

# Namoi-Peel Customer Advisory Group - Minutes of Meeting



**Location:** Video Conference

**Date:** 3 December 2020

**Time:** 9.00am

**Present:** Ian Coxhead (Chair), Jane Humphries, Brendon Warnock, Bilal Aktar, David Gowing, Huw Morgan, Tom Woolaston, Ildu Monticone (observer), Shaine Baker (observer), Jonathan Dickson, Andrew Scott, Emma Oates and Toni Hayes.

The following attended for specific agenda items: B Mayhew (3.1), C Braddock (3.2), D Swift-Hoadley (4.1), A Chadwick, K Drinkwater, D Turner, S Ronan, T Gilbert (4.5), K Andersen (6.1).

**Meeting Opened:** 9.00am.

## 1. Introduction:

### 1.1 Welcome and introductions

**1.2 Apologies:** Bruce Logan, Lindsay White, Paul Keyte.

### 1.3 Confirmation of Agenda Items

### 1.4 Declaration of Interest(s)

- Declarations of interest were sought from attendees in relation to the meeting's agenda items. No interests were declared. Items included in the agenda are not considered confidential unless declared as such.

### 1.5 Minutes of Previous Meeting, 23 July 2020:

- Resolved the minutes of meeting held on 23 July 2020 be confirmed as a correct record. Taken as read.

*I Coxhead  
carried*

### 1.6 Actions arising from minutes

- See action sheet attached.
- Customers requested actions NP2007.03 and NP2007.04 be marked as "ongoing" until resolved (refer to action sheet attached).

### 1.7 Election of Chairperson (done in General Business at end of meeting)

- Ian Coxhead was nominated and appointed to the position of Chairperson unopposed. No other nominations received.

*D Gowing  
carried*

## 2. Water System Operations:

### 2.1 Water Delivery Update – Peel Valley (A Scott)

- The Namoi valley water operations report will be presented at the ROSCCo following today's CAG meeting.

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- WaterNSW presented an update of the ROSCCo presentation for the Peel Valley from 21 October 2020, including rainfall and climate, allocations and usage, operations, drought update, Peel Valley inflows and outlook for 2020/21.
- Since the presentation in October there has been a 10% increase for local water utilities.
- WaterNSW has been able to conserve supplies in Chaffey Dam by utilising the tributary inflows that join the Peel River. This week Council switched back to using the TRC-owned Dungowan pipeline.
- In relation to the new Chaffey to Dungowan village pipeline, under the current rules the pipeline can only be used when Chaffey is less than 20%.
- In the next 2 weeks WaterNSW will release an operations update which will clarify arrangements for river operations over the holiday period and will be introducing an additional email address which will go directly to the river operators who will be managing the valley. Arrangements for trade will also be clarified. Further discussion to be held at the Namoi ROSCCo.
- For information on the Peel valley, including water availability and drought reports, go to <https://www.waternsw.com.au/supply/drought-information/regional-nsw/peel-valley>

### **3. Assets:**

#### **3.1 Asset Maintenance update (B Mayhew)**

- Asset performance and maintenance in the Namoi and Peel valleys presented and discussed, including routine preventative and corrective maintenance delivery.
- Customers queried how many tension cables there are on Keepit (across the wall). WaterNSW advised there are in the order of 100 but will clarify out of session.

**Action NP2012.01:** Clarify how many tension cables there are across the wall at Keepit Dam.

*Responsibility: B Mayhew*

- Customers sought an update on the status of the fishway at Mollee Weir. The Project Team has a contractor back on site now. There is some defect corrective work to do around actuators on some of the gates. We are working with the contractor to correct the installation defects to ensure it functions correctly.

