

Murray-Lower Darling Customer Advisory Group - Minutes of Meeting



Location: Skype Meeting

Date: 25 March 2020

Time: 9.00am

Present: Louise Burge (Chair), Paul Childs, Gordon Fox, Rachel Strachan, Katharine McBride, Darcy Hare, Hilton Taylor, Sally Dye, John Lolicato, Alan Mathers (observer), Michael Pissasale (observer), Jonathan Dickson, Enrico Proietti, Sonia Townsend and Toni Hayes (minutes).

A Fisher attended for agenda item 2.1-2.2.

B Mayhew attended for agenda item 3.1.

C Braddock attended for agenda item 3.2.

T Gilbert and R McDonald attended for agenda item 5.1.

Meeting Opened: 9.00am.

1. Welcome and introductions

1.1 Apologies

- Judith Damiani, Kevin Watson, Andrew Hicks.

1.2 Confirmation of Agenda Items

- Nil new agenda items raised.

1.3 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.

1.4 Minutes of Previous Meeting, 27 November 2019:

- Resolved the minutes of meeting held on 27 November 2019 be confirmed as a correct record, with relevant amendments as per below. Taken as read.

*G Fox/A Mathers
carried*

Discussion points from previous minutes:

Western Weirs Program:

- Discussions at the last CAG meeting noted that SDLAM is yet to be updated. WaterNSW advised SDLAM is departmental, not WaterNSW.
- Members stated that SDLAM had not provided updates and felt a sub-group of Murray-Lower Darling representatives was needed to advise. At the moment there is minimal information available, and customers have no idea what it is meant to encompass.

Murray Levels of Service (LOS):

- Members sought an update on what is happening with the LOS work relating to the escapes (with MIL). WaterNSW advised that Linda Christesen has left MIL and Michael Pissasale (MIL) has

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now become involved in discussions. Progress has been made however no additional detailed information is available at this time.

- Members asked if there is anything else in the pipeline in relation to bypassing the Choke. As advised at the last meeting, WaterNSW has stepped out of these conversations and has handed over to other agencies who have also been pursuing the same options so as not to duplicate work and waste money. LOS is on pause whilst other projects progress by other water agencies (other than as discussed above, presented by MIL at the November meeting).

1.5 Actions arising from minutes

- See action sheet attached.

2. Presentations/Consultation

2.1 Regulatory Economics – Pricing Determination Engagement (J Dickson)

Rural Pricing Determination:

- WaterNSW has heard from customers about the deep and lasting impact of ongoing drought, and as a result we believe delaying the timing of the IPART Rural Pricing Determination is in the best interest of our customers. With support from the CAGs, we will seek to defer the current timeline.
- WaterNSW is proposing a 2-year deferral with no change to proposed revenue for the two years (excluding the impact of inflation); and the application of the updated 20-year rolling average, which, due to lower volumes, would lead to an approximate 5% average bill increase. The adjustment to the 20-year rolling average is proposed to be an incremental increase (at Y4 rather than leave it till Y6) to avoid a large increase at the end. If we wait there will be significant make up from 2017 to 2024. Discussed.
- Members are supportive of the proposal to delay for 2 years, indicating it is welcomed and critical to customers.

Customer Juries:

- In line with the deferred timeline, WaterNSW will commence engagement with Customer Juries in the next calendar year. Customer Juries will be a core component of engagement on the Rural Pricing Determination and will be in addition and complementary to CAG meetings.
- Members reiterated concerns about potential jury members who may not have detailed knowledge of the intricacies of water and concerns outcomes will be skewed because of this. Members raised concerns that the jury will break down the representative role of landholders with concerns larger irrigators with people employed to lobby will have a greater influence than would be healthy.
- WaterNSW noted that recruitment is a key pillar of the customer juries and to achieve a representative group of our customer base is very important. WaterNSW will produce a detailed manual on specifics of water with the intent to bring understanding of water in NSW to a point where jury members can make an informed contribution. The jury is seeking to understand the high-level questions of *how can we best meet your water needs and what is the fair way to pay for it.*
- Recruitment of juries discussed. The jury will be independently managed by newDemocracy Foundation, who has a lot of experience in this process.
- WaterNSW emphasised that CAGs will remain a foundation of our engagement for IPART Pricing Submissions. CAGs are not being removed from the equation and the jury process will add to the CAGs' feedback, involving a wider representation of WaterNSW customers. It should be noted that CAG members can apply to juries, and WaterNSW encourages this.

