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# **SUBMISSION**

## **WaterNSW Draft Operating Licence 2024-29**

**IPART Discussion Paper and Cost Benefit Analysis**

**8 March 2024**

## NSW Irrigators' Council

The NSW Irrigators' Council (NSWIC) is the peak body representing irrigation farmers and the irrigation farming industry in NSW. Our members include valley water user associations, food and fibre groups, irrigation corporations and commodity groups from the rice, cotton and horticultural industries.

Through our members, NSWIC represents over 12,000 water access licence holders in NSW who access regulated, unregulated and groundwater systems. NSWIC engages in advocacy and policy development on behalf of the irrigation farming sector. As an apolitical entity, the Council provides advice to all stakeholders and decision makers.

Irrigation farmers are stewards of tremendous local, operational and practical knowledge in water management. Participatory decision making and extensive consultation ensure this wealth of knowledge can be incorporated into best-practice, evidence-based policy.

NSWIC sees this as a valuable opportunity to provide expertise from our membership to inform the inquiry. Each member reserves the right to independent policy on issues that directly relate to their areas of operation, expertise or any other issues that they deem relevant.

## NSW Irrigation Farming

Irrigation farmers in Australia are recognised as world leaders in water efficiency. For example, according to the Australian Government Department of Agriculture, Water and the Environment:

*“Australian cotton growers are now recognised as the most water-use efficient in the world and three times more efficient than the global average”<sup>1</sup>*

*“The Australian rice industry leads the world in water use efficiency. From paddock to plate, Australian grown rice uses 50% less water than the global average.”<sup>2</sup>*

Our water management legislation prioritises all other users before agriculture (critical human needs, stock and domestic, and the environment), meaning our industry only has water access when all other needs are satisfied.

Irrigation farming in Australia is also subject to strict regulations to ensure sustainable and responsible water use. This includes all extractions being capped at a sustainable level, the hierarchy of water access priorities, and strict measurement requirements.

Many common crops we produce are annual/seasonal crops that can be grown in wet years, and not grown in dry periods, in tune with Australia's variable climate.

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<sup>1</sup> <https://www.agriculture.gov.au/ag-farm-food/crops/cotton>

<sup>2</sup> <https://www.agriculture.gov.au/ag-farm-food/crops/rice>

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## 1. Introduction

This submission responds to the Discussion Paper, WaterNSW (WNSW) Draft Operating Licence, and Cost Benefit Analysis (CBA) prepared by IPART for its review of the WNSW operating licence.

The Discussion Paper says the review seeks to ensure the WNSW “*licence remains current and reflects changes in public expectations, best practice and WNSW circumstances*”. IPART recommendations seek a customer-focussed approach that “*reflects customers’ preferences and needs*”, to ensure the “*right customer protections in the recommended operating licence.*”

NSWIC agrees that the operating licence must be customer-centric, prioritising policy issues that align with customer needs and preferences.

IPART defines a customer as *a person who receives a water release service or a direct water supply service from WaterNSW*. NSWIC sees a suitable definition of community as *a person who is not a customer*. NSWIC views it as necessary to make a distinction between these categories to highlight the need for WNSW to prioritise its customers.

### 1.1 Cost-sharing framework

Cost-sharing frameworks reflect the source of the demand or expectations so that those demanding increased services cover the appropriate costs. In NSW, current cost-sharing arrangements are based on an 80:20 cost-share ratio for capital expenditure, and 100:0 for operating expenditure. This means productive water users (primarily farmers) carry a significant burden of water management costs under the so-called ‘impactor pays’ principle. This assumes water storage and delivery infrastructure and associated water management would not be necessary if not for regional towns, industry and farmers.

The most recent IPART Pricing Determination (2021) resulted in substantial price increases for water users in almost all NSW valleys. The WNSW Rural Bulk Water Prices increased by an average of 29 per cent for entitlement charges and 31 per cent for usage charges. The key driver was attributed to WNSW’s operating expenditure needing to be higher to maintain its assets to an acceptable quality.

Additionally, many water users also experienced price increases under WAMC charges (the Water Administration Ministerial Corporation – the entity responsible for water management in NSW, i.e. water planning, compliance, allocations, etc).

