
IPART Information Paper¹

WAMC and WaterNSW Pricing Proposals, 2025-2030

RGAs Submission – December 2024



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Thank you for the opportunity to comment on this process. Our answers to questions put forward in the *Information Paper* are provided below.

By way of some critical introductory statements, we're deeply concerned by the way this process has been conducted to date.

We have serious doubts about the transparency of the processes used by WAMC and WaterNSW to develop their proposals. The true starting position for customer costs on 1 July 2025 hasn't been presented as a single figure for each valley and licence-type, and in the case of WAMC this starting position refuses to acknowledge the significant overspend that occurred every single year from 2021 to 2024.²

These agencies must be honest. For each valley and licence-type, customers must be able to clearly see and compare their 2023-2024 charges, and those proposed for each year of the next determination period. Where customer costs increase from one year to the next, they should be able to clearly track why the increase has occurred, which then allows for the question to be asked: *is this increase necessary, fair and economical?*

Given the amount we're being asked to pay, this is not an unreasonable thing to ask for.

We've also had very concerning feedback from some of our members about the poor quality of the WaterNSW consultation process. We've provided specific examples of what took place in our answers to IPART's questions 15 and 16 from its *Information Paper*. Given the extremely poor process, we're concerned IPART may be misled about how broadly the WaterNSW proposal is supported.

Also of note, given the monopoly-style of water management across NSW, there's no way to know if these agencies are charging competitive rates for the services they provide. There's no real comparison point in other Australian jurisdictions that can be used to prove to us we're getting first-class services for the prices that we're expected to pay.

What is clear, however, is that we're no closer to full-cost recovery than we were 30 years ago when this concept first emerged in Australian water policy. This will remain the case for critical water services that underpin rural communities – irrigation included. Charging irrigators into oblivion will not fix this 'problem', and will in fact create many more.

Given a new *National Water Agreement* is currently on the table, it's probably time to reinterrogate the feasibility and appropriateness of this very traditional, old ambition.

¹ [Issues-paper-IPART-is-reviewing-prices-for-WAMC-and-WaterNSW-1-November-2024.PDF](#)

² [Issues-paper-IPART-is-reviewing-prices-for-WAMC-and-WaterNSW-1-November-2024.PDF](#), p. 15, Table 3.2.

Along similar lines, we also have serious questions about the requirement for WaterNSW to provide an annual dividend to the NSW Government. With respect to its rural customer base, we believe WaterNSW has a lot more in common with local water utilities, whose dividends we note are subject to review.³

From this perspective, we see that provision of a dividend should not take place at the expense of efficient pricing or appropriate service levels. Based on evidence we'll provide in this submission, we don't believe WaterNSW should have to provide a dividend (i.e. its total charge to customers should be reduced by this amount), given our members are absolutely being exposed to highly inefficient pricing and extremely poor levels of service.

1. How will WAMC's proposed prices impact customers?

WAMC's proposed price increases will have a significant negative impact on the RGA's members. Our members predominantly use General Security (GS) licences to grow rice in the Murray and Murrumbidgee. The combined impact of what WAMC and WaterNSW want to charge will increase costs by 130% in the Murrumbidgee and 184% in the Murray between 2025 and 2030. This is over and above annual inflation.

The environment our members operate in is extremely volatile. Trade conditions are frequently unknown due to oftentimes unpredictable foreign policy; we farm under one of the most variable climates on the planet; and business certainty continues to be undermined by state and federal water policy. These drivers will significantly influence customers' ability to pay over the duration of this pricing determination.

We note that in its most recent review of WaterNSW's charges⁴, IPART chose to limit any increase to 3.6%. This was on the basis of: *no evidence of a sustained shift in water sales*. We argue this principle remains, and will do so for the WAMC and WaterNSW activities we're supportive of, over 2025 – 2030.

In addition – as we'll outline below – we believe much of what WAMC wants to charge its customers are arguably unnecessary services, which will provide no material benefit to our members. These costs in particular should not be passed on at all.

2. What factors should IPART consider, so appropriate WAMC prices are set? How well has WAMC considered these factors?

We're deeply concerned by a number of the assumptions WAMC is using to set its prices. We believe these need to be revisited, as they will continue to place an unfair and unnecessary cost burden on our members. These primarily relate to the list of 'cost increase factors', outlined by IPART on page 16 of its *Information Paper*.