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- All customers are encouraged to make their own submissions to IPART as well, as has always been done in the past.

WAMC (Water Administration Ministerial Corporation) Pricing Determination:

- A new IPART WAMC pricing determination will be in place from 1 July 2021. The Determination applies to the WAMC services provided by WaterNSW, DPIE-W and NRAR.
- WaterNSW's objective for our customers in the 2021 determination is to ensure new charging arrangements lead to efficient, cost reflective charges at lowest cost providing transparency to customers on what their charges are paying for.
- As discussed at the October/November 2019 CAG round, current charging does not provide transparency of the functions and costs for WAMC services across the three water agencies. WaterNSW is working with DPIE-W and NRAR to develop charging arrangements to increase transparency and improve cost reflectivity.
- Feedback received from the October/November 2019 CAG round highlighted broad consistency from customers on the key messages around transparency, cost reflectivity and value for money.
- Forecast capex investment in digital technology discussed. Members questioned if they are being charged twice for the same capex component considering they are paying a portion to the MDBA for its operating systems. Taken as a question on notice.

Action MLD2003.01: *WaterNSW to advise if customers are paying twice in capex component of digital technology if also paying a portion to the MDBA for its operating systems.*

Responsibility: M Martinson

- Members indicated they need clarity on the MDBA fees and charges and argued the MDBA should go through the same IPART process as WaterNSW. Currently the MDBA charges are passed on to the NSW Government so IPART doesn't have the power to address. Is a major deficiency in the process. WaterNSW agrees that the MDBA should go through the same prudence and efficiency tests in relation to pricing. Customers are encouraged to express their view to IPART and MDBA.
- Members are supportive of WaterNSW's proposal to separately identify the costs for each organisation, stating it is a good initiative and will be welcomed by customers (and hope will feed through to MDBA costs).
- In relation to the proposal to move to fully cost-reflective fee-for-service charges over time, members stated it is a good journey to go on, but customers need a lot more information in order to make an informed comment, including detailed examples of what cost reflectivity means to the cost of most frequent transactions as well as least used services.

2.2 Projects Update (A Fisher)

WaterNSW provided an update on emergency drought projects and critical water activities underway across the state:

Critical State Significant Infrastructure (CSSI) Projects:

- In October 2019, the Prime Minister and NSW Premier announced the planning and delivery of three new or augmented dams in NSW (Wyangala Dam raising, and construction of new dams on the Mole River and Dungowan Creek). These projects have been identified as Critical State Significant Infrastructure (CSSI) projects in the *Water Supply (Critical Needs) Act 2019*.
- The projects have been mobilised with project delivery planning underway, shovels expected in ground October 2020 and construction commencement expected October 2021. There will be more detailed consultation with CAGs and community groups as the projects progress.

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- Members raised concerns about the level of infrastructure development and if/how it would affect the cap, as well as who wears the cost of additional water in the valley.
- WaterNSW advised that the decision to build has been taken in absence of resolution of those things. High level has been done but not a detailed breakdown. WaterNSW will continue to provide updates to the CAG as the project progresses.

Western Weirs program (CSSI):

