



New water market and termination fee rules to be adopted

Minister for Climate Change and Water Penny Wong has announced her decision to adopt new Water Market and Termination Fee Rules “one month from now”.

The new Rules as recommended to the Minister by the Australian Competition and Consumer Commission confirm that a Termination Fee is a legitimate charge, and require that from 1st July 2009 a Termination Fee must be set at ten times the annual infrastructure Access Charge.

This represents a significant reduction in the ability of Murray Irrigation Limited to protect remaining irrigators from the Commonwealth Government’s water recovery activities, which propose to remove large volumes of water from irrigated agriculture within the Murray Irrigation area of operation.

Murray Irrigation is now undertaking a complete review of our Charges Policy, and assessing the full extent of changes required under the new Rules. These changes are likely to be both significant and complex, as they will at least require changes to our Constitution, Charges Policy, Distribution Rules, Water Entitlement Contract and Transfer Rules Policy.

The deadline set by the Government for the implementation of all changes required under the new Rules is 1st September 2009.

As Murray Irrigation detailed in their submission to the ACCC draft rules of December 2008, the implementation of these Rules places a greater administrative burden on irrigation supply companies and an increased cost burden on irrigators in both the short and long term.

For further information on the new Water Market and Termination Fee Rules go to <http://www.environment.gov.au/water/action/market-charge-rules.html>.

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