Many of the recent and current demands for new or improved services come from outside of the water user base – that is, from a broader, largely urban community demanding water be managed in a more holistic way than just delivery to water users. Yet under the current cost-share ratio, customers who access only 28 per cent or less of total inflows for agriculture, towns, and industry use, are having to pay to meet the impact of broader community expectations. In simple terms, those expectations are having a substantial impact on costs, but costs are not being assigned to those impactors through the public purse.

NSWIC strongly disagrees with current cost-share ratios, as costs are heavily recovered from water users for public interest items. This puts a high-cost burden on water users but has also resulted in important public interest environmental projects (such as fish passageways) not progressing due to prohibitively expensive cost recovery from water users alone.

The outcomes of recent pricing determinations have resulted in significant cost increases for water users. This has been attributed to ‘improvements in water management’. Customers are concerned that despite

the increasing costs, water management and service levels do not focus on their needs or preferences, and WNSW service quality is declining rather than improving. This draft WNSW Operating Licence must prioritise the needs and preferences of customers.

## 1.2 Impactor Pays Model

The efficient costs of both WAMC and WaterNSW's rural bulk water services are allocated between water customers and the NSW Government (on behalf of the broader community) based on the 'impactor pays principle'. That is, those who created the need for an activity should pay the costs. This is based on a counterfactual of: '*a world without high consumptive use of water resources*'.

IPART justifies using the impactor pays principle as, "*We prefer the impactor pays approach over alternative approaches (such as a beneficiary pays approach) as we consider it achieves better efficiency outcomes, as it results in customers facing the full costs of the services they receive. In addition, it is a more practical and transparent method for allocating costs and is consistent with the funding hierarchy that we have used previously for other services.*"

However, this approach is highly problematic for the management of a public good in a developed society which necessarily requires consumptive use of water, and where changing expectations in the broader community have an impact on resource management decisions and therefore customer costs.

Historically, water management infrastructure was built to 'drought proof' town water supplies and to develop inland regions in the national interest through improved river navigation and irrigated agriculture. Many irrigation networks were built or expanded to provide opportunities for soldier settlers as a reward for their service to the nation – considered a public good at the time.

However, infrastructure in the modern era is now built, maintained, upgraded and managed for multiple public interest purposes, including ecosystem functions and services, recreation, cultural and managed environmental flows. The counterfactual is no longer a world without high consumptive water use – that is, pristine river systems – but the world we live in now with multiple competing demands on how the water resource is managed and shared.

The impactors are no longer only customers receiving water delivery services in towns, industry and farms, but a broader community demanding a say in the how and why of water management and infrastructure. The impactors are now all of society, and the costs should be shared accordingly. It is not fair to burden a small sliver of society with the costs to meet changing community expectations.

Considering the changing contexts of water management and infrastructure, NSWIC calls on IPART to revise its definition of an 'impactor', and to review how costs are shared between rural water customers and the NSW Government, on behalf of other users and the broader community.

## 1.3 Cost Benefit Analysis

The IPART Cost-Benefit Analysis (CBA) indicates the range of costs, returns and overall benefits and disbenefits. Clarity is not provided on cost-share arrangements, particularly for items where interest has been driven by the government or community, or where the item has significant public benefit.

NSWIC does not believe that IPART has properly considered the cost implications of the WNSW draft operation licence on productive water users. Adequate explanation has not been provided as to why certain requirements have been proposed, especially for items where there is duplication of regulatory

requirements or water agency function. The CBA does not acknowledge that customers are already apportioned significant costs associated with WNSW activities.

In addition to setting the WNSW Operating Licence 2024-2029, WNSW customers and community are involved in working groups facilitated by WNSW to seek feedback for the 2025-2030 Pricing Determination. NSWIC members have raised concerns that the additional operational activities proposed by IPART under this operating licence draft have not been included in data prepared by WNSW for discussion by the working groups. Working group members report that WNSW expects there to be significant cost increases, between 40% to 160% depending on the catchment area, to maintain the current level of operation. Additional requirements proposed by IPART would increase these costs substantially.

Having both reviews so close together has emphasised the uncertainty faced by WNSW customers regarding costs, and highlights how the model to calculate cost-shares is flawed and unsustainable for productive water users. It calls into question whether IPART is seriously considering customer preferences, needs, and their capacity to pay, or whether IPART is prioritising the public's expectations.

