

ORD RIVER IRRIGATION SCHEME — STAGE 1

309. Hon Ken Travers to the Parliamentary Secretary representing the Minister for Water:

- (1) What is the current cost to produce water for Ord Stage One?
- (2) What does the Water Corporation charge for water currently supplied to Ord Stage One?
- (3) Is there a plan to move to cost recovery for the supply of water to the Ord irrigation scheme, and if yes, what is the plan?

**Hon Col Holt replied:**

- (1) The budgeted annual cost of the bulk water assets for the Ord Irrigation District in 2013/14 is \$6.9 million. The Water Corporation recovers most of this cost through charges to irrigators and major commercial customers. An Operating Subsidy paid by Government covers the remaining cost (estimated to be \$0.52 million in 2013/14).
- (2) The current bulk water charge paid by Ord Stage One is \$1.35/ML.
- (3) The original charge for the bulk water supply to Ord Stage One was set by Cabinet in 1997. The price has included CPI adjustments.

The charge is a renewals price. That is, the charge does not recover the cost of any of the assets originally constructed. Instead, it is designed to ensure that the future revenue is sufficient to recover the ongoing operations, maintenance and provision for future capital expenditure.

The water supply agreement with Ord Stage One expired in 2012 and required renegotiation. Government supported the continuation of the renewals approach to bulk water pricing to Ord Stage One.