

Murray Regional Strategy Group

IPART Submission Pricing Proposal – 2025



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

MRSRG welcomes IPART's acknowledgment that the proposed WaterNSW price increases are not justified. This recognition highlights the reality that rural food producers are being burdened by policy and legislative decisions that do not align with practical agricultural sustainability. The regulatory framework governing water pricing has been significantly shaped by political agreements rather than the genuine needs of the communities who rely on irrigation water to produce food for all Australians, and the economic multiplier benefits provided to their local Communities

The current model is neither sustainable nor equitable. Water security and management must be a shared responsibility, reflecting the fundamental role that rural water users play in contributing to national food production and environmental stewardship. The financial strain placed on producers through escalating costs threatens the viability of rural businesses and, in turn, affects the broader Australian economy.

Further, the bureaucratic framework governing water management has become overly complex, with excessive red tape preventing effective collaboration between government agencies, regulators, and the communities they serve. There is a pressing need for regulatory and policy reform that not only addresses cost fairness but also enables stakeholders to co-design solutions that protect the environment while ensuring long-term sustainability for rural communities.

Government inefficiency should be challenged with productivity gains and investment to improve operating cost structure; both these initiatives need to be exhausted before the consideration of further price increases. Government (being a nonprofit service provider) must explain and justify the proposed price increases.

As IPART itself notes, **significant work is required over the next three years to develop a fairer and more functional model.** Rural food producers and water users cannot continue to bear the cost of reduced access, declining reliability, and affordability challenges in irrigation water, while at the same time being expected to pay for the majority of extra costs associated with running environmental water and other

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political goals. Clear commitments must be made, and change implemented, to address the structural issues within the pricing framework.

We would appreciate **clarity on the next steps in this process**, including specific avenues through which stakeholders can engage, provide feedback, and contribute to solutions. The involvement of affected communities, agricultural representatives, and industry experts is essential to ensuring future pricing determinations reflect economic realities.

Issues we would like to highlight that have not been addressed in the Determination Paper are:

- The unsustainable inflation of MDBA pass-through charges that is being passed on to food and fibre producers. In the draft proposal released in 2024, MDBA pass-through charges were increasing by 274%. The Determination Paper acknowledges - “The proposed MDBA and BRC charges would be outside the 15% price cap in the proposed alternative scenarios.” There is still a lack of transparency and accountability for this MDBA cost recovery and how it is impacting those left to pay the cost recovery.
- Water NSW has sought to increase its revenue by 53% over 5 years for regional and rural NSW instead of attempting to control their costs.
- WAMC price determination has yet to be released, and we fear that groundwater, unregulated and surface water users in the Murray Valley will be left to carry the burden of cost recovery.

Finally, it is imperative that there is recognition of the **direct impact declining productivity is having on the viability of the current model**. When irrigation costs rise disproportionately to production capacity, the ability of farmers to maintain output declines. This has flow-on effects on local economies, food security, and national supply chains. Any pricing determination must factor in these broader economic considerations, rather than evaluating costs in isolation.

The proposed pricing model is a direct contributor to the increasing cost of living on all Australians. Crops that cannot absorb increased costs will be dropped from cropping programs, therefore reducing supply and becoming either unaffordable for the average Australian or replaced by imported produce. Imported produce is not value added in regional Australia and is therefore not part of the domestic food chain or part of securing and growing regional Australia.

If price recovery isn't achievable by the farmer, the entire food supply chain suffers or collapses and must be substituted by imported produce; this is not what Australia or Australians want happening to their food purchase choices.

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We appreciate the opportunity to provide input and look forward to working collaboratively with stakeholders to develop a more balanced and sustainable approach to bulk water pricing.

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On behalf **Murray Regional Strategy Group**
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