



National Irrigators' Council

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Review of Water Charge Rules

*Australian Government
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The National Irrigators' Council is the peak body representing irrigators in Australia, supporting 31 member organisations covering the Murray Darling Basin states, irrigation regions and the major agricultural commodity groups. Council members collectively hold approximately 7,000,000 megalitres of water entitlement.

The Council represents the voice of irrigators who produce food and fibre for Australia and significant export income. The total gross value of irrigated agricultural production in Australia in 2012-13 was \$13.4 billion. {ABS} Irrigated agriculture produces essential food such as milk, fruit, vegetables, rice, grains, sugar, nuts, meat and other commodities such as cotton and wine. The Council aims to develop policy and projects to ensure the efficiency, viability and sustainability of Australian irrigated agriculture and the security and reliability of water entitlements.

National Irrigators' Council Principles

The National Irrigators' Council objectives:

To protect or enhance water as a property right and to champion a vibrant sustainable irrigation industry.

The Council's objectives are underpinned by the following principles to guide its policy decisions:

- *A healthy environment is paramount
 - *Sustainable communities and industries depend on it**
- *Protect or enhance water property rights
 - *Characteristics of water entitlements should not be altered by ownership**
- *No negative third party impacts on reliability or availability
 - *Potential negative impacts must be compensated or mitigated through negotiation with affected parties**
- *Irrigators must be fully and effectively engaged in the development of relevant policy*
- *Irrigators expect an efficient, open, fair and transparent water market*
- *Irrigators require a consistent national approach to water management subject to relevant geographical and hydrological characteristics*
- *Irrigators expect Government policy to deliver triple bottom line outcomes*
- *Regulatory and cost burdens of reform must be minimised and apportioned equitably.*

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List of abbreviations

ESCV	Essential Services Commission of Victoria
GL	Gigalitre (one billion litres)
IPART	Independent Pricing and Regulatory Tribunal (NSW)
MDB	Murray-Darling Basin
MDBA	Murray-Darling Basin Authority
ML	Megalitre (one million litres)
NOW	NSW Office of Water
NSP	Network Service Plan
NWI	National Water Initiative
WCIR	Water Charge (Infrastructure) Rules 2010
WCPMIR	Water Charge (Planning and Management Information) Rules 2010
WCTFR	Water Charge (Termination Fees) Rules 2009
WMI	Western Murray Irrigation Limited
WMR	Water Market Rules 2009
WPM	Water Planning and Management
WTR	Water Trading Rules

General comments

The Water Charge (Infrastructure Rules) 2010, Water Charge (Termination Fee) Rules 2009, and the Water Charge (Planning and Management Information) Rules 2010 were developed after significant consultation throughout the Basin. The National Irrigators' Council (NIC) members note that after some years of experience with the rules there is a real opportunity to make amendments to the rules to reduce the administrative burden on businesses and the ACCC without removing or altering the principles for the rules and without reducing the ACCC's authority to regulate/maintain oversight of Irrigation Infrastructure Operators' (IIOs) charges

NIC members are seeking a reduction in regulation. It is generally accepted that the basis for the water charge rules and water market rules is sound. We contend however, that there is an opportunity for some changes in implementation and enforcement. It is also important that current rules are applied on a consistent basis, particularly with regard to state/private compliance under the water market rules.

The NIC has frequently emphasized the significant costs involved in members' complying with water charge rules, particularly the Water Charge (Infrastructure) Rules and it contests the recent, and very modest, estimate of financial impost of such compliance as calculated by the Commonwealth Interagency Working Group examining related recommendations made by the Expert Panel that recently reviewed the Water Act).

There are opportunities for significant savings in compliance costs without jeopardising outcomes of the rules if the ACCC adopted a 'by-exception' approach to aspects of the compliance requirements it currently levies on IIOs. Such an approach would see IIOs provide sufficient information to allow the ACCC to monitor pricing but only require IIOs to justify their pricing in the event that the ACCC received complaints about that pricing or in the event that it formed the view that an IIOs pricing variation from one season to another warranted closer scrutiny.

A key issue raised by State agencies is that the rules are not national rules but rather rules for the Murray Darling Basin and as States are required to operate within and outside the Basin, this results in duplication in regulation and costs.

