



## Water Market Rules & Water Charge (Termination Fee) Rules 2009

This Talking Water provides more detailed information about the Water Market Rules and Water Charge (Termination Fee) Rules 2009 recently announced by the Minister for Water. It is expected the Rules will be formally adopted by the Commonwealth Government in one month's time, it is possible that there may be changes to the Rules prior to their adoption. A link to the Rules and the Government's summary of the Rules as well as a more detailed information paper is on our website [www.murrayirrigation.com.au](http://www.murrayirrigation.com.au) or available from Reception in Deniliquin on 5898 3300.

**What are the Water Market Rules and Water Charge (Termination Fee) Rules?** - The Rules are legislative instruments under the *Water Act 2007 (Comm)*. The Rules legislate Murray Irrigation's conditions for the transfer (trade) of Murray Irrigation Water Entitlements from our licence and also determine how the Termination Fee on Delivery Entitlements will be calculated and applied.

**When does Murray Irrigation have to comply with the Rules?** - Murray Irrigation has until 1<sup>st</sup> July 2009 to comply with Water Charge (Termination Fee) Rules and until 1<sup>st</sup> September 2009 to comply with the Water Market Rules.

**What do the Rules cover?** – The Rules cover a mixture of policy (i.e. what is and isn't allowed) and administration requirements (i.e. procedures, timelines for processing Water Entitlement transfers and communication with member customers). They also include the timeline for moving to the new Rules.

### **What are the major differences between Murray Irrigation's current policies and the Rules?**

1. Murray Irrigation currently requires compulsory termination of Delivery Entitlements when Water Entitlements are transferred without the corresponding Delivery Entitlements. Under the new Rules, compulsory termination will not be permitted, however Murray Irrigation can require security for on-going access charges in specific circumstances.
2. The 2008/09 termination fee is based on 15 times the shadow access charge, increased for company tax. A shadow access charge is what our access charge per Delivery Entitlement would be if we collected our fixed costs from our fixed charges. Murray Irrigation's current charges policy assumes that 60% of our fixed costs are collected from fixed charges and 40% from usage (variable) charges. Under the Rules the termination fee is 10 times the actual access charge. Murray Irrigation has until the 1<sup>st</sup> July 2009 to comply with this Rule.
3. There is some uncertainty about whether the minimum of five Water Entitlements, five Delivery Entitlements and five Shares on a landholding, which is in our Constitution, is allowed.

**What is Murray Irrigation doing in response to the announcement of the Rules?** – The implications of the Rules have been assessed and work has commenced to allow the Company to introduce the changes required to comply with the Rules. This work will include providing member – customers with the opportunity to provide input directly and through the Landholder Associations, Southern Riverina Irrigators and industry groups. Murray Irrigation will also provide information to and hold briefings with key stakeholders including; lawyers, finance companies, agents, water brokers.

If you require further information about our current arrangements please contact the Share Registry Office: Lisa Byrne on 5898 3368 or Kate Headon on 5898 3367.

If you require further information about the Rules please contact Matthew Watts IT Officer on 5898 3372.

**Anthony Couroupis, General Manager**