

Department of Climate Change, Energy, the Environment and Water,
WaterNSW and the Natural Resources Access Regulator (Water
Administration Ministerial Corporation – WAMC)

WAMC Engagement Outcomes Report

IPART WAMC Pricing Proposal 2025–2030

September 2024



Acknowledgement of Country



The NSW Department of Climate Change, Energy, the Environment and Water acknowledges the traditional custodians of the land and pays respect to Elders past, present and future.

We recognise Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to place and their rich contribution to society.

Artist and designer Nikita Ridgeway, from Aboriginal design agency Boss Lady Creative Designs, created the People and Community symbol.

WAMC Engagement Outcomes Report

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1 Executive summary

This report summarises the customer, community and stakeholder research and engagement (referred to as ‘customer engagement’ throughout this report) that the WAMC agencies delivered between early 2023 and early 2024 to help inform the 2025–2030 WAMC pricing proposal to IPART. This engagement was aligned with:

- IPART’s 3Cs framework and its expectations of a standard pricing proposal
- the engagement policies and strategies of the 3 WAMC agencies and their joint WAMC Engagement Charter
- the International Association of Public Participation’s Public Participation Spectrum (IAP2).

By their nature, most WAMC services are ‘non-negotiable’ as they are statutory and regulatory services the 3 WAMC agencies must deliver under the Act. As set out in the WAMC Engagement Charter, and summarised below, given the nature of most WAMC activities, the purposes of WAMC engagement on pricing are to ‘inform’ and ‘consult’. The table in section 0 of this document summarises WAMC’s pricing engagement purposes, principles and commitments to customers.

Engagement to inform the WAMC pricing proposal reflects 3 specific contextual features:

- the ‘non-negotiable’ nature of the statutory and regulatory services the 3 WAMC agencies must deliver under the *Water Management Act 2000* (the Act)
- the extensive and ongoing customer and stakeholder engagement previously undertaken by each of the WAMC agencies on policies, strategies and water plans
- the commitment of the 3 WAMC agencies to work together to jointly engage with customers on the pricing proposal and for major investment matters, to provide clarity to customers about the agencies’ interlinked roles and responsibilities, avoid costly duplication and reduce the risk of engagement fatigue.

Consistent with the WAMC Engagement Charter, we undertook a 2-phase approach to engagement, as summarised below:

Phase 1 Look back	<p>Analysis of views about customer priorities and views on how the agencies are delivering on their statutory and regulatory requirements, as heard in the current determination period</p> <ul style="list-style-type: none"> Analysis of past engagements on WAMC policies, plans and strategies over an extended period provides robust insights about customer priorities, which were tested with customers through the customer advisory groups (CAG) and water working groups for their verification. This analysis built a fuller understanding of customers’ values and priorities for water management and planning over an extended period, including views on how the agencies are delivering on their statutory and regulatory requirements. It included views on WAMC services, activities, service level expectations and customer preferences, as documented through intel such as engagement outcomes reports on water management and planning, voice of customer research, and other ongoing feedback mechanisms.
Phase 2 Look forward	<p>Seeking customers’ views on priorities, preferences for service and investment levels and potential levels of annual price increases, to inform of any negotiables and of WAMC’s non-negotiables.</p> <ul style="list-style-type: none"> Targeted engagement to seek views on priorities to help inform WAMC outcomes, inform customers of the non-negotiables WAMC must deliver under the Act, and to seek feedback on proposed water management prices for the next determination period. Testing levels of service and associated investment for water management projects where there is flexibility

We consider the ‘look back’ and ‘look forward’ aspects of engagement as equally important. Analysing past engagement on water management activities provides robust insights and mitigates the risk of engagement fatigue. This aligns with feedback from customers who regularly engage on water management and planning, and who have told us they expect WAMC agencies to be efficient and effective in how we engage.

What we heard and how this has informed the proposal

A summary of customer and community feedback across all engagement and how this has been considered and incorporated into the WAMC pricing proposal is captured below. Further details can be found in Table 3.1 of this document.

As described in Chapter 2 of the pricing proposal, the WAMC Outcomes Framework provides information about how customer priorities and engagement informed the objectives of the proposal, including how we will measure progress towards achieving these objectives.

Value/priority	Summary of views	How views were incorporated into the WAMC pricing proposal for 2025–2030
Assurance of ongoing water	<ul style="list-style-type: none"> 69% of non-licensed customers supported 	<ul style="list-style-type: none"> The highest priority for the WAMC pricing proposal is the making and implementation of robust statutory

Value/priority	Summary of views	How views were incorporated into the WAMC pricing proposal for 2025–2030
reliability and security	<p>increased funding for water management¹.</p> <ul style="list-style-type: none"> 80% of non-licensed customers supported water management that balanced the needs of the environment and businesses². Support for water security for First Nations communities The importance of climate change on water availability, quality and reliability 	<p>water sharing plans to balance the needs of different customers, the community, and the environment.</p> <ul style="list-style-type: none"> WAMC water management plans, strategies, and water allocation decisions will include new climate risk information and modelling. The WAMC proposal includes allowances for best practice first nations engagement in statutory plans. Other key projects that support access to water for First Nations communities, as outlined in the NSW Aboriginal Water Strategy, will be delivered separately to the WAMC pricing proposal process. WAMC Outcome 2 reflects this priority and will report progress towards it.
Greater confidence in how water management and planning decisions are made and enforced	<ul style="list-style-type: none"> Greater transparency in monitoring and modelling data Water management roles and responsibilities are not always well understood by customers. It is not always clear what WAMC services customers pay for via water management charges. There was dissatisfaction with the non-urban metering policy. 	<ul style="list-style-type: none"> Increase water users' access to data for water planning and decision-making. The proposal and WAMC output measures help make water management and compliance decisions clearer to customers. Recommendations from a review of the Non-Urban Metering Policy are being actioned through the WAMC pricing proposal. WAMC Outcome 3 reflects this priority and will report progress towards it.
Support for an efficient and effective regulator	<ul style="list-style-type: none"> Licence holders visited by NRAR had higher confidence and satisfaction in water regulation and enforcement. 	<ul style="list-style-type: none"> NRAR will maintain its strong on-ground presence and continue to educate customers.

¹ Community Sentiment Survey insights, 2023 Joint Water sector Customer, Community, and Stakeholder Research Program

² Community Sentiment Survey insights, 2023 Joint Water sector Customer, Community, and Stakeholder Research Program

Value/priority	Summary of views	How views were incorporated into the WAMC pricing proposal for 2025–2030
	<ul style="list-style-type: none"> • Prior to an inspection, many customers felt they were not well informed of their obligations. • There was strong community support for the continued enforcement of water laws and greater action to combat illegal water take. • There was strong support for more context around compliance results, particularly when there are barriers to compliance. • The regulator is seen to be firm and fair. Because of the regulator, rule breakers were more likely to be caught. 	<ul style="list-style-type: none"> • Continuation of customer education, engagement, communication and outreach programs. • NRAR will continue to develop technology and remote monitoring to support more efficient detection of breaches and promote its remote detection capability. • NRAR will seek regulatory and legislative amendments that clarify the laws to support increased voluntary compliance, including support for non-urban metering reform recommendations being actioned through the WAMC pricing proposal. • WAMC Outcome 4 reflects this priority and will report progress towards it.
NSW Government and licence holder share funding split for water regulation management	<ul style="list-style-type: none"> • There were divergent views between licence holders and community members (taxpayers): • 48% supported the current funding split • 52% supported increased funding by water users³. 	<ul style="list-style-type: none"> • NRAR is not proposing a reduction to the current cost share of 100% user pays – aligns with the ‘impactor pays’ principle and the National Water Initiative (NWI). • Water licence holder contribution for compliance was indirectly reduced and represented less than 20% of the NRAR WAMC cost in the 2023 financial year.
Importance of efficient and well-coordinated delivery of WAMC services, without duplication, particularly for services that are delivered by more than one agency	<ul style="list-style-type: none"> • There was concern that some services were delivered by both the department and WaterNSW (duplication). • Agencies could be better coordinated across shared activities – shared customer data and customer engagement forums. • In relation to licensing and approvals, there was clear support for greater transparency of the overall 	<ul style="list-style-type: none"> • WAMC agencies implemented a Roles and Responsibilities Agreement (RRA), detailing how the department, WaterNSW and NRAR work together to deliver WAMC services efficiently and effectively. • Through the RRA, WAMC agencies implemented a joint approach to customer research and engagement. • The agencies are committed to delivering easier customer services, including for licensing and approvals, with the digitisation of multiple

³ Water Working Group feedback on what was considered a fair amount for licence holders to pay for compliance management in 2025–2030

Value/priority	Summary of views	How views were incorporated into the WAMC pricing proposal for 2025–2030
	<p>status applications and greater timeliness.</p> <ul style="list-style-type: none"> Customers were not always clear what licensing or approvals were required and which agency was responsible. 	<p>interactions, transactions and approval types starting from mid-2024 through to 2030.</p> <ul style="list-style-type: none"> WAMC Outcome 4 reflects this priority and will report progress towards it.
<p>Support for continued but modest and efficient investment in customer services, customer experience and stakeholder engagement</p>	<ul style="list-style-type: none"> There was support for greater clarity on return on investment for proposed digital customer service improvements. Some customers and peak representatives expressed engagement fatigue and the need to be consulted on water management and planning. Licence holders support being engaged on water management and planning, but it needs to be efficient, not excessive. 	<ul style="list-style-type: none"> Improved licensing and approvals via the water licensing improvement program, and digital applications through the customer portal. Digitisation of multiple interactions, transactions and approval starting from mid-2024 through to 2030. The WAMC pricing proposal invests \$47.7m over 5 years in a joint strategic approach to business improvement via critical process redesign and information and communications technology (ICT). WAMC Outcome 1 reflects this priority and will report progress towards it.
<p>Current pricing structure for WAMC services is complex</p>	<ul style="list-style-type: none"> There was support for less complex charging structures for WAMC services. 	<ul style="list-style-type: none"> The agencies looked carefully at options to simplify price structures but did not identify clear improvements for WAMC’s diverse customer base. We heard that the higher priority for customers is confidence that the Government is paying its fair share and transparency about what customers are paying for, which is more easily assured and communicated by continuing current structures.
<p>A view that water management policies and plans were a ‘government priority’ and therefore should be fully funded by the government</p>	<ul style="list-style-type: none"> Many licensed customers felt the ‘impactor pays’ principle needed to be reviewed, so that licensed customers paid less. 	<ul style="list-style-type: none"> The NSW Government’s decision is to implement this aspect of the NWI, for cost recovery of water management and management activities, through IPART’s pricing regulation. WAMC agencies will not seek IPART’s reconsideration of the ‘impactor pays’ principle.

Value/priority	Summary of views	How views were incorporated into the WAMC pricing proposal for 2025–2030
		<ul style="list-style-type: none"> The WAMC proposal results in 60% of WAMC costs being paid by the NSW Government.



Figure 2 IPART's 3Cs framework and guiding principles

1.1 Background and context

1.1.1 What is WAMC?

The Water Administration Ministerial Corporation (WAMC) is responsible for planning and managing water resources in NSW on behalf of the NSW Government. WAMC's core responsibilities are to plan and manage the security, health and allocation of our water resources – valued at around \$42 billion⁴ – across 37 valleys and a range of water users and the environment.

These statutory and regulatory WAMC services are delivered by 3 government agencies: The Water Group in the NSW Department of Climate Change, Energy, the Environment and Water (NSW DCCEEW), WaterNSW and the Natural Resources Access Regulator (NRAR), with each agency responsible for key functions and services that support sustainable, secure and efficient water planning, management and compliance for NSW water customers, stakeholders and communities.

The 3 agencies work together to deliver WAMC's essential water management services and key functions under the Act:

⁴ Marsden Jacob Associates (2023), *NSW Water Valuation Consultancy*. [NRAR Water valuation report](#)

‘(To) provide for the sustainable and integrated management of the water sources of the State for the benefit of both present and future generations’⁵

Figure 1 below gives a high-level overview of the WAMC agency responsibilities. A summary of the WAMC services delivered by each agency is listed in the Appendix section of this document.



Figure 1: Overview of WAMC agency responsibilities

As WAMC is the provider of monopoly services, the agencies submit a pricing proposal for these water management and planning services periodically to the Independent Pricing and Regulatory Tribunal (IPART), which is responsible for determining efficient pricing for monopoly services in NSW.

1.1.2 Who is a WAMC customer?

We consider WAMC customers to include both water access licence holders and NSW taxpayers, who also contribute to the costs of efficient water management.

The customer base for WAMC includes all those with a licence to extract or use water in NSW, which totals around 38,000 licence and approval holders.

It also includes everyone who uses, visits and values water in NSW, but does not hold a water access licence. Individuals, groups and agencies with an interest in water use and management, including environmental outcomes, also contribute to WAMC water management services through their taxes (NSW Government contribution through government share).

For the purposes of the WAMC pricing proposal, ‘customers’ are therefore defined as the:

⁵ [Water Management Act 2000 - Water Management Act 2000 No 92 - NSW Legislation](#)

- 38,000 water access licence and approval holders, including local water utilities, councils, farmers, mining and resources sector customers, stock and domestic users, environmental water holders, Aboriginal representatives and organisations
- 8 million+ tax-paying citizens of NSW who benefit from WAMC water management and planning⁵.

1.1.3 The scale and breadth of NSW water management

Water management in NSW is complex, impacted by geography, climate and environment.

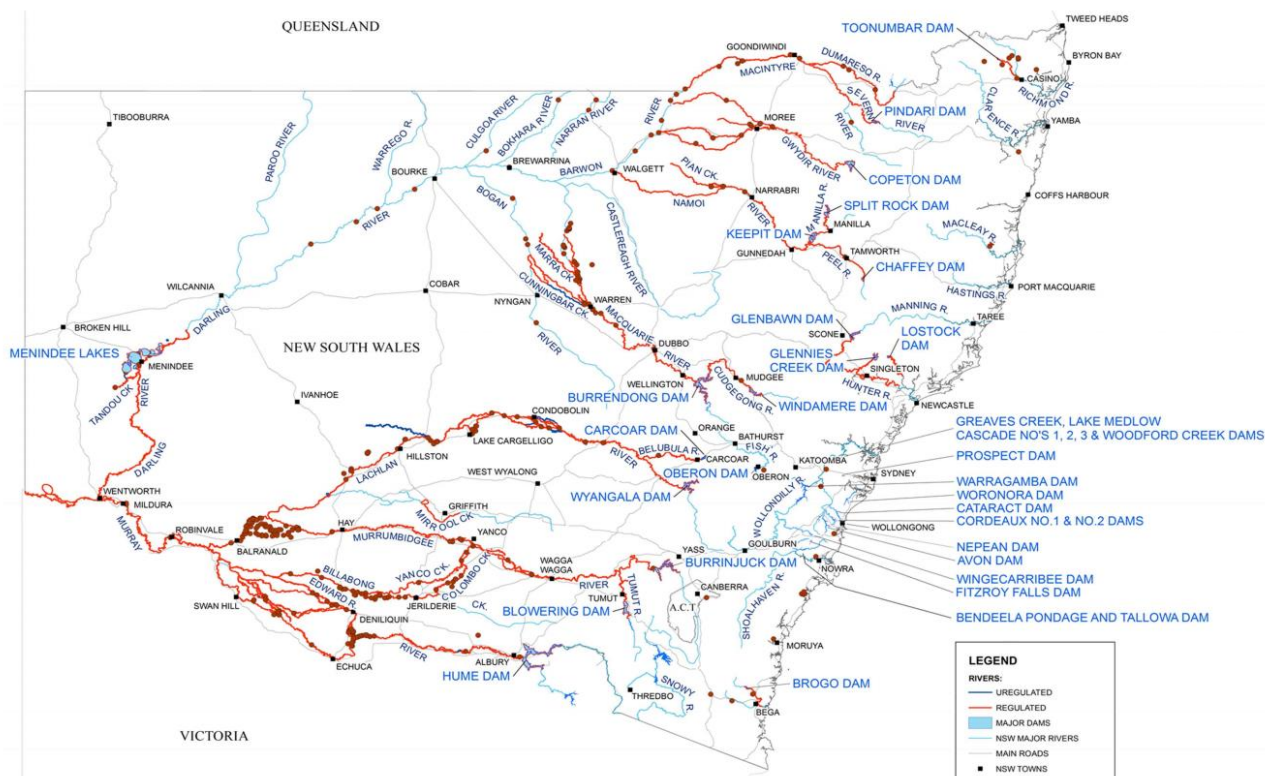


Figure 2: Water Management in NSW

NSW water licence holders (licensees) are diverse and vary by:

- location within NSW, which affects both climate and water availability
- water source type – groundwater, regulated and unregulated rivers
- size – there are a few very large customers such as government agencies, irrigation corporations and many smaller customers. In the current 2021–2025 regulatory period, around 60% of licensees (around 24,000) pay the minimum annual charge
- water use – for irrigation and agricultural use, environmental purposes, town water supply, as part of resource or construction projects such as mining or major projects.

2 Summary of WAMC pricing engagement approach

The WAMC agencies developed an engagement approach that was robust, rigorous and efficient. The approach considered and addressed the diversity of WAMC licensed customers and the need to engage with the broader community, who also contribute towards water management and planning through their taxes.

This engagement approach:

- **considered and built on existing customer feedback and insights**, gathered by each of the WAMC agencies through engagements on the wide range of WAMC activities and projects undertaken during the current regulatory period (2021–2025)
- **involved WAMC agencies working together** to gather insights and priorities from stakeholders and the broader community through qualitative and quantitative research
- **informed and educated** customers, government stakeholders and community to build awareness of the ‘non-negotiable’ services WAMC is required to deliver under legislation
- **collaborated with WaterNSW through the bulk water pricing engagement process** to share customer engagement forums on bulk water and WAMC water management through WaterNSW customer advisory groups and 4 geographically based customer and community water working groups (working groups). The geographically based working groups included government environmental water holder representatives
- **sought views and preferences** via these 2 engagement forums on water management and planning prices to inform proposed price caps for WAMC services in 2025–2030
- supported WAMC agencies in identifying key customer priorities to be reflected in WAMC Outcomes, objectives, measures and targets for the 2025 - 2030 regulatory period.

In addition to engagement with customers, the WAMC consultation process also involved engagement with relevant government agencies, as outlined below:

Government agency or stakeholder	Relevance to WAMC services / WAMC service delivery
NSW Environmental Water Holder	<ul style="list-style-type: none"> • These are WAMC’s largest customers. • They have interests in the implementation and environmental outcomes of statutory water plans. • Environmental water holder representatives participated in the water working groups.
Commonwealth Environmental Water Holder	
Murray–Darling Basin Authority (MDBA)	<ul style="list-style-type: none"> • WAMC recovers a portion of the NSW contributions to the joint MDBA program. • MDBA accredits water resource plans.
Office of Chief Scientist (OCS)	<ul style="list-style-type: none"> • The OCS provides recommendations, including in relation to climate and waterway health, which are relevant to WAMC activities.

