with a 50 percent allocation (using 300ML), the combined price increase (fixed and variable) from Government charges means an additional \$1,440/ year to that business. For larger farms with more water and irrigation infrastructure this is much greater.

Why should our irrigators be burdened with the capital cost of installing fishways and costs of agency restructures because of past regulatory failures?

Why should costs be disproportionately worn by NSW Murray irrigators?

Summary

In summary MRSRG strongly opposes increases of this nature passed onto the hard-working food and fibre producers we represent. The timing of these increases is beyond reasonable and not only do we find them unjustifiable, further scrutiny of the pricing structure for this precious resource must be undertaken.

A more equitable cost-sharing arrangement must be devised so irrigators are not wearing the burden for public services like water resource planning, water quality, environmental works and compliance - everyone depends on a healthy river system and the cost must be shared equitably.

Kind Regards,

Geoff Moar

Chair

Murray Regional Strategy Group