While the water charging principles require policies to ensure consistency across sectors and jurisdictions¹, the reality is that no two irrigation customer groups, IIOs and/or irrigation catchments are the same. This principle should be acknowledged as 'aspirational' rather than achievable. In suggesting this, NIC is not suggesting that IIOs should have 'free reign' when it comes to pricing – rather that IIOs should be free to construct their prices according to their particular circumstances in full knowledge that their customers have recourse to the ACCC if they consider the prices unreasonable.

¹ Water Act 2007, Schedule 2, Part 3(7)

Differentiation between member and non-member based infrastructure operators should continue to be recognised within the WCIRS as both have very different levels of accountability to their customers. Most member-based IIOs' business models are underpinned by a fundamental reality – their businesses are owned by in large by their customers. Rather than continuing to view member-owned IIOs as monopolies, NIC submits that the ACCC ought to work on the premise that customers in such businesses have unparalleled leverage – they elect the Board, have almost daily access to Board members and Management and a direct say in who runs the business, how the business is run and the future direction of the business. If they do not like the way the business is operating, they have access to IIO rules and constitutions that enable them to bring about change. NIC also notes that customers that are dependent on Government owned irrigation schemes or listed corporations do not enjoy the same degree of access or control.

The Water Charge Termination fee rules are strongly supported by NIC. With the significant water reform still occurring in the Basin and the massive movement of water from private hands to public hands, stranded assets continue to be a real risk. IIOs need time to adjust so that the remaining irrigators do not carry the burden caused by exiting irrigators.

Response to Specific Questions Raised in the Issues Paper

Opportunities to reduce cost to industry and governments (Questions 1-2)

1. Can you identify areas where you believe there is significant scope to simplify or shorten the water charge rules while still achieving effective regulation?
2. Can you identify options for amending the water charge rules requirements in the water charge rules where the costs of compliance outweigh the benefits achieved?
Could the benefits be achieved through a different approach to regulation?

Question 1: Whilst the NIC supports the differentiation between member and non-member organisations, it seeks the removal of the Tier 2 classification and removal of Part 5 of the Water Charge (Infrastructure) Rules in favour of redesignating the related IIOs within Tier 1 and having them come under Part 3 and Part 4 conditions. This would result in significant cost reduction for the related IIOs and the ACCC without detriment to customer rights.

Question 2: The NIC believes that after five years of proactive compliance by the ACCC, industry compliance with the rules could easily be achieved by pursuing compliance through a 'by exception' approach. Such an approach would in no way diminish customer rights or IIO compliance obligations but it would reduce business costs for both IIOs and the ACCC – costs which in the case of IIOs are passed onto the very customers the ACCC seeks to protect.

The Basin Water Charging Objectives and Principles (Question 3)

3. How could the water charge rules more effectively contribute to achieving the Basin water charging objectives and principles?

The significant interstate trading of water allocations and entitlement would indicate that the current arrangements are not an impediment to efficient use of water or water migrating to its most efficient use.

Drafting amendments to improve clarity (Question 4)

4. Are there any particular provisions of the water charge rules that are not clearly drafted, unnecessarily complex or otherwise ambiguous? How could this drafting be improved?

The Network Service Plan (NSP) requirements embedded in the WCIRs are overly prescriptive and excessive. IIO customers have clearly 'voted with their feet' by failing to avail themselves to the opportunity within the related rules to provide input into the formation of the IIOs business plans. This is reflected by the fact that, of our Tier Two operator members, not one of them received significant feedback on their network consultation papers for input into the NSP. In the view of the NIC, this not because the customers are not interested in those plans, but because the IIOs normal business processes already provide the opportunity for such input.

Combining the water charge rules and water market rules (Question 5)

5. What do you think are the advantages and disadvantages of combining the water charge rules into one set of rules and/or combining the water market rules with the water charge rules?

There are advantages in having all the Rules incorporated into one set of Rules; however, the cost of doing so should not outweigh the logic and convenience of a single set of rules.

NIC's members would welcome the opportunity to report to fewer Government regulators/agencies and considers that consolidation of the water charge rules and water market rules under the umbrella of the ACCC has the potential to not only reduce the cost and impost of regulation, but also to make for a more cohesive and more consistent approach to regulation. NIC considers the argument that the ACCC lacks knowledge of water operations and the Basin and this would limit its ability to be take on an expanded role, to be a very limited one because the Authority could access the related knowledge through Basin States, peak bodies or the market.