With regard to the proposed growth in work around statutory water plans, our members did not create this growth in legislative burden. The NSW Government created it; and therefore they are the ones who should be required to pay for it.

³ [Local water utility dividend eligibility criteria, calculation methods and other requirements](#)

⁴ [WaterNSW Annual Review of rural bulk water charges for 2024-25 | IPART](#)

Our members are not materially represented in these plans. There is nothing in them that is specifically focused on fit-for-purpose water settings that optimise the use of water by irrigated agriculture. The RGA has advocated to rectify this oversight for many years⁵⁶⁷; however, our repeated requests continue to be ignored.

Looking at the *Cost Sharing* table at the back of the *Information Paper*, we'd argue that traditional rural consumptive users (i.e. irrigators) are no longer the biggest driver of the 'need' for WAMC's activities. In fact, irrigators are likely to be very negatively impacted by many of them. As such, why should we have to pay?

The environment is set to make up more than one-third of total entitlement ownership across the Riverina.⁸ From our recent experience, most of WAMC's statutory water planning activities – including most of those described on page 16 of the *Information Paper* – are focused on outcomes for just this one-third of total water-use, often at the expense of other users in the system. Once more, why should irrigators have to pay for these types of activities, when they have no benefit to them?

This argument is strengthened when we consider recent trends in irrigation water use. Irrigators across the NSW Murray and Murrumbidgee have been compliant with government-imposed limits on extraction for 30 years, starting with the 1995 Murray-Darling Basin Cap.⁹ With commencement of Basin Plan extraction limits in 2019, both Valleys have also remained fully compliant with these new, smaller limits.¹⁰

In fact, we're seeing that one of the consequences of the new Basin Plan limits is substantial volumes of surface water under-use. This is where consumptive licence holders don't fully utilise their available allocation each year. This has created a situation where, as at 30 June 2023, the NSW Murray had accumulated 789.9 GL of underuse against its new Basin Plan extraction limit of 1510.3 GL.¹¹

The NSW Government refuses to properly explore why this concerning trend is continuing to grow; and we don't see its investigation and rectification anywhere within WAMC's list of priorities for 2025-2030. As such, why must we be expected to bear an unfair cost burden for WAMC activities that don't address our specific needs?

It also seems highly irrational and fiscally irresponsible for the NSW Government to continue to erode its revenue base, and for WAMC to refuse to invest any resources into making sure that base is optimised and secure into the future.

⁵ [Draft Evaluation Framework – for the Review of Water Sharing Plans.pdf](#)

⁶ [NSW Natural Resources Commission Murrumbidgee Water Sharing Plan.pdf](#)

⁷ [Review of the NSW Murray and Lower Darling Regulated Rivers Water Sharing Plan.pdf](#)

⁸ [2022-23 Water-Markets-Report.pdf](#), p. 31 – extrapolated for the Federal Government's 450 GL water purchase intent.

⁹ <https://www.mdba.gov.au/water-use/water-limits/limits-water-use-over-time>

¹⁰ [2022-23 Sustainable Diversion Limit Accounts: Registers of take and interim registers of take March 2024](#)

¹¹ [2022-23 Sustainable Diversion Limit Accounts: Registers of take and interim registers of take March 2024](#), p. 27.

More broadly, given our comments about our long-term extraction limit compliance – as provided above – we can't see any reasonable justification for WAMC's bid for a: *material increase in the extent of compliance and enforcement activity*.¹² More comprehensive and detailed justification for this is required, including an assessment of actual need based on: (i) opportunities to streamline under the NSW Government's own *Better Regulation* requirements¹³; and (ii) removal of all duplication with the roles and responsibilities of the Federal Inspector General of Water Compliance.¹⁴

Related to both WAMC and WaterNSW's proposals – we're unable to see any justification for the proposed increase in MDBA pass-through charges, in particular nothing that would warrant WAMC's up to 124 % increase. We believe IPART should investigate this, as well as whether WaterNSW's proposed MDBA expenditure across the determination period will actually eventuate.

