

Macquarie-Cudgegong Customer Advisory Group - Minutes of Meeting

Location: Video Conference

Date: 20 October 2021

Time: 9.00am

Present: Lyn Davies (Chair), Lindsay White, Michael Drum, Mike Sutherland, Peter Schuster, Mike Bennett, Paul Keyte, Jonathan Dickson, Jon Hocking, Norm O'Neill, Sri Sritharan, Ajantha Prathab, Mahmood Khan, Sarah Boyd, Enrico Proietti, Sonia Townsend, Emma Oates and Toni Hayes.

The following attended for specific agenda items: D Stockler, R Cocks, M Brooks, J Wilson, D Stockler, S Hamson, L Zaw, N Chowdhury (WaterNSW), S Lykos, K Andersen (DPIE), G Abood, H Schokman, N James (NRAR).

Meeting Opened: 9.00am.

1. Introduction and Acknowledgement of Country:

1.1 Welcome and introductions:

1.2 Apologies: Rick Reid, Claire Cam, Simon Earl, Rob Tuck, Tony Quigley, Bill Tyrwhitt.

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, 20 July 2021:

- Resolved the minutes of meeting held on [20 July 2021](#) be confirmed as a correct record. Taken as read.

*M Bennett/L White
carried*

1.6 Actions arising from minutes

- See action sheet attached.

2. Regulatory Economics:

2.1 Regulatory Economics – Pricing Determination Update (J Dickson)

- IPART has released its [final determinations](#) for WaterNSW Rural Bulk Water and WAMC prices to apply from 1 October 2021 and included new charges to recover the costs of non-urban metering reform.
- IPART's decision on rural bulk water charges resulted in increases of about 30% on average across all valleys, with tariff structures largely maintained. For WAMC charges, the result was increases in total water management charges over the 2021 period by, on average, 16% for regulated customers, 8% for unregulated customers, and 3% for groundwater customers. Due to affordability concerns, IPART has capped WAMC increases at 2.5% per annum with any shortfall recovered from Government.
- IPART reviewed WaterNSW's proposed costs and found that WaterNSW needs higher levels of operating expenditure to maintain its assets to an acceptable quality and that increased infrastructure investment is prudent and efficient.

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- MDBA and BRC pass-through charges have been set at full cost recovery for both determinations.
- IPART has also introduced several new charges to recover the prudent and efficient costs of implementing the non-urban metering reforms, including a scheme management charge, a telemetry charge, a non-telemetry charge and two additional charges to apply to customers with Government-owned meters. IPART's modelling suggests some charges will decrease over time as voluntary telemetry uptake increases.
- In the Macquarie valley, Opex has increased by 53.5% (13.5% less than proposed by WaterNSW) and Capex has increased by 94.3% (16.7% less than proposed by WaterNSW). Forecast usage volumes are also 10.2% lower than those used for the 2017 Determination, which puts upward pressure on prices. Offsetting these factors are a lower cost of capital (WACC), which has decreased from 3.1% to 1.8%.
- Breakdown of the decision on customer share of revenue requirement for the Macquarie valley over the 2021 Determination and drivers for change since the 2017 determination period presented.
- Customers questioned what the likelihood is for forecast increase in sales if it would put downward pressure on prices. WaterNSW advised this would occur when the fixed costs in the valley are shared across more customers (share per person goes down).
- Customers commented that a concern for the future is if the water is not available for use and water users continue to pay higher costs – needs to come up in policy discussion. This would be a worthy discussion for Customer Conversations (refer agenda item 5.4).
- Customers questioned if the number of users has decreased resulting in prices increasing. WaterNSW noted the number of licence holders may have reduced however prices are based on entitlement.

3. Assets:

3.1 Asset Maintenance (S Hamson)

- Asset performance and maintenance in the Macquarie valley presented and discussed, including routine preventative and corrective maintenance delivery at Windermere and Burrendong dams, North Marsh structures and Marebone Weir. WaterNSW completed 625 preventative maintenance work orders and 160 corrective maintenance works orders from July to September.