Government agency or stakeholder	Relevance to WAMC services / WAMC service delivery
Inspector General of Water Compliance (IGWC)	<ul style="list-style-type: none"> Monitors Basin Plan compliance.
Natural Resources Commission (NRC)	<ul style="list-style-type: none"> Reviews statutory water plans.
Biodiversity, Conservation, Science Group (NSW DCCEEW)	<ul style="list-style-type: none"> Interlinked roles in development and implementation of statutory water plans. Interests in the ecological outcomes of statutory water plans.
NSW Fisheries (Department of Primary Industries – DPI)	
Department of Primary Industries and Regional Development NSW (DPIRD NSW)	<ul style="list-style-type: none"> Interest in primary industries, regional economies and communities.

Engagement also aligned with 2 of IPART’s customer-related 3C focus principles – *customer engagement* and *customer outcomes*⁶.

2.1 Engagement purpose – to inform of WAMC’s proposed services and to hear customer and community views and priorities for water management

The International Association of Public Participation (IAP2) Australasia’s *Quality Assurance Standard*⁷ states that there are projects where elements cannot be influenced by stakeholders, and that ‘these are the “non-negotiables” and need to be clearly communicated to stakeholders’⁸ as part of overall engagement.

By their nature, most WAMC services are ‘non-negotiable’ as they are statutory and regulatory services the 3 WAMC agencies must deliver under the Act.

Reflecting this ‘non-negotiable’ assessment of most WAMC activities, the purposes of WAMC engagement on pricing are to ‘inform’ and ‘consult’, as described by the IAP2 Australasia’s *Quality Assurance Standard*.

IPART’s Handbook for Water Regulation states ‘customer engagement is context-dependent for each business.’ We consider ‘inform’ and ‘consult’ approaches are the most appropriate given WAMC’s statutory and regulatory context.

The WAMC context has 3 specific features to be reflected in pricing engagement:

- the ‘non-negotiable’ nature of the statutory and regulatory services the 3 WAMC agencies must deliver under the Act

⁶ IPART’s Water Regulation Handbook, Rubric, from page 101 onwards

⁷ IAP2, *IAP2 Quality Assurance Standard - IAP2 Australasia*, 2015

⁸ IAP2, *IAP2 Quality Assurance Standard*, 2015, page 17

- each of the WAMC agencies undertakes extensive and ongoing engagement with customers and stakeholders to inform development of their activities, including to identify expectations of how the agency best delivers customer value while also meeting their statutory and regulatory requirements
- the commitment of the 3 WAMC agencies to work together to jointly engage customers on the pricing proposal and for major investment matters and use customer insights research to reduce customer confusion about the agencies' interlinked roles and responsibilities, avoid costly duplication, and reduce the risk of consultation fatigue.

This means WAMC engagement must achieve a balance between:

- looking back at the priorities and preferences we heard from customers, communities and stakeholders during the current determination period, as documented in consultation insights such as engagement outcomes reports and voice of customer research, and then validating these insights with customers
- looking forward – seeking feedback on proposed water management services and prices for 2025–2030.

WAMC agencies consider the 'look back' aspect of our engagement as important as the 'look forward' aspect, as it addresses the potential risk of engagement fatigue, a risk for customers who regularly engage on water management and planning and expect the WAMC agencies to be both efficient and effective in how we engage.

2.1.1 Overview of customer engagement level and engagement principles

Customer engagement level (IAP2)	Engagement purposes	WAMC engagement principles	WAMC engagement commitments
<p>Inform</p>	<p>Inform customers of the non-negotiable fundamentals the agencies must deliver under the Act and of the agencies' requirement to deliver WAMC responsibilities under the Act in the 2025–2030 pricing proposal.</p>	<p>Purposeful Engagement activities will help customers and stakeholders to better understand NSW Government roles and responsibilities under the <i>Water Management Act 2000</i>, how customers pay for these services, and how the WAMC agencies are continuing to improve service delivery, protect water resources, and be efficient in our delivery of water management and planning services.</p> <p>Communicate to customers that the level of WAMC services and activities are 'non-negotiable'. This will help build customers' understanding and manage their expectations around the level of input they can have on service delivery or service level investments.</p>	<p>WAMC agencies will work harder to build customer awareness of water management services that they pay for – we've heard customers want to better understand the WAMC services that are partly funded through WAMC water management charges.</p> <p>WAMC commits to provide information to customers on potential price impacts where proposed major investments or policy changes are likely to have significant cost implications for customers.</p>
<p>Consult</p>	<p>Understand the views customers have already provided to us in the current determination period as part of 'business as usual', WAMC project-led engagement.</p> <p>Seek views and preferences on:</p> <ul style="list-style-type: none"> • services • service improvements • preferred investment levels where there is flexibility, or where feedback 	<p>Respectful Engagement activities will acknowledge the needs, experience, perspective and expertise of participants. We will provide a safe environment for everyone to engage.</p> <p>Planning for engagement will begin with analysis of views and preferences previously communicated through project-led engagements.</p> <p>Transparent We will explain the engagement process, provide information to enable meaningful participation and set clear expectations with customers about the level of</p>	<p>WAMC will jointly monitor and share customer views about our delivery of NSW water management services and confidence in water management and will use this to inform the delivery of activities and the pricing proposal.</p> <p>WAMC will jointly undertake voice of customer, community and stakeholder research, to avoid duplication and minimise costs.</p> <p>WAMC agencies, in their respective ongoing engagement, will continue to be respectful, transparent, inclusive and timely.</p>

Customer engagement level (IAP2)	Engagement purposes	WAMC engagement principles	WAMC engagement commitments
	<p>could genuinely influence decisions</p> <ul style="list-style-type: none"> proposed costs for water management and planning services, including options to manage bill impacts for customers. 	<p>influence they have on the WAMC pricing proposal.</p> <p>WAMC outcomes for 2025–2030 will be informed by customer priorities heard through engagement, and we will be accountable for delivering those outcomes.</p> <p>Inclusive We will identify and enable the participation of customers and stakeholders, including non-licensed community members, who are considered WAMC customers.</p> <p>Timely We will provide sufficient time for meaningful consultation, outline timeframes up front and conduct engagement activities in an efficient manner.</p>	

2.2 Summary of WAMC engagement processes

The 2 main phases of engagement were:

Phase 1 Looking back	Analysis of views about customer priorities and views on how the agencies are delivering on their statutory and regulatory requirements expressed in the current determination period. Engagement to test and confirm accuracy of insights from analysis of previous engagements.
Phase 2 Looking forward	Seeking customers views: <ul style="list-style-type: none"> • on priorities, to inform WAMC outcomes • on potential levels of annual price increases • on levels of service and investment for certain projects we are considering. To inform customers of any negotiables and of WAMC's non-negotiables.

The supporting activities and outputs in relation to the WAMC pricing proposal for these 2 phases are summarised below.

Phase 1 – Looking back (current determination period, 2021–2025) What we have heard and are testing further through Phase 2 engagement

Activities:

- Desktop audit to identify customer, community, and stakeholder priorities for water management and planning expressed during the current determination period using in Engagement Outcomes Reports, Voice of Customer surveys, and other relevant intel.
- NSW Joint water sector customer, community, and stakeholder research program to further test views on these priorities and views on how the agencies are delivering on their statutory and regulatory responsibilities.
- Engagement with WaterNSW customer advisory groups to test and confirm accuracy of insights from analysis of previous engagements.
- Engagement on First Nations priorities through the First Nations community roadshow and to develop the department's draft Aboriginal water strategy.

Outputs:

High level priorities for further testing through Phase 2 engagement and the joint water sector research program to inform development of pricing proposal outcomes so that WAMC agencies deliver on both customer priorities and legislative responsibilities.

Phase 2 – Looking forward (next determination period, 2025 - 2030)

Water Working Group engagement to:

- inform participants of the non-negotiable WAMC services
- test priorities identified in phase 1
- consult on proposed investment levels for some WAMC services and options for caps on price increases over the 2025 price determination period.

Outputs:

- Confirmation that the initial priorities heard through the WAMC project-led engagement and other intel are robust and reflect broad customer and community expectations. This is to inform finalisation of pricing proposal outcomes so that WAMC agencies deliver on both customer priorities and legislative responsibilities.
- Views on proposed price caps and on increased government share for some WAMC services.

- Preferences for levels of service and investment in certain projects.








Final output:

Report to IPART on how customer and community views and priorities have been considered in the WAMC 2025–2030 pricing proposal, documented in this report.

2.3 Snapshot of WAMC customer engagement activities

The table below summarises the engagement activities, including customer insights analysis and research, undertaken by the WAMC agencies to inform the preparation of the WAMC pricing proposal.

The activities and engagement outcomes of that total program are summarised in this report.

 <p>Desktop analysis of 17+ engagement outcomes reports on water planning activities, voice of customer and other intel to identify initial customer priorities for further testing through phase 2 engagement.</p>	 <p>1,188 voice of customer survey participants provided feedback on broad expectations and views on how the agencies were delivering on their shared water management services and priorities.</p>	 <p>450 community sentiment survey participants (non-licensed customers) provided views and expectations of NSW Government water management priorities including funding.</p>
 <p>48 peak body, industry and government stakeholder interviews on how the WAMC agencies were delivering on their shared water management services and responsibilities.</p>	 <p>20 information and engagement sessions to WaterNSW customer advisory groups in July 2023 and February 2024.</p>	 <p>13 online water working groups held with 4 regionally based groups representing central, coastal, south-west and north-west valleys to inform and consult on water management priorities and preferred price caps for 2025–2030.</p>
 <p>Targeted First Nations engagement through the WaterNSW First Nations roadshow in late 2023 and to develop the department's draft Aboriginal Water Strategy* – a NSW water strategy commitment – to recognise Aboriginal peoples' water rights and values and increase access to and ownership of water for cultural and economic purposes.</p> <p><i>* Funding for key projects that support access to water for First Nations communities, as outlined in the NSW Aboriginal Water Strategy, will be delivered as part of a coordinated NSW Government program. This funding is</i></p>		

secured separately to the WAMC pricing proposal process. The Aboriginal Water Strategy principles, reflecting views and priorities heard through engagement, are summarised separately on the department's [website](#).

2.4 Overview of water working group engagement on WAMC pricing proposal

Four, regional Water Working Groups (working groups) were formed to provide views and preferences on water management and delivery priorities for 2 rural water price determinations by IPART:

- WAMC Pricing proposal - Delivery of a range of water planning and management services including customer services, water monitoring, licences and approvals, long-term water management strategies and plans, compliance, education, and enforcement.
- WaterNSW Bulk water pricing proposal - Delivery of bulk water services across the State.

The working groups were made up of a range of stakeholders, including licensed customers across industry, agricultural producers, environmental water holders and local government, as well as recreational water users, community representatives, and environmental associations who pay for water management services through their taxes.

Each working group met online to engage on the WAMC pricing proposal over 3 sessions in September and October 2023, and February 2024.

WaterNSW held an additional 2 sessions which focused on the WaterNSW bulk water pricing proposal. The findings of the bulk water-focussed sessions are summarised in WaterNSW's engagement report, available on the [WaterNSW website](#).

The working group engagement was a critical part of the WAMC 'looking forward' engagement process. It provided an opportunity for customers – both licensed and non-licensed community members across each of the 12 inland river valleys and coastal regions – to come together and share views and priorities and understand different perspectives on pricing-related matters.

Working group discussions aimed to inform and educate participants:

- on the 'non negotiables' – the fundamental water management services the WAMC agencies must deliver under the *Water Management Act 2000* and associated regulations so that customers and the community would better understand that they were able to shape **how** some services are delivered, and not whether some services **should** be delivered
- that the NSW Government currently funds about half of the water management costs for 2021–2025 WAMC services and, given anticipated increased customer costs for 2025–2030 and potential changes in government funding levels, both are subject to government's decisions and IPART's determination
- that the engagement is part of WAMC agencies' separate and joined-up efforts to conduct meaningful engagement and educate the groups to inform pricing proposals to IPART, which will then be subject to IPART's detailed review and final determination
- to make the best use of customers' time, engagement with the groups would inform 2 pricing proposals to IPART, namely both WAMC and WaterNSW pricing proposal for Greater Sydney and rural valleys.

2.4.1 Water working group membership

The 4 working groups were made up of participants from 4 geographic regions:

- north – Border Rivers, Gwydir, Namoi, Peel, Barwon–Darling
- central – Macquarie–Cudgegong, Lachlan, Fish River
- south - Murray–Lower Darling, Murrumbidgee–Lowbidgee
- coastal – South Coast, Hunter, North Coast, Sydney.

Invited and recruited working group participants included:

- water licence and approval holders – including large-scale irrigators and smaller producers (not on the CAGs)
- representatives from irrigation corporations
- WaterNSW CAG members
- local council representatives
- industry representatives who rely on water for their businesses
- environmental representatives
- non-licensed community members who partly pay for water management services delivered by WAMC through taxes (NSW Government share).

Non-licensed customers, including residents and some stakeholders, were randomly recruited using a quality-assured research panel provider. Through the recruitment process, many licensed customers expressed engagement fatigue given the multiple state and federal government engagement activities on other land and water management planning projects.

Other non-licensed customers were selected by external service provider, SEC Newgate – rather than by staff of the WAMC agencies – so that across the working groups there were:

- a wide range of industries and geographic representation
- participants who had an ability to commit to most or all of the hours required
- participants who felt a level of trust that their time and opinions would be taken seriously by the agencies.

The working group invitation letter, terms of reference, targeted participants and participant numbers for each working group are included in the Appendix section of this report.

All participants except government agency representatives were offered a standard research rate reimbursement for their time, in recognition that their ongoing participation was a significant commitment.

2.4.2 The context for the water working group engagement

The engagement with the working groups took place at points in time when:

- there was media interest in households' increased costs of living, including concern about increased costs for essential services such as electricity

- businesses were increasingly concerned about the impacts of inflation and the increased cost of suppliers, wages, fuel, interest rates and goods and services.

The groups understood that we did not need to reach a consensus in a session. We rather wanted to hear a range of views and find out where there was agreement and where there were divergent views.

2.4.3 The challenges of the water working group engagement process

The working group engagement was the first time the 3 WAMC agencies had jointly engaged to inform a combined WAMC pricing proposal.

Some of the challenges of this engagement were:

- The statutory systems for allocating water for water take differ, including differing water sharing 'rules', and some policies for the differing geographic areas, which makes conversation about common concepts complex.
- For many customers, there is a level of confusion and desire to 'lump together' the interlinked roles and responsibilities of the three WAMC agencies - WaterNSW, the department and NRAR.
- IPART's determination for WAMC results in water management charge structures that include tariff differences by location, by take and by water type (i.e. regulated river, unregulated river, groundwater).
- The sessions needed to provide detailed information for participants to be able to participate meaningfully, without overwhelming participants with the detail and complexity of NSW water management. A significant time commitment was required by participants.

Some of the below issues emerged as a result of these challenges:

- Some licensed customers expressed concern about having non-licensed community members involved in the water working groups. They were concerned that non-licensed community members might nominate priorities or projects, which would mean increased prices for licensed customers.
- However, over time this lessened as conversations remained respectful, and non-licensed community members learned about water costs and planning and found some shared perspectives to connect them to licensed water users.
- Through consultation some participants expressed that the information provided was, on occasions, too much for them.

2.5 Engagement focus of WAMC working group sessions

The following section provides a high-level overview of the engagement focus of the WAMC working group sessions to provide transparency of the process to IPART and to readers of this report. The findings of the bulk water-focussed sessions are summarised in the WaterNSW final

engagement report, available on the [WaterNSW website](#).

A summary of views and priorities heard are summarised in the ‘What we heard’ section of this report.

A snapshot of key information shared and engaged on in the 3 sessions is included in this section, with additional information in the Appendix.

2.5.1 Meeting 1: September 2023 – WAMC roles and responsibilities, costs and feedback on priorities from broader engagement since 2021

The purpose of meeting 1

Inform	<ul style="list-style-type: none">• Create a forum for discussion and dialogue with customers and community and to hear their point of view.• Build understanding of each WAMC agency’s role and responsibilities for NSW water management.• Address critical questions to provide a clear overview of who pays and how much.• Provide an educative introduction to how the water sector works.• Give examples and communicate how customer charges for WAMC services appear on a licensed customer bill, and what were different costs that some different licensees pay.• Communicate the current WAMC costs for 2021–2025 and the current government and licensed customer share for WAMC services.• Share how NRAR enforces water management rules.
Consult	<ul style="list-style-type: none">• Seek feedback on priorities we heard through other engagements and customer insights research – for water management and planning, and for customer services and information – to help develop WAMC outcomes Seek feedback on funding allocation for NRAR’s compliance services, a specific WAMC activity.

The roles and responsibilities of the 3 WAMC agencies were introduced at a high level and discussed with participants to provide a broad overview of some of the services delivered by the agencies that support the requirements of the Act.

Water Administration Ministerial Corporation

The department

- Planning and policy work including regional water strategies
- Regulatory frameworks
- Water sharing plans and their evaluation
- Assessments for water licence applications for larger customer types
- Environmental water management
- First Nations water planning

WaterNSW

- Groundwater administration
- Unregulated water access administration
- Water licensing and approvals
- Administering water trades
- Water quality monitoring and water resource information
- Water take assessment and metering services
- Customer account management, invoicing and data management

Natural Resources Access Regulator (NRAR)

- Ensures compliance with all NSW water rules
- Provides education and advice to make it easier to comply with the rules
- Monitors water use on the ground and in the skies
- Issues enforcement actions and prosecutes wrongdoers in serious cases

We shared a high-level summary of priorities identified through the earlier desktop analysis and tested this with CAGs, asking participants to discuss and rank them in order of importance to them. The draft priorities were grouped into water planning and management priorities and customer service and information priorities and are shown in the tables below. Priorities for compliance and enforcement were tested in a separate session.