Total MDBA annual operating budgets changed only very minimally across the current determination period (i.e. maintained at around \$101m per year, with a NSW contribution of \$31m).¹⁵¹⁶ The MDBA's most recent annual report indicates nothing of the type of spending ramp-up that WaterNSW seems to consider necessary.¹⁷

We'd also note that WaterNSW states: *a work plan and budget for 2025-2026 onwards has not been formalised or approved by the partner governments*.¹⁸ As such, this component of customer charges is based on guesswork only, and there's a strong chance it will result in unnecessarily high customer bills if allowed to proceed.

3. Do the proposed 2.5% and 15% caps on WAMC prices strike the right balance?

As noted previously, for WAMC activities we support, no price increase beyond annual inflation is required. This is because we don't see a need for any 'sustained shift' in WAMC's current activities across 2025 – 2030. The baseline we're referring to here is what IPART actually allowed for in its 2021 – 2025 determination, and not WAMC's exorbitant overspend on its water management functions in particular.

4. What do you think about WAMC's engagement process? AND

5. Was an appropriate level of content provided?

We have no real comment on the engagement process. With regard to an appropriate level of content, we do think WAMC should be required to provide much more detailed evidence for its operating cost requirements, and demonstrate everything it has done to pare those costs right back.

We also feel it's very disingenuous for WAMC to claim a modest cap on prices, when this is actually applied to cost blow-outs of two and three-times the prices that IPART allowed in its 2021 – 2025 determination.

¹² [Issues-paper-IPART-is-reviewing-prices-for-WAMC-and-WaterNSW-1-November-2024.PDF](#), p. 16.

¹³ [TPP19-01 - Guide to Better Regulation.pdf](#)

¹⁴ [Home | Inspector General of Water Compliance](#)

¹⁵ [Murray-Darling Basin Authority Annual Report 2023-24](#)

¹⁶ [MDBA Annual Report 2021-22](#)

¹⁷ [2024-Pricing-Proposal-WaterNSW-Attachment-16-MDBA-pass-through-charges.PDF](#), p. 18, table 5.

¹⁸ [2024-Pricing-Proposal-WaterNSW-Attachment-16-MDBA-pass-through-charges.PDF](#), p. 17.

6. Did WAMC consult sufficiently with Aboriginal peoples?

We support First Nations access to water, and involvement of communities in water management – however, not where this is provided for at the expense of other users in the system. For example, we're concerned the recently launched purchase component of the Commonwealth's *Aboriginal Water Entitlements Program*¹⁹ will impact our members in the same way as the 450 GL of additional environmental water recovery. Where this Program causes a further reduction in irrigation water-use, you will see additional erosion of WAMC and WaterNSW's traditional revenue base.

It's appropriate for there to be a precedent here, where beneficiaries are required to pay. This should also be the case where WAMC and WaterNSW provide broader public benefit, including for the environment, and recreational and cultural water use.

7. Do WAMC's outcomes incorporate what stakeholders say is important to them?

The RGA would largely have to say 'no', as this question relates to our members. Given the largest component of WAMC's prices relates to its water management functions, and our compliance requirements with regard to water extraction are arguably minimal, it's disappointing that no planning priority is being given to optimising our extraction, and securing the future sustainability of our industry.

8. Does WAMC's proposal align with customers' willingness to pay?

For the reasons we've outlined in our answers to questions 1 – 7 above, our answer to this question is 'no'.

9. Effect of WAMC's proposed metering charges?

We don't believe these charges should have a significant, material impact on our members. They're already fully metered, and most of their rice is grown within the footprint of the Riverina's three major IIOs (Murray Irrigation; Murrumbidgee Irrigation; and Coleambally Irrigation).

We don't believe that anyone who is currently subject to metering should be required to subsidise the installation and start-up costs of unmetered users.

10. Effect of WAMC's proposed consent transaction charges?

We support IPART's planned assessment of whether these charges reflect truly efficient costs. We also support the benchmarking of these charges against what is applied in other jurisdictions.

In addition, we refer IPART back to our earlier commentary at question 3, that we're not convinced of the need for a 'sustained shift' in WAMC's current activities and charges, as actually allowed for by IPART in its 2021 – 2025 determination.

¹⁹ [Murray-Darling Basin Aboriginal Water Entitlements Program - DCCEEW](#)

11. Views on WAMC's proposed cost share ratios? AND

12. Is there any new information IPART should take into account?

As we've noted above, it's our observation the NSW Government is actively choosing to over-burden the statutory load around water-sharing plans. If this is something that the government wants to do, then the government should have to pay for it.

