

Macquarie-Cudgegong Customer Advisory Group - Minutes of Meeting



Location: Video Conference

Date: 8 December 2020

Time: 9.00am

Present: Lyn Davies (Chair), Tony Quigley, Matt Watt, Michael Sutherland, Michael Bennett, Simon Earl, Frank McKillop, Claire Cam, Lindsay White, Paul Keyte, Peter Schuster, Michael Drum (observer), Jonathan Dickson, Sri Sritharan, James Piggott, Emma Oates and Toni Hayes.

The following staff attended for specific agenda items: B Mayhew (2.1), C Braddock (2.2), A Lavelle & A Fraser (4.2), D Stockler, K Drinkwater, D Turner & S Ronan (4.5), K Andersen (6.1).

Meeting Opened: 9.00am.

1. Introduction:

1.1 Welcome and introductions

1.2 Apologies: Rick Reid, Garry Hemsworth, Michael Egan, Bill Tyrwhitt, Rob Tuck.

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, 2 July 2020:

- Resolved the minutes of meeting held on 2 July 2020 be confirmed as a correct record. Taken as read.

*L Davies/T Quigley
Carried*

1.6 Actions arising from minutes

- See action sheet attached.

1.7 Election of Chairperson

- Lyn Davies was nominated by M Bennett and appointed to the position of Chairperson unopposed. No other nominations received.

2. Assets:

2.1 Asset Maintenance update (B Mayhew)

- Asset performance and maintenance in the Macquarie valley presented and discussed, including routine preventative and corrective maintenance delivery.
- Burrendong Dam CWP curtain is currently out of service. We are finding it highly challenging from a maintenance perspective however we are working with the engineering team to find a solution. WaterNSW advised that draft operating protocols have been developed and passed through the CWP Interagency Group and will be shared when available.

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2.2 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 Macquarie valley, including key dates, expenditure by program (comparison between 1-year and 4-year determinations), water infrastructure renewal projects, fishway projects and dam safety projects.
- Customers questioned how much of capex should be paid for by government vs irrigators. WaterNSW advised that the program as a whole is determined by IPART activities, which are subject to periodic review by IPART and they identify what the cost share should be between government and customers. Most things in this program are predominantly customer funded. Fishways have moved from 50:50 to 80:20 under the IPART Cost Shares Review however the Macquarie was flagged for a lower cost share, subject to consideration by IPART during this price review (pg 58-59).
- WaterNSW advised that the IPART Cost Shares Review was spoken about at a number of CAGs and customers were encouraged to make submissions on this. The new cost shares will be applied in the upcoming determination. The Chair of IPART recently advised that they will continue to accept submissions on this. Cost shares is one way that water users can have a significant influence on their water prices and are strongly encouraged to take views to IPART.
- WaterNSW advised that the cost of the fishway will not hit the customer RAB if the project is funded by Snowy Hydro. The final nature of the site and impact is not set in stone so WaterNSW still has to plan on satisfying existing obligations. The nature of the project may change depending of other projects.

3. Water Delivery:

3.1 Groundwater Update (S Sritharan)

- An overview of groundwater was presented. A full groundwater update will be presented at the ROSCCo, to be held after the CAG meeting (copy included with CAG business papers).

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.

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- Customers sought clarification from DPIE on progress for testing and approval of the Campbell's Scientific datalogger, used by some of the irrigation schemes. DPIE advised it is being actively tested as part of an independent process which WaterNSW is part of. It has the functionality to connect multiple insertion probes into the new system and we believe the LID will be available soon. Another 2 LIDs are also undergoing testing and hope to be added to the list by the end of the year. NRAR has acknowledged that some water users have been unable to be compliant due to unavailability of appropriate equipment. Water users need to be able to demonstrate they have actively made enquiries and approached providers etc, and NRAR will take this into account.
- The Department has published a market engagement policy for telemetry and has set out an assessment framework for independent telemetry, with a pathway for system providers to have their systems assessed against criteria.

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 (Wyangala Dam raising, Dungowan Dam and Pipeline and Mole River Dam).
- Webinars with affected stakeholders and interested members of the public are being held regularly in each valley.