3.2 Capital Plan Update (L Zaw)

- WaterNSW provided an overview on the capex component of the final IPART determination, including Macquarie valley capital plan changes, fishways timing and initiated projects.
- Funding has been approved for 2 out of 3 proposed fishways - Marebone Break Regulator (pilot fishway) to be constructed FY23; Dubbo North Weir fishway to be constructed FY24; Gin Gin Weir Fishway deferred to FY25 (plan only, construct FY26-29).
- WaterNSW is currently initiating the FY22 projects at Burrendong Dam (electrical renewals, d/s spillway access upgrade, hydraulic cylinder refurbishment) and Marebone (electrical renewals) and Marebone Break fishway.

Burrendong Dam CWP Management Strategy Project (per action MC2107.01)

- The Burrendong Dam CWP Management Strategy Project was initiated to ascertain the preferred solution to mitigate CWP at the dam over the long-term, after it failed on reinstatement in late 2020.
- WaterNSW identified 15 potential options following engagement of an engineering design partner, which was then shortlisted to 5 options (presented and discussed). WaterNSW will review the report recommendations and the subsequent business case prior to making a final decision on a preferred option and implementation strategy.

- Customers questioned if the shortlisted options have been tested elsewhere. Yes, a number of these solutions are already in use at Windemere, Glennies Creek, Split Rock and Brogo dams however on a different scale. Investigation is still required for site specific solutions.

4. Water System Operations:

4.1 Groundwater update

- Taken as read. Customers noted that in the Upper Macquarie the chart indicates the resource is still in decline. This is correct for the chart, but if you change the scale from 1996 to current it is in incline. Could be a more positive message.

4.2 Operations update (S Sritharan/A Prathab)

- Taken as read, to be presented and discussed at the Macquarie ROSCCo meeting to be held after the CAG.
- Customers commented that an action was agreed to a number of meetings ago to present a brief operations update (covering highlights) at each CAG meeting going forward as many CAG members do not attend the ROSCCo meetings.
- WaterNSW presented an overview of current storage status, dam operations, airspace operations, resource availability/distribution, water availability, account summary, carryover, storage forecast and planned outages.
- Customers questioned at what point does carryover reset after the dam has spilled. WaterNSW advised that once all carryover has spilled the allocation resets at the end of the month.
- For a copy of the presentation and the notes from the ROSCCo meeting, please visit the [Macquarie ROSCCo page](#) on WaterNSW's website.

5. Presentations/Consultation:

5.1 Water Reform Implementation Plan (WRIP) Update (R Cocks/M Brooks/A Walker)

Non-Urban Metering Reform Update

- WaterNSW provided an update on the non-urban metering reforms, including a recap on the roll out dates, metering requirements for surface water, groundwater and at-risk groundwater sources and **what water users need to do now** (check details, see if the rules apply to you, engage a DQP).
- Customers can choose to **make an authorised work inactive** to be exempt from the metering rules. This does not mean surrendering it. To make a work inactive, customers must complete the [application form](#) and pay an administration fee. Once inactive, customers will not be able to use their work to take any water, including basic landholder rights. Unregulated and groundwater customers will be billed on a one-part tariff (full entitlement charge).
- **All works captured by the metering rules** will need to be fitted with a pattern-approved meter by the regional rollout date. It may be possible to keep an existing meter if it was installed before 1 April 2019. For more information, please refer to the DPIE leaflet [Non-Urban Water Metering in NSW: what water users need to know](#).
- The rules require **all meters** to have a local intelligence device (LID) even if not connecting to telemetry and the LID must be registered in the DAS. It is the water user's responsibility to ensure they purchase a fit-for-purpose device that meets their needs. A list of compatible data logging and telemetry devices can be [found here](#).
- **Faulty metering equipment** must be reported within 24 hours by completing the [online s91i form](#) on WaterNSW's website and must be repaired within 21 days or submit a [request for an extension](#).
- DPIE and NRAR have a number of resources available to help water users understand the new metering rules, including a [Metering Guidance Tool](#), [Non-Urban Water Metering In NSW: what water users need to know leaflet](#) and [compliance fact sheets](#).

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- DPIE has conducted a number of communication and engagement activities to ensure affected water users are aware of their obligations under the new rules, including >10,000 letters, 4,000 emails, 2,500 text messages and 4,000 direct phone calls, and will be conducting virtual field days on 28 and 29 October.
- There are a number of programs available to support uptake of telemetry and metering including a telemetry rebate of \$975 per device for eligible water users, applied as a credit on a water bill. DPIE expects this to be formally commenced by end of year and will be applied retrospectively when connected to the DAS. Water users do not need to do anything for the rebate to be applied.