NSWIC calls for more information to explain the proposed cost shares against the new requirements under the WNSW operating licence. The 'impactor' must be identified in each case to demonstrate the drivers and key beneficiaries of these requirements, to clarify how costs have been apportioned.

## 2. Organisational management systems

### [2.1 Water Quality Management System \(WQMS\) in non-declared catchment areas](#)

NSWIC **supports** maintaining and implementing a WQMS with separate conditions in non-declared catchment areas (draft clause 8). We agree that this reflects the different catchment characteristics, differences in management and levels of control between declared and non-declared catchments.

### [2.2 Quality Management System](#)

NSWIC **does not support** the adoption of a business-wide Quality Management System (QMS) at this time (draft clause 11). We believe that WNSW should focus on improving its existing systems, particularly the customer management and Water Register to ensure it is fit-for-purpose. See section 8 for more information.

While implementing as QMS could aid in improving WNSW and WAMC decision-making, auditing and customer services, NSWIC does not see this as a priority at this time.

## 3. Performance standards

Performance standards are critical to ensure customers understand what minimum service levels to expect from WNSW for water release services. This promotes reliability and predictability for customers, many of whom run businesses within the irrigated agriculture sector and are reliant on reliable and timely access to water resources.

NSWIC notes performance standards and reporting are integral in other states (see for example, Goulburn Murray Water’s preparation for its 2024-28 pricing submission<sup>3</sup>) and **supports** the draft recommendations made for Part 4 Performance Standard in the WNSW draft operating licence.

## 4. Early Warning Network

### 4.1 Flooding

WNSW, under legislation, is responsible for operating water management works, gauging stations and other monitoring equipment. The NSW State Flood plan clarifies the role and responsibilities of each emergency response agency during flood events. The figure below identifies WNSW roles and responsibilities:

<b>Water NSW</b>	<p>In addition to responsibilities for Owners of Declared Dams:</p> <p><b>Preparedness</b></p> <ul style="list-style-type: none"> <li>• Management of the state government’s water level gauges for the flood warning network in non-tidal areas in NSW.</li> <li>• Provide to the NSW SES and the Bureau: <ul style="list-style-type: none"> <li>– Flow rating charts for river height gauges;</li> <li>– Real-time or near real-time access to river height gauges and height data for the development of official flood warnings; and</li> <li>– Real-time or near real-time advice and information from dams and hydrometeorological stations during floods; and</li> </ul> </li> <li>• Provide NSW SES with information about new gauge locations;</li> <li>• Collect and maintain flood data including data relating to flood heights, velocities, and discharges;</li> <li>• Consult with the FWCC which includes the NSW SES and the Bureau prior to changes to gauge locations and datum;</li> <li>• Maintain Water NSW Flood Incident Management Protocols; and</li> <li>• Water NSW is responsible for managing non-corporate flood work licencing under the <i>Water NSW Act 2014</i>, <i>Water Management Act 2000</i>.</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>• Close and evacuate camping grounds/recreational areas at risk of flooding in Water NSW managed areas; and</li> <li>• Convene a regular briefing with the Bureau of Meteorology, Water NSW dam operators and NSW SES in the pre-flood stage and during flood operations or other incidents to enable the rapid exchange of information between agencies.</li> </ul>
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WNSW key involvement in flood preparedness includes management of State Government water level gauges, providing data to NSW SES and the Bureau of Meteorology, collecting, and maintaining specific flood data, and consulting with the Flood Warning Consultative Committee. WNSW key responsibility when responding to floods is convening regular briefings with the Bureau, WNSW dam operators, and NSW SES.

<sup>3</sup> <https://yoursay.gmwater.com.au/pricing-submission-2024/service-standards-general>

As identified by WNSW in its Issues Paper response, WNSW provides data and notifications to the Bureau, which issues the flood warnings, and NSW State Emergency Service (SES) which responds to flooding. This highlights that the data that the BoM and SES rely on to manage an event is only as good as the data measured by WNSW.

NSWIC agrees that WNSW does not need to undertake any additional flood planning and emergency response activities, as this function is covered by other emergency response agencies.

However, productive water users have requested that all emergency response agencies report river height data using the format used in WaterInsights:

- Flow rate in ML/day
- River level in metres

Currently, the Bureau and SES warnings do not include data on flow rate in ML/day. As productive water users often refer to river height in terms of flow rate (ML/day), the continuation of this data in flood warnings will assist regional communities prepare for flood events.