Water management and planning priorities

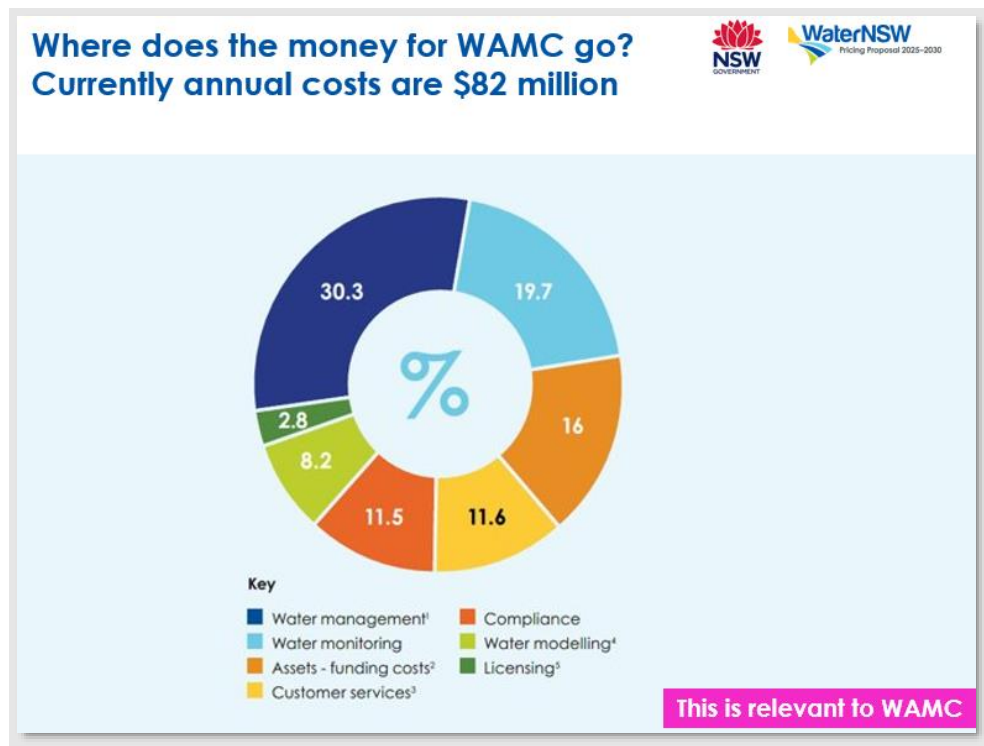
Reliable water access for communities and businesses
Water planning and management decisions supported by trustworthy data and modelling
Greater use of local knowledge in water planning and management
Groundwater is managed sustainably
Managing water to meet environmental needs
Better understanding of climate impacts on water availability
It is clear how community and customer feedback is considered in water planning and management
Access to water for First Nations people for cultural and economic needs

Customer service and information priorities

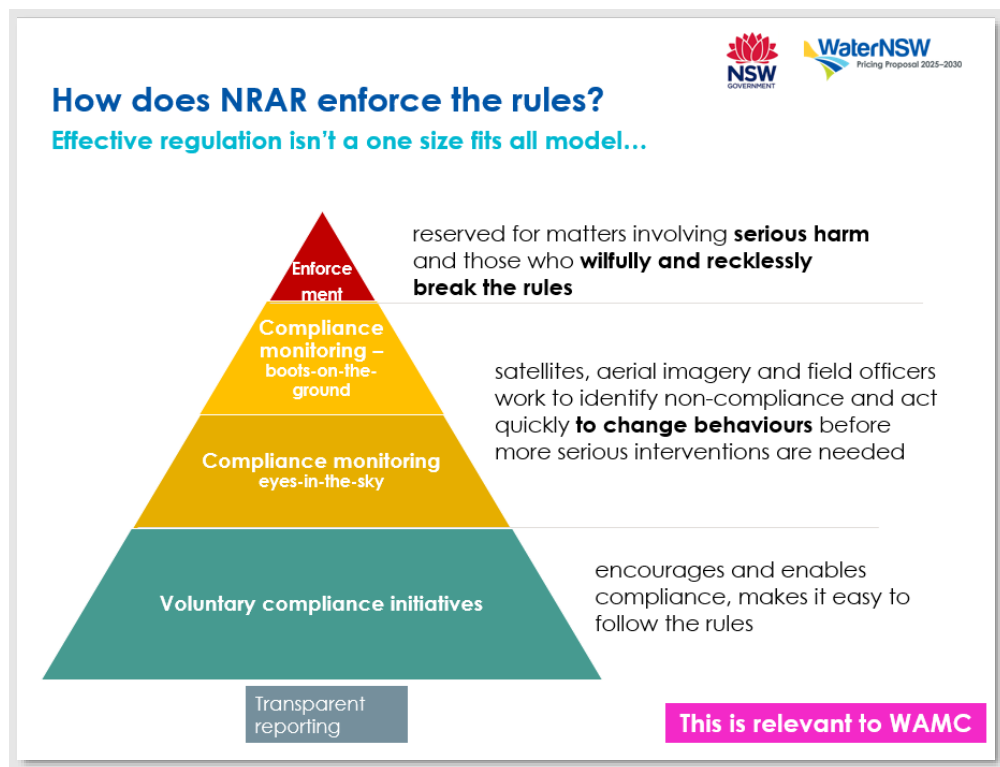
More accurate and timely water information to support customers' business decisions
Greater transparency for customers about how government makes water management decisions
More information on the water planning and management services customers pay for
Clearer information about water sharing rules and licence obligations
Easier access to water modelling and other data used in water management planning
Faster and easier applications and approvals
Changes to the non-urban metering rules so it is easier to comply
Digital solutions for licensing approvals, amendments and other services (e.g. an app on my phone)

Participants were united in their support for these priorities, with little differentiation in feedback between groups. Feedback also confirmed these broad priorities mattered to both licensed and non-licensed customers.

The agencies then introduced the current WAMC costs for 2025–2030 and discussed the kinds of activities delivered under each of the WAMC services:



NRAR introduced participants to its approach to ensuring compliance with NSW water laws and rules:





2.5.2 Meeting 2: October 2023 – WAMC costs, bills, drivers of higher costs and feedback on WAMC service investments for some services

The purpose of meeting 2 of the working group

Inform	<p>Of:</p> <ul style="list-style-type: none"> WAMC costs and bill-types in the current determination period (2020–2025) examples of the fundamental, ‘non-negotiable’ WAMC services and the more optional ‘negotiables’ the drivers of proposed higher costs for 2025–2030.
	<p>Report back on:</p> <ul style="list-style-type: none"> the current cost of ensuring compliance as well as specific programs NRAR will seek government, rather than licensed customer funding for, in 2025–2030.
Consult	<p>Support participants’ understanding of issues to enable more informed feedback on proposed investment levels for some WAMC services to be delivered in 2025 – 2030</p> <ul style="list-style-type: none"> Tested nine different proposals with participants based on their priorities - proposals covered data, digital, groundwater and water monitoring, water metering, and customer services Sought feedback about who should pay for NRAR’s regulatory services.

An overview of the services that the WAMC determination ‘pays’ for and several sample customer bills were provided and discussed:

What do WAMC bills pay for?

The way WAMC costs are allocated is complicated.

We are looking at ways **these costs can be simplified.**


Charges vary by water source and valley.
For example, Border Rivers Commission costs are only paid for by Regulated Border Valley and Unregulated Far West Valley users.

The minimum annual charge pays for:

- Management of licence approvals, assessments, conversions.
- NRAR compliance costs.
- Customer management.
- Billing management.

One and two-part tariffs pay for:

- Water monitoring, modelling and impact assessment - surface water users.
- Groundwater monitoring, modelling and impact assessment - groundwater users.
- Water management planning and implementation.
- Business and customer services.
- Capital expenditure charges.



How much do customers currently pay for WAMC bills?

These are some examples of the annual WAMC charges some customers pay currently

Customers who pay the minimum annual charge



66% of WAMC customers pay around \$260 per year

Customers who pay a one or two-part tariff



34% of WAMC customers pay on average \$2,553 to \$3,528 per year.

This depends on where the water comes from - either a regulated river, unregulated river or groundwater.

Many working group participants reflected that:

- the different WAMC charge types are complicated
- now they understood that not every individual WAMC activity is broken down by service on their bill
- they understood that only some licensed customers pay the MDBA pass-through charges.

To help participants better understand the fundamental, non-negotiables the WAMC agencies need to deliver under the Act, a snapshot of example fundamental services and optional service levels or initiatives were shared and discussed:

The "fundamental" things WAMC does (what we must do)

- **Deliver the functions and responsibilities** outlined in the *Water Management Act 2000*.
- **Regulate, monitor and enforce how water is used** - eg, through Regional Water Strategies, Floodplain Management Plans, Water Sharing Plans.
- **Evaluate our plans to ensure they deliver environmental, social, economic benefits.**
- **Balance the needs** of the environment, water users and the wider community for water in NSW.

The "optional" things we do (things we can do differently)

- **How we manage and share the data and information** used to develop water management plans
- **'Service levels' for some services** – whether we deliver more, or less, or about the same.
- How much we invest in **customer support services.**
- **How we communicate and engage** on the services and activities we must deliver.
- **How we evaluate the plans** we implement to make sure they **balance the needs of the environment, water users, community.**
- **Initiatives that help customers have confidence** in our water management and planning.

Proposed investment levels for some WAMC services to be delivered 2025–2030

The WAMC agencies sought feedback on nine, different, proposed investments and service levels for some of the services to be delivered in 2025 - 2030 that respond to customer feedback about areas of interest for potential service improvement. The session tested different levels of potential investment in 'optional' service levels and made clear what activities the WAMC agencies 'must do'.

Given that most WAMC services are 'non-negotiable', the agencies tried to draw out views on the preferred level of investment, or service level, and hear about participant preferences. The working groups were clearly informed that the potential investment levels were a guide for discussion only, as WAMC was still developing the proposal.

The topics tested on potential levels of WAMC service investments are summarised below. Participants were asked to vote and provide preferences on whether their potential investment was to:

- do a little
- do something
- do a lot.

Relevant WAMC service or activity	Proposed investment
Water monitoring (WaterNSW)	<u>Specialised equipment to improve safety</u> : continued investment in specialised equipment and remote sensing devices to improve workforce safety and deliver operational efficiency
Water monitoring (WaterNSW)	<u>Protection of our equipment during flood or fire</u> : improvements to high-priority water monitoring infrastructure to better protect equipment during floods or fire and enhance equipment to respond to floods
Water monitoring (WaterNSW)	<u>Increasing the extent of our water monitoring network</u> : ongoing operational funding to ensure maintenance of additional monitoring sites funded by the Water Group and to increase the capability of existing monitoring sites
Water monitoring (WaterNSW)	<u>New water storage information</u> : develop and deliver a program of works to undertake surveys on priority unregulated weirs in far western NSW to improve water storage information
Water metering and data management (WaterNSW)	<u>Improving water metering and data management</u> : improvements to how we manage and process water meter data
Groundwater management (WaterNSW)	<u>Managing groundwater boreholes</u> : refurbishment of the highest priority groundwater boreholes of the total 4,500 managed across NSW
Customer service (WaterNSW)	<u>Improving our online customer experience</u> : improvement of the online customer experience through water market systems (customer portal) enhancements.

Relevant WAMC service or activity	Proposed investment
Data management (the department)	<u>Improving how we store and manage data (one platform instead of 3)</u> : this investment will support a coordinated effort to bring together data platforms such as licensing, usage and monitoring data. It improves the customer experience for WAVE and water licensing customers.
Engagement on water management plans and strategies (department)	<u>Customer engagement on water management and planning</u> : engagement with customers, stakeholders and community to shape the water management plans we must deliver, in a cost effective, efficient way that delivers long-term value.

The presentations placed each proposal in relation to the identified customer priorities they addressed. The slides explained what is proposed, why is it needed, who will benefit and what would be delivered for each investment level option. Participants then selected their preference via Slido.

It is worth noting that the educative elements were an important part of each presentation to enable community participants to clearly understand the purpose and value of each proposal and investment level. Careful facilitation enabled equal input from all participants.

Some working group participants expressed concern that they did not have sufficient detail or context of the overall customer bill impact, or information on how much the NSW government would contribute. Discussion of that ‘struggle’ to make an informed choice demonstrated that for many working group participants, confidence that the NSW Government would continue to contribute towards the costs of WAMC activities was a vital concern.

Working group participants’ responses included views that:

- a clear rationale for the proposed investment level for services was critical, and for digital customer service investments particularly, assurance that there was a clear return on investment
- WAMC agencies need to communicate which the non-discretionary services are
- the allocation of costs between users and government was important, as some considered that licensed users should not be funding WAMC activities that benefitted the broader community, who do not hold or pay for water access licences
- WAMC agencies needed to be efficient and effective in their delivery of services
- it needs to be clear what actions and savings are made by WAMC agencies to be efficient.

A summary of the working group participants’ investment preferences is summarised in the Appendix section of this report, as well as the proposed WAMC investments costs to deliver these services in 2025–2030.

The drivers behind higher WAMC costs in 2025–2030 were shared and discussed with participants, including:

- the need to invest in data to improve water management outcomes, our customers' experience and community trust
- that water sharing plans must respond to climate variability and the impacts faced by customers and community.

NRAR presented the proposed annual cost for compliance activities as \$37m per annum.

- This early communication of NRAR's proposed WAMC compliance costs enabled the working group to understand the scale of revenue required for NRAR operations and the proportion currently being paid by users (15%).
- The informed understanding of the gap when the cost share is meant to be 100% initiated discussion about alignment to the 'impactor pays' principle rather than the 'beneficiary pays' principle.
- Points were raised that questioned 'who is the responsible impactor', which enabled NRAR to reconsider which aspects of compliance would not be appropriate to pass on to the users as they are not the true impactors.
- NRAR acknowledged the feedback and committed to considering the matter before the next meeting.
- NRAR asked users if the current ratio between what is being paid by users seemed right. Responses indicated that users should pay a greater proportion of the compliance charge.

NRAR tested the working group participants' preferences for different services by asking them to rank the various compliance approaches. The data demonstrated that the range of services was appreciated differently, but on average, all NRAR main compliance approaches were similarly regarded, with no option clearly disapproved by the group.

NRAR will propose funding by the NSW Government, rather than from WAMC prices, for both their 'eyes in the sky program' aimed at monitoring illegal water take by non-licensed community members and non-urban metering compliance.

When we were here last year, we shared the true cost of compliance for NRAR and what was driving these costs

\$37M per annum (2025 – 2030)

Demand for greater support services

Additional funding secured to launch

- NRAR's outreach program (visits 5,000 properties each year)
- Education and engagement services – (Field days, educational assets and resources)

Replacing outdated ICT systems

Additional funding secured to replace NRAR's current compliance tool which is 14 years old

Roll-out of new policies

Additional funding secured to ensure compliance with

- Non-urban water metering

Increasing legal costs

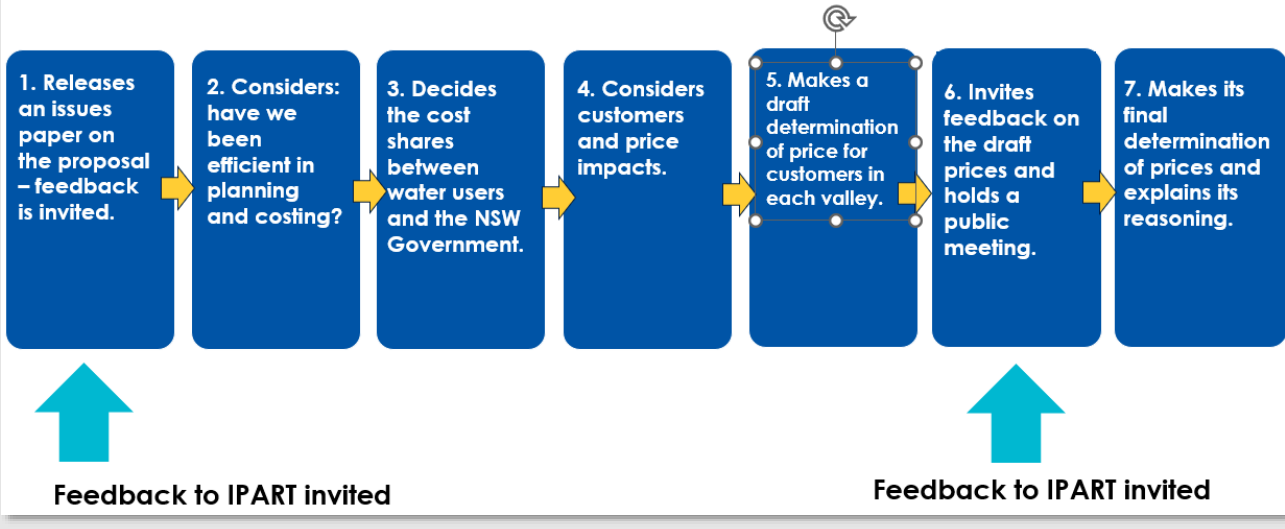
The Crown Solicitors Office previously made significant legal contributions to NRAR's budget

2.5.3 Meeting 3: February 2024 – How feedback will be addressed in the WAMC pricing proposal, views on current economic conditions, proposed price caps for 2025–2030 and on funding compliance activities.

The purpose of meeting 3

Inform	The IPART steps to determine the prices that licensed customers pay for services.
	Report back on: <ul style="list-style-type: none"> • what we have heard and how this will be addressed in priority areas for the WAMC pricing proposal 2025–2030.
Consult	Support participants understanding of issues to enable more informed feedback on: <ul style="list-style-type: none"> • whether and how circumstances have changed for communities since IPART's previous determination 2021, where the decision was made to cap annual price increases • testing of different views on a range of different levels of potential annual price rises/caps for WAMC services in 2025–2030 • compliance priority areas and funding for compliance.

The steps IPART takes to determine the prices that customers pay for services



To ensure participants were well informed about the IPART process to determine prices for WAMC activities, the following information was presented and discussed:

Participants were also made aware there were at least 2 opportunities for them to be involved in IPART’s price review process via the processes below:

- feedback on IPART’s issues paper
- feedback on the draft prices, including through the public hearing process.

WAMC agencies reported back on how we would address what we had heard through the working groups and other engagement, sharing the following information to inform further discussion:

Water Administration Ministerial Corporation (WAMC)

Addressing what we have heard in our WAMC proposal to IPART...AND delivering our responsibilities under the Water Management Act 2000

1. Water users value that both the NSW Government and users share the efficient costs of water planning and management

- Our proposal will support **continued cost-sharing** between the NSW Government and users.
- We will strengthen our focus on **efficient services**.
- We will be **transparent about the services** that customers pay for and how much Government contributes.

2. Sustainable water resource management

- Water users value the NSW Government, NRAR and WaterNSW’s programs to regulate water use and the need to **balance the needs of businesses, the environment, and the community**.

3. Keep building greater trust and confidence in government decision-making

- While improvements have been made, **you want even more transparency**.
- We will keep increasing **users’ access to critical information** used for water planning and decision-making.

4. Improving customer service and engagement

- Users support **a modest level of investment in customer service and engagement**, rather than ‘excessive’.

5. Users support an efficient and an effective compliance and enforcement program

We will talk about NRAR soon.

Given IPART determined only 2.5% price rises in 2021, taking account disruptions at that time, WAMC agencies sought participant views on whether and how their circumstances might have changed since IPART last set prices in 2021.

We shared the following information to start the discussion:

The infographic is titled "How circumstances have been changing since IPART set prices in 2021". It features two blue rounded rectangular boxes connected by a yellow arrow pointing from left to right. The left box is titled "2021 Rural economies and communities were experiencing big disruptions" and lists three bullet points: "The sector was emerging from a severe and extended drought, followed by extreme flooding.", "Some regions were recovering from 2019 bushfires.", and "The pandemic had started, impacting supply chains and economies." The right box is titled "2024 Rural economies and communities are experiencing some more positive conditions" and lists three bullet points: "Water storage levels are high, and customers typically are receiving full allocations.", "Increased market prices for water.", and "Water licences are more valuable." At the bottom of the infographic, it asks "Tell us your thoughts - How have conditions changed in your area for businesses that rely on water use?". Logos for "Water Administration Ministerial Corporation (WAMC)", "NSW GOVERNMENT", and "WaterNSW Pricing Proposal 2025-2030" are visible at the top.