#### **3.2 Rural Pricing Submission & Capital Plan update: FY22-25 (C Braddock)**

- WaterNSW presented an overview of the rural pricing submission capital plan FY22-25 for the Namoi and Peel valleys, including key dates, expenditure by program (comparison between 1-year and 4-year determinations), expenditure by facility, fishway projects, water infrastructure renewal projects and dam safety projects.
- Customers questioned if WaterNSW expects these projects to flow through to bring increases for water users or if the expenditure is normal. WaterNSW advised that in the immediate term, borrowing costs are down. The nature of capex is slowly cumulative. The change in cost shares by IPART from 50% to 80% customer share will result in greater cost share to users so customers should be aware of this. As discussed at previous CAG meetings, WaterNSW opposed the cost shares proposed by IPART and at the time strongly encouraged water users to make representation to IPART (*refer also agenda item 4.3 and 4.4*). At the public hearing in November, the Chair of IPART indicated they would continue to accept submissions on the cost share arrangements.
- Customers asked for a copy of the full pricing against existing cost codes for existing capital projects in the Namoi.

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**Action NP2012.02:** Provide a copy of the projects and cost codes for capital projects in the Namoi.

Responsibility: C Braddock

#### **4. Presentations/Consultation:**

##### **4.1 Water Reform Implementation Plan (WRIP) Update (D Swift-Hoadley)**

###### **Metering update:**

- WaterNSW provided an update on metering reforms including next steps, DQPs, telemetry, recording and reporting, rollout dates, conditions that apply now, rules and standards, path to compliance and government-owned meters.
- All surface water pumps 500mm and above must be compliant by 1 December 2020 (for whole of NSW). Customers are encouraged to check their work approval for pump size. Irrigation Australia Limited (IAL) has a list of certified meter installers on its website.
- Conditions that apply to all works from 1 April 2019 presented, including requirements for faulty metering equipment, new or replacement meters and inactive works. Meters must be accurate, tamper proof and auditable.
- The NSW Government listened to feedback from water users and decided that Government (via WaterNSW) will retain ownership of existing government-owned meters. Affected customers will be contacted ahead of rollout dates with more information and will ensure all valid sites are compliant.

##### **4.2 Major Projects update (J Dickson)**

###### **Critical State Significant Infrastructure (CSSI) projects**

- WaterNSW provided an update on the three major projects that have been identified as Critical State Significant Infrastructure (CSSI) projects in NSW (Dungowan Dam and Pipeline, Wyangala Dam raising and Mole River Dam).
- Environmental investigations are continuing this month with further biodiversity surveys to monitor flora and fauna from Calala to Dungowan.
- Webinars with affected stakeholders and interested members of the public are being held regularly in each valley, with the next round for Dungowan Dam scheduled for January 2021. A number of other events will be run online and in the local area for impacted landholders and interested groups.
- For more information on the Dungowan Dam Pipeline Project and to register for the stakeholder and community webinars please go to [www.watersw.com.au/dungowandam](http://www.watersw.com.au/dungowandam)

##### **4.3 Engagement Landscape (J Dickson)**

###### **DPIE – Water Markets Trading**

- The Department (DPIE) will soon announce a public engagement on water trading transparency, in the form of an online survey and webinars (hosted by DPIE and WaterNSW), which is a follow on to previous discussions on transparency. They will be seeking input from water users, specifically those who have traded in the last 12-24 months.
- The NSW Government is encouraging customers and the community to have their say on what information about water ownership and water trading is made public in NSW. They are seeking feedback on current water market information platforms (water information dashboards and WaterInsights) to better understand what information should be shared and how to make the platforms easier to use.

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- The public exhibition will run from 30 November to 1 February, with webinars to be held 3 December 2020 and 20 January 2021.
- See <https://www.industry.nsw.gov.au/water/licensing-trade/trade/have-your-say> for more information.
- Customers highlighted concerns with information becoming public, with potential for irrigators becoming a target for active and militant interest groups.

#### **WaterNSW Pricing – Customer Conversations**

- After IPART releases its draft report in March 2021, WaterNSW proposes to broaden our engagement for our next pricing proposal (FY25-FY29). CAG membership will form the basis of those engaged, with the addition of a wider community of customers and water users in order to ensure that what we propose in terms of investment reflects our customers' views.
- Engagement will commence in three stages, with WaterNSW producing a 'conversation kit' for small groups to talk and respond online with their summary thoughts. Zoom meetings will then follow on emerging themes and common themes discussed. We hope this will contribute to a more informed pricing discussion into the future leading to a customer supported determination.

