

IMPROVING RURAL WATER CHARGING ARRANGEMENTS – HAVE YOUR SAY

The Independent Pricing and Regulatory Tribunal (IPART) has released for comment a Discussion Paper on the options available to improve rural water charging arrangements.

“The NSW Government has requested our advice on ways to improve the water charging system that better reflect business cash flows and State Water’s and the Office of Water’s financial viability.” said Mr Jim Cox, CEO IPART.

The Discussion Paper examines the options available to change the current structures of rural water pricing and improve State Water’s and the Office of Water’s customer hardship policies.

“Payment terms are one option that can be used to mitigate the impact on customers’ cash flows in times of low water availability. The Paper sets out a number of options to change the structure of prices and the different impacts of these for farmers, State Water, the Office of Water, economic efficiency and the State Budget. We are seeking stakeholders’ feedback on the options.” said Mr Cox.

Some of State Water’s and the Office of Water’s activities are provided for reasons other than to manage water used by customers. For example, they may be required for environmental management or to mitigate flooding. In the past IPART has recognised this by setting prices through a system known as cost shares. This ensures that customers pay only for activities that are required for managing water.

“From July 2014, the ACCC- not IPART - will regulate State Water’s Murray Darling Basin activities. This has implications for the future of current arrangement for cost sharing.”

“Our preliminary view is that that cost sharing is justified and should continue. We think the current ratios should remain in place with periodic reviews to ensure the ratios remain appropriate and that the activities have not significantly changed. We propose the ratios should next be reviewed in 2017.”

IPART held stakeholder workshops in Griffith (12 June) and Narrabri (15 June) to gather stakeholder views on the issues.

“We are encouraging rural water users and other stakeholders to make their views heard. Submissions are due by 10 July. People are also invited to participate in a public hearing that we will hold on 3 July in Sydney,” said Mr Cox.

The Discussion Paper and details of the public hearing are available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

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