## [4.2 Water quality](#)

WNSW undertakes monitoring activities in non-declared catchment areas, such as catchment health indicator monitoring (e.g., cyanobacteria and a small suite of water quality parameters) to support water quality storage monitoring and WAMC obligations. This data is displayed via WaterInsights, and alerts can be set up to inform water users of when changes occur. Not all gauging stations across NSW report on water quality.

In principle, the broadening of the EWN to address water quality information gaps is desirable. For example, in February 2024, there was an algal outbreak in a dam in the southern Basin. The local water utility and local river pumpers reported that they did not receive a notification about the water quality issue from WNSW. This could have resulted in contamination of the town water supply, or the use of unsafe water on stock and crops by water users.

However, the question remains; how will costs be apportioned for these services? EWN services have shared benefit across local water utilities their customers, and some WNSW customers. For these reasons, NSWIC **does not support** draft clause 18(3).

## **5. WNSW's obligation to its customers**

### [5.1 Consultation with customers and the community](#)

Historically, WNSW consultation methods have been wide-reaching, viewing feedback from customers and the community with equal importance. Productive water users have heavily criticised the recent engagement models put forward by WNSW, such as the Kitchen Conversations and Customer Jury models. During the implementation of these models, customers experienced unexpected cost increases and the stagnation and decline of WNSW services.

The WNSW Phase 1 Customer and Community Insights Report (completed as part of the WNSW Pricing Proposal 2025-30), provides insight on feedback WNSW has received from customers since 2020. Section 4, "What have customers been telling us prior to 2023", paints a dire picture of WNSW engagement from the perspective of customers, including:



- Voice of Customer research (2020) - a minority of customers agreed that WNSW had a good local presence and grasp of water delivery issues.
- Kitchen Table conversations (2021) – customers reported that WNSW was not delivering high-quality customer engagement and services due to issues including the need for better communication with customers and the community about what was happening in the river system, and poor customer service during issues resolution.
- Customer Advisory Group (CAG) (2022) – feedback included expectations of a better level of customer service and concerns about the loss of local representatives.
- Voice of Customer research (2022) – declines were noted in metrics for customer services, information and communication, billing, pricing, metering, and policy. Policy was noted as being in the highest need of improvement.
- What matters to our customers: Insights report WAMC (2023) – this DPE-Water desktop analysis identified that customer service, experience and stakeholder engagement are important to all stakeholder groups and that stakeholders were requesting status updates with a preference for face-to-face or online meeting opportunities to clarify their specific requirements instead of email inquiries.

WNSW is currently engaging with customers and the community in Working Groups for the upcoming Pricing Determination. In a media release, WNSW stated that the groups would be ‘the most important discussions we can have before water prices are set for the 2025-30 period.’

However, once Working Groups were underway, several productive water users engaged in groups across the state raised concerns with the engagement approach used by WNSW:

- Consultation was occurring during peak irrigation seasons, limiting the number of customers with the time to contribute;
- Participants representing the general public had low water literacy, hindering the ability to have in-depth discussions;
- Participants (with a broad range of water knowledge) were asked to critically analyse novel ideas introduced during the session (no pre-reading materials provided to aid familiarity), prompting concerns of the quality of feedback provided; and,
- WNSW would not be able to distinguish between customer feedback and community feedback.

With consideration of the experiences of customers detailed above, NSWIC **does not support** allowing WNSW to develop a model for engagement with customers and the community without prescriptive engagement requirements (draft clause 25).

Productive water users have directly worn the consequences and costs of WNSW decision-making (e.g., service levels, and cost-shares). Customer confidence has been eroded due to continual declines in service and local presence despite increasing costs, as reflected by the customer feedback above.

WNSW has expressed its desire to build trust with productive water users. Trust can be improved by providing customers with process stability; predictability of what is to come and accountability to expectations. NSWIC believes this should be achieved through setting prescriptive requirements that require WNSW to specifically target customers through engagement methods separate from broad community consultation.