#### **4.4 Regulatory Economics – Rural Pricing Determination Engagement (J Dickson)**

##### **Rural Determination:**

- As presented previously, with the impact of drought and bushfires in many valleys, WaterNSW proposed a shorter-term pricing determination to lock in 2021 pricing for customers. The shorter determination was broadly supported by CAGs across all valleys. However, some medium-large customers responded to IPART's issues paper indicating a 4-year term was preferred for certainty of pricing. IPART has since confirmed they require a 4-year determination, with engagement to be complete by March 2021 and new pricing to take effect 1 July 2021.
- WaterNSW provided an overview of what was included/considered in the one-year pricing proposal presented to IPART. What was not included in the original but has been included in a supplementary submission to IPART on 30 November, was meter reform costs (meeting upgrade costs, amended meter service charge, DAS and collection costs, telemetry management costs). These are additional requirements placed on WaterNSW resulting from the metering reforms.
- Due to the short timeframe remaining to consult on a 4-year determination (by March 2021), WaterNSW is proposing to hold intensive engagement with CAGs on metering reform costs and opex capex by valley, including fishway cost share.
- Feedback was sought from members on the following: a pre-Christmas meeting (90 mins); an online meeting prior to Australia Day (90 mins); and two meetings in February. Customers commented that pre-Christmas is a very difficult time with some areas still harvesting until Christmas. Mid-January would be preferable with a follow up in February. Customers requested information in advance of meetings so they can be well prepared.
- At the public hearing, it was clear that customers wanted a 4-year term, more information on fixed:variable tariff split, opex performance vs allowance, capex, metering and reform costs, cost share change impacts and pass-through charges.
- WaterNSW presented a breakdown of bill impact for small customers vs large customers in the Namoi and Peel valleys as well as a summary of the one-year pricing proposal compared to two-four year pricing proposal. The final increase and what will be passed through to customers will be determined by IPART. WaterNSW is keen to engage with customers on the two-four year proposal prior to making the submission to IPART in March 2021.

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- Customers noted there is a significant cost increase for the term, stating they will need some solid engagement about the increases and dig in to how we will cope with the significant increase in costs.
- WaterNSW highlighted that influencing the IPART cost shares will have the most impact on customer prices (as previously discussed this has increased from 50:50 to 80:20) and strongly encouraged customers to make their own submissions to IPART on this.
- Customers questioned what happens if customers reject the costs proposed by WaterNSW. The costs presented will be what WaterNSW has costed in order to deliver required services. In the engagement, we will seek customer support however customers can reject the proposal and make their own submission to IPART. IPART was established to ensure the prices are prudent, efficient and reasonable and will determine the share of what is passed through to water users. They will also assess willingness and ability to pay.
- Proposed changes to **WAMC** 2016 to 2021-24 for the three departments (WaterNSW, DPIE and NRAR) presented. The total increase for WAMC charges is 37% (noting we will request a 5% cap increase for customers – refer to agenda item 4.5).
- WaterNSW will work on proposed dates for engagement and advise customers.