Participants expressed their views about conditions they are currently experiencing:

- They considered that lots of small water users cannot afford, in the current cost of living crisis, to pay large increases.
- Some participants didn't agree that they had more favourable conditions after 2021 with rising input costs making profit margins tighter and even unsustainable for some sectors.
- They considered that the cost of business operations was increasing for many agricultural producers.
- They were keen to support initiatives to keep customer bills low while also ensuring WAMC agencies kept delivering important projects.



The agencies acknowledged customers' preferences for minimal price increases in 2025–2030 and re-emphasised that IPART and the state would need to balance considerations of customers' capacity to pay for higher increases against government's other priorities.

Over the current determination period, prices have been well below cost recovery and have risen by only 2.5% a year. While since 2021 the NSW Government has made up the gap in funding, now there is much more pressure on the state budget.

WAMC staff shared that if minimal price rises are accepted by IPART, there could be a large revenue shortfall.

The WAMC agencies informed customers that in 2021, IPART agreed to cap price rises to 2.5% plus inflation each year (2021–2025) and that IPART’s decision reflected the severe economic and social conditions at that time. As a result, the NSW Government has been paying a greater share of costs to make up the shortfall since 2021. This was discussed in more detail with participants:



- The agencies provided information to inform participants about the levels of prices and bills that would be in place today, if IPART had instead determined full cost recovery in 2021.
- The agencies provided information to the working groups about a range of potential future levels of prices and the bill impacts for a range of customer types. Potential future price options ranged from annual price rises between 2.5% and up to 10% a year for 5 years. Participants were asked for feedback, preferences between the options and for their reasons for holding different perspectives.

Water Administration Ministerial Corporation (WAMC)  

Considering future prices – transitioning towards prices that recover the full user share of costs

- At the last price determination, IPART decided to **cap price rises to 2.5%** plus inflation each year.
- If IPART had not made the decision to cap prices last time, water customers would be paying higher prices today.
- The **NSW Government has been paying a greater share** of costs to make up the shortfall due to capped prices.
- The price cap means that **even if costs stay the same, prices will increase over time** until customers are paying the full efficient user share of costs.

The next few slides show examples of the impact on customers of different price caps for small, medium and large water customers.

Water Administration Ministerial Corporation (WAMC)  

Impacts of different price increases on small customers paying the minimum annual charge

Alison is a small customer and draws water from an unregulated river in the **Peel River valley**. She has an **entitlement of less than 100ML** and pays the **Minimum Annual Charge**. This currently costs her **\$260 a year**.

If IPART had not capped price rises, **today** Alison would be paying around **\$560** per year. For the 2025-30 price determination period, if IPART considers a cap is still required to transition towards full cost recovery

- In 2029-30 Alison would pay **\$300 with a 2.5% cap**
- In 2029-30 Alison would pay **\$430 with a 10% cap**

Impacts of different price increases on medium sized customers



Geoff runs the family farm and has a licence to take water from a regulated river in the **Lachlan Valley**.

The farm needs General Security water.

He has a **500 megalitre entitlement** and this year used **300 megalitres**.

Geoff's WAMC charges are currently **\$1,660 for the year**, not including his metering charges.

If IPART had not capped price rises, **today** Geoff would be paying an annual WAMC bill of around **\$2,500**.

For the 2025-30 price determination period, if IPART considers a price cap is still required to transition towards full cost recovery:

- In 2029-30 Geoff would pay **\$1,850 with a 2.5% cap** + inflation
- In 2029-30 Geoff would pay **\$2,500 in with a 10% cap** + inflation

Note: Geoff would also pay an annual bulk water bill of about **\$12,600** because he is in a regulated river valley

Participants were asked to express preferences between different levels of annual percentage increase in WAMC water entitlement and access prices to be proposed for WAMC charges for 2025–2030, subject to IPART's determination.

- 2.5% price cap each year (plus inflation) – which was communicated as no change to the current level of annual capped price increase
- 5% price cap each year (plus inflation)
- 10% price cap each year (plus inflation)
- Other options

NRAR responded to the working groups with a revised proposed cost.

- In response to the previous session's discussion regarding NRAR's proposed annual WAMC-related review requirement, NRAR re-examined the allocation of costs to certain programs where the driver of non-compliance was taken from unlicensed users.
- NRAR considered the removal of the 'Eyes in the Sky' program as the primary means to detect illegal take from the unlicensed community. There was no objection to the reduction in cost from \$37 million to \$33.5 million.
- As NRAR's cost driver is the number of licences, NRAR communicated the proposed compliance revenue to be recovered by the number of licences to demonstrate the cost implications on each licence holder (assuming a 100% user share).
- A table showing the range of cost share proportion between the government and users was presented, illustrating the weekly cost to users. This helped develop an informed opinion when the group was further asked to reflect in real terms what they believe to be a fair weekly charge for compliance-related activities.
- The data showed polarised responses, with results indicating the average user should be paying 140% more than the current level for compliance-related activities.

NRAR also sought participants' feedback on NRAR's service delivery expectations for 2025–2030, including:

- an acceptable level of customer compliance with water management rules after users were informed of the cost to water users
- the preferred frequency of site visits to support compliance for smaller and larger users
- 81% supported more frequent visits with large users
- 57% supported more frequent visits with small users.

NRAR also sought participants' feedback on 3 outcome areas for their services in 2025–2030:

Outcome 1	Efficient and effective compliance and enforcement
Outcome 2	Water users' understanding of the rules
Outcome 3	Public confidence in compliance and enforcement

NRAR sought views on the cost share (funding split) for NRAR compliance, describing that taking account of all NSW Government funding of NRAR, the current cost share for NRAR compliance is:

- 85% funded by the NSW Government
- 15% funded from licensed customers.

NRAR also sought participant feedback on NRAR services for 2025–2030, including:

- an acceptable level of customer compliance with water management rules
- the preferred frequency of site visits to support compliance – for smaller and larger users
- the preferred weekly amount for licence holders to pay for compliance and enforcement services.

3 What we heard and how this has informed the proposal

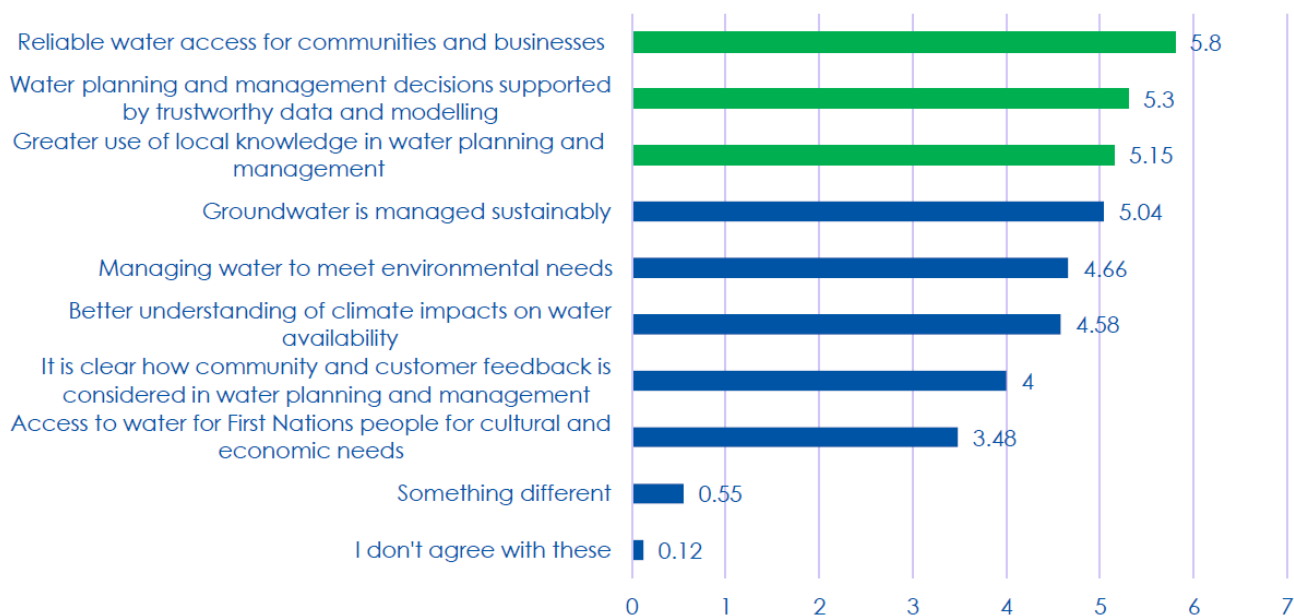
As described in Chapter 2 of the Pricing Proposal WAMC Outcomes Framework provides further information about how customer priorities and engagement informed the objectives of the proposal, including how we will measure progress to achieving these objectives.

3.1 Views on WAMC priorities and how these are reflected in proposed outcomes

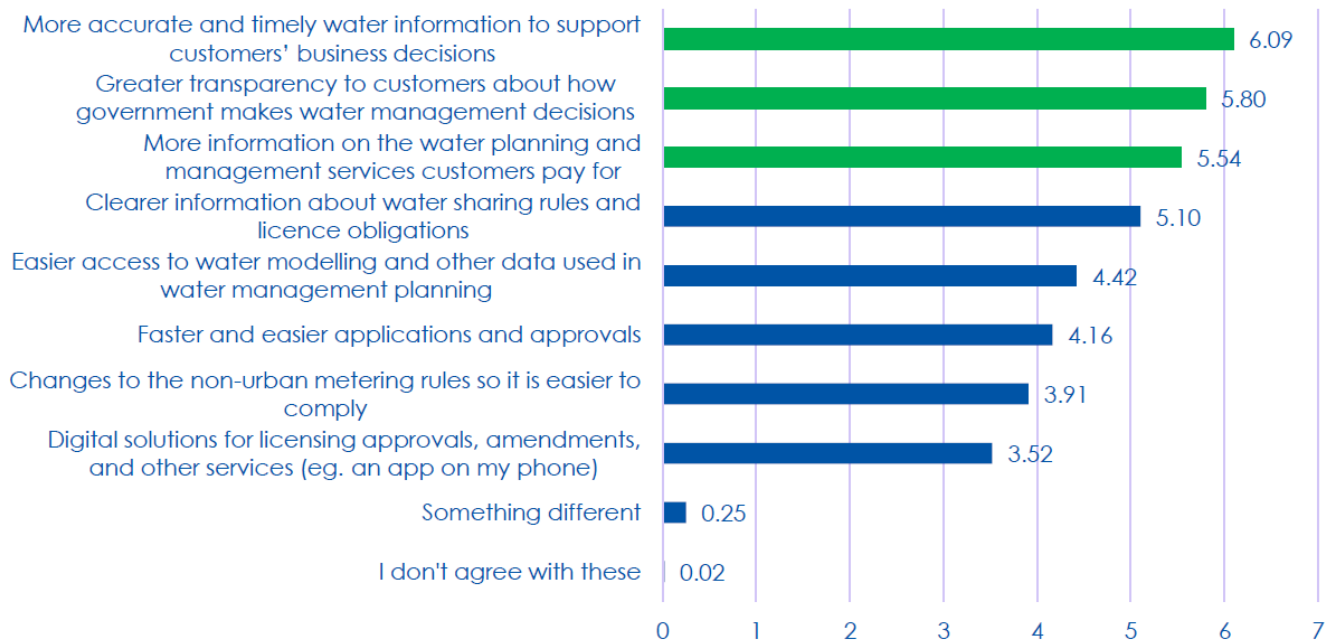
At the July-August 2023 CAG meetings and meeting 1 of the Water Working Groups, we asked participants for feedback on priorities for water management and planning and priorities for customer services and information that were identified through the desktop review of past engagements and the customer research program surveys and interviews.

There was discussion about the priorities, and we asked participants to rank them in order of importance within each category. The figures below show the rankings and scores, aggregated across all the engagement groups. Priorities for compliance and enforcement were tested in a separate session.

Customer and community priorities for water management and planning



Customer and community priorities for customer service and information



We used these priorities, along with other information we heard through our engagement and considerations in the decision-making logic⁹, to develop customer outcomes and objectives beneath them, that we will aim to deliver over the 2025 price determination period. We have also developed measures and targets for the objectives so that we can track and report to customers on progress towards the WAMC outcomes. More detail on the outcomes, objectives, measures, targets and how we plan to deliver on the outcomes is in Chapter 2 of the WAMC pricing proposal. The high level WAMC customer outcomes are below.



Outcome 1 - Enhanced customer experience



Outcome 2 - Sustainable and effective water resource management















Outcome 3 - Confidence in water resource management














Outcome 4 - Value for money

The table below lists the top customer and community priorities for water planning and management, customer service and information and compliance and enforcement that we heard through WAMC customer engagement in 2023 and shows how the WAMC outcomes relate to each of these priorities.


⁹ Reference to decision logic

Customer priorities	WAMC Outcome
Water management and planning priorities	
Reliable water access for communities and businesses	 Outcome 2 - Sustainable and effective water resource management
Water planning and management decisions supported by trustworthy data and modelling	 Outcome 3 - Confidence in water resource management
Greater use of local knowledge in water planning and management	 Outcome 3 - Confidence in water resource management
Groundwater is managed sustainably	 Outcome 2 - Sustainable and effective water resource management
Managing water to meet environmental needs	 Outcome 2 - Sustainable and effective water resource management
Better understanding of climate impacts on water availability	 Outcome 2 - Sustainable and effective water resource management
It is clear how community and customer feedback is considered in water planning and management	 Outcome 3 - Confidence in water resource management
Access to water for First Nations people for cultural and economic needs	 Outcome 2 - Sustainable and effective water resource management
Customer service and information priorities	
More accurate and timely water information to support customers' business decisions	 Outcome 1 - Enhanced customer experience
Greater transparency to customers about how government makes water management decisions	 Outcome 3 - Confidence in water resource management
More information on the water planning and management services customers pay for	 Outcome 3 - Confidence in water resource management  Outcome 4 - Value for money

Customer priorities	WAMC Outcome
Clearer information about water sharing rules and licence obligations	 Outcome 1 – Enhanced customer experience
Easier access to water modelling and other data used in water management planning	 Outcome 1 – Enhanced customer experience  Outcome 3 – Confidence in water resource management
Faster and easier applications and approvals	 Outcome 1 – Enhanced customer experience  Outcome 4 – Value for money
Changes to the non-urban metering rules so it is easier to comply	 Outcome 2 - Sustainable and effective water resource management
Compliance and enforcement priorities	
Stronger enforcement of serious breaches of water laws and increased compliance rate	 Outcome 1 – Enhanced customer experience  Outcome 3 – Confidence in water resource management
Greater understanding of legal obligations	 Outcome 1 – Enhanced customer experience
Greater physical regulator presence	 Outcome 3 – Confidence in water resource management
Greater cross-agency efficiency	 Outcome 4 – Value for money

3.2 Views on WAMC services and activities, or how WAMC services are delivered



The table below is a high-level summary of the views we have heard across our engagement and how these views have been considered in the WAMC pricing proposal for 2025–2030 (WAMC pricing proposal).

WAMC priorities, and views on how WAMC services are delivered	Summary of what we heard	How these views have been considered in the WAMC pricing proposal for 2025–2030
 <p data-bbox="129 699 456 869">The need for assurance of ongoing water reliability and security for communities, businesses and the environment</p>	<ul data-bbox="517 502 1227 965" style="list-style-type: none"> • 69% of non-licensed customers supported increased funding for water management¹⁰. • 80% of non-licensed customers supported water management that balanced the needs of the environment and businesses¹¹. • Importance of balancing water allocations to meet the needs of industry, other customers and community. • Support for water security for First Nations communities, including access to water for cultural and economic purposes¹². • The importance of understanding impacts of climate change on water availability, quality, and reliability. 	<ul data-bbox="1290 502 2056 1136" style="list-style-type: none"> • A focus on statutory water sharing plans and their implementation to balance the needs of different customers, the community, and the environment, is a priority for the WAMC pricing proposal. • WAMC water management plans, strategies and water allocation decisions will include new climate risk information and modelling to meet our obligations and ensure water access for generations to come. • The WAMC proposal includes allowances for best practice first nations engagement in statutory plans. Other projects that support access to water for First Nations communities, as outlined in the NSW Aboriginal Water Strategy, will be delivered as part of a coordinated NSW Government program and funding, secured separately to the WAMC pricing proposal process. • WAMC Outcome 2 reflects this priority and will report progress towards it.

¹⁰ Community Sentiment Survey insights, 2023 Joint Water sector Customer, Community, and Stakeholder Research Program

¹¹ Community Sentiment Survey insights, 2023 Joint Water sector Customer, Community, and Stakeholder Research Program

¹² WaterNSW First Nations roadshow and through department engagement to develop the draft Aboriginal Water Strategy

WAMC priorities, and views on how WAMC services are delivered	Summary of what we heard	How these views have been considered in the WAMC pricing proposal for 2025–2030
 <p>The need for greater confidence in how water management and planning decisions are made and enforced</p>	<ul style="list-style-type: none"> • Support for greater transparency in how monitoring and modelling data is used and made publicly available. • Roles and responsibilities for water management, compliance and reporting are not always well-understood by licensed customers. • It is not always clear to WAMC customers what WAMC services they pay for in part through water management charges. • Many customers expressed dissatisfaction with the non-urban metering policy, concerned that the cost to comply was different for different customers. 	<ul style="list-style-type: none"> • The agencies will continue to increase users' access to critical information used for water planning and decision-making. Since 2021, WAMC has published new climate data used to inform the development of regional water strategies via the SEED portal, with more than 150 data sets now published. • The proposal and WAMC performance measures help make the water management and compliance activities funded through water management charges clearer to customers. • The NSW government has undertaken a review of the non-urban metering policy, and recommendations are being actioned through the WAMC pricing proposal. • WAMC Outcome 3 reflects this priority and will report progress towards it.
 <p>Support for an efficient, effective regulator</p>	<ul style="list-style-type: none"> • Once considered heavy-handed, the regulator is now seen to be firm and fair. • Licence holders who had received a visit from NRAR consistently reported higher confidence and satisfaction in water regulation and enforcement. • 84% supported the enforcement of water laws to make sure people comply.¹³ • Strong community support for greater action to combat illegal water take. 	<ul style="list-style-type: none"> • The proposal includes the continuation of education, engagement, communication and outreach programs using different methods and activities to reach water users, including an active on-farm outreach program to improve customer and community awareness of their obligations and understanding of how to comply with water management rules. • NRAR will maintain its strong on-ground presence with capable staff to enhance customer and community confidence in the enforcement of water rules.