Macquarie River Re-Regulating Storage Project (A Lavelle)

- Project overview and progress presented and discussed, including proposed fishway design. Currently finalising the final business case for submission to the Department in early 2021 which will sit in the Regional Water Strategies.
- Upcoming engagement and consultation activities will be held in Dubbo, Narromine, Trangie, Warren and Carinda between 16-18 December 2020.
- For more information on the project, please visit our website at <https://www.watersw.com.au/projects/regional-nsw/macquarie-river-re-regulating-storage>
- Customers questioned if there is tree loss due to flooding of the river, will WaterNSW be asked to offset the losses and if so, what impact will that have on cost. WaterNSW advised that we are strongly recommending DPIE provides the funding for the EIS to continue as an urgent priority. Once resolved, we can continue with EIS assessments in line with our requirements. Inundation and offsetting will be considered and appropriately developed and costed. We have been able to complete biodiversity, ecological and Aboriginal cultural heritage studies to inform the business case.
- The EIS will be comprehensive and assess a range of impacts from upstream to the end of the Marshes in full. A cost/benefit analysis will be developed in line with Departmental and Treasury guidelines and will consider what the benefits are in terms of increasing water availability, extending periods of drought, impact to town water supplies, increased economic benefit from having more general security water available for users etc. It will also assess impacts of what may come as a result of the change.
- Customers stated the Macquarie is well below the SDL requirement and questioned whether the project will bring them closer. WaterNSW advised that the view is that take will not increase past the SDL. DPIE view is that dial-back measures will be developed (not finalised). It is their role to take up with the MDBA and others to address water security.

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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.
- 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.

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 inform and direct 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.
- 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.
- 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 and reform costs, capex and opex.

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- Feedback was sought from members for an online meeting prior to Australia Day (90 mins); and two meetings in February. Customers indicated that meetings in January and February would be suitable.
- Customers stated that three years of 21% cumulative costs is a massive increase and if costs spent by irrigators to upgrade systems has been taken into account. WaterNSW advised this has been considered, however is counterintuitive as the initial set up of telemetry doesn't lower costs. WaterNSW submitted a supplementary submission to IPART on the metering reforms on 30 November which shows our costs have increased significantly due to the requirements imposed as a result of the reforms (set up of DAS etc) and we will engage with customers on this. Customers are encouraged to write to IPART as changes to cost shares will have the most impact on customers prices (as previously discussed this has increased from 50/50 to 80/20).
- WaterNSW presented a breakdown of bill impact for small customers vs large customers in the Macquarie valley as well as a summary of the one-year pricing proposal compared to the 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.
- Proposed changes to **WAMC** 2016 to 2021-24 for the three departments (WaterNSW, DPIE and NRAR) presented. IPART will decide whether prices are prudent and efficient and will determine what is passed through to customers. The total increase for WAMC charges is 37% (noting we will request a 5% cap on increase for customers – refer to agenda item 4.5).
- IPART's draft report is due in March 2021 and customers are able to make submissions until that time on WaterNSW's proposed prices.
- Customers raised concerns about the money that has spent on the CWP curtain at Burrendong Dam considering it is still not operational. Concerns customers are paying for it and questioned whether the cost outweighs the benefit.
- The CEWO echoed customer frustrations. Would like the reinstatement of the curtain to be a higher priority from WaterNSW. WaterNSW advised that we also want it to operate effectively and are working towards that. We are waiting on higher water levels in order to do more work and will speak more to this when we engage on capex.

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

Department of Planning, Industry & Environment (DPIE) (K Drinkwater)

- 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. Under current cost shares, IPART has determined floodplain management activities will be fully recovered from government.
- 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

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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.
- Customers questioned how improved service levels will be measured. DPIE advised there will be higher, more strategic water planning that will aim to better understand reliability of water and find a more optimal way of sharing limited resource between users. Plans will have monitoring and evaluation as well as performance measures developed. Performance measures are also reviewed by IPART.

