

Security Policy – Murray Irrigation

Murray Irrigation has a policy in place that requires some customers to provide security for future fees relating to a landholding. The policy is set out in Murray Irrigation's Transfer Rules (available on our website www.murrayirrigation.com.au). It applies where a customer applies for a permanent transfer and will after the transfer, either:

- hold delivery entitlements but no water entitlements; or
- hold at least five times more delivery entitlements than water entitlements and at least 250 delivery entitlements

In these circumstances, it is possible that a landholding's capacity to generate income through irrigation activities might be diminished, while significant fixed fees accrue. The parameters above are also consistent with the *Water Market Rules 2009* (Cth).

This policy is in place as a risk management tool for the company, to ensure that appropriate means are in place to recover debts, should they accrue, and prevent the company suffering financial loss.

Murray Irrigation recommends that customers seek their own independent legal and financial advice relevant to their individual circumstances.

How the policy is implemented

In cases where less than 2,000 delivery entitlements are held, Murray Irrigation's practice is to lodge a caveat over the landholding. This is considered less onerous than providing financial security. Murray Irrigation has chosen not to retrospectively apply the security provision to all landholdings, instead only applying it to future permanent transfers from when the policy was introduced in 2009.

The basis of Murray Irrigation's caveat

Section 355 of the *Water Management Act 2000* (NSW) creates a charge in favour of Murray Irrigation over all land in our area of operations, for all fees charged by Murray Irrigation – future, current and arrears. It is that statutory charge that is the basis of the caveat.

Murray Irrigation does not seek to place itself ahead of other entities such as mortgagees or local councils; however the caveat ensures that Murray Irrigation discovers proposed dealings with the land, and makes other organisations aware of the relationship with Murray Irrigation.

What it means for customers

A caveat, in practical terms, acts as a 'sign-post' to people who will potentially deal with the landholding in the future (e.g. a purchaser) that money may be owing to Murray Irrigation.

Murray Irrigation's consent will be required to any such transactions, which might include mortgaging the property or selling it. Consent will be provided if the account is within terms, or arrangements are in place to settle the account. In the case of land sales, this requires full payment of the account before Murray Irrigation will consent.

If more water entitlements are purchased or delivery entitlements sold/disposed

If the permanent transfer will result in the parameters described above no longer being met, Murray Irrigation will withdraw the caveat.

Are there costs to customers arising from this policy?

No costs are passed on to the customer.

Security where greater than 2,000 delivery entitlements are held

Where the parameters above are met and more than 2,000 delivery entitlements are held,

Fact sheet



November 2014

Murray Irrigation's practice is to require financial security. This may take the form of a bank guarantee, a deposit lodged with Murray Irrigation or any other form of security agreed upon by Murray Irrigation and the customer.

For further details please see Murray Irrigation's *Transfer Rules Policy Clause 23. Security*.

Contact us

For further information please contact Water Trade via reception on T. 1300 138 265.

More information

Please refer to Murray Irrigation's website: www.murrayirrigation.com.au.

The *Entitlements Contract* and *Transfer Rules Policy* are available on the website under 'Corporate' then 'Company Policies'.

Fact sheets on other topics are available under 'Customers' then 'Customer Information'.