What's New:

- There is a **new exemption for small domestic and stock users** that applies to pumps <100mm or bores <200mm that are **used solely** to take water under a domestic and stock water access licence; do not take water from an 'at risk' groundwater source; and are not on properties with other works captured by the metering rules. DPIE expects to have the amendments in place before 1 December 2021. Water users who have been affected by this exemption will be contacted by DPIE.
- **Policy Clarification:** Through the rollout it became apparent there is a technical legal situation where if a water user has installed a work that is smaller than stated in the work approval then technically, they are in breach. The NSW Government is in the process of making policy changes to clarify that a water user **can install a work that is smaller than authorised on a work approval**. Once passed into law, water users will be required to inform their licensing authority if this is the case. This will negate the need to amend a work approval and will not incur a fee and will also mean water users won't have to forego the larger approval. Further information will be provided as soon as available.
- Customers commented there is frustration from water users who have been proactive, acted on the original advice and spent considerable money to upgrade who are now being penalised because the goal posts have shifted. DQPs are now reluctant to give advice and water users are reluctant to spend money on things that may change down the line.
- DPIE noted this is a fast-moving space and the frustration is noted.

Action MC2110.01: Metering Team to contact Peter Schuster to discuss metering requirements and concerns.

Responsibility: R Cocks

- It is recognised there are **mobile blackspots** in parts of the state where telemetry does not work appropriately. WaterNSW is in the process of engaging a satellite provider to provide a telemetry service in these areas and DPIE is developing a toolkit to help DQPs determine whether a site is a blackspot. Water users can apply for a **temporary exemption** under clause s233 of the Water Management (General) Regulation 2019 if this applies to them.

5.2 NRAR Compliance Update (G Abood - NRAR)

- NRAR provided an update on tranche 1 compliance rates for affected works under the non-urban water metering framework, including work previously done, state-wide statistics and NSW regional breakdowns.
- State-wide compliance increased from 23% in July to 54% in September (rates only apply to active works in tranche 1, >500mm surface pumps). For the Macquarie Bogan, compliance increased from 8% to 35%.
- To show reasonable effort towards compliance, NRAR expects all water users who need to comply by 1 December 2021 to have a formal engagement with a DQP before 1 December 2021 or have commenced one of the alternative pathways to compliance.
- The tranche 2 compliance approach will be a risk-based approach to monitoring compliance, focussed on high volume water users. Compliance will be monitored from the DQP portal and the DAS. Reporting will be on compliance rates as major milestones.

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- Over the coming weeks and months, NRAR will celebrate the compliant, enforce the laws and ensure fairness for the compliant, monitor changes in compliance rates, check up on DQPs and get tranche 2 and 3 water users to act now.

5.3 Floodplain Harvesting Update (K Andersen – DPIE Water)

- On 30 April 2021, amendments to the *Water Management (General) Regulation 2018* were proposed to give legal effect to the Floodplain Harvesting (FPH) Measurement policy (licensing process, measurement requirements and exemption for rainfall runoff collected in a tailwater return drain). On 6 May 2021 these amendments were **disallowed** in the Upper House of NSW Parliament, however the NSW Government remains committed to policy implementation and FPH regulation.
- An inquiry was announced in June 2021 and a Select Committee formed to report on the Government's management of FPH, including the legality of FPH practices, the water regulations published on 30 April 2021, and how FPH can be licensed, regulated, metered and monitored so that it is sustainable and meets the objectives of the WMA (2000) and the Murray-Darling Basin Plan. The final report is due 30 November 2021.
- Hearings for the inquiry took place recently, with a range of stakeholders called over 3 days. A significant issue is how surface water legal limits on water take are defined. NSW operates under 3 separate extractions limits – cap on surface water diversions (the average volume of water that *could* have been taken with rules and infrastructure in 1993/94), long term average annual extraction limit (LTAAEL) and the sustainable diversion limit (SDL). **FPH is included in each of these limits** and the issuing of FPH licences will **not change** the legal limits, which already account for FPH.
- The FPH Measurement Policy was released in August 2020 with the key principles being that the measurement requirements must be accurate, auditable and tamper proof. All storages used for FPH must be fitted with accurate metering equipment and be validated by a DQP.
- DPIE has released a [fact sheet](#) to explain some myths regarding the north/south divide. Only 14% of inflows at Wentworth (the confluence) come from the northern basin, meaning the northern contribution to the southern basin is relatively small. 86% of inflows at Wentworth come from the Murrumbidgee and Murray rivers.
- In reality, the total impact of FPH licensing on average Murray inflows will likely be undetectable for 2 key reasons – floodplain flows provide localised benefits within a valley and FPH licensing won't change the water source limits. If FPH was to completely cease in the northern basin, it will give room for other forms of take to take its place and would have less than 1% increase in total inflows to the Murray.
- For more information visit <https://www.industry.nsw.gov.au/water/plans-programs/healthy-floodplains-project/nsw-floodplain-harvesting-policy>. Questions can be directed to floodplain.harvesting@dpie.nsw.gov.au.