Prescribed engagement requirements for consultation could include:

- Publishing a public timeline for consultation (avoiding peak irrigation periods from November to March).
- Valley-based method of engagement (e.g., establish aggregate catchments across NSW).
- Targeted customer engagement to ensure that customer feedback can be separated and prioritised.
- Targeted customer engagement at specific points during the consultation timeline. Specifically, at the inception, after the development of a draft, and after the development of a final document for review/reform change.
- A satisfaction survey to evaluate strengths and weaknesses of targeted customer engagement.
- Reporting requirements to record and provide transparency on the degree of change actioned to resolve customers' concerns arising from targeted engagement with customers.
- Broad stakeholder consultation to involve an induction scheme or similar, to provide participants with a minimum standard of water literacy. This acknowledges the relatively technical nature of the subject matter and develops the required knowledge (e.g., water pricing, licensing) for critical analysis.

Many of these requirements are already carried out by WNSW. This inclusion of these requirements in the WNSW operating licence would promote accountability and build trust in WNSW operations.

## [5.2 Developing a WNSW consultation policy](#)

NSWIC **supports** the requirement for WNSW to develop a publicly available policy for undertaking consultation as stated in draft clause 25(4), and the requirement for WNSW to maintain and continue to engage with its existing CAGs during this process as stated in draft clause 25(7).

The proposal to apply provisions from the Hunter Water Operating Licence to WNSW consultation with customers and the community is concerning for NSWIC members. The Hunter Water Operating Licence and subsequent development of its Community Consultation Procedure (2023) led to the formation of the Customer and Community Advisory Group (CCAG). This consultative group includes all people who are impacted by Hunter Water decision-making (i.e., customer, community, and stakeholder advocacy groups). The structure of the CCAG suggests that customer voices are diluted by other stakeholder groups and their priorities, despite those groups not being directly affected by costs.

Hunter Water and WNSW operate in two different contexts; their functions, operations, customers and stakeholders are different. It is concerning that WNSW has indicated its intention to take a similar engagement approach to Hunter Water's CCAGs, as it would enable WNSW to further distance itself from listening to and engaging with its own customers. When engaging in consultation, WNSW must be able to identify feedback submitted by customers and prioritise addressing this feedback, over feedback from the general public.

NSWIC calls on IPART and WNSW to recognise that productive water users carry a significant burden of WNSW water management costs (capital expenditure, and operating expenditure). Due to this cost-sharing arrangement, WNSW should be required to target customers specifically in its engagement policy to ensure WNSW integrates customer feedback, preferences, and their willingness to pay. WNSW should be required to engage with and be accountable for achieving outcomes for customers.

### [5.3 Customer Advisory Groups \(CAGs\)](#)

NSWIC is concerned by the proposal to remove the requirement to maintain the Customer Advisory Group (CAG). CAGs ensure that industry representatives with the relevant skillsets and on-ground experiences can contribute constructively to WNSW decision-making. They demonstrate that WNSW is engaging in regular direct customer consultation and is a forum where customers can hold WNSW accountable to its Operating Licence and Customer Service Charter.

IPART has proposed a new requirement that “*WNSW must use all reasonable efforts to ensure its engagement under this clause 25 includes engagement with small, medium and large water users...*” (draft clause 25(2)). We note that a WNSW consultation policy (draft clause 25(4)) has not yet been developed and that no prescriptive engagement requirements have been proposed by IPART for this policy. Water users cannot predict what the ‘use of all reasonable efforts to ensure engagement’ will involve, resulting in uncertainty.

There is scope for CAGs to be improved, as demonstrated by the varied experiences of CAG members. Some members support CAGs as a productive forum to problem-solve and discuss WNSW operations, whereas others are critical of the effectiveness of CAG activities, considering that they are information-sharing sessions, with busy agendas and not enough time for meaningful discussion.

This suggests that WNSW must evaluate the function and layout of CAG meetings. This could mean reviewing the Customer Advisory Group Charter with CAG members and customers to ensure the purpose of the charter meets customer preferences, and refreshing this charter for the term to begin 1 July 2025.

Additionally, WNSW could engage CAG members and customers on their preferences for how WNSW practically implement its four key aspects when engaging with advisory groups:

- Opportunity for WaterNSW to provide critical information.
- Opportunity for stakeholders to provide feedback to WaterNSW.
- Opportunity to determine how they should be engaged with.
- Quality of service and value for money to our customers.

These discussions with CAGs and customers should be used to develop the consultation policy.