Natural Resources Access Regulator (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 stated concerns about costs and how they are calculated and indicated that costs users have had to pay to upgrade telemetry should make NRAR's job easier, therefore lowering costs for customers. NRAR advised that efficiencies won't be generated initially, as NRAR will have to increase its presence across the rollout (ending December 2023) however agree there may be efficiencies in the future.
- Detail on number of penalty infringement notices (PIN) and all NRAR enforcement activity is available on NRAR's website, with non-compliance found across all areas of the state.
- Customers questioned NRAR's approach to compliance in situations where customers are not yet complaint due to outside factors (lack of approved LIDs etc). There is information on NRAR's website on how they will approach this. Their job is to enforce the law how it is written. If a

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customer is found to be non-compliant but can demonstrate best efforts to become compliant (contacted DQP etc) then culpability is low and the response would be far lighter than if they can't show progress towards achieving compliance. They will not prosecute people who can demonstrate effort to be compliant. Customers commented that it is critical, in order to maintain social licence, that the reporting narrative for non-compliance explains that it's not the fault of irrigators. Noted.

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 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.
- Macquarie FMP will likely commence mid-January 2021.
- Currently the FMP are written for areas that are designated floodplains (statutory designation). They are being implemented more intensely in the north as that area has more designated floodplains that are continuous.
- Customers questioned when the Macquarie will be done with concerns that it won't be done by June 2021. DPIE advised that modelling for the Macquarie and Barwon-Darling will be completed in January with the public exhibition planned for March. Part of the public exhibition will include a series of community engagement activities, including public webinars and targeted sessions to consult with specific stakeholder interest groups.

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 Macquarie-Cudgegong CAG supports the proposed amendments to the Customer Advisory Groups Charter as tabled.

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6.3 Future CAG meetings

- Customers questioned when we will be going back to face to face CAG meetings. WaterNSW is keen to hear customer feedback on this and has included a question in the post-meeting survey.
- WaterNSW acknowledges that it is important for customers to meet face to face and plans to do a mix of both into the future.

6.4 Operations

- Customers requested that a brief overview of what is happening with the dam and allocation be included on the CAG agenda at meetings going forward. This will mitigate some customers having to attend both CAG and ROSCCo meetings.

Action MC2012.01: *A brief operations update to be presented at each CAG meeting going forward.
Responsibility: S Sritharan*

Meeting Review and Close

Next Meeting: Wednesday 27 March 2021

Meeting closed: 1.00pm

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Macquarie-Cudgegong Customer Advisory Group – Actions – 8 December 2020

Carried forward actions

Action No.	Action	Responsibility	Status
MC1705.03	WaterNSW to look at costing of re-routing channel at Bulgeraga Creek.	R Magaharan	Action complete, works ongoing (re-added to action sheet). November 2020 update: A decision to proceed will be made after IPART concludes its Determination on the Rural Valleys funding submission.
MC1809.02	WaterNSW to report transmission loss by river section in Operations Plans going forward.	A Langdon (M Barratt)	Long-term project, ongoing.
MC1809.03	WaterNSW to decide on consistent terminology for Operations Plans for all reports on losses, that clearly breaks down system loss, WSP requirement flow, transmission loss and operational loss.	A Langdon (M Barratt)	Long-term project, ongoing.
MC1809.04	WaterNSW to advise if there are any long-term plans to address issues at Gin Gin weir which affect customers in low flow conditions.	R Magaharan	Action complete, works ongoing. There are plans in place to block the lower scour valve when water levels permit. This should keep the weir pool at a higher level during periods of low flows. December 2020 update: There is no change since the June update, with water still over the crest. For works to safely commence, the water needs to drop below crest level. The future of the weir will form part of the Macquarie-Re-Regulating Storage Project https://www.waternsw.com.au/projects/regional-nsw/macquarie-river-re-regulating-storage
MC2007.01	WaterNSW to provide most recent groundwater resource distribution reports (for Upper and Lower Macquarie) ASAP to Macquarie-Cudgegong CAG members out of session.	S Sriitharan	Included with business papers.
MC2007.02	WaterNSW to provide groundwater resource distribution reports for Upper and Lower Macquarie	S Sriitharan	Presentation and discussion to be held at ROSCCo.

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	in the Water System Operations presentation going forward.		
MC2007.03	WaterNSW to clarify pathway to compliance/pattern approval and provide to CAG members out of session.	D Swift-Hoadley	Complete , refer to agenda item 4.1.

New actions

Action No.	Action	Responsibility	Status
MC2012.01	A brief operations update to be presented at each CAG meeting going forward.	S Sritharan	

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