

IPART

Regional and Rural

Water Pricing

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Murray Regional Strategy Group

IPART Submission May 2026

Introduction

The Murray Regional Strategy Group (MRSRG) welcomes the opportunity to comment on IPART's Draft Report for WaterNSW's rural and regional bulk water prices from 1 July 2026. We acknowledge the significant work undertaken by the Tribunal and appreciate the recognition throughout the Draft Report of the affordability pressures facing irrigators, local water utilities, and regional communities.

However, the Draft Report also confirms what our members have been raising for years: the current pricing framework is not sustainable, not equitable, and not aligned with the reality of water reliability in the NSW Murray. Farmers cannot absorb further increases when the reliability and yield of their entitlements have been eroded by external policy decisions, environmental obligations, and operational rules that sit entirely outside their control.

1. Price Increases Cannot Be Justified When Reliability Has Collapsed

IPART's own analysis acknowledges that many customers have "limited capacity to absorb ongoing real increases in water charges" and that upward pressure on prices "may have significant implications for farm viability and regional communities." This is not hypothetical — it is already happening.

In the NSW Murray:

- General Security reliability has declined dramatically over the past decade.
- Allocations are routinely delayed or reduced due to policy-driven priorities (critical human needs, SA entitlement flows, conveyance, planned environmental water, and Basin Plan targets).
- Farmers are the **last** to receive water, yet are expected to shoulder the majority of fixed infrastructure costs.

A pricing model that increases charges while yield declines is fundamentally broken. No business (including WaterNSW) would accept paying more for a service that delivers less. Irrigators should not be treated differently.

As with any service supplied to a business, the business operator will change provider to the most cost-effective supplier in order to maintain the viability of their business. Clearly, there is no

opportunity to change provider in this instance, so irrigation businesses are going to have to seriously consider their long-term viability as irrigation food producers.

2. External Policy Drivers Are Increasing Costs, Yet Farmers Are Expected to Pay

The Draft Report confirms that WaterNSW's costs are being driven by:

- expanding regulatory obligations
- environmental water delivery
- water quality and monitoring requirements
- Basin Plan flow targets
- increased government expectations for service standards

These are **public-good obligations**, not consumptive-use obligations.

MRSB's 2025 submission highlighted that:

“Only 28% of Basin water is used for irrigation; 72% supports environmental and broader outcomes.”

This remains true. The infrastructure would still be required tomorrow even if irrigation ceased, yet irrigators are being asked to fund the majority of its operation.

IPART's decision to create a “government service activity” is a step in the right direction, but allocating only 7.5% of expenditure to this category significantly understates the true scale of government-driven work undertaken by WaterNSW.

3. The Impactor-Pays Model Is No Longer Fit for Purpose

We strongly support IPART's acknowledgement that the previous counterfactual (“a world without high consumptive use”) is flawed. MRSB has consistently argued that:

- Many “impactors” are unidentifiable or unable to pay.
- The model ignores the shared public benefit of regulated rivers.
- It unfairly burdens General Security entitlement holders, who have the least reliability and the least capacity to pass on costs.

The Draft Report's revised cost-sharing framework is an improvement, but it still does not go far enough in recognising the public-good nature of environmental water delivery, flood mitigation, and interjurisdictional obligations.

4. Affordability Must Be the Primary Consideration

IPART's own consultant, Ricardo, found that WaterNSW's proposed increases would push many small and medium farm businesses into unsustainable territory. The Draft Report acknowledges that:

- WaterNSW's costs are rising faster than customers can absorb.

- The customer base is shrinking, which will further increase fixed-cost pressure.
- Long-term sustainability of the sector is at risk.

This aligns with MRSG’s lived experience: every additional cost (water charges, electricity, fuel, compliance, insurance) pushes more irrigators out of production. Once lost, these businesses do not return.

A 10% annual cap (plus inflation) is still too high in the current environment. A 5% cap is the maximum that could be considered remotely manageable and only if reliability improves, which it will not in the face of further buybacks.

5. Community-Led Solutions Must Be Prioritised Before Any Further Price Increases

The Draft Report notes that WaterNSW’s operating model, regulatory framework, and cost structures require broader government review. MRSG strongly agrees, but it is essential to recognise that **communities have already done much of this work**.

MRSG spent years developing practical, cost-efficient, co-designed solutions with local stakeholders. These were built as integrated packages to improve operations, reduce costs, and strengthen system performance. Despite this, the NSW Government (particularly DCCEEW) **cherry-picked isolated elements** while ignoring the broader framework that made the solutions viable. This approach undermined the co-design process, invalidated the cost-efficiency outcomes, and ultimately led to higher long-term costs.

This experience reflects a broader pattern across the sector: **poor interagency coordination, limited use of local knowledge, and policy decisions made in isolation** continue to drive inefficiencies and cost escalation for customers.

Before any further price increases are implemented, it is essential that **community-developed, co-designed solutions are properly considered and adopted in full**, not selectively.

6. Recommendations

1. **Adopt the 5% annual cap (inclusive of inflation)** as the maximum allowable increase, given the severe decline in reliability and yield.
2. **Expand the government service activity allocation beyond 7.5%**, reflecting the true scale of government-driven obligations.
3. **Revisit cost-sharing ratios** to ensure environmental and public-good activities are not disproportionately funded by irrigators.
4. **Require WaterNSW to demonstrate measurable efficiency improvements** before any further price increases are approved.
5. **Ensure that no additional costs are passed to irrigators until the NSW Government completes the broader review** of the rural water sector, as recommended by IPART.

6. Strengthen requirements for genuine community-led co-design, including:

- adoption a community-developed solutions approach to policy and implementation
- transparent justification for any departure from co-designed recommendations
- mandatory interagency involvement to prevent siloed policy development

7. Recognise explicitly that declining reliability must be factored into pricing decisions, as irrigators cannot continue to pay more for less.

Conclusion

The Draft Report acknowledges many of the structural issues MRSG has raised for years. But unless these issues are addressed before prices increase, the determination risks accelerating the decline of irrigated agriculture in the NSW Murray, with profound consequences for food production, regional jobs, and community resilience.

We urge IPART to prioritise affordability, equity, and long-term sustainability, and to ensure that the final determination reflects the lived reality of the communities who depend on this system.

Kind Regards,

Geoff Moar

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