### [5.4 Customer Service Charter](#)

NSWIC **supports** draft clause 24 of the draft WNSW operating licence; *Water NSW must at all times make publicly available online a customer service charter that sets out the responsibilities of Water NSW and its customers and how Water NSW will engage with its customers.*

NSWIC notes the current customer service charter outlines that WNSW provides licence regulation and dealings information via its Customer Service Centre (a phone number) and the WNSW website. Several local offices are listed, however, WNSW states “our local offices are currently closed for walk-in services”, and are only open on Tuesdays for pre-booked in-person appointments”.

The diminishing availability of customer service centres in regional communities has left customers feeling that they have lost their point of contact to assist with inquiries, and that WNSW staff located at a distance lack local knowledge. This level of service does not meet customers' expectations.

Regional communities are often affected by internet and phone reception blackspots, and many farmers are not technology natives. This is an issue when WNSW relies on its website, customer e-mails and social media to distribute information about its operations and customer services. When engaging in other means of communication like the phone, water users report longer than desired wait times, and frustrations over having to communicate with different staff members when an issue requires multiple calls to resolve.

It is not understood why there has been a decline in the availability of physical customer service centres, particularly when water access licence holders and water users accessing basic landholder rights are still present in river catchments across NSW. WNSW's presence in regional areas is regarded by water as a priority service, and it is particularly galling to watch that service declining while being charged higher costs in the name of improved services.

WNSW should explore options such as partnering with regional ServiceNSW stores to improve physical presence within regional communities.

### [5.5 Family violence policy](#)

IPART identifies this requirement will impose modest costs on WNSW and has broad social benefits. Due to the public benefit of this provision, its inception being driven from studies performed by the Australian Government health departments, and its focus on the training and support of WNSW staff, NSWIC strongly suggests that the NSW Government (on behalf of the general public) should pay this cost in its entirety.

## **6. Catchment and river health**

### [6.1 Catchment management and river health](#)

NSWIC **supports** the requirement for WNSW to manage and protect declared catchment areas only (draft clause 31).

As noted by the IPART Discussion Paper, government water agencies such as Local Land Services (LLS) and Department of Climate Change, Environment, Energy and Water (DCCEE) already hold roles and responsibilities to manage non-declared catchment areas.

### [6.2 Catchment and river health research](#)

Due to the current uncertainty about benefits and costs, NSWIC **does not support** draft clause 32; *to modify the scope of the requirement for WaterNSW to undertake catchment research to the non-declared catchment areas and associated rivers with an aim to improve the health of WaterNSW's catchments and rivers, ultimately bettering water quality.*

Current water policy priorities increasingly emphasise water quality, as well as water quantity. There are several causes of water quality decline in inland and coastal rivers, including invasive species, habitat degradation, riverbank erosion, and cold-water pollution. Further research and complementary measures must be prioritised to address these issues, instead of taking a 'just add more water' from farmers approach in the hope of improving water quality.

As noted earlier, WNSW identifies that it undertakes monitoring activities in non-declared catchment areas, such as catchment health indicator monitoring (e.g., cyanobacteria and a small suite of water quality parameters) to support its water quality storage monitoring and WAMC obligations.

WNSW also identifies the roles of other water agencies in the management of river health, specifically noting DCCEEW and the MDBA. Specialists from Local Land Services (LLS), the Environmental Protection Agency (EPA), and NSW Fisheries undertake projects to research and improve river health. Individual water users must also abide by specific conditions on their Water Access Licences and Works Approvals that define conditions on water usage and management, to protect water quality in rivers.

The CBA displays uncertainty regarding costs and benefits associated with modifying WNSW requirements to undertake research in non-declared catchment areas. Preliminary indications suggest a net disbenefit of -\$46.9 million. This is a significant cost likely to be assigned to customers for unknown benefit, particularly given WNSW would be simply duplicating much of the research and programs already undertaken by other, specialist local, State and federal agencies.

### 6.3 Community education in non-declared catchment areas

NSWIC **supports** the requirement for WNSW to undertake an educative role to maintain an ongoing community education program for non-declared catchment areas and downstream rivers (draft clause 33). We suggest this requirement should also include outcomes for customers.