As we've also highlighted, the NSW Government is actively choosing to make the environment the primary beneficiary of the bulk of its current water management and planning activities. Our irrigators haven't driven this shift, as they've been compliant with extraction limits for 30 years. As such, the environment should pay for the special attention and benefits that it's now receiving, and this should not be subsidised by the irrigation industry.

13. How will WaterNSW's proposed prices impact customers?

Our answer to question one applies here too.

In addition, we would add that under the current '2-part' pricing structure, we don't support any reduction in the variable component. For our members, their business model has to be adapted to the volatility caused by climate variability. WaterNSW should be expected to have strategies to adapt to this volatility as well. We see it as a significant affordability risk if WaterNSW is allowed to keep its charges high at times when water availability for its customers is low.

14. What factors should IPART consider, so appropriate WaterNSW prices are set? How well has WaterNSW considered these factors?

As we've noted in our answer to question 2, we're seeing a distinct trend of NSW water agencies focusing a significant amount of their resources on activities that solely benefit the environment, with the expectation that irrigators pick up the tab.

WaterNSW's prices for 2025 – 2030 are no different. Around half of its proposed capital expenditure is for projects that are solely aimed at environmental benefit.²⁰

In addition, the proposal to move environmental water holders away from variable pricing delivers a specific financial benefit to this water-use type, with the expectation that other users in the system will subsidise the environment's receipt of this benefit.

On one hand, WaterNSW wants to increase fixed charges for irrigators because it can't manage the financial volatility of low-allocation years. On the other hand, it wants to cap total charges for Licensed Environmental Water (LEW) holders because: *the current system penalises LEW holders for using more water.*²¹

This rationale goes directly against IPART's focus on full-cost recovery – if you use it, you pay for it. This approach also appears fiscally reckless given we know the environment's ownership and use of water will grow substantially over 2025 – 2030, and that growth will lead to an equivalent decrease in consumptive water use.

²⁰ [Issues-paper-IPART-is-reviewing-prices-for-WAMC-and-WaterNSW-1-November-2024.PDF](#), p. 26., e.g. the \$100.8 m Fishways Program.

²¹ [Issues-paper-IPART-is-reviewing-prices-for-WAMC-and-WaterNSW-1-November-2024.PDF](#), p. 28.

It's unreasonable for WaterNSW to place a higher financial expectation on a particular sub-set of water users that it knows are going to get smaller over the next 5 years. In addition, given this trend is being driven by something that governments want to do, and that irrigators remaining in the system will get no benefit from, then government should have to accept full – ongoing – responsibility for those costs.

Our comments at question 2 about WaterNSW's proposed MDBA pass-through charges also apply here.

15. What do you think about WaterNSW's engagement process? AND

16. Was an appropriate level of content provided?

The WaterNSW customer consultation process was specifically designed around achieving the outcomes that WaterNSW desired. There was an abundance of content and detail made available to participants; however with WaterNSW 'marking their own homework', any undesirable feedback was effectively disregarded.

In relation to proposed spending by each WaterNSW department, three online responses were available to participants: (i) do nothing; (ii) do something; and (iii) do everything. When the results were presented back to participants, the latter two options were grouped, and language like 'the majority of participants voted to adopt 60-80% of proposed WaterNSW spending' was used. In addition, only supportive or neutral written comments were included in final results.

This process left irrigator participants feeling distinctly railroaded. As such, results from the WaterNSW consultation should be given a low weighting, or regarded as simply a wish list submitted without customer input.

What our members experienced during the WaterNSW 'engagement' process is characteristic of much of the consultation exercises we've been exposed to in recent times. Preferred NSW government outcomes appear to be pre-determined from the outset, and there's a strong reluctance by officials to allow any interrogation of what they have to say, or what they want to do. This is effectively institutional manipulation, as opposed to meaningful engagement. Key recent examples include:

- The draft *Landholder Negotiation Scheme*²², where landholders will be forced into a heavily controlled interaction with government so it can compulsorily acquire easements on properties. Officials are adamant this regulation will be imposed in the NSW Murray in particular, despite communities there having spent years developing their own, highly effective arrangements for environmental watering.
- Recently released draft *Water Sharing Plans* for unregulated systems across NSW.²³ Many include a significant growth in protected wetland areas – including on private land – with associated maps seemingly generated remotely through a desk-top process. The onus is entirely on impacted individuals to even make themselves aware that these changes are occurring. Beyond this, if landholders have concerns about the accuracy of government data, they're facing an uphill battle with officials to rectify this. Success is absolutely not guaranteed, despite this type of interaction being nothing more than a straight, factual correction.