¹³ Community Sentiment Survey insights, 2023 Joint Water sector Customer, Community, and Stakeholder Research Program

WAMC priorities, and views on how WAMC services are delivered	Summary of what we heard	How these views have been considered in the WAMC pricing proposal for 2025–2030
	<ul style="list-style-type: none"> ○ 70% felt illegal water take is still occurring.¹⁴ ○ 84% believe more should be done to reduce water theft¹⁵. ○ 77% support greater investment in technology, education and enforcement activities to support the regulator.¹⁶ ● Prior to receiving an inspection, many customers felt they were not well-informed of their obligations. <ul style="list-style-type: none"> ○ 59.3% of water users find the laws too complicated compared to 47.4%¹⁷ nationally. ○ 23.9% of water users believe that misunderstandings of the law cause illegal water take.¹⁸ ○ NRAR's 2020 community benchmarking survey found one-third of water users were not confident in their understanding of the rules.¹⁹ 	<ul style="list-style-type: none"> ● NRAR will continue to develop its technology and remote monitoring capabilities to support more efficient detection of breaches by on-ground staff. ● NRAR will continue to promote its remote detection capability through stakeholder engagement, its website²⁷ and media²⁸ to raise public awareness of this capability and to support deterrence and increased voluntary compliance. ● NRAR will seek regulatory and legislative amendments that clarify the laws to support increased voluntary compliance, including support for non-urban metering reform recommendations being actioned through the WAMC pricing proposal. ● WAMC Outcome 4 reflects this priority and will report progress towards it.

¹⁴ Fourt2Consulting, NRAR Feedback Insights Report 2023, pg. 53

¹⁵ Fourt2Consulting, NRAR Feedback Insights Report 2023, pg. 53

¹⁶ 2023 Joint water sector research program - Voice of the community, NRAR insights

¹⁷ Regional wellbeing survey water users survey, 2021

¹⁸ Regional wellbeing survey water users survey, 2021

¹⁹ https://www.nrar.nsw.gov.au/___data/assets/pdf_file/0006/477015/NRAR-progress-report-2020-21.pdf

²⁷ <https://www.nrar.nsw.gov.au/about-us/compliance/how-we-use-technology>

²⁸ [NRAR's tech suite on ABC Landline | NSW Dept of Natural Resources Access Regulator](#)

WAMC priorities, and views on how WAMC services are delivered	Summary of what we heard	How these views have been considered in the WAMC pricing proposal for 2025–2030
	<ul style="list-style-type: none"> ○ NRAR’s 2021 community benchmarking pulse survey found a sentiment from water users ‘that NRAR should provide education about the rules’.²⁰ ○ 47% of NSW respondents found it difficult to ensure compliance with all water laws and regulations compared to 35% nationally.²¹ ○ 49% of NSW respondents believe that many people lack adequate knowledge of water regulations and laws compared to 41% nationally.²² ○ 24% of NSW respondents believe that misunderstandings about regulatory requirements led to unintentional unlawful water extraction compared to 15% nationally.²³ ○ 45% of NSW respondents felt that irrigators do not receive sufficient support from regulators to comply with water laws compared to 32% nationally.²⁴ ● Stakeholder groups reported that because of the regulator, rule breakers were more likely to be caught. 	


²⁰ https://www.nrar.nsw.gov.au/__data/assets/pdf_file/0018/480222/NRAR-community-pulse-survey-2021.pdf

²¹ https://www.nrar.nsw.gov.au/__data/assets/pdf_file/0018/480222/NRAR-community-pulse-survey-2021.pdf

²² https://www.nrar.nsw.gov.au/__data/assets/pdf_file/0018/480222/NRAR-community-pulse-survey-2021.pdf

²³ UTS Survey collected during the Annual Regional Wellbeing Survey (Nov2021 – Feb 2022)



²⁴ UTS Survey collected during the Annual Regional Wellbeing Survey (Nov2021 – Feb 2022)

WAMC priorities, and views on how WAMC services are delivered	Summary of what we heard	How these views have been considered in the WAMC pricing proposal for 2025–2030
	<ul style="list-style-type: none"> • Strong support for more context to be provided to the public and the community around compliance results, particularly when there are barriers to compliance. • Consultation with customer advisory groups during July–August 2023 highlighted a preference among water users for local knowledge and support, particularly valuing on-farm visits.²⁵ • The 2023 water sector survey also revealed that 57% of water users considered property inspections by uniformed officers to be effective or extremely effective, while 60% had the same opinion about educational programs.²⁶ 	
 <p data-bbox="125 951 461 1086">The NSW Government and licence holders should each pay a share for water regulation management</p>	<ul style="list-style-type: none"> • Divergent views between licence holders and community members (taxpayers): <ul style="list-style-type: none"> ○ 48% supported the current funding split ○ 52% supported increased funding by water users²⁹. 	<ul style="list-style-type: none"> • NRAR acknowledges the community support (non-licensed customers) for licence holders to pay more for NRAR services. • NRAR is not proposing a reduction to the current cost share arrangement of 100% user pays (aligns with the impactor pays principle and NWI). NRAR notes that the water licence holder contribution for compliance was indirectly reduced and represented less than 20% of NRAR’s WAMC cost in the 2023 financial year.

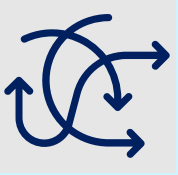

²⁵ Customer Advisory Groups WAMC consultation Valley-by-valley analysis of feedback July-August 2023Cags page 8

²⁶ 2023 Water Sector Voice of the community NRAR insights report 2023 page 60

²⁹ Water Working Group feedback on what was considered a fair amount for licence holders to pay for compliance management in 2025–2030

WAMC priorities, and views on how WAMC services are delivered	Summary of what we heard	How these views have been considered in the WAMC pricing proposal for 2025–2030
 <p data-bbox="145 470 443 753">Importance of efficient and well-coordinated delivery of WAMC services, without duplication, particularly for services that are delivered by more than one agency</p>	<ul data-bbox="515 287 1220 965" style="list-style-type: none"> • As some services such as monitoring, customer service and some data-related activities were delivered by both the department and WaterNSW, there was concern that this meant they were likely to be duplicate or inefficiently delivered services. • Some customers expressed the view that the agencies could be better coordinated across shared activities – examples provided included agencies not always having shared customer data, or opportunities for a joint agency approach at customer engagement forums. • In relation to licensing and approvals, there was clear support for greater transparency of the overall status applications and greater timeliness. • Many customers expressed that it was not always clear what licensing or approvals were required, and which agency was responsible for relevant applications or approvals. 	<ul data-bbox="1288 287 2049 965" style="list-style-type: none"> • The agencies will continue to focus on efficient delivery of services, as set out in our WAMC efficiency strategy. • To avoid duplication and enhance efficient delivery of services and activities, WAMC agencies have implemented a Roles and Responsibilities Agreement (RRA), which sets out in detail how the department, WaterNSW and NRAR work together to deliver WAMC services efficiently and effectively. • Through the RRA, WAMC agencies leveraged the critical investments made by one entity for the others for several licensing types and transactions, implementing a joined-up approach to customer research and engagement. • The agencies are committed to delivering easier customer services, including for licensing and approvals, with the digitisation of multiple interactions, transactions and approval types starting from mid-2024 through to 2030. • WAMC Outcome 4 reflects this priority and will report progress towards it.
 <p data-bbox="134 1173 459 1348">Support for modest and efficient investment in customer services, customer experience and stakeholder engagement</p>	<ul data-bbox="515 1005 1220 1300" style="list-style-type: none"> • Improved licensing and approval processes through the water licensing improvement program, including digital applications through the customer portal, have been well-supported. • Support for greater clarity on return on investment for proposed digital customer service improvements. • Some customers and peak representatives expressed engagement fatigue at the number of draft plans to 	<ul data-bbox="1288 1005 2049 1380" style="list-style-type: none"> • The WAMC pricing proposal seeks approval for a ‘moderate’ level of investment in customer services and engagement, which also increases efficiency and enables more effective compliance. • The agencies are committed to delivering easier customer services, including for licensing and approvals, with the digitisation of multiple interactions, transactions and approvals starting from mid-2024 through to 2030. • Based on a strong business case, the WAMC proposes an investment of \$47.7m over 5 years in a strategic approach

WAMC priorities, and views on how WAMC services are delivered	Summary of what we heard	How these views have been considered in the WAMC pricing proposal for 2025–2030
	<p>provide feedback on, given there were at times more than one plan or policy open for comment.</p> <ul style="list-style-type: none"> • Some customers expressed less need to be consulted on water management and planning decisions. Other customers expressed concern that their views would not be reflected in final plans. • Licence holders support being engaged on water management and planning, but want engagement to be efficient, rather than excessive in the level of investment. • Support for continued consideration of local insights into water management plans. 	<p>to business improvement. Critical process redesign and information and communications technology (ICT) investments are needed to achieve the legislated requirements, efficiencies and support customer service.</p> <ul style="list-style-type: none"> • At engagement, this figure of \$47.7m was broken into 4 proposals and comprised of: <ul style="list-style-type: none"> — online services including customer portal \$22.9m — data sharing (one platform instead of 3) \$15.3m — Managing new data from water meters \$7m — NRAR compliance \$2.6m • As explained below the overall level of investment proposed is higher than the total cost of the 4 proposals most supported by customers but provides the greatest value and efficiencies for customers. • This investment will improve customer service systems, making it easier for customers to access their account information and transactions for licensing and metering. • WAMC Outcome 1 reflects this priority and will report progress towards it.

WAMC priorities, and views on how WAMC services are delivered	Summary of what we heard	How these views have been considered in the WAMC pricing proposal for 2025–2030
 <p data-bbox="136 488 450 592">Current pricing structure for WAMC services is complex</p>	<ul data-bbox="517 288 1200 459" style="list-style-type: none"> • Support for less complex charging structures for WAMC services, in recognition of the pricing differences for 1- and 2-tariff bills, bills for licensed customers across valleys and by water type: regulated river, unregulated river, groundwater. 	<ul data-bbox="1290 288 2047 507" style="list-style-type: none"> • The agencies looked carefully at options to simplify price structures but did not identify clear improvements for WAMC’s diverse customer base. • By retaining the current pricing structures, it was more transparent and easier to communicate the proposed journey to full cost recovery as the ‘base’ remained static.
 <p data-bbox="129 855 456 1026">Water management policies and plans were a ‘government priority’ and therefore should be fully funded by the government</p>	<ul data-bbox="517 639 1223 770" style="list-style-type: none"> • Through working group engagement particularly, many licensed customers felt that the ‘impactor pays’ principle needed to be reviewed so that licensed customers paid less. 	<ul data-bbox="1290 639 2051 1153" style="list-style-type: none"> • WAMC agencies recognise that the NSW Government’s decision is to implement this aspect of the National Water Initiative (NWI), for cost recovery of water management and management activities, through IPART’s pricing regulation, and they acknowledge IPART’s past decisions to apply the ‘impactor pays’ principle. • The ‘impactor pays’ principle was repeatedly raised as unfair and debated by customers. In the 2025 determination, WAMC agencies will not seek IPART’s reconsideration of the adoption of the ‘impactor pays’ principle. • However, the WAMC proposal aims for a manageable pace towards cost-reflective prices, resulting in around 60% of WAMC costs being paid by the NSW Government.

3.3 Views on WAMC compliance management services provided by NRAR

Through engagement NRAR sought feedback on the WAMC compliance and enforcement activities it provides.

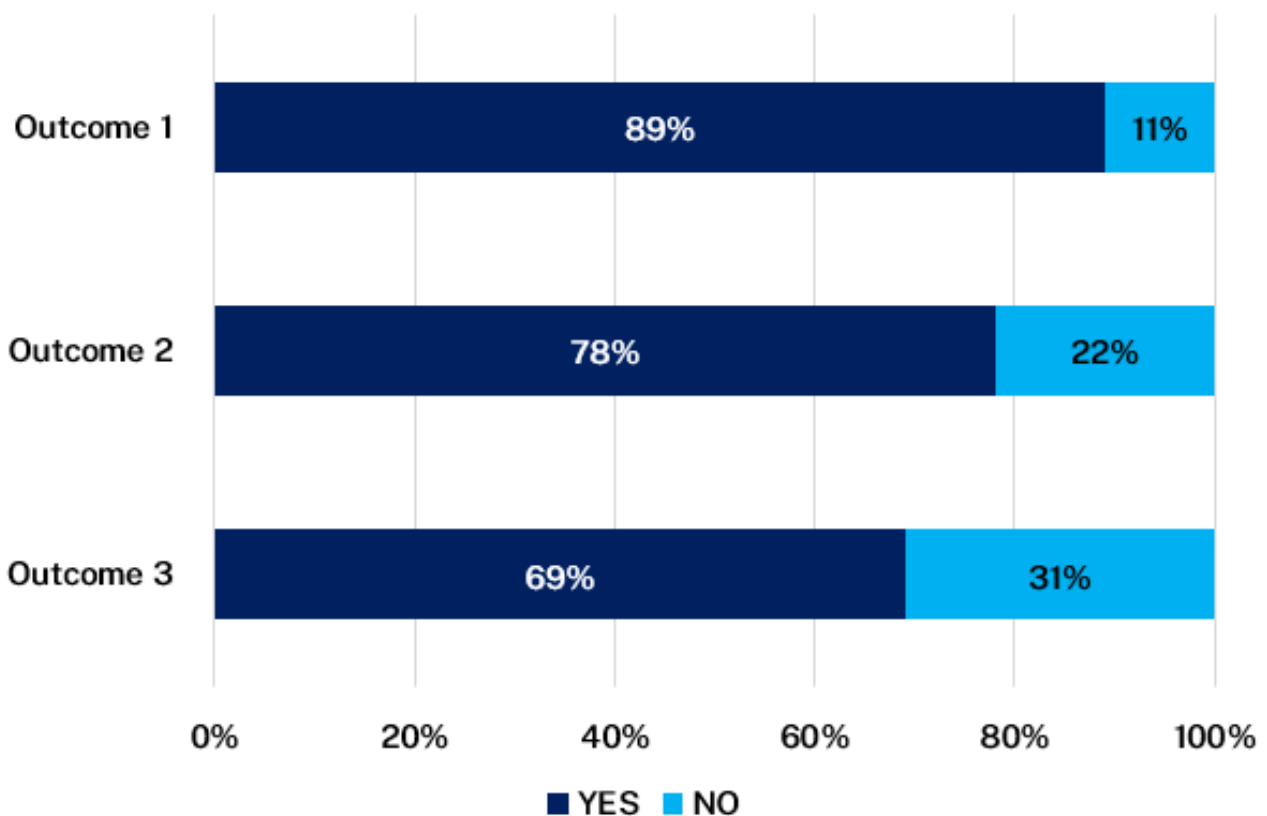
Feedback sought from water working groups	Preference	How these views have been considered in the WAMC pricing proposal for 2025–2030
<p>Annual NRAR WAMC costs</p> <p>NRAR presented its initial forecast annual operating requirement for 2025–2030 of \$37m per year, including the cost breakdown of these elements.</p>	<ul style="list-style-type: none"> Informed by further discussion of the ‘impactor pays’ principle, NRAR revised its costs to ensure they met the ‘impactor pays’ principle. 	<p>In response to these views, NRAR re-examined its forecast costs and has reduced them further to \$33.5m per annum.</p>
<p>What level of compliance with NSW water regulations is acceptable to the public?</p> <p>NRAR presented the current compliance rate of 72.9% based on its inspection and audit program and sought feedback on the preferred level of compliance.</p>	<ul style="list-style-type: none"> Strong support for increased compliance rates. On average, 88% was as an acceptable compliance rate. 	<p>NRAR aspires to be a world-class, modern environmental regulator.</p> <p>NRAR will continue to deliver strong enforcement of serious breaches of water laws and invest in education and engagement to assist cost-effective voluntary compliance.</p>
<p>What level of service for site visits to support greater compliance is considered acceptable?</p> <p>As a proxy for an acceptable level of service, NRAR explained that, on average it currently undertakes a property visit once every 7 years across all licence holders.</p> <p>Feedback was sought on whether this frequency should be maintained, increased or decreased.</p>	<p>Broad support for increased on-site visits:</p> <ul style="list-style-type: none"> 81% supported more frequent property visits for larger water users = every 4.6 years (34% increase). 57% supported more frequent property visits for smaller water users = every 6 years (14% increase). 	<p>NRAR will continue to balance the community's desire for more on-site visits with the potential cost increase this will incur.</p> <p>Based on this feedback, NRAR will target resource allocation between small and large users.</p>

3.4 Views on compliance outcomes for 2025–2030

At the second water working group, NRAR sought participants’ feedback on 3 outcomes to measure compliance performance over 2025–2030.

Outcome	Outcome area
Outcome 1	Efficient and effective compliance and enforcement
Outcome 2	Water users’ understanding of the rules
Outcome 3	Public confidence in compliance and enforcement

The feedback across the 4 working groups (57 participants) is summarised below.

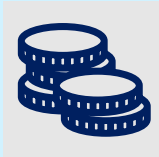


We have adopted these outcomes as objectives within the WAMC outcome framework and developed measures and targets to monitor and report on them as part of the WAMC pricing proposal.

3.5 Views on funding and affordability of WAMC water management services



Views on funding and affordability of water management services, summarised below, were heard at all stages of the engagement process, including through:

- customer insights research³⁰
- direct engagement activities³¹.

Views on funding and affordability	Summary of what we heard	How these views are incorporated in the WAMC pricing proposal for 2025–2030
 <p>Views on funding and government share</p>	<ul style="list-style-type: none"> • Community members (non-licensed holders) support both increased NSW Government and water user funding for water management and planning. • The majority of customers supported increased government funding for water management services and activities that directly contribute to community and environmental benefits, including fishway passages. • The majority of customers supported increased government funding for any changes to policy which are government-led. • The majority of customers supported increased government funding for climate adaption planning. • There was support from some customers for increased government share for compliance services. Customers held the view that the protection of water resources through compliance activities benefits the wider community and environment, not just water licence holders. • There were diverse opinions on who should fund increased investment in compliance services 	<ul style="list-style-type: none"> • The WAMC pricing proposal will support continued cost-sharing between the NSW Government and users. • The proposal will increase the Government share of W06-05 ‘Regional planning and management strategies’ from 40% to 50%, as some of this activity relates to understanding and managing the impacts of climate change, and we consider the broader community rather than customers are the ‘impactors’ of this work. • If IPART adopts the proposal to cap annual price increases below cost-reflective levels, then WAMC will seek to recover around 60% of efficiency costs from the NSW Government.

