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Mr Andrew Gregson
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NSW Irrigators' Council
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Dear Mr Gregson

DEFERRAL OF IPART'S 2014 PRICE REVIEW FOR THE NSW OFFICE OF WATER

Thank you for your enquiry regarding the NSW Office of Water's (NOW) request for a 12 month extension of the current pricing determination for NOW's water management charges and transaction fees (letter dated 3 April 2013).

We understand that the NSW Irrigators' Council (Council) does not object to the 12 month extension of the current determination, subject to the following conditions:

- ▼ IPART considers the reduced payments from NSW to the Murray-Darling Basin Authority (MDBA) and applies that reduction to sums recovered through NOW's charges; and
- ▼ no adjustment for CPI be allowed in the absence of a determination.

The Tribunal has decided to defer the review for 12 months for the reasons outlined in NOW's request. We expect to begin the next price review in 12 months with new prices to be effective from 1 July 2015.

Our decision to defer the review means that the current determination remains in place and the maximum prices prevailing at 30 June 2013 will remain constant in nominal terms until we make a new determination. Prices will not be adjusted for CPI during this period.

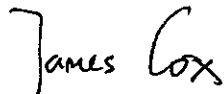
We understand from the Council's first condition (referred to above) that the Council considers that IPART should amend the current determination to reflect reduced payments to the MDBA in NOW's charges. However, under the *Independent Pricing and Regulatory Tribunal Act 1992*, we cannot amend an existing determination. We can only do so by making a new determination, which involves conducting a full price review. When we conduct the next price review, we will consider the appropriate amount of MDBA contributions that can be recovered through NOW's charges.

We also note that while we accepted NOW's forecast contributions to the MDBA in the current determination, we decided to not increase the user share of MDBA contributions in

prices as proposed by NOW. NOW proposed a user share of around \$6 million in each year of the current determination period (\$2009/10). However, we maintained the user share at the same level as allowed for in the previous determination of about \$1.69 million per annum (\$2009/10). The remaining portion of NOW's proposed user share of the MDBA contribution is to be funded by the NSW Government.

For further information please see our website (www.ipart.nsw.gov.au). Any inquiries should be directed to Lucy Garnier on (02) 9290 8453 or Jean-Marc Kutschukian on (02) 9113 7708.

Yours sincerely



James Cox PSM
Chief Executive Officer
and Full Time Member