ACCC guidance material (Question 6)

6. Is the ACCC's guidance material useful? In what ways could it be improved?

NIC finds the ACCC's guidance material useful in some instances and overly complex or caveated to the point where it is less useful in others. NIC values the ACCC's willingness to engage in face to face conversation the most useful form of guidance offered by the ACCC.

Enforcement and compliance approach (Questions 7 and 8)

7. What are your views on how the ACCC has used its enforcement powers in relation to the water charge rules?
8. How could the ACCC improve its approach to achieving compliance with the water charge rules?

The compliance regime should be one of co-operative rectification. Fines and heavy penalties should be an outcome of last resort because ultimately those fines are borne by the customer owners of the IIOs i.e. the same people the ACCC seeks to protect. NIC also considers that the ACCC should take into account whether non-compliance is a consequence of inappropriate intent, poor systems or a lack of understanding; the scale of the breach and whether the offending IIO has previously breached the IIOs before deciding to impose fines.

A compliance regime with fines and other measures, should be used as a last resort.

Future reviews of the water charge rules (Question 9)

9. What are the advantages and disadvantages of indicating in advance the timing and scope of future reviews of the water charge rules?

NIC holds the principle that irrigators must be fully and effectively engaged in the development and the implementation of relevant policy. NIC's members have been required to embrace an unprecedented amount of water reform in the last decade with varying levels of engagement and consultation. Reviews provide an opportunity to engage with industry and are supported but only where the need for the review is justified and the scope is well understood before commencement.

Tiered regulation of infrastructure operators. Definitions and differentiations (Questions 10-14)

10. How do you think the WCIR could be amended to improve the clarity of the criteria used to determine infrastructure operators' size and ownership?
11. Do you think the differential treatment of member owned operators is still appropriate?
12. Do you think member owned operators have sufficient regard to the interests of all their customers, particularly smaller customers, when determining their charges and tariff structures?
13. What are the advantages and disadvantages of the tiered regulatory approach in the SCIR? Do you think the criteria are set appropriately?
14. Are there other types of price discrimination that are of concern (including by infrastructure operators that are not member owned)?

The NIC contends that there should be no differentiation between member-owned Infrastructure operators.

Tier One regulatory requirements should apply consistently to all IIOs regardless of size, volume or membership, although NIC would be comfortable with IIOs who own less than the equivalent of 10GL water entitlements being exempted from the requirement to publish their charges.

As argued earlier in this submission, Tier Two regulatory requirements (Part 5) are onerous and costly and have led to some inequity in the treatment of IIOs and the associated compliance costs passed onto irrigators.

Tier Three regulatory requirements protect irrigators and IIOs from monopoly pricing regimes. It is only fair that bulk water providers be regulated and subjected to a transparent pricing determination regime.

NIC suggests the WCIR embrace two-tiers, based on the existing Tiers 1 and 3, only.

Part 5 of the WCIR, the requirement for private, member owned IIOs to consult on and produce a Network Service Plan, should be removed.

Schedule of charges (questions 14-20)

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| <p>14. Are there other types of price discrimination that are of concern (including by infrastructure operators that are not member owned)?</p> <p>15. Are there non-regulatory measures that should be considered to address the potential for detrimental price discrimination by infrastructure operators?</p> <p>16. Are there any non-regulatory measures that could ensure the provision of accurate and timely information about infrastructure operators' regulated charges?</p> <p>17. Are the schedules of charges produced by infrastructure operators sufficiently clear and detailed to meet the needs of customers and potential customers?</p> <p>18. Would a prescribed template enable easier comparison across infrastructure operators? Would it assist infrastructure operators to comply with the pricing transparency requirements of the WCIR?</p> <p>19. Are the publication requirements in relation to schedule of charges appropriate?</p> <p>20. In what circumstances should an infrastructure operator be exempt from the obligation to include all their regulated charges in their schedule of charges? What procedural requirements should they be required to meet?</p> |
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Increasing competition in the agriculture sector, including the irrigation industries, is leading to increased focus on transparency.

NIC supports the requirement for IIOs to provide customers with a schedule of charges and the need for the publication of the schedule if the IIO owns or managed more than 10GL equivalent water entitlements.

As attractive as the prospect of ready comparisons of IIO pricing might seem, those who have attempted such an exercise (ACCC, NWC and the IIOs themselves) know that the exercise is fraught. NIC again makes the point that no two irrigator customer groups, IIOs or water catchments are the same and service levels within IIOs also vary. NIC does not therefore believe a prescribed template would be beneficial.