5.4 Engagement Landscape – Customer Conversations (J Dickson)

- As advised at the last meeting, feedback on the Kitchen Table Kit has been extended to 30 October 2021. We are seeking grassroots feedback from irrigators and are keen to hear from you on what things you think we should spend time on.
- For more information or to download a copy of the Kitchen Table Discussion Kit, please visit <https://www.newdemocracy.com.au/water/>

5.4 CAG Charter Update (J Dickson)

- As part of IPART's audit process, WaterNSW was asked to amend wording in the CAG Charter to elaborate on the types of issues discussed at the CAG. Proposed changes included with business papers.

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

5.5 CAG Term of Office – 2022-25 (J Dickson)

- The current term of office for the CAG ends on 30 June 2022. WaterNSW will call for nominations for the 2022-25 term during February and March 2022.
- Letters will be sent to all existing members and water user groups in February 2022, as well as advertising in The Land, The Farmer Magazine and local media.

3.9 Water Insights Portal Update (J Dickson)

- Recent enhancements to the Water Insights Portal include hourly reporting on all active gauges, all water quality (and special water quality view), limited download function, schematics for all regulated valleys and for the Barwon-Darling, volumetric view of resumption of flow.

3.10 WAVE – Coming Soon

- In coming months, WaterNSW will be progressively releasing functionality on an online Customer Portal to support customers with lodging applications, viewing account balances, paying and accessing bills, updating contact details and communication preferences and will also include links to the water register, WPS and interactive maps.

4. Business Papers:

- Noted and taken as read.

5. General Business:

5.1 Water Resource Plans Update (J Dickson)

- At the recent CAG Representatives meeting, questions were tabled suggesting the MDBA had rejected some NSW WSPs. WaterNSW reached confirmed with DPIE that the MDBA has not rejected any WSPs but indicated some issues with some WSPs which were sent back to DPIE for review and comment. DPIE is now considering its response to concerns raised as the MDBA believed they didn't meet the basin plan requirements.

5.2 CEWO Update (L White)

- Lindsay White advised the meeting that he is moving to a new position within the CEWO to Director Portfolio Management (previously Director Northern Basin) and this is his last meeting of the CAG.

Meeting Review and Close

Next Meeting: 15 March 2022

Meeting closed: 12.15pm

Macquarie-Cudgegong Customer Advisory Group – Actions – 20 October 2021

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). October 2021 update: Funding for Bulgeraga channel works has been confirmed from the Macquarie Renewals and Replacement capex budget provision. Cost estimates have been received and there is work to do to obtain necessary planning approvals and confirm any land tenure arrangements.
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. October 2021 update: There is no change since the previous 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://water.nsw.gov.au/water-infrastructure-nsw/regional-projects/macquarie-river-re-regulating-storage
MC2107.01	WaterNSW to present the findings of the Burrendong Cold Water Pollution Strategy Project review at the next meeting, if available.	C Braddock	Complete. Refer agenda item 3.2

New actions

Action No.	Action	Responsibility	Status
MC2110.01	Metering Team to contact Peter Schuster to discuss metering requirements and concerns.	R Cocks	

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