³⁰ Joint Voice of customer survey (1,200 respondents), public sentiment survey (450 respondents) and stakeholder in-depth interviews (45 interviews)

³¹ Engagement with WaterNSW Customer Advisory Groups and regional Water Working Groups

Views on funding and affordability	Summary of what we heard	How these views are incorporated in the WAMC pricing proposal for 2025–2030
	<p>– suggestions included both increased government and user share, and funding through successful prosecutions for illegal water take.</p>	
 <p>Views on affordability and the transition to prices that recover the full cost of delivering NSW water management and planning</p>	<ul style="list-style-type: none"> • A continuation of the existing annual increase in prices of 2.5% was most supported. • Many customers were concerned about the potential impact of increased charges and impacts on their businesses. • Many customers were concerned about the cumulative bill impacts of increased charges for both WaterNSW bulk water and WAMC services in 2025–2030. 	<ul style="list-style-type: none"> • The proposal is to increase the minimum annual charge by 2.5% a year (plus inflation) to continue the current pace of transition towards cost-reflective prices. • For larger users, we will propose a faster pace towards full cost recovery, with an annual cap on price increases 15% a year (plus CPI) for water entitlement and water take charges. • This level is above the annual price rise level that we tested during engagement. It is proposed in light of more recent information about the state budget. • While this will mean larger increases for some users, water prices remain well below cost-reflective levels until after 2030.
 <p>Views on current economic conditions for regional communities in comparison with the previous determination period</p>	<ul style="list-style-type: none"> • Just over 70% of working group participants felt that economic conditions in their region had deteriorated since 2021. • Some agricultural producers noted the increased costs to operate their businesses, including for fuel, electricity and machinery costs, as well as other cost of living factors such as inflation and market fluctuations for their product. • Some customers expressed concern regarding the additional costs of compliance with metering and felt the impact on different customer types was inconsistent. 	<ul style="list-style-type: none"> • The WAMC pricing proposal is supported by analysis showing high levels of water availability, strong water trading markets, and positive economic conditions in several key water-using industries.³² • To avoid price shocks, the proposal is to cap the level of price increases in transition towards full cost recovery, as all prices are currently below full cost recovery. • Our supporting analysis identifies the case for a differential price cap.

³² Add reference to attachment on pace of transition to full cost recovery

3.6 Views on preferred investment levels for some WAMC services delivered by WaterNSW and the department in 2025–2030

The agencies sought feedback from the working groups on the proposed investment levels for some, but not all, WAMC services. Most of the proposed investments aligned with the groups’ identified priorities for water management and planning, customer services, information and engagement, and water monitoring that WAMC must deliver to meet regulatory and statutory requirements under the Act.

The agencies acknowledged to participants in July 2024 that at the time the WaterNSW working group summary report was issued, the agencies were seeking NSW Government Cabinet approval of the key parameters of the WAMC pricing proposal through Cabinet processes.

As such, WAMC agencies were subject to normal Cabinet confidentiality requirements and were not able to report back on the final costs for these services that have been included in the WAMC pricing proposal.

Relevant WAMC service or activity	Proposed investment tested in engagement	Customers’ preference for level of investment	Proposed WAMC investment cost	What WAMC proposal’s investment will deliver
Water monitoring (WaterNSW)	Specialised equipment to improve safety: Continued investment in specialised equipment and remote sensing devices to improve workforce safety and deliver operational efficiency.	We do something - \$1 million (capital expenditure)	We do something - \$1 million (capital expenditure)	Capturing water data involves extensive travel and working in hazardous conditions for staff. This investment will support reduced staff travel, including in potentially hazardous conditions, whilst also supporting improved availability of water data.
Water monitoring (WaterNSW)	Protection of our equipment during flood or fire: Improvements to high priority water monitoring infrastructure.	We do something - \$5 million (capital expenditure)	We do something - \$5 million (capital expenditure)	Access to water data (availability and quantity) at certain times can be critical. This investment means infrastructure can remain in extreme flood or fire events, maintaining access to water data when needed most.
Water monitoring (WaterNSW)	Increasing the extent of our water monitoring network: Ongoing operational funding to	We do something at no extra cost	Maintain new, additional sites -	Capital funding was provided by the department for extra monitoring sites and increased capability of

Relevant WAMC service or activity	Proposed investment tested in engagement	Customers' preference for level of investment	Proposed WAMC investment cost	What WAMC proposal's investment will deliver
	ensure maintenance of additional monitoring sites funded by Water Group, and to increase the capability of existing monitoring sites.		\$5.75 million (operational expenditure)	existing sites across rural NSW. This operational funding will support the maintenance of these sites.
Water monitoring (WaterNSW)	New water storage information: Develop and deliver a program of works to undertake surveys on priority unregulated weirs in far Western NSW to improve water storage information.	We do something - \$300,000	We do something - \$375,000	Surveys of unregulated weirs that support supply of critical town water needs in the State's far west will ensure we have updated water storage information for water security and drought planning.
Water metering and data management (WaterNSW)	Improving water metering and data management: Improvements to how we manage and process water meter data.	We do something - \$5 million (capital expenditure)	We do something - \$7 million	This investment will align multiple systems, improve data quality, improve functionality for customers and meter installers, and ensure system capabilities support customers to meet their obligations.
Groundwater management (WaterNSW)	Managing groundwater boreholes: Refurbishment of the highest priority groundwater bores of the total 4,500 managed in NSW.	We do something - \$12.5 million	We do something - \$12 million (capital expenditure)	Groundwater monitoring is delivered by WaterNSW for the department. WaterNSW's condition assessment has identified the highest priority bores to be refurbished through this investment.
Customer service (WaterNSW)	Improving our online customer experience: Improvement of online customer experience through Water Market Systems (Customer Portal) enhancements.	Do something - \$15 million	We do a lot - \$22.9 million	This investment will support continued, easier online customer experiences and will provide more customer transactions online, faster processing, increase customer insights into water account balances and use, and provide 'anytime' customer access.
Data management (Department)	Improving how we store and manage data (one platform instead of three)	We do something	We do a lot \$15.3 million over 5 years	This investment will support a coordinated effort to bring together data platforms such

Relevant WAMC service or activity	Proposed investment tested in engagement	Customers' preference for level of investment	Proposed WAMC investment cost	What WAMC proposal's investment will deliver
		\$4 million over 5 years		as licensing, usage and data. It improves customer experience for WAVE and Water licensing customers.
Engagement on water management plans and strategies (Department)	Customer engagement on water management and planning: Engagement with customers, stakeholders, and community to shape the water management plans we must deliver, in a cost effective, efficient way that delivers long term value.	Do something - Around \$1.5 million per year based on 30 water management strategies	We do a lot *\$10.4m over 5 years	This investment will support efficient, targeted local engagement on the more than 30 water management plans to be delivered in the next determination period, including through a mix of online and in-person engagement activities, regional media advertising to ensure local participation, and research activities to ensure voices of the wider community are also reached. Under the proposed caps on WAMC price increases around 30% of this cost would be paid by customers.

In the October 2023 group 2 meetings of the water working groups, the recommended level of expenditure in 9 WAMC investment proposals was tested and feedback sought, as reflected in the table above. The median position of the participants is reflected in the table.

Across the 9 areas, participants mainly supported a 'do something' level of expenditure. However, there was also a proportion of participants who supported the investment level option to 'make all' improvements.

In the water working group 4, we reported back on the proposed online customer service improvements and described to participants the approach that WAMC agencies would apply to arrive at final decisions about what would be included in the final proposal to IPART. The groups discussed the decision-making approach that WAMC would apply, including the need to consider the following issues:

1. What we are required to do by law (e.g. safety, some environmental initiatives, security)
2. What customers have told us
3. What level of risk do we adopt?
4. What is affordable to customers?
5. The timeliness of works – what must we do now and what can we reasonably do later?
6. Balancing customer benefit with community benefit – delivering on both
7. Planning for the future – including emerging risks we must address (e.g. cyber security)
8. The activity or program needs to do its job – be fit for purpose

9. The working group’s feedback on these proposals

As illustrated in the table above, the level of investment included in the WAMC proposal broadly aligns with the expressed preferences of customers ‘to do something’, with two exceptions explained below. Noting that WAMC’s reasons for proposing a level of investment above the level that was most supported by customers apply the criteria for decision-making that was shared with participants in Working Group 4.

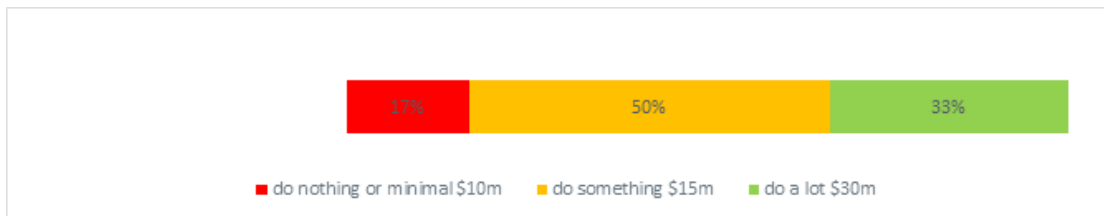
In relation two digital business improvement strategies WAMC is proposing levels of expenditure about the level preferred by participants namely: ‘improving way we store and manage data (one data platform across the agencies instead of three)’ and ‘improve our online customer experience (using a new portal)’. This is because, when Step 4 of the decision approach was applied, WAMC agencies realised we could not provide fit-for-service activities at the ‘do something’ level of investment.

WAMC’s reasons for proposing a higher level of investment were explained to participants in the Working Groups.

Key factors were drawn out for participants as WAMC’s reasons for proposing a higher level of investment:

- The proposed level of ‘improve our online customer experience’ was put in the context of the level of investments required to deliver customer benefits that were already made over the 2020–2025 period. This was to illustrate that the lower level would not realise customers’ service expectations – namely, that WaterNSW had already invested around \$25 million in 2020–2025 and the NSW Government had also invested \$14.7 million.
- The proposed level of investment was put in the context of a more detailed picture of the different levels of investment supported by customers. Specifically, while 50% of participants had supported the ‘do something’ level of investment, 33% of participants had supported the ‘do a lot’ level in the water working group.

Final Choice



- Sharing of the conclusion about the detailed efforts by WAMC teams to respond to the customers’ challenge that the lower level of investment would result in higher ongoing costs for legacy systems, and hence was not a good investment. In reporting back to participants, WAMC agencies reported on findings of our review of:
 - timeliness of works, specifically the challenge of what we can reasonably defer to the next period 2030–2035, with the finding that a deferral was likely to be counterproductive
 - the scope of the program, specifically the challenge of what was the minimum level needed to do its job, with the finding that on review it was determined that the minimum costs to comply with regulatory and legislative requirements (cyber security, critical infrastructure legislation, data management and privacy) were not \$4m over the 5 year regulatory period but \$15.3m
 - the initial accuracy of cost estimates. It was reported back to customers that an investment of \$4m would in fact be a reduction on the current performance and that \$15.3m was the minimum viable cost to maintain current outcomes.

We communicated to customers that we appreciate that this is a considerable investment, however, it would deliver significant value to customers who would see and feel the benefits of these improvements every day. At the time of reporting back to customers, the investment was \$27.5 million to improve our online customer experience. Through further efforts to contain costs, the proposal submitted to IPART has reduced this to \$22.9 million. We are confident that this proposal is prudent and closer to the level of customer and stakeholder support it received.

3.7 Views on preferred price cap for WAMC services in 2025–2030

At the third and final working group engagement session, WAMC agencies sought feedback from participants on different levels of price increases. We used this feedback, along with other sources of evidence, to inform WAMC’s proposal to IPART about the pace of transition towards full cost recovery from current price levels.

We provided information illustrating that current WAMC prices are below cost recovery and the level prices would be today, if they had been set for full cost recovery in 2021.

Customers then had the opportunity to express preferences about annual price rises to inform WAMC’s proposal about the pace of price rises towards full cost recovery – as different levels of potential caps on annual price increases over the 2025–2030 determination period.

While most favoured 2.5% (plus CPI) price rises a year, some working group participants supported a 5% increase to better transition to full cost-recovery, and a smaller number supported a 10% increase.

A summary of preferences is below.

Water working group and valleys represented*	2.5% price cap (no change to existing cap)	5% price cap	10% price cap
Central group representing: <ul style="list-style-type: none"> Macquarie–Cudgegong Lachlan Fish River 	90% support	10% support	0% support
South-west group representing: <ul style="list-style-type: none"> Murray–Lower Darling Murrumbidgee–Lowbidgee 	67% support	25% support	13% support
Coastal group representing: <ul style="list-style-type: none"> North coast South coast Hunter Greater Sydney 	63% support	25% support	13% support
North-west group representing: <ul style="list-style-type: none"> Gwydir 	58% support	32% support	11% support

<ul style="list-style-type: none"> • Namoi • Peel • Barwon–Darling 			
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Note:

- *Sample size = 58 working group members across 4 working groups.
- The total for some working groups is greater than 100% as some participants voted for more than one option.

We also sought feedback from WaterNSW customer advisory groups (CAGs). Their preference was for as low a price cap as possible for WAMC services in 2025–2030.

A snapshot of some working group views on each is below. Each quote is from a different participant. It was not identified whether the feedback was from a licensed or non-licensed working group participant.

2.5% price cap each year (plus inflation) – no change to the current price cap	<ul style="list-style-type: none"> • ‘I chose 2.5% so that it keeps (users) costs financially viable.’ • ‘I chose to keep the 2.5% so that it keeps costs financially viable for agriculture, farming, where those costs are going to directly benefit me as a community member.’
5% price cap each year (plus inflation)	<ul style="list-style-type: none"> • ‘I chose 5%... better to increase in smaller increments above CPI, towards the larger portions that IPART expects users to pay.’ • ‘5% seems a reasonable increase, however, is a sliding cap an option? e.g. 5% small, 4% medium, 3% large user.’
10% price cap each year (plus inflation)	<ul style="list-style-type: none"> • ‘I think 10% is responsible as costs are going up.’ • ‘I went for 10%, thinking that we need to look after infrastructure and assets (WaterNSW bulk water). We can’t afford to go backwards.’
Other option	<ul style="list-style-type: none"> • 0% (zero) was not an option but some customers noted they would have chosen this, had it been an option.

In addition to the above preferences across both water working groups, we heard the following views and preferences from CAGs:

- an alternative to any price cap full cost recovery through 100% government share
- no changes to water management prices for 2025–2030
- while they appreciate cost recovery is important, as overall prices are rising everywhere, a cap should be in place.

3.8 Broader community views on water management priorities and funding

Through the 2023 NSW water sector customer, stakeholder and community research program, the agencies sought feedback from 450 community members through the community sentiment survey to better understand attitudes to:

- water management
- expectations of the NSW Government priorities for water management
- compliance and enforcement
- funding for water management and planning.

The responses are summarised below.

3.8.1 Attitudes to water management

88% supported the importance of managing water due to natural disasters such as drought and floods.	85% supported rules that determine how rural water is shared to make sure it is fair.
84% supported the enforcement of water laws to make sure people comply.	82% supported water management decisions being made based on data and objective evidence.
70% supported the NSW Government regulation of water to ensure it is shared fairly between different users and the environment.	

3.8.2 Views on funding for water management

57% supported both user and government share for water management and planning.	69% supported increased government funding for water management.
84% agreed that more should be done to reduce water theft.	

3.8.3 Balancing needs for water use

83% supported the NSW Government doing more to ensure there is enough water to protect the environment.	81% supported environmental outcomes as a priority in decision-making and planning.
80% supported water management that balanced the needs of the environment and businesses.	

4 Appendix

4.1 Checklist: IPART’s Water Regulation Handbook requirements for a standard proposal

This table maps how the WAMC engagement approach, WAMC charter and WAMC pricing proposal meet IPART’s customer-specific expectations of a standard proposal.

1. Customer centricity – How well have we integrated customers’ needs and preferences into the planning and delivery of services, over the near and long term?		
Expectations	Summary	Addressed through/ outlined in
A published customer engagement strategy which:	Sets out how it seeks to understand what matters to customers and identifies the outcomes that maximise long-term customer benefit at an efficient cost.	Section 3.1 of the charter sets out how WAMC seeks to understand what matters to customers.
	Considers the level of influence customers have in how services are delivered.	Section 3.3 of the charter sets out the level of influence customers have in relation to pricing and ongoing operations.
	Identifies the role of customer engagement in understanding customer preferences.	Sections 3.3.2 and 3.3.5 of the charter identify the role of customer engagement in understanding customer preferences in relation to pricing and ongoing operations, respectively.
	Commits to engage with customers on the pricing proposal and for major investments.	Section 3.3.2 of the charter commits to engage with customers in the pricing proposal and for major investments.
Customers influence business outcomes	Customer insights inform business decisions and short, medium, and long-term plans.	<p>Section 3.3 of the charter sets out the level of influence customers have in relation to pricing and ongoing operations.</p> <p>Section 3.1 of the Engagement Outcomes Report demonstrates how customer insights have informed the pricing proposal.</p>

2. Customer engagement –

Have we engaged customers on what’s most important to them, making it easy for customers to engage by using a range of approaches to add value?

Requirements	Summary	Addressed through/ outlined in
Employ appropriate and effective engagement methods which:	Identify issues for engagement that matter to customers.	Phase 1 of the engagement approach provided a solid evidence base about the issues for engagement that matter to customers. This was validated in phase 2.
	Reach a representative customer base and/or their advocates.	Section 2.4.1 of the Engagement Outcomes Report identifies how representatives were selected and reached.
	Provide opportunities for 2-way communication with customers.	Illustrations of the opportunities for 2-way communication provided are summarised in this Engagement Outcomes Report .
	Demonstrate how divergent views and potential trade-offs are managed.	Illustrations of the ways in which divergent views and trade-offs were managed and explained are summarised in this Engagement Outcomes Report .
	Are proportional to the level of expenditure and the impact of the project.	Through joint engagement, WAMC agencies were efficient and effective.
	Enable unbiased, clear explanation of context and objectives.	This Engagement Outcomes Report includes a range of illustrations of the clear, unbiased explanations of context communicated to customers in the engagement process. Independent engagement consultants facilitated each of the working group sessions.
	Inform participants of the impact of their feedback.	Consistent with WAMC engagement principles, the feedback loop for the working groups was closed in the following session, including through additional information as relevant. WAMC acknowledged to working group participants in July 2024 – that at the time the WaterNSW working group summary report was issued to participants, the agencies were seeking NSW Government Cabinet approval of the key parameters of the WAMC pricing

2. Customer engagement –

Have we engaged customers on what’s most important to them, making it easy for customers to engage by using a range of approaches to add value?

Requirements	Summary	Addressed through/ outlined in
		proposal through Government’s Cabinet processes. As such, WAMC agencies were subject to normal Cabinet confidentiality requirements and were therefore unable to report back on the final costs for these services that are included in the proposal.
	Are easy to understand and test customers’ understanding where relevant.	Illustrations of the easy-to-understand information provided are contained in this Engagement Outcomes Report .
	Supports the engagement of culturally and linguistically diverse groups.	Communications and engagement with water working groups were delivered using the principles of plain language to ensure inclusive engagement across culturally and linguistically diverse participants.
	Contains accurate, objective information that tells the whole story and is correctly targeted to its audience.	Snapshots of the objective information provided are contained in this Engagement Outcomes Report .
	Provides clear explanations of investment options, service levels and uncertainties.	Illustrations of the clarity and accessibility of explanations are contained in this Engagement Outcomes Report .