NIC would support more uniformity in terminology. Rather than developing a template for the schedule of charges, the ACCC should produce a glossary of terms to be used in the

schedule. NIC also notes that the requirement to publish the schedule of charges, combined with the Part Three rules, act as a deterrent for price discrimination.

Part One, Rule Three, clause six (3(6)) of the WCIR require an IIO to provide or give a copy of a document to its customers. The document may be provided in electronic form either attached to an email or as a hyperlink to the customer's email address. However, advice provided by the ACCC to the NIC IIO sub-committee was that, unless an IIO could guarantee that 100% of customers had access to email or computer, this information must be physically mailed to all customers. This adds to the cost burden of complying with the WCIR. One member estimates that each update to their schedule of charges costs the company over \$5,000 in postage fees alone.

The NIC does not support the introduction of a template for the Schedule of Charges.

The NIC recommends the ACCC produce a glossary of terms to be used in the Schedule of Charges.

The NIC recommends the ACCC allow IIOs to publish the schedule of charges and advise customers of its existence rather than physically providing hard copies to all customers.

Network Services Plan (questions 21-23)

21. What are the advantages and disadvantages of requiring Part 5 operators to publish their NCP and NSP online, instead of the current requirement to ensure all customers are aware of and can access these documents?
22. What do you think the advantages and disadvantages of removing the requirements for Part 5 operators in relation to NCPs and NSPs are?
23. Are there alternative ways to ensure an operator's customers are aware of, and have input into, planned water infrastructure investment, other than the NCP and NSP provisions of the WCIR?

All but one of the current Part Five operators are member owned IIOs governed by member-elected Boards. As previously mentioned, members have opportunities to engage with the IIO through annual general meetings and other avenues developed by the individual companies. This accessibility limits the extent to which an IIO can exploit its position of being a natural monopoly and provides its customers with an inherent ability to challenge what they consider to be unreasonable pricing. In addition, IIO customers are sufficiently sophisticated to know that they also have recourse to the ACCC.

As noted in the NIC submission to the Water Act Review, the Network Service Plan (NSP) process is overly proscriptive, overly onerous, and expensive and has largely been ignored by IIO customers. NIC also notes that there is something inherently flawed in a process that sees the ACCC relying on financial and engineering consultants in numbers that often exceed the number of engineers and accounting staff available to the IIOs whose Network Service Plans are being reviewed.

NIC further notes that despite the significantly different NSPs provided by those of its members that were required to submit the first iteration, the ACCC's review reports were almost identical in structure and content. In every case the ACCC found that the IIOs charges were reasonable; that the capital works proposed were logical and that suitable arrangements were in place within the IIOs to ensure that delivery systems could be maintained into the future.

Having reached the conclusion that the IIOs are doing the right thing; that they have effective arrangements in place to manage their systems into the future; and in the face of less than one percent of IIO customer responded to the network consultation paper process during the development of the Network Service Plans, it is now time for the ACCC to remove its Network Service Plan requirements in favour of a 'by exception' approach as described previously in this submission.

The NIC recommends the requirement for IIOs to produce NSPs should be removed from the WCIR.

Determination of Regulated Charges (Questions 24-33)

24. What other measures could be used to address the potential misuse of market power by large infrastructure operators, beside the approval or determination of regulated charges under the WCIR? What are the advantages and disadvantages of these measures?
25. Are there ways to reduce the regulatory burden of information requirements relevant to a Part 6 operator without compromising the regulator's ability to properly approve or determine the operator's regulated charges?
26. Should the WCIR impose different time limits on the regulator in relation to regulated water charge approvals or determinations?
27. Should the WCIR impose a statutory deadline by when a Part 6 operator must lodge its application?
28. Are the provisions relating to regulatory periods set out in the WCIR appropriate?
29. Are the tests set out in rule 29 sufficiently clear to regulators and operators?
30. What are the advantages and disadvantages of the ACCC's pricing principles defining the terms used in the BWCOP and/or ordering them into a hierarchy to guide the discretion of regulators and provide greater certainty to industry participants?
31. Are the provisions regarding the annual review of regulated charges for Part 6 operators appropriate?
32. Are there better alternatives (to the annual review process in the WCIR) for updating regulated charges when demand or consumption forecasts change?
33. Are the requirements that must be met before an approval or determination of regulated charges can be varied set appropriately?