#### **4.5 Regulatory Economics – WAMC Determination Engagement (DPIE/NRAR)**

##### **Department of Planning, Industry & Environment (DPIE) (A Chadwick)**

- DPIE presented a review of proposed WAMC water management prices to apply from 1 July 2021. The proposal reflects the changes to water management and aims to mitigate impacts on customers, including capped price increases to help manage bill impacts on water users and no change to the regulatory framework that underpins prices. There was strong recognition from Government that now is not the time to impose increases to water users off the back of drought.
- There is no change proposed to IPART's Impactor Pays principle to cost shares (ie those who create the need for a service should pay for it). IPART believes this principle leads to more efficient, equitable and transparent prices. Influencing these cost shares will have the most impact on customers prices.
- Capped pricing means the government pays more and a bigger share. The proposal limits price increase to 5%/year (plus inflation) to protect users from bill shock. *IPART determined WAMC expenditure vs Proposed WAMC expenditure graph* presented.
- Currently under WAMC, there are three agencies under a single banner (DPIE/NRAR/WaterNSW). The proposal is for a single determination and a single set of water management prices where agencies will work collaboratively to deliver efficient water management services. We are aware there is a risk of duplication, however there is a review currently underway to ensure this doesn't happen.
- During the 2016-20 determination DPIE expanded its water management functions to meet expectations, invested more to meet existing commitments (FPH licensing framework, WSPs, WRPs) and consulted extensively with users on each reform and program. *IPART Determined vs Actual DPIE OPEX in the 2016 regulatory period* presented.
- In the next regulatory period, DPIE will continue to deliver expanded service levels, including full implementation of: WSPs, 12 Regional Water Strategies by 2023; new metering regulations by 2024; improved management of floodplain harvesting; and improved management of environmental water. *IPART Determined OPEX/Actual DPIE Opex 2016 vs Proposed DPIE Opex 2021* presented.

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- Two things will be most influential to customer costs - cost shares will have a big impact on ultimate outcomes; and a 5% cap will mean more costs will go to government. Alternatively, customers can take the view that some services are not required. Providing submission on these items is the best way customers can influence the process.
- Customers questioned why they are getting increased costs when the Matthews Report only focussed on part of the state. DPIE's submissions argues that DPIE and NRAR costs are necessary. The core issues for review is what cap on price increases is appropriate and who should pay for what. Customers should convey their views directly to IPART.

### **Natural Resources Access Regulator (NRAR) (S Ronan)**

- NRAR provided background on the establishment of NRAR and the need for water compliance and enforcement in NSW (*Matthews and Ombudsman Reports 2017*). All costs associated with the establishment of NRAR were borne by government.
- Cost drivers since the 2016 WAMC determination include independent investigations into water compliance, additional obligations under the *NRAR Act*, increased workload, increased size of regulated community, reforms (eg metering) and low knowledge of rules.
- Statistics on compliance activity since the establishment of NRAR presented, illustrating increased workload and activity. This increase has largely been managed with the same resource level.
- NRAR WAMC compliance costs step change presented. NRAR is seeking to reduce costs through alternative funding measures as well as licence fees and charges as another source.
- NRAR is committed to closing the gap by finding efficiencies, including increased analytics, intelligence and use of technology, investing in staff capability and pushing voluntary compliance (*Forecast NRAR Compliance Workload vs Compliance Resources presented*).
- NRAR's focus is on compliance, not prosecution, supported by education, audits and monitoring. Benefits to stakeholders includes protecting irrigated agricultural productions in NSW, protecting water property rights in NSW and restoring social licence.
- Customers sought direction from NRAR on changes to the Peel WSP and when they are recognised by NRAR (example provided). NRAR advised that the licensee should comply with the conditions of licences and approval, unless there is a water restriction order in place. If there is a change in WSP, whatever date that comes into effect is when NRAR will enforce the rules. Customers noted that DPIE hasn't changed the licence conditions to reflect the WSP changes, so is contradictory and customers are unsure of their requirements.
- Customers commented that there has recently been spot inspections on pump compliance and pump sites in the valley by NRAR staff. There are concerns that the NRAR officers had little idea how to measure the pump size and worry that they are telling people they are not compliant when in fact they are. NRAR advised that 26 new staff have recently been appointed and have received only basic training. The spot checks are about visibility and presence to enhance NRAR's profile in the field.
- Customers questioned the direct benefits to users from the increased costs as the only benefit implied is for the entire basin. Will we see greater levels of service and support around response times, processing of approvals etc? NRAR noted this is something we hope to be able to answer in several years, linking the actual outcome with the data on the ground. It is too early to show

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indicators at this time but is the direction we are seeking. We have committed to some timeframes in terms of response times and increasing the rate of audit.

## 5. Business Papers:

- Noted and taken as read.

