

MDBA submission to the ACCC in relation to State Water's Pricing Application for Regulated Charges from 1 July 2014

MDBA wishes to provide commentary on one aspect of the draft NSW State Water pricing submission. In particular, the submission proposes to exclude the collection of bulk water charges relating to the NSW portion of the joint venture costs for running the River Murray System. The effect of this is that from 1 July 2014, bulk water charges would not be collected for the NSW River Murray System, and high security customers would enjoy a reduction in their entitlement costs of 53% (p4, State Water submission).

If this proposal eventuates, it would appear to be inconsistent with the pricing principles of the National Water Initiative and the water charging objectives of the Water Act 2007, which MDBA understands was intended to ensure that the NWI pricing principles were applied across the Murray-Darling Basin in a consistent manner.

The State Water submission (p3) implies that there is a legal basis for the State Water position, related to the definition of 'bulk water charges' under the Water Act 2007. MDBA understands that the Australian Government is seeking clarification of the State Water position on this issue, and is working with the NSW Government to find a solution.

MDBA suggests that, in the absence of a legal or administrative solution being found to this issue in the short term, the ACCC and NSW governments should consider an alternative arrangement to avoid the situation in which one group of water users within the State enjoy a competitive advantage relative to other water users in the State. For example, one possible alternative would be to extend the existing price determination made by IPART as it applies to the relevant charges, until such time as a solution is found.

The MDBA would be pleased to clarify any issues in the above submission if needed.