The WCIR outline the rules and process to determine bulk water charges for non-member owned infrastructure operators that service greater than 250GL equivalent held water entitlements.

As noted in the Explanatory Memorandum for the WCIR, a key element of this reform is a consistent approach to the pricing of water storage and delivery services across the Basin and notes that each of the States (preceding the WCIR) had different arrangements in place for regulating fees and charges levied by operators.

These different arrangements had been developed by the states over time to suit the infrastructure and industries in that specific State. The intent to have consistent pricing regimes is good, however, the reality is that each State still has unique circumstances and management systems in place.

Further, the WCIR only apply to bulk water charges in the Murray-Darling Basin. Therefore, where a bulk water provider operates within and outside the Basin there is duplication in process, regulation and costs.

The result of the implementation of the WCIR is that States that were already regulated now have an additional layer of bureaucracy, as do private and public IIOs, while States that have not been regulated in the past are still not captured. For example private diverters in South Australia pay no bulk water charges, unlike diverters in Victoria, Queensland and NSW where there was already a rigorous price determination process in place prior to the WCIR

The NIC supports approval or determination of regulated charges which provides irrigators with a level of transparency in pricing.

A key issue for NIC members is the timing of the release of the final determinations. As most IIOs work to a traditional financial year (1 July – 30 June), they update fees and charges to apply from 1 July. Member owned IIOs are responsible to a Board and must follow a process to receive Board approval of changes to the fees and prices schedule. Further, all must comply with the WCIR to provide customers with the regulated notice prior to implementing changes to the fees and prices.

Currently the practice has been for the ACCC to announce final determinations in June prior to the bulk water provider implementing prices in July. This does not provide IIOs enough time to include final bulk water charges when undergoing their annual price review.

NIC recommends changes to the WCIR to provide that determination of regulated charges be finalised by the end of April each year to allow time for IIOs to calculate the impact on charges, follow their approval process and give customers the regulated notice of changes prior to the opening of the financial year.

Distributions (Questions 34-36)

34. Should the requirement in the definition of Part 7 operator that the operator is member owned be removed?
35. Should the definition of a Part 7 operator extend to an infrastructure operator that makes a distribution to some (but not all) of its related customers?
36. Are there examples of non-financial distributions that might provide material benefit to related customers?

The NIC has no comment.

Appeal mechanisms under the WCIR and lessons learnt from other sectors (Questions 37-38)

37. What models for review of administrative decisions have been successfully adopted in other infrastructure sectors? What are the arguments for and against applying these models to the water sector under the WCIR?

38. Who should have the ability to appeal a decision under the WCIR?

The NIC is opposed to a merits review process. The experience of many NIC members who are stakeholders in the electricity industry, is that the merits review process has seen a failure to produce positive results for the customers. There is risk that a merits review process will land in favour of the stakeholder that has the financial resources to fund any challenges and the expertise to assemble a case.

The NIC would support an Ombudsman review process only if it covered all aspects of the Water Act, the MDBA Plan and associated Federal and State government rules, regulations and operations. The NIC would not support such a review process if it was only limited to the 3 Rules being reviewed.

Accreditation of Basin State regulators (Questions 39-40)

39. What are the advantages and disadvantages of accrediting Basin State regulators?

40. Do you think the current procedure for accrediting Basin State regulators under the WCIR could be improved?

Where a bulk water supplier operates within and outside the Basin, accreditation of a State regulator can reduce duplication and administrative burden for the bulk water supplier.

Currently the Essential Services Commission in Victoria is accredited under the WCIR allowing one body to review and determine water prices across the whole State. By comparison, in NSW Basin water charges are regulated by the ACCC while charges outside the Basin are determined by the Independent Pricing and Regulatory Tribunal (IPART). If IPART were accredited there would be one agency responsible for determining all water charges across the State – as was the case prior to the introduction of the WCIR.

Differences in charging arrangements (Questions 41-44)

41. Under what circumstances could differences in charging arrangements between infrastructure operators distort an irrigator's decisions regarding water use or trade?

42. Are there examples of infrastructure operator charging practices imposing a barrier to trade?

43. What measures could be taken to address any distortions arising from different infrastructure operator charging practices?