## 6. General Business:

### 6.1 Floodplain Harvesting (FPH) update (K Andersen/DPIE)

- DPIE provided an overview of what is happening in this space and the timeframes for implementing the policy, including the difference between **floodplain harvesting policy** (manages floodplain water extractions to protect the environment and reliability of water supply for downstream water users - licensed, measured, managed in the WSPs) and **Floodplain Management Plans** (FMP) (guide application and assessment of flood work approvals {structures built on floodplains}).
- The policy will bring FPH back within legal limits and also restrict future growth in floodplain harvesting, provide more water for the environment, provide clarity for water users and the regulator and will allow management of measurement. A *Floodplain Harvesting Measurement Policy* was released in 2020 after extensive public consultation.
- The policy is being applied in 5 northern valleys in NSW. The Border Rivers public exhibition ended on 30 November, with other valleys due early next year. The exhibition included the technical documents and modelling showing re-estimate of take and the current levels. Border Rivers is currently 13% above legal limit, so take will need to be reduced by this, which is part of the issuing of licences. The downstream outcomes report shows a 6.1GL return to the system (from Border only). As each valley's modelling results are known there will be a cumulative total.

### 6.2 CAG Charter (J Dickson)

- In a recent audit, WaterNSW was asked to amend wording in CAG Charter around the process for amending the CAG Charter (essentially how proposed amendments can happen). Proposed changes included with business papers.
- The Namoi-Peel CAG supports the proposed amendments to the Customer Advisory Groups Charter as tabled.

### 6.3 Monthly reporting

- Customers stated they are aware the metering reform taskforce put a number of requirements on reporting, noting meters that don't require telemetry still require monthly reports. Customers noted this seems to be over the top and suggested this be reconsidered. WaterNSW will pass on to DPIE.
- Customers stated this regulation has not been finalised as yet, is only up for public comment. WaterNSW advised we made a number of detailed submissions on this which were not taken up by the Taskforce. A number of these items have additional costs and as far as we know, it is requirement. As far as impact to our business, we consider it is something that is already in place.

## Meeting Review and Close

**Next Meeting:** Thursday 25 March 2021

**Meeting closed:** 1.00pm

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## Namoi-Peel Customer Advisory Group – Actions – 3 December 2020

### Carried forward actions

Action No.	Action	Responsibility	Status
NP2007.01	Pass on request from Tamworth Regional Council to be involved on the PEWTAG and forward relevant contact details for membership to B Logan.	A Scott	<b>Complete.</b>
NP2007.02	WaterNSW to confirm if the Chaffey Dam to Dungowan Pipeline will be reflected in future submissions to IPART.	J Dickson	<b>Complete.</b> The costs are included in the Government RAB (not customer prices).
NP2007.03	WaterNSW to review approvals for fractured rock bores as raised by Peel Valley Water Users and provide a response out of session.	A Fuller	<b>Under review.</b> WaterNSW has provided input to the Minister's office, who will be providing a response.
NP2007.04	Provide specific application details of permanent dealings to WaterNSW to review. WaterNSW to liaise with member out of session.	D Gowing / A Fuller	<b>Under review.</b> Details of specific applications were provided to WaterNSW by D Gowing on 30 July 2020. At the last meeting it was agreed that WaterNSW would liaise with members out of session prior to this meeting, which has not happened. Customers are very disappointed with lack of response from WaterNSW. D Gowing stated that a reply from WaterNSW and DPIE was received by the local member through the Minister's office however to close the action is a contemptuous response. WaterNSW understands customers may be unhappy with the outcome however WaterNSW teams have completed work with DPIE on a review as requested. Comments are noted and WaterNSW will revisit out of session.

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**New actions**

<b>Action No.</b>	<b>Action</b>	<b>Responsibility</b>	<b>Status</b>
<b>NP2012.01</b>	Clarify how many tension cables there are across the wall at Keepit Dam.	B Mayhew	
<b>NP2012.02</b>	Provide a copy of the projects and cost codes for capital projects in the Namoi.	C Braddock	

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