Improving water literacy among productive water users and the broader community will clarify the role of WaterNSW, address water management misconceptions, improve trust, and increase public confidence in water management. IPART notes that WNSW is required to carry out several educational initiatives in declared catchment areas.

WNSW should be required to meet the preferences of customers in non-declared catchment areas, noting the broad age range of productive water users and their preferred methods of communication. In-person programs should be established in addition to the WNSW website, customer e-mails and social media (as explained in section 5.4). This could include:

<b>Method</b>	<b>Program/Initiative</b>	<b>Main Audience</b>
In person	Customer service centres as a 'hub' for resources, with staff available to respond to inquiries.	Customers and community
In person	Presentations to water user groups on specific topics of interest	Customers
In person	Presence at "Field Days" across NSW	Customers and community
Printed	Resources (i.e., factsheets) for distribution at in person events, or mailed to a customer if requested	Customers
Online	WaterInsights	Customers
Online	Resources (i.e., newsletters, factsheets, tutorial videos, online portal)	Customers
Phone	Customer service centres	Customers

We agree that WaterNSW should have a defined scope for its education activities, directly aligned with its functions. However, we suggest the following aims for the non-declared catchment area education program (draft clause 33):

- (a) Improve customer understanding about customer services including water licencing, water pricing and water metering (including water user recording and reporting requirements)
- (b) Improve community understanding about:
  - i. water storage, delivery, licencing, and water quality research; and,
  - ii. landholder practices to improve catchment and downstream river water quality and sustainability.
- (c) educate customers and the community about:
  - i. WNSW's roles, responsibilities and functions in the relevant region; and,
  - ii. opportunities to engage with Water NSW on projects in their region.

NSWIC believes that educational programs should be available across all catchments where WNSW customers are located.

## **7. Planning for and managing climate related risks**

Productive water users are on the climate front line and are already experiencing variable water inflow patterns. As water access entitlement holders bear the risk of less reliable water allocations due to climate change, it is a matter of priority that water agencies across NSW plan for and manage climate related in a transparent and effective manner.

NSWIC agrees that the WNSW operating licence should explicitly refer to a climate risk assessment management program. However, it is our view that WaterNSW should not have to specifically implement to the 'Climate Risk Ready Guide' (draft clause 36) due to regulatory duplication.

In response to the IPART Issues Paper, WNSW states it is currently developing a Climate Risk and Adaptation Plan, which addresses the requirements of the Climate Risk Ready NSW Guide.

WNSW also states it is engaged in planning for and managing climate related risks through:

- Requirement by NSW Treasury to report on climate-related financial disclosures (to commence 1 July 2025, however will report in FY24 using this framework).
- Development of an Environment, Social and Governance (ESG) Program, including the review of Climate Change Adaptation Plan (CCAP).
- Long-Term Capital and Operational Plans .
- Long-term supply forecasting and system modelling.
- Hydrologic risk assessments for high-risk priority dams.
- Short-term Water Conservation Strategy and associated five-year water conservation work program.
- Development of drought management plans for regulated rural valleys.

As NSWIC has raised in previous submissions, climatic drivers coupled with policy drivers place financial pressure on farm businesses. Consequently, the number of agricultural water users decline, and remaining water users have a lower ability to pay. With increasing public interest in water management driving the adoption of higher standards of practice, these two factors result in an increasingly financially unstable environment for water users.

The CBA suggests costs associated with the climate-risk management program will likely be modest and relate to the development and operational costs of reporting. These costs, however modest, will still affect customers who have a decreased ability to pay.

## 8. Data and information services

### 8.1 Data Management System

NSWIC has supported WaterNSW as the agency responsible for collecting, managing, and sharing data and information of water resource data on behalf of the NSW Government. However, unresolved issues affecting the maintenance of customer records, maintenance of the water registry, and collection and sharing of data and knowledge for use by other agencies such as NRAR and DCCEEW-NSW, continues to erode trust in WNSW's capacity to fulfill this role.

IPART's proposal to require WNSW to establish a data management system (DMS) is desirable to productive water users (draft clause 41). Of particular benefit is the requirement for:

- a data quality policy that identifies, classifies and remediates poor-quality data; and,
- a data sharing policy that details the types of data and information WaterNSW shares with third parties on request, and how to request such data.