- The Western Weirs program involves a holistic approach to improving the management of the Barwon-Darling and Lower Darling rivers and includes assessing feasibility of modifying and changing the operation of river infrastructure; improving asset condition and capability of existing weirs; improving river health and reduction of no-flow events; provision of fish passage and implementation of a new ownership and maintenance regime.
- Development of hydrology and hydraulic models, project plan, community and stakeholder engagement/consultation plan and Interagency meetings are currently underway. Stakeholder engagement and consultation is forecast to commence February/March 2020.
- The question of asset ownership is still unknown and will form part of the project brief. It should be noted that final funding is still unknown, there is no funding beyond a strategic business case.
- Members questioned whether private weir owners have been consulted or only Councils. WaterNSW advised only Councils have been contacted to date, however the project is in the very early stages and it is our intention to include them in engagement. Members stressed the sooner this happens the better as it could turn into a minefield that could be more damaging than progressive, with business cases often missing the obvious to those on the ground. Customer feedback has been taken on board and WaterNSW will ensure private weir owners are included early in the engagement plan. WaterNSW commented we will make it a priority to make contact with them.
- Members are pleased the project is progressing, however are concerned about how community and stakeholder engagement will be done with COVID-19. The community is frustrated about lack of consultation to date, so it is critical the project doesn't jump ahead prior to having these conversations. Has there been consideration to moving the timeline? WaterNSW emphasised the project is currently only at the strategic business case phase. While we recognise customer concerns, for the purpose of the strategic business case it is important to push ahead so we can get direction on the next step (detailed business case). Pushing ahead will not negate the detailed development moving forward.
- Members stressed that it is essential that community engagement is done prior to release of a final business case. There is a lot of history behind many of the structures, so it is critical WaterNSW reaches out and makes the meetings happen asap if moving ahead. People are terrified that with removal of weirs they will lose more security. If you want community support, early messaging and engagement is critical to have a transparent process.
- Members also highlighted that it is critical that departments work together as the scope of the project has to have an element of connectivity with the WSP, SDLAM and others. Doing projects in isolation causes third party impacts that don't take into consideration other cumulative changes.
- WaterNSW advised that the policy objectives are being defined by DPIE. This is a strategic business case which won't make any recommendations on solutions, only on things that require further investigation (including things that could be explored for WSPs). Is a joint project.

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2.3 Major Projects – partner update (A Fisher)

- WaterNSW is currently planning and delivering a \$10billion portfolio of Water Infrastructure, most of which is on a fast-tracked delivery timetable. This will require WaterNSW and Industry to form strategic partnerships. The three dams in the CSSI project are an important part of this broader portfolio.
- We have gone to the market to seek a Portfolio Delivery Management Partner (PDMP) to boost our capability and capacity and manage the development and delivery of critical projects.
- There has been a huge response to the EOI process. WaterNSW expects awarding of the contract around April 2020.

2.4 Water Reform Implementation Plan (WRIP) – metering update (J Dickson)

- WaterNSW provided an update on metering reform including current timelines for compliance and work in progress on meter transfer, meter ownership and pending information on telemetry.
- Customers are encouraged to check Works Approvals, confirm installations are compliant with Works Approvals and understand the pathway to compliance. This may differ from customer to customer.
- The Data Acquisition Service (DAS) and Duly Qualified Person (DQP) Portal is due for release end March 2020.
- For more information on the NSW non-urban water metering framework, please visit <https://www.industry.nsw.gov.au/water-reform/metering-framework>
- Members sought assurances from WaterNSW that all Government-owned meters will be compliant by the December 2020 deadline for irrigators with pumps >500mm. There are concerns they won't be able to pump come December if they are not compliant. WaterNSW noted that compliance is the responsibility of the person who uses the infrastructure, not WaterNSW. There are currently trials underway in the south to find out what this means, what work is required, etc.
- Members questioned if conditions of new WALs issued will be consistent with current WAL conditions and are we assured of a consistent southern basin standard being applied. WaterNSW advised this is a licensing question, not related to metering. It is possible for WALs to have different conditions, if the Department puts a unique condition on a particular works.
- Privatisation of meters and consultation with landholders discussed. Members requested a date for the southern engagement WRT meter handback. WaterNSW advised that this is pending tests taking place and information from the Department, will be shared when information is to hand.

2.5 Fixed Fee Rebate update (S Townsend)

- As previously advised, the government has repeated the rebate for the current water year. WaterNSW continues to advocate for further rebates to assist those with no access to water.
- An additional \$1M has been provided to valleys where High Security and S&D access has been unavailable.
- Issuing of regulated Q1 bills was delayed as a result of the extension of the rebate and the impact from the bushfires across NSW.
- Customers don't need to do anything to get the rebate, unless you are a PID or ICD (WaterNSW has been in touch with these organisations). If you are an eligible licence holder, the rebate is credited directly to your invoice before you receive it.

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3. Assets:

3.1 Maintenance update (B Mayhew)

- Asset performance and maintenance in the Murray and Lower Darling valleys presented and discussed, including routine preventative and corrective maintenance delivery.
- Members questioned if there are any investigations into the source of algae at Deniliquin as irrigators are assumed to be responsible for poor water quality. WaterNSW advised quality is an ongoing issue Will speak to Water Quality team to understand what causal information exists today.