3. Customer outcomes –

How well does the pricing proposal link customer preferences to proposed outcomes, service levels and projects?

Requirements	Summary	Outlined in
Customers drive outcomes	Propose outcomes, based on customer engagement, that capture what customers want delivered.	Section 3.3 of the charter sets out the level of influence customers have in relation to pricing and ongoing operations. Section 3.1 of the Engagement Outcomes Report demonstrates

3. Customer outcomes –

How well does the pricing proposal link customer preferences to proposed outcomes, service levels and projects?

Requirements	Summary	Outlined in
		how customer insights have informed the pricing proposal.
	Link proposed expenditure to these outcomes.	Section 3.1 of the Engagement Outcomes Report demonstrates how customer insights have informed the pricing proposal.
Performance measures support outcomes	<p>Propose performance measures for each outcome.</p> <p>Propose performance targets for each measure, referencing IPART’s principles, with:</p> <ul style="list-style-type: none"> internally consistent short, medium and long-term targets targets justified based on past performance and other suitable industry benchmarks targets that, at a minimum, meet customer protection operating licence standards and other regulatory requirements. 	Section 4 of the Engagement Outcomes Report proposes measures for each outcome.
Accountability for customer outcomes	Include clear mechanisms to ensure the business is accountable for delivering outcomes.	Section 4 of the Engagement Outcomes Report includes proposed accountable measures.
	Report how we performed against current period targets, including reasons for any material deviations.	The pricing proposal reports gaps in WAMC performance against customer outcomes to illustrate the need to invest in digital business improvement strategies.

4.2 Summary of what matters to our customers – desktop analysis

The engagement and customer research reference materials analysed as part of this desktop analysis are listed below. This analysis was undertaken to identify broad views and priorities on how the agencies were delivering services in the current determination period, including any views on service level expectations or gaps, and to identify initial customer priorities for further testing through working group and CAG engagement.

<p>Engagement Outcomes Reports – ‘What We Heard Reports’</p>	<p>Regional Water Strategies (RWS)</p> <ul style="list-style-type: none"> • Border Rivers • draft Far North Coast RWS • Gwydir • draft Lachlan RWS • draft Macquarie–Castlereagh RWS • draft Namoi RWS • final North Coast RWS • final South Coast RWS - What We Heard Report (number 2) • final Western RWS • NSW Groundwater Strategy
<ul style="list-style-type: none"> • Independent research on Regional Water Strategies engagement • Other customer insights research 	<ul style="list-style-type: none"> • Independent review of water engagement policy – Report and gap analysis (KPMG for DPE Water, 2022) • Regional Water Strategies research qualitative research report - Gwydir (SMPR for DPE Water, 2022) • Regional Water Strategies Research qualitative research report - North Coast (SMPR for DPE Water, 2022) • Personas Research (Fiftyfive5 for DPE Water, 2022) • Understanding Stakeholder Communication and Engagement Needs for Water Sharing Plan Monitoring and Evaluation (Woolcott Research + Engagement for DPE Water, 2021) • Analysis of Water Enquiries call and email data (department) – from April 2022 to late 2022

The broad themes and priorities identified through this desktop analysis are summarised in the table below:

Theme	Sub-theme
The importance of understanding impacts of climate change on water	<ul style="list-style-type: none"> • Better understanding of the impact of longer and more severe wet and dry periods • Concerns for environment – ecology and hydrology • Impacts on water quality • Impacts on future water reliability
The importance of effective groundwater management	<ul style="list-style-type: none"> • The need to improve understanding of groundwater to support sustainable water management • The importance of understanding the relationship/interdependencies of groundwater and surface water • Continued improvement in the accuracy of, and public accessibility of, groundwater modelling and monitoring to maintain customer confidence
The need for assurance of ongoing water reliability and security	<ul style="list-style-type: none"> • The importance of balancing water allocations to meet the needs of industry as well as other customers • The water-sharing framework needs to be updated and more adaptable to climate-related risk. • Support for more adaptive and research-based water security planning • Systems operation and water management services need to be more responsive to climate events • Emphasis on water security for Aboriginal communities was a strong theme, as was the importance of including feedback and experience of First Nations communities in managing water resources.
The importance of environmental water management	<ul style="list-style-type: none"> • The importance of healthy rivers and waterways • Support for cultural water priorities
The need to build greater customer and community confidence in how decisions are made and enforced	<ul style="list-style-type: none"> • The importance of transparency in how monitoring and modelling data is used and promoted • Support for new monitoring • Evidence of compliance activity improves confidence and trust in water management • Roles and accountabilities for water management, compliance and reporting are not always well-understood • Value of collaboration and local representation to support water management decision-making
Support for ongoing improvements and	<ul style="list-style-type: none"> • Support for making it easier for customers to understand water policies and programs • Support for publishing climate change information, new climate datasets, models and modelling

Theme	Sub-theme
consistent customer service, experience and stakeholder engagement	<ul style="list-style-type: none"> Support for ongoing improvements in relation licensing applications and approvals, including where more than one agency is involved

A high-level summary of these themes, grouped into water management and planning, and customer services and information, was then shared with the water working groups in session 1, to further test priorities.

4.3 Overview of a joint water sector customer, stakeholder and community research program

For the first time in 2023, the agencies engaged jointly on a NSW water sector customer, stakeholder and community research program. It involved 3 separate research projects aimed at hearing from customers, stakeholders and the community and gaining a better understanding of their broad expectations and views on how the agencies were delivering on their respective water management and planning responsibilities across key service areas.

This comprehensive qualitative and quantitative research approach directly addressed one of the key concerns heard across our engagement activities, namely, the need for the agencies to be efficient and effective in how they engage.

Research project	Method	Participants	Research purpose
Voice of customer	1,118 quantitative phone and online surveys	Equal split of licensed water users across: <ul style="list-style-type: none"> regulated 	Understand customer views and experience in relation to:

	40 follow-up discussions to further verify views expressed in the survey	<ul style="list-style-type: none"> • unregulated • groundwater. 	<ul style="list-style-type: none"> • water management rules • management of water • metering • licensing and approvals • pricing • information and engagement • trust and confidence • the regulator, NRAR.
Stakeholder sentiment	48 in-depth interviews, some one-to-one, others with multiple organisation representatives	<ul style="list-style-type: none"> • Association and peak representatives (16 participants) • Government agencies (19 participants) • Local government (6 participants) • Environmental interests (3 participants) • Recreational users (2 participants) • First Nations representatives (one participant) <p><i>Several First Nations representative groups were approached to be involved.</i></p>	<p>Understand stakeholder views on how the WAMC agencies were:</p> <ul style="list-style-type: none"> • performing across key areas • communicating and engaging with stakeholders.
Community sentiment	450 quantitative phone and online surveys	<p>Equal split of non-licensed community members across:</p> <ul style="list-style-type: none"> • metro • regional • rural. 	<p>Understand community views and attitudes to:</p> <ul style="list-style-type: none"> • water management • expectations of NSW Government priorities for water management • compliance and enforcement • funding for water management and planning.

4.4 Overview of customer advisory groups' views

The overview table is included below to provide transparency, and a high-level summary of the views and priorities heard through engagement with WaterNSW CAGs in July 2023 and February 2024. This includes feedback on water management and planning priorities, preferred investment levels for some WAMC services to be delivered in 2025–2030 and on proposed price caps.

These views and priorities are incorporated into the earlier What We Heard section of this report.

WAMC service or service delivery area	Summary of views
Water affordability, bill transparency, WAMC pricing simplification	<ul style="list-style-type: none"> • Support for greater WAMC cost transparency – including more clarity to licensees about the water management activities and services they pay for in part, including through better reporting • Support for WAMC pricing simplification • The need for information about what the WAMC pricing proposal is prioritising and the 'value proposition'
The importance of efficient service delivery for services the agencies share	<ul style="list-style-type: none"> • Concern that it was not always clear to customers which agency was responsible for what service, as well as the need for assurance that any services delivered by more than one agency were delivered efficiently and not duplicated
Water security and delivery	<ul style="list-style-type: none"> • The importance of reliable water access for communities and businesses • The importance of incorporating local knowledge in water management decisions
Easy access to data and information	<ul style="list-style-type: none"> • Support for greater access to the data used in decision-making, including water modelling data, to build even more trust and confidence in water management and planning decisions • Support for data platforms that are easy to use and support ease of doing business
Licensing and approvals	<ul style="list-style-type: none"> • Support for continued efficiencies for licensing and approvals, including 'a single contact point' for information/updates on status of applications
Customer services and agency engagement	<ul style="list-style-type: none"> • Importance of customer education, information and updates on services, service improvements • Continued commitment for opportunities for customers to have their say on water management and planning, including clear reporting back on how views have or have not been considered in final plans

Non-urban metering roll-out	<ul style="list-style-type: none"> • The cost of meters is very high for some customers – support for greater flexibility in the rules to accommodate this
Compliance management	<ul style="list-style-type: none"> • Consistent feedback across all CAGs identified the need for NRAR to better prioritise issues, streamline communication and collaboration between agencies, improve reporting and context for non-compliance and shift focus to pertinent compliance matters. • Greater reporting on current compliance and enforcement activities, including infringements and prosecutions issued • The sentiment reflects a desire for NRAR to be more agile, responsive and efficient in its regulatory approach.
Compliance management – importance of NRAR services in the compliance program	<ul style="list-style-type: none"> • 80% felt monitoring was important or very important. • 77% felt enforcement was important or very important. • 77% felt education was important or very important.
Compliance management – enforcement of water management rules	<ul style="list-style-type: none"> • 79% were confident in NRAR’s enforcement of the rules, 21% were not. • 68% felt water users had changed their compliance behaviour due to NRAR’s use of spatial technology, 32% did not. • 84% agreed that publishing enforcements is important to deter offenders, 16% did not.

Customer advisory groups’ views (WaterNSW CAGs) on price caps for WAMC prices in 2025–2030 are summarised in the Views on proposed WAMC price increases section of this report.

4.5 Example of water working group invitation letter

Dear XXX

We are currently asking our customers and stakeholders to tell us their priorities when it comes to water and water planning and management. We have a big engagement program planned for this year and we would like to invite you to join one of our consultation working groups.

WaterNSW, Department of Planning and Environment – Water, and the Natural Resources Access Regulator (NRAR) will be submitting proposals for customer prices for the period 2025 - 2030 to the Independent Pricing and Regulatory Tribunal (IPART) in September 2024.

We want to hear from customers, stakeholders, and the broader community, to inform the development of pricing proposals for WaterNSW’s metro and rural bulk water services and for

services jointly delivered by WaterNSW, Department of Planning and Environment – Water, and NRAR, for water and water planning and management services to be delivered in 2025 - 2030.

We have embarked on a process of obtaining community and stakeholder input to feed into our proposal. To help achieve this we propose establishing four Working Groups. We are interested in you joining these discussions and would be grateful for your time and input in this process.

These groups will comprise a range of customers from each regulated and unregulated valley. We anticipate there may be up to 4 meetings, with 2 meetings occurring in 2023 and up to 2 meetings in 2024, each up to 5 hours long. We are aiming for a mix of online and in-person feedback and encourage all those interested to participate.

A Terms of Reference document is attached that provides information on the pricing proposal process, and on your potential role. We propose to remunerate participants, at standard research rates of \$80 per hour.

All meetings will be independently facilitated and finish promptly on time. SEC Newgate is assisting us in this process, and they will be in contact shortly to discuss the working groups and your potential participation. The date of the first meeting will be XX Month 2023.

If you would like to call us to confirm your interest or for more information please contact, XXXXXXXX email XXX.

Thanks again for your important contribution to the planning of 2025 – 2030 water and water planning and management services.

Yours sincerely

WaterNSW, Department of Planning and Environment – Water, NRAR

4.5.1 Water working groups' terms of reference

Water working group participants needed to agree with the terms of reference for participation in the groups, which is below:

Project background – Pricing Proposal to the Independent Pricing and Regulatory Tribunal (IPART)

WaterNSW, Department of Planning and Environment – Water, and the Natural Resources Access Regulator (NRAR) are committed to providing long-term value to you and your community, in the way we deliver water and provide water planning and management services.

We know through consultation with our customers and stakeholders, that there are a range of different views and priorities on services, approaches to water management and what people want to pay for services.

We want to hear from customers, stakeholders, and the broader community to inform the development of pricing proposals for WaterNSW's metro and rural bulk water services and for services jointly delivered by WaterNSW, Department of Planning and Environment – Water, and WaterNSW (Water Administration Ministerial Corporation – WAMC), for water management services to be delivered in 2025 - 2030.

This pricing proposal will be submitted to IPART in September 2024 and IPART will determine the maximum prices that water access licence holders can be charged for these water planning and management services and recommend the portion of costs to be paid by the NSW Government on behalf of the broader NSW community.

Purpose of the Working Groups

To inform preparation of the WaterNSW pricing proposal for rural bulk water and metro bulk water (Sydney) as well as the separate WAMC pricing proposal, the three agencies are establishing four Working Groups to:

- better understand customer and community priorities for bulk water and water management services the three agencies deliver
- ensure we hear from a range of customers and community members with an interest in how we manage rivers and groundwater in NSW
- help inform how we will deliver services over 2025-30 to meet our legal obligations and to balance the different priorities among our customers and stakeholders
- provide feedback and incorporate customer preferences into our pricing proposals on proposed outcomes, services, and service level expectations the three agencies will deliver in 2025 - 2030.

We are interested in understanding the diverse perspectives of all Working Group participants but also if and where members agree or strongly diverge, and why. This will help us determine the best way to balance any competing needs of customers and users, the environment, and requirements of the *NSW Water Management Act 2000* as we prepare our respective submissions to IPART.

There will be opportunities for all participants to indicate their individual positions, as well as to explore whether there is agreement or not.

All comments and positions will be noted in reporting, including segmentation of customer and stakeholder feedback and preferences.

Representation

There are 4 regionally based Working Groups, that may meet up to 5 times between September 2023 and June 2024 and include a minimum of 16 participants in each group from the following valleys.

Region	Valley representatives from
North	Border, Gwydir, Namoi, Peel, Barwon
Central	Macquarie, Lachlan
South	Murray, Lower Darling, Murrumbidgee, Lowbidgee
Coastal	South Coast, Hunter, North Coast, Fish River, Sydney

Each Working Group will include representatives from three valleys and potentially have up to 22 members.

Representatives will be from various customer and community groups with an interest in how water is delivered and managed in NSW, including:

- 2-5 x CAG members i.e. 1 rep per valley (5 for north-west, 2 central group)
- 2-5 x Water User Association representatives i.e. 1 rep per valley

- 2-5 x agricultural producers that are not on the CAGS i.e. 1 per valley
- 3 x council or Local Water Utility representatives i.e. 1 council rep per valley, e.g. (up to 5 for north-west group)
- 1 wider industrial activity rep – mining, manufacturing, agricultural
- Up to 2 Environmental stakeholder/Landcare representatives
- 1 recreational group representative
- 2 community/social organisations/representatives – i.e. from Lions, Rotary, Country Women’s Association (CWA), cultural-based organisations.
- 2 residents randomly recruited
- 1 Commonwealth Environmental Water Holder
- 1 State Environmental Water Holder

Further focused engagement with Aboriginal stakeholders and representatives will occur through WaterNSW’s First Nations Roadshow in mid-late 2023, and through DPE’s Aboriginal Water Strategy engagement in late 2023.

Several observers will be important to the process – potentially including:

- TBC - Public Interest Advocacy Centre
- IPART
- WaterNSW Executive members
- Department of Planning and Environment – Water, Executive members
- Natural Resources Access Regulator Executive members.

The Customer Advisory Group working group participant will also have the role of reporting back to their CAG, acknowledging the importance of transparency and two-way information flow between stakeholders.

Participant sitting fees

Given the expectation of members to devote significant time and intensive effort to the working groups over a six-month period, remuneration is proposed to be in line with open market research value.

Member remuneration TBC = up to \$80/hour

Monies will be transferred into the bank accounts of each group member once all 4 sessions have been delivered.

Meeting schedule

They commence meeting following completion of the current round of CAG meetings, which finish on 17 August 2023.

There may be up to four Working Groups which members will need to attend:

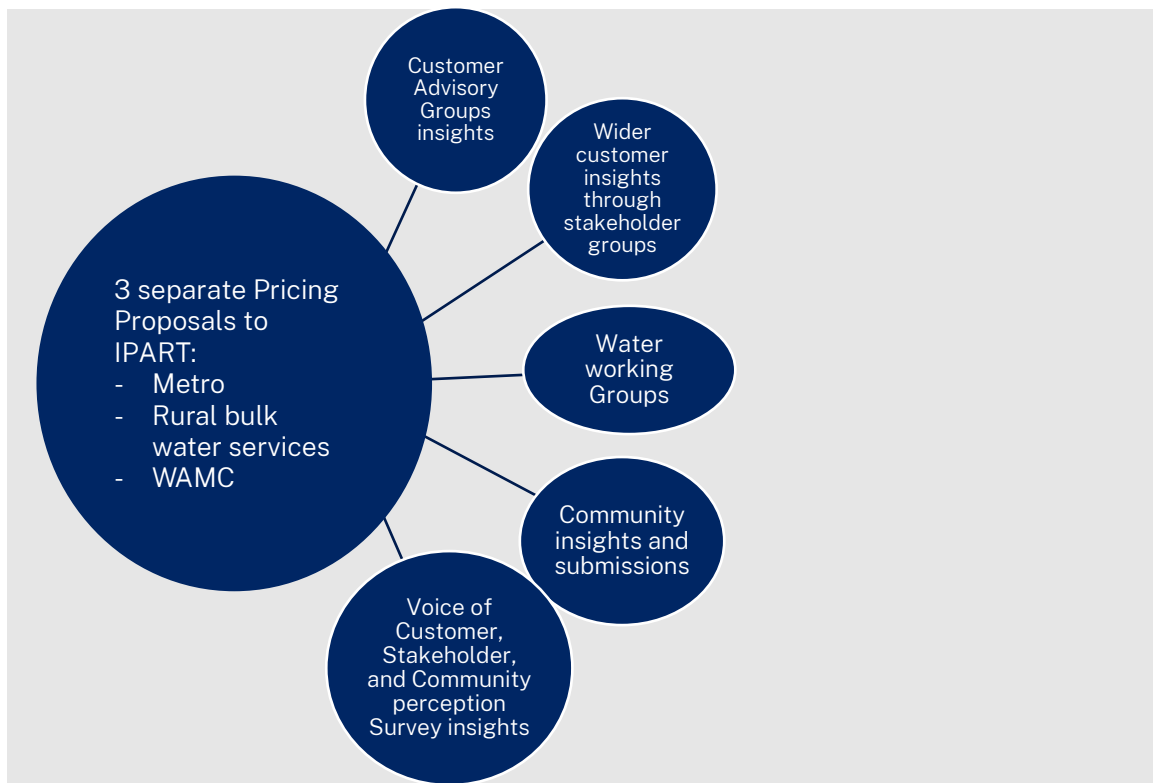
- up to 2 meetings between September and October 2023
- up to 3 meetings between February and June 2024.

