

Chairman's Report



Murray Irrigation Limited

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The Chairman's Report from Murray Irrigation Limited Chairman Stewart Ellis is sent to Talking Water recipients on the day following the monthly meeting of the Murray Irrigation Board of Directors.

2010/11 Charges – Yesterday's Board meeting approved a two stage implementation of Murray Irrigation's 2010/11 Pricing Schedule. The Board received practical feedback from its customer meetings, and does not seek to rush changes. The first two quarters (July – December 2010) will be based on the same pricing structure as applied in 2009/10. The casual use (previously termed 'Premium Water Usage') charge will also be applied (where water use on a landholding is greater than 120 percent of Delivery Entitlements). An account administration fee of \$176 (including GST) will also be introduced to replace the \$200 minimum landholding fee. This Pricing Schedule will be published on our website, timed with next week's *Talking Water*.

The third and fourth quarters (January – June 2011) will be based on a revised pricing structure which will include features similar to those presented to the Customer meetings at the end of June, including: 1) annual landholding service fee; 2) annual outlet fee; 3) tiered per ML use fees to deliver lower prices for higher use; and 4) a lower Delivery Entitlement fee.

I wish to emphasise that the changes being considered do **not** increase Murray Irrigation's revenue, and that the 10 percent discount for on time payment of quarterly accounts will remain. The Board is containing and reducing costs and, even after inflation, the total fixed income budget increase from 2009/10 to 2010/11 (current year) is only 0.4 percent. Unavoidable increases in Government charges will need to be passed on, and we will make the government charges clear on customer accounts.

The decision to delay the introduction of the revised pricing structure to 1 January 2011:

- Allows more time for the new pricing structure to be finalised, taking into account the feedback received from customers, particularly in relation to the landholding service and outlet fees;
- Means the new pricing structure will apply after Murray Irrigation's metering strategy is finalised – this is particularly important where customers may be considering rationalising outlets;
- Provides a half-year financial effect; and
- Allows more time for the revised pricing structure to be explained to customers.

As discussed during our seven Customer Meetings held in June, key reasons why Directors believe it is important to change the pricing structure include the achievement of greater equity between customers in the recovery of Murray Irrigation's costs, and to provide customers with price signals to encourage choice about their supply points and access to the channel system.

The casual use fee will also not apply to those customers whose Delivery Entitlements were required to be surrendered by the Company during the period 2008-2009. Murray Irrigation shall soon write to each of these customers detailing this exemption.

Consultation about Murray Irrigation's next Private Irrigation Infrastructure Operators Program (PIIOP) Application – Murray Irrigation will soon commence discussions with its customers about an application for infrastructure funding from the Commonwealth Government, under PIIOP. Opportunities to participate in the development of this application will be via a round of customer meetings, scheduled to be held in late September.

2010/11 Operating Plan – The Operating Plan has been approved by the Board and shall soon be available on our website. The Plan describes how Murray Irrigation's channel system will be operated this season. It also details the 2ML Stock and Domestic Deemed Usage Credit provision for unused stock and domestic outlets – applications for this credit close at 4:00pm on Thursday 30 September. I also emphasise the importance of customers contacting their Planner to advise your 2010/11 water usage intentions – this is vital in ensuring Murray Irrigation can provide a good water delivery service, whilst also minimising expenditure.

Stewart Ellis, Chairman



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