²² [Landholder Negotiation Scheme Regulation | NSW Government Water](#)

²³ [Draft water sharing plan | NSW Government Water](#)

- This was also the experience of our members through recent NSW engagement on draft *Floodplain Management Plans*.²⁴ Landholders who had lived on their properties for decades were met with very strong resistance when they pointed out inaccuracies in the government’s various mapping overlays. In cases where individuals were actually successful at querying government content, they were effectively told by officials to: ‘go home and fix it themselves’. Once more, there was no guarantee that even if the landholder made the effort to follow this government direction, that their advice would result in Plan amendments.

These examples illustrate some of the incredibly poor services being provided by the NSW Government, and this is despite WAMC significantly overspending in this area every single year between 2021 and 2024. This is an attitude issue, not one of money.

17. Did WaterNSW consult sufficiently with Aboriginal people?

We support First Nations access to water, and involvement of communities in water management – however, not where this is provided for at the expense of other users in the system. For example, we’re concerned the recently launched purchase component of the Commonwealth’s *Aboriginal Water Entitlements Program*²⁵ will impact our members in the same way as the 450 GL of additional environmental water recovery. Where this Program causes a further reduction in irrigation water-use, you will see additional erosion of WAMC and WaterNSW’s traditional revenue base.

It’s appropriate for there to be a precedent here, where beneficiaries are required to pay. This should also be the case where WAMC and WaterNSW provide broader public benefit, including for the environment, and recreational and cultural water use.

18. Do WaterNSW’s outcomes incorporate what stakeholders say is important to them?

No. A shift to a higher proportion of fixed costs isn’t supported. In addition, we don’t support the expectation that irrigators pay for arrangements where only the environment benefits financially. This is especially true where environmental outcomes are progressed at the expense of irrigators, such as the increase in environmental water ownership and use that we expect between 2025 and 2030.

19. Does WaterNSW’s proposal align with customers’ willingness to pay?

For the reasons we’ve outlined in our answers to questions 13, 14 and 18 above, our answer to this question is ‘no’.

20. Preference for: (i) ‘stable’ prices; or (ii) prices that adjust to changes in water sales?

As a first principle, we believe that IPART’s findings for its 2023-2024 WaterNSW determination still stand. We don’t see any evidence of a sustained shift in water sales.²⁶ In fact, as we’ve pointed out, water-use by irrigation is expected to decline over 2025 – 2030 due to a significant ramp-up of environmental water recovery.

²⁴ [Floodplain management plans | NSW Government Water](#)
²⁵ [Murray–Darling Basin Aboriginal Water Entitlements Program - DCCEEW](#)
²⁶ [WaterNSW Annual Review of rural bulk water charges for 2024-25 | IPART](#)

This has not been reflected anywhere in the WaterNSW Proposal, and must be addressed – in order to reduce overall costs – first. This will also serve to ensure that the annual increase in customer costs is set to inflation only.

In addition, we've highlighted that forcing irrigators to pay a higher annual charge that ignores their actual water-use will likely make those charges unaffordable for many irrigators. This becomes increasingly true when you add the pressure of at least another 450 GL of environmental water recovery.

More broadly, we're deeply concerned by the WaterNSW suggestion that LEW holders should be given a discount because they use too much water. This should not be embedded into any NSW pricing arrangements, as it's directly counterintuitive to full-cost recovery. LEW holders should have to pay for all of the water they use.



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21. How will proposed pricing changes affect LEW holders or Lachlan Valley customers?

Beyond the points we've already made in this submission, we have no additional comments to make in relation to this question.

22. Views on WaterNSW's proposed cost share ratios? AND

23. Is there any new information IPART should take into account?

It's disappointing that WaterNSW has pushed the matter of cost share ratios onto other parties to solve. It's disingenuous to offer 'alternative scenarios' for charges, that in practice will reduce the cost share ratio for irrigators, without confirming that government will accept the revenue gap.

We do believe the ratios need revisiting with respect to funding structures and outcomes that solely benefit the environment. There should be no cross-subsidisation of these activities by irrigators.