Meetings are anticipated to be up to half a day and will be approximately six weeks apart. For the convenience of members, most meetings are expected to take place online.

Input into pricing proposal

1. Given the broad range of working group members across the valleys, the groups are not decision-making bodies and **do not need to reach consensus on bulk water and water management priorities, outcomes, or issues.**
2. The 3 agencies will take into account the views provided during the working groups, along with customer insights from WaterNSW CAG meetings, customer surveys, stakeholder interviews and other project engagement. This is to ensure the needs and views of customers and stakeholders and customer preferences are incorporated into the mix of services needed to deliver agency services and meet obligations.
3. The final pricing proposal submissions to IPART will report on the range of views and priorities heard through the working groups and other engagement activities and outline how these views have been considered in each of the pricing proposals.

The graphic below outlines the various engagement inputs which will be considered in the 3 separate Pricing Proposals to IPART – note size is not indicative of the weight provided to those views.



Before each meeting

We will cross check attendees to ensure participation. Prior to each meeting members will receive:

- an agenda
- a pack for pre-reading if needed
- previous meeting notes.

During the meeting

The sessions will be facilitated by independent engagement specialists, to achieve the agenda in the time required and to ensure all members have an opportunity to participate. There will be

presentations at 3 of the sessions from the Department of Planning and Environment - Water, and from NRAR.

In the meetings a range of tools will be used to capture insights from each group member, including individual polling, questions, and surveys.

Questions which cannot be answered during the sessions will be taken on notice and a written response will be provided within two weeks of the session.

Meeting notes will be taken and provided to members. These meeting notes will form the main basis of the outcome reporting for the Working Groups.

After each meeting

Following each meeting, members will be asked to complete a short online evaluation survey.

This feedback will be used to help us design upcoming sessions to make the most of the time we have and to capture member insights effectively.

How we will document the discussions

Meeting notes will be taken to capture critical ideas, issues, and actions.

Meetings will not be recorded, encouraging participant debate, however online tools will be used to capture individual ideas, preferences, and outcomes.

Reporting

A report from each of the four geographic groups will be prepared, that considers all of the issues presented and discussed and how feedback has informed the Pricing Proposals.

This report will be provided to participants in 2024.

A final report will then be prepared for WaterNSW, and separately for WaterNSW, Department of Planning and Environment – Water, and NRAR.

4.6 Water working group membership

The table below outlines stakeholders, licensed customers and non-licensed community members approached to participate in the working groups, as well as the number to be represented.

Stakeholders approached to participate in the groups	Participant recruitment goals
CAG members	1 per valley
Water user associations and water trusts	1 per valley
Irrigation infrastructure operators	1 per valley
Agricultural producers that are not on the CAGs	1 per valley
Wider industrial activity representatives, for example, mining, manufacturing, transport	1 per working group
First Nations groups	2 per working group

Stakeholders approached to participate in the groups	Participant recruitment goals
Councils	1 per valley
Environment group or Landcare group representatives	2 per working group
Recreational group representative	1 per working group
Community organisations, for example, Rotary	2 per working group
Local community members (randomly recruited) – non-licence holders	2 per valley
Commonwealth Environmental Water Holder	1 per working group
State environmental water holder	1 per working group

5 Key information presented and engaged on with water working groups

This section provides a high-level snapshot of some of the key information presented to the working groups across the 3 WAMC sessions to provide transparency of what we informed and educated customers on, including where we sought their views and priorities to be considered in how we deliver WAMC services in 2025–2030.

5.1 Working group 1 – September 2023

5.1.1 Role of NRAR in regulating compliance and enforcing water rules

Enforcing the rules (NRAR)



The Natural Resources Access Regulator:

- **investigates breaches**, and issues enforcement including fines and other penalties and **prosecutes wrongdoers in the courtroom**
- uses **satellites, drones and other technologies** to monitor water take and water use across 800,000 square KMs
- has a **robust field presence** deployed to solve compliance problems within specific regions or industries
- **visits water licence holders on their properties** and meets with them at local events and Field Days to offer **guidance and support**
- Transparently **reports compliance results** and promotes the consequences of breaking the rules to deter offenders

This is relevant to WAMC

Enforcing the rules (NRAR)



Technology to police on-farm water usage

Water theft detected in dam by satellite

Boat technology aids in water regulation

A satellite image showing the Brewarrina dams full after previous images showed it as empty.

Satellite spots dam water theft

Technology boosts ends 'wild west' of unlawful water use in NSW, says Natural Resources Access Regulator



A regulator will be on the NSW Land and Environment Officer Grant Barnes said it was crucial that landholders

NSW Chief Regulator Grant Barnes said the regulator will be assessing their water take.

Water regulator checking water law compliance



Regulator to be 'firm but fair' on meters

Massive \$250K fine for environmental harm

STOLEN WATER: It just creates more poor behaviour in the industry
Company to pay more than \$50,000

Landholders fined thousands for exceeding bore extraction limit

Natural Resources Access Regulator (NRAR) compliance officers and staff visit Tamworth and Moree

Fined for excess extraction

Advice on water laws through visits

Irrigators facing millions in fines for water offences

8 – 8.07

This is relevant to WAMC

5.2 Working group 2 – October 2023

5.2.1 Drivers of higher WAMC costs in 2025–2030

Various things are driving higher WAMC costs in 2025-2030



We need to invest in our data to improve water management outcomes, our customer experiences and community trust

Customers expect accurate, transparent data about our water.

Example:

Creating a much better website - customer portal so that customers can manage their water-related data in the one place.



Our plans must respond to climate variability and the impacts faced by customers and community

New climate risk information and modelling to be included in our strategies and WAMC Water Sharing Plans and allocation decisions to meet our obligations and **ensure water access for generations** to come.

This **may mean** an increase in Government contributions.

For example, new climate program – required by legislation



What is proposed

We plan to include climate change adaptation actions in our water plans from 2025. This could include things like:



Using the **best available science to evaluate climate risk** – in addition to using current historical data to identify climate change impacts.



Incorporating **climate analysis into reviews of diversion limits and connectivity requirements**.



Improving **climate risk management decision making** for **urban water security**



Providing **advice and analysis to inform changes to plans** to help **prepare communities for change and enable communities to adapt to change**

For example, new climate program – required by legislation



Is this negotiable?

No.

Natural Resources Commission (NRC)

Highlighted the need to prioritise climate change in our water management plans.

(NRC review and audit DPE Water's Water management plans)

NSW Auditor-General

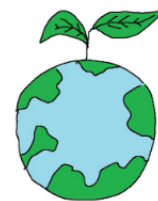
Highlighted the need for State plans to "embed, sustain and lead effective climate risk management"

(2021 Auditor-General's Report, "Managing climate risks to assets and services")

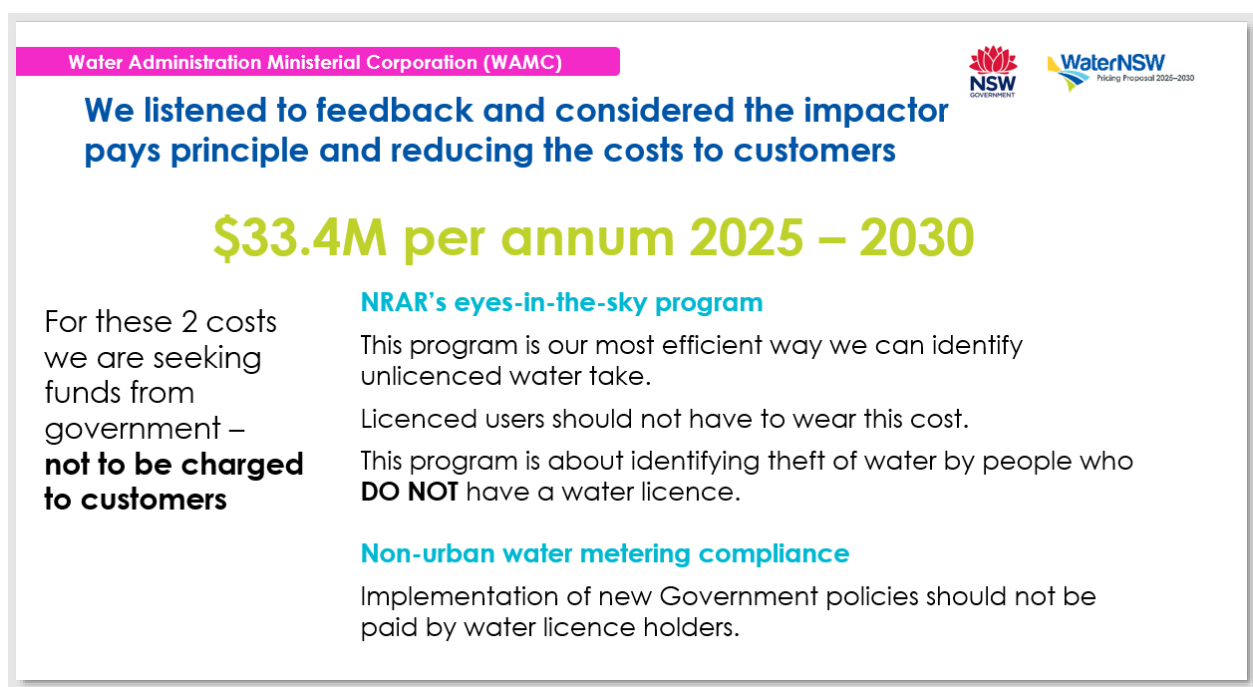
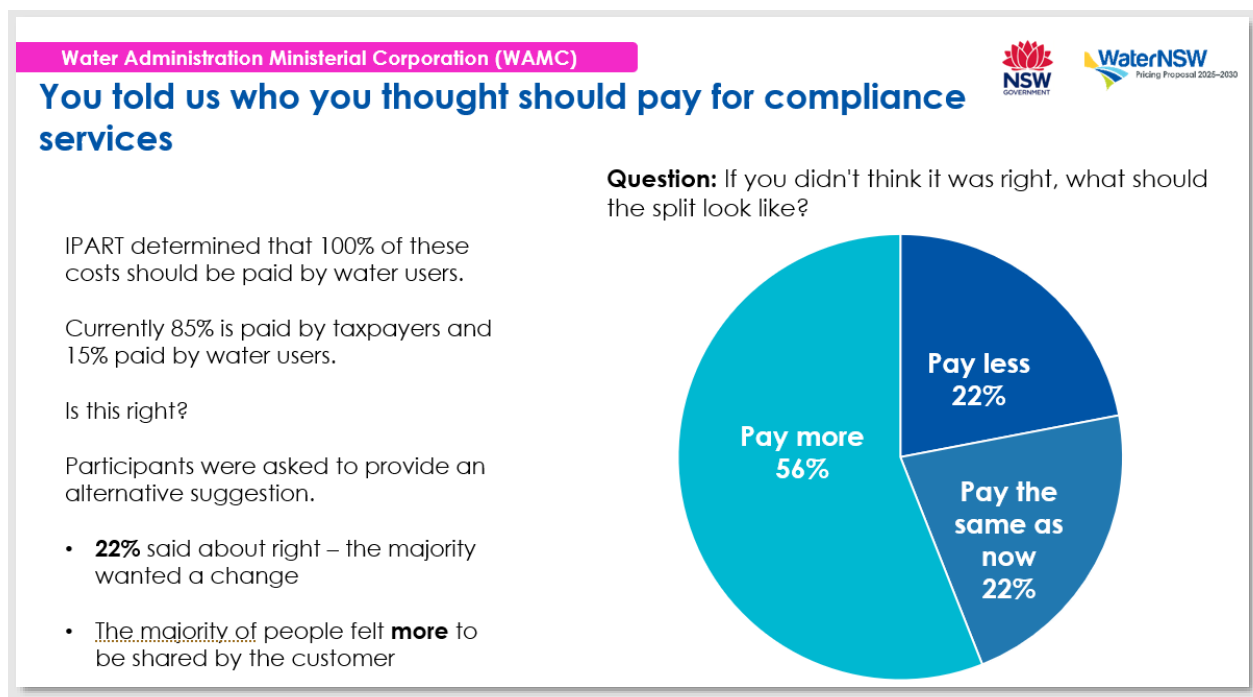
What does the DPE NSW Water Strategy commit to?

The NSW Water Strategy commits the Department to **review water allocation and water sharing** in response to **new climate information**

2021 NSW Water Strategy, Action 4.2



5.2.2 Compliance costs




5.3 Working group 3 – February 2024

5.3.1 Impacts of different price increases

Water Administration Ministerial Corporation (WAMC)

NSW Government WaterNSW Pricing Proposal 2025–2030

Impacts of different price increases on large customers



Peter is farming in the **Border Rivers valley** and is licensed to take water from an **unregulated river**.

The farm needs General Security water.

He has a **6,000 megalitre entitlement**, and this year used **3,600 megalitres**.

This currently costs Peter **\$23,700 a year**, not including his metering charges.


If IPART had not capped price rises, **today** Peter would be paying around **\$45,100** per year. For the 2025-30 price determination period, if IPART considers a cap is still required to transition towards full cost recovery:

- In 2029-30 Peter would pay **\$26,700 with a 2.5% cap**
- In 2029-30 Peter would pay **\$37,200 with a 10% cap**

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NSW Government WaterNSW Pricing Proposal 2025–2030

Impacts of different price increases on environmental water licences



Jane works for the **Environmental Water Holder**.

The NSW and Commonwealth Governments hold water licences and release water from dams to support native plants and animals when they need it. This helps keep rivers healthy to support businesses and communities into the future.

Environmental water licences are general security licences.

This licence in the **Lachlan regulated river** has a **52,200 megalitre entitlement** and there were no environmental releases for this licence this year.

This cost the Environmental Water Holder **\$92,400 in WAMC charges**.

If IPART had not capped price rises, **today** the WAMC bill for this licence would be around **\$136,400**. For the 2025-30 price determination period, if IPART considers a cap is still required to transition towards full cost recovery:

- In 2029-30 the bill for this licence would be **\$95,678 with a 2.5% cap (plus inflation)**
- In 2029-30 the bill for this licence would be **\$126,500 with a 10% cap (plus inflation)**

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5.4 E-newsletter articles – engagement on water management priorities for 2025–2030

The department’s ‘Water News’ e-newsletter (enews) has 4,800 subscribers across licensed and non-licensed customers, peak bodies and associations, government agencies and local council subscribers.

As Water News has a higher than industry opening rate of 34%, regular enews articles were published across 2023–2024, to provide transparency that preparation of the WAMC pricing proposal was underway, report back on priorities heard across our engagement and how they would be addressed through the pricing proposal, as well as to inform of anticipated increased WAMC costs for 2025–2030.

March 2024 Water News enewsletter article:

Customer priorities to shape our water management plans and services for 2025-2030

The department, WaterNSW, and NRAR have been engaging with customers and community across coastal, central, north west and south west valleys to better understand their water management priorities. We are also seeking feedback on options to potentially continue the cap on annual price rises for the water management services the agencies deliver from 2025-2030.

Some of the key priorities we heard are:

- Water users value that the NSW Government and users share the efficient costs of water planning and management.
- Sustainable water resource management to balance the needs of businesses, the environment, and the community is important.
- Customers want us to keep building greater trust and confidence in decision making.
- Customers and community support an efficient and an effective compliance and enforcement program.

Our 2025-2030 proposal will reflect these priorities.

We will submit an efficiency plan as part of our proposal to the Independent Pricing and Regulatory Tribunal (IPART) in September 2024. This plan will outline how we will deliver our services in the most efficient way we can. IPART will assess this as part of its determination of customer prices for 2025-2030.

Listening to your priorities for water management and customer services in 2025-2030

The Department of Planning and Environment-Water, WaterNSW, and the Natural Resources Access Regulator deliver water planning and management services for our state's water resources. Some of the costs for these services are paid by licensed customers, with the rest by the NSW Government through taxes.

We are looking at ways to improve these services in 2025-2030, in response to customer and stakeholder feedback. This includes creating an enhanced customer portal to manage customer's water related data, and extending the water monitoring network to provide water quality information in high priority rivers and ground water sites.

Our initial modelling indicates that costs to deliver our required services in 2025-2030 will increase. Key drivers of costs over the period are:

- the need to invest in our data and systems to improve outcomes and customer experiences
- ensuring water management plans respond to climate variability and the impacts on customers and community

In February 2024, we will seek further feedback from customers on proposed costs and prices for water planning and management services in 2025-2030. This will include how costs are shared between customers and government.

Listening to your priorities for water management services in 2025-2030

The Department of Planning and Environment, Water NSW and NRAR have been meeting with Customer Advisory Groups around the state and conducting an extensive Voice of the Customer phone survey. We are seeking community and customer views on water services and management delivered by each agency under the banner of the Water Administration Ministerial Corporation (WAMC).

The feedback gathered will help us plan the water management services that WAMC will deliver in 2025-30, and to prepare our pricing proposal to the Independent Pricing and Regulatory Tribunal (IPART) in 2024.

Some of the priorities we have heard so far include:

- a clearer bill which explains which costs are for which agency
- the need to incorporate local knowledge in water management decisions
- clearer water sharing rules so that people understand how to comply.

This consultation is being conducted over many months and we will keep you informed about opportunities to have your say as we continue to gather your feedback through other forums and surveys in the coming months.

5.5 Update on WAMC pricing proposal priorities and proposed cost increases for 2025–2030

The Water Engagement Roundup is a monthly webinar hosted by the department to give transparency on water management and planning services and activities, including opportunities for attendees to have their say on upcoming engagements. In December 2023, the Deputy Secretary for Water included a high-level update on the WAMC pricing proposal.

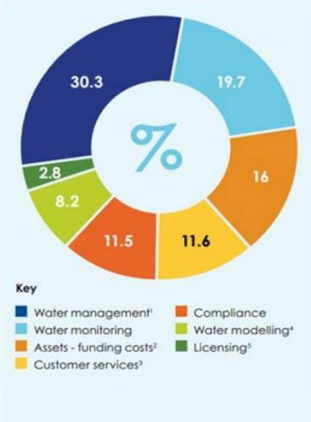
Pricing proposal for water management services

We are undertaking significant consultation on our pricing proposal (1,188 licence holder surveys, stakeholder interviews, online working groups across 4 regions)

Key improvements we are investing in:

- an enhanced customer portal to manage customer’s water-related data
- improving the extent of the water monitoring network
- greater availability of the water modelling and data that informs decision-making.

WAMC Initial modelling indicates increased costs in the period 2025-30



Category	Percentage
Water management ¹	30.3
Water monitoring	19.7
Assets - funding costs ²	16
Customer services ³	11.6
Compliance	11.5
Water modelling ⁴	8.2
Licensing ⁵	2.8

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