44. Should there be a general requirement for all infrastructure operators' charging arrangements to be consistent with the Basin water charging objectives and principles?

Most IIO networks, with State water management regimes, have evolved over time to suit the geography and industry of the area. For this reason there is significant diversity between them and pricing consistency is not possible.

The Water Trade Rules preclude IIOs or State bulk water operators imposing restrictions on trade.

As mentioned previously, most member owned IIOs are accountable to their customers and shareholders to an extent replicated in very few other customer groups and this accountability acts as a deterrent to practices that could result in price distortions.

Further, while IIOs are natural monopolies, there is competition for the investor dollar. The drive for industry innovation and regional investment also acts to limit IIOs from implementing unreasonable charges.

MDBA and BRC charges

NIC members remain concerned that the same level of public scrutiny is not applied to MDBA river operations charges which, while paid by State Governments, are recovered from water users at least in NSW through Water NSW charges regulated under the WCIR or from natural resource management levy payers in South Australia.

NIC believes that where MDBA and Border River Commission costs are passed through via regulated charges, the ACCC should scrutinise those charges to ensure they are fair and efficient.

Transparency of cost pass-through (Question 49)

49. Should the WCIR regulate how WPM and bulk water charges incurred by infrastructure operators are passed on to customers?

The NIC does not support additional regulation on IIOs and does not believe regulating how bulk water charges and water planning and management charges are passed on to customers is necessary.

The nature of the IIOs business structures and the rules that underpin those structures gives IIO customers a level of leverage far in excess of a normal customer-supplier relationship.

Method of calculating termination fees (Questions 50-51)

50. Is the definition of the TNAC (total network access charge) used in the WCTFR (water charge termination fee rules) clear and appropriate?

51. Do you think the approach to termination fees could be modified in order to improve the operation of markets?

To the best of NIC's knowledge, the matter of the level at which termination fees are set, and the rules that underpin termination fees, was not a matter that attracted submissions during the review of the Water Act.

The NIC contends that the definition of TNAC used in the WCTFR is clear and appropriate. The conditions being experienced in the Murray Darling Basin and reasons for these rules have not changed. There is no evidence that the approach to termination fees is impeding the operation of markets.

Circumstances in which a termination fee can be imposed (Questions 52-53)

52. Do you have any concerns about the limits on when a termination fee can be imposed under the WCTFR?

53. Do the WCTFR inhibit IIOs from making efficient network augmentation or rationalisation decisions? If so, how?

NIC member feedback suggests that the current limits on when a termination fee can be imposed under WCTFR, are appropriate and that the WCTFR do not inhibit IIOs from efficient network augmentation or rationalisation decisions.

Approval of additional termination fees (Questions 54-59)

54. Are the application requirements for approval of an additional termination fee appropriate?

The NIC has no comment.

WCPMIR and the utility of published information (Questions 55-62)

55. Should Basin States be required to publish information about their WPM charges?

56. Have you accessed and used the information published on WPM charges under the WCPMIR by Basin States? If so, was the information useful to you and how did you use the information?

57. What are the compliance costs associated with the WCPMIR?

58. What changes to the WCPMIR could be made to enhance their effectiveness? How could the obligations in the WCPMIR be reduced, expanded or amended to make them more effective?

59. Should some or all of the WCPMIR be repealed? Please explain the reasons for your views?

60. Is the level of detail of information required to be published under the WCPMIR about WPM charges appropriate?

61. Are there specific requirements to publish information in the WCPMIR that are unnecessary, onerous, unreasonable or unduly costly?

62. Are there specific requirements as to the timing and place of publication of information that are unnecessary, onerous, unreasonable or unduly costly?

The publication of these charges is consistent with the operation of transparent water pricing across the Murray-Darling Basin; however, the effectiveness of these rules is limited to transparency of charges rather than determination of charges and therefore the ability for stakeholders to participate in an open and transparent determination process is dependent on the State involved.

The NIC supports transparency but urges the ACCC to consider whether the publication of these charges is already facilitated under State regulations to minimise duplication.

Conclusion

The NIC supports the overall objectives of the Water Charge Rules and does not support any reduction in the protection they provide to customers. However, as stated in the above submission, we believe that in their current form they are overly onerous and costly. This review provides an excellent opportunity to reduce the regulatory burden on IIO's and reduce the costs that are ultimately passed onto customers.