Requiring WNSW to undertake these changes will ensure that WNSW maintains the customer and water register database to ensure it is fit for purpose, resolves any data gaps in the Water Registry, and collects, manages and provides access to water resource data on behalf of the NSW government improving data sharing to water agencies, customers, and industry bodies. It is also essential for WNSW to be held accountable to minimum data management standards to ensure that water agencies can work effectively together.

We note IPART's comment that *"the highest quantifiable benefits of a DMS are expected to accrue to NRAR when they perform their regulatory role. We expect that better quality data achieved via implementation of the data management system results in the time saving of 2 hours per enforcement activity"*.

This is a significant streamlining of NRAR activities which, if realised, is of great benefit to industry.

The CBA notes the proposed DMS is expected to have a net benefit of \$0.6m. The benefit of this requirement across multiple government water agencies and customers should be recognised in the apportionment of costs.

### 8.2 Water Sector Information Hub

NSWIC currently **does not support** the requirement for WNSW to lead the co-design and development of a new data system to provide for central storage, management and access to water data relevant to departments and agencies across the NSW Government (draft clause 42). The CBA notes that the cost and benefits of the water sector information hub condition are uncertain and likely to have a disbenefit of -\$2.2m.

NSWIC does support that WNSW must maintain a system that allows NSW Government agencies to access data and information held by Water NSW that is relevant to their functions. WaterNSW must gain clarity from NRAR and DPE Water to identify what data is required – as noted in the DMS and Roles and responsibilities agreement.

## Conclusion

Please do not hesitate to contact our team if you wish to discuss these matters further.

Yours sincerely,



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## List of Resources

IPART Water Regulation Handbook (2023)

[https://www.ipart.nsw.gov.au/sites/default/files/cm9\\_documents/Handbook-Water-regulation-July-2023-V2.PDF](https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Handbook-Water-regulation-July-2023-V2.PDF)

IPART WaterNSW draft operating licence 2024-2029

[https://www.ipart.nsw.gov.au/sites/default/files/cm9\\_documents/Draft-Operating-Licence-Water-NSW-operating-licence-review-2023-34-December-2023.PDF](https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Draft-Operating-Licence-Water-NSW-operating-licence-review-2023-34-December-2023.PDF)

IPART WaterNSW operating licence review 2023-24 CBA report on draft licence (2024)

[https://www.ipart.nsw.gov.au/sites/default/files/cm9\\_documents/Cost-benefit-analysis-report-2023-WaterNSW-operating-licence-review-February-2024.PDF](https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Cost-benefit-analysis-report-2023-WaterNSW-operating-licence-review-February-2024.PDF)

IPART WaterNSW operating licence review 2023-24 Discussion Paper (2023)

[https://www.ipart.nsw.gov.au/sites/default/files/cm9\\_documents/Discussion-Paper-Water-NSW-operating-licence-review-2023-24-December-2023.PDF](https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Discussion-Paper-Water-NSW-operating-licence-review-2023-24-December-2023.PDF)

NSWIC Submission: WaterNSW operating licence review IPART Issues paper (2023)

WaterNSW Customer Advisory Groups Charter

[https://www.watarnsw.com.au/\\_data/assets/pdf\\_file/0009/127593/WaterNSW-Customer-Advisory-Groups-Charter.pdf](https://www.watarnsw.com.au/_data/assets/pdf_file/0009/127593/WaterNSW-Customer-Advisory-Groups-Charter.pdf)

WaterNSW Customer Service Charter

[https://www.watarnsw.com.au/\\_data/assets/pdf\\_file/0020/119531/Customer-Service-Charter-WEB.pdf](https://www.watarnsw.com.au/_data/assets/pdf_file/0020/119531/Customer-Service-Charter-WEB.pdf)

WaterNSW Operating Licence Review 2022-2024: Response to IPART's Issues Paper (2023)

[https://www.ipart.nsw.gov.au/sites/default/files/cm9\\_documents/Water-NSW-Response-to-WaterNSW-Operating-Licence-Review-2022-2024.PDF](https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Water-NSW-Response-to-WaterNSW-Operating-Licence-Review-2022-2024.PDF)

WaterNSW Pricing Proposal 2025-2030: Phase 1 Customer and Community Insights Report (2023) [PowerPoint Presentation \(amazonaws.com\)](#)

New South Wales State Flood Plan (2021) - [NSW State Flood Plan.pdf](#)