

MEDIA RELEASE

Pricing Framework fails on public interest objectives

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A new cost-sharing framework is the only way forward, NSW Irrigators' Council told the Independent Pricing and Regulatory Tribunal (IPART) at today's public hearing on proposed water charges over the next four years.

"The current pricing framework does not allow climate change impacts or public interest objectives to be factored in. This is fundamental omission when these will be key drivers in water management and infrastructure this decade," said NSWIC CEO, Claire Miller.

Irrigators have long paid the costs for water management and infrastructure on behalf of everyone, under what is known as the 'impactor-pays principle'.

"Few people realise irrigators already pay for 80% of capital expenses, and 100% of operational expenses, to manage our waterways. This is an incredibly high proportion of costs, when irrigators use only around 25 per cent of total flows.

"Managing our waterways and water supply is a shared responsibility, and that means the public interest costs need to be shared, too.

"It's hardly a sustainable funding model when climate science forecasts less water available for irrigators (and hence farm incomes) but the costs are rising to manage an increasingly scarce resource to supply towns and support the environment. The equation just doesn't add up."

NSW committed to the National Water Initiative in 2004, which clearly identifies a 'user-pays' principle as the fair, transparent and efficient way of setting prices. "There is no reason why NSW, as a NWI signatory, should not adopt the user-pays approach," Ms Miller said.

"The water reforms of the last decade were important for public confidence, but irrigators have worn adverse impacts on production. It rubs salt in the wound to be asked to pay for the reforms, when the benefits are also enjoyed by the environment and wider community."

NSWIC in September¹ said the proposed 22% price hike over the next four years is a blow to irrigators in the red after three years of drought. "We need IPART to step up and do its job to audit water agencies to ensure that budgeted functions are actually implemented, and that expenditure is prudent and efficient," Ms Miller said.

The full NSWIC submission is available on our website.²

¹<https://www.nswic.org.au/wordpress/wp-content/uploads/2020/09/2020-09-16-MR-IPART-Issues-Papers.pdf>

² <https://www.nswic.org.au/wordpress/wp-content/uploads/2020/10/2020-10-20-NSWIC-Submission-Review-of-NSW-Rural-Bulk-Water-Prices-WAMC-.pdf>