Action MLD2003.02: *Understand what causal information we have today about algae at Deniliquin and share with the CAG members.*

Responsibility: B Mayhew

- Maintenance work is to be completed at Stevens Weir, however at any given time there will be gates available to operate.
- Members sought an update on upgrade works at Neimur Regulator and Tumudgerly Weir. WaterNSW advised that the engineering team identified some movements in structure at Neimur Regulator and are currently identifying what corrective measures need to be undertaken. Will advise status of works at Tumudgerly Weir out of session.

Action MLD2003.03: *WaterNSW to provide an update on the status of works at Tumudgerly Weir.*

Responsibility: B Mayhew

- WaterNSW advised the first round of corrective works at Pamamaroo has been completed. The second round is about to commence to stabilise slabs in the floor of the channel and banks around the structures. The work has been engineered and procured and has been underway for a number of months.
- Members noted there is still no water for S&D and critical needs in the Lower Darling. WaterNSW advised that block banks are currently being removed with Water Operations expecting releases in the next week. Members expressed frustration at the slow progress to enable the block banks to be removed, noting landholders along the river are losing stock. Every day is critical and this needs to be addressed urgently.

3.2 Capital Plan update (C Braddock)

- WaterNSW provided an update on current projects under the 2018-21 Determination, including forecast expenditure, completed projects and work in progress.
- The pricing submission for FY22-23 is currently being drafted. Murray capital budget will be increased by 20% to accommodate the recently deferred capex from MCP Murray as well as new candidate projects.
- WaterNSW advised that the Pamamaroo Inlet Regulator work has been brought forward. Through monitoring, the condition of the asset has been identified as safe to operate, however it is the type of asset where we would like to intervene early. So when we are able, could be brought forward in order to do the work.

4. Business Papers:

- Noted and taken as read.

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5. General Business:

5.1 WAMC update from NRAR (T Gilbert)

- NRAR was invited to present its WAMC plans to customers and use the opportunity to answer questions on IPART submission planning. NRAR provided an update on allegations and investigations to date (statistics), services, IPART processes, agency roles, objectives and functions and compliance management.
- Members raised a variety of questions about NRAR costs, funding models, compliance activities and licensing requirements. NRAR will respond to questions on notice to the CAG out of session.
- Members asked what proportion of previous fees paid to WaterNSW in the 2016 Pricing Determination in relation to compliance will now go to NRAR. NRAR stated this is \$4.5M.

6. Water Delivery:

- Water Delivery and Operational Drought Update to be presented as part of the ROSCCo Skype meeting following the CAG. The Murray and Lower Darling Annual Operations Plans are available at <https://www.waternsw.com.au/supply/regional-nsw/operations>
- Presentations and notes from the Murray ROSCCo will be available at <https://www.waternsw.com.au/supply/regional-nsw/roscco>

Meeting Review and Close

Next Meeting: Wednesday 29 July 2020

Meeting closed: 1.00pm

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Murray-Lower Darling Customer Advisory Group – Actions – 25 March 2020

Carried forward actions

Action No.	Action	Responsibility	Status
MLD1809.03	WaterNSW to seek direction from Regulator/NRAR if customers will be in breach of conditions if they accessed groundwater but an allocation is received later in the season.	D Stockler	In progress. Awaiting response from NRAR.
MLD1911.01	WaterNSW to liaise with DPIE engagement team to enquire about the possibility of a forum being held early in the new year for customers to discuss their concerns around growth development, deliverability and channel sharing in the Murray.	J Dickson	In progress. Invitation extended to DPIE management Nov 2019 & follow up Feb 2020. Awaiting confirmation from DPIE.
MLD1911.02	WaterNSW to take concerns of Murray-Lower Darling CAG in relation to the Regional Water Strategy to DPIE and ask when/what they are intending to do for the Murray and Lower Darling.	A Fraser	In progress. Awaiting response.

New actions

Action No.	Action	Responsibility	Status
MLD2003.01	WaterNSW to advise if customers are paying twice in capex component of digital technology if also paying a portion to the MDBA for its operating systems.	M Martinson	
MLD2003.02	Understand what causal information we have today about algae at Deniliquin and share with the CAG members.	B Mayhew	
MLD2003.03	WaterNSW to provide an update on the status of works at Tumudgery Weir.	B Mayhew	

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