

Information Statement

2013/14 Fees and Prices, effective Thursday 12 September 2013

Issued: Thursday 22 August 2013

Introduction

This Information Statement has been prepared by Murray Irrigation to meet the requirements of the *Water Charge (Infrastructure) Rules 2010* (Cth) (the Rules). It replaces the Information Statement issued on Wednesday 12 June 2013 - effective Monday 1 July 2013. It should be read in conjunction with Murray Irrigation's updated Fees and Prices Schedule for 2013/14 (Annexure A to the Fees and Prices Policy) effective from 12 September 2013.

Murray Irrigation produced its first Network Service Plan (NSP) for the period 1 July 2012 to 30 June 2017 to meet the requirements of the Rules. The NSP was posted to customers in May 2012 and is also available from Murray Irrigation's website www.murrayirrigation.com.au. There are four years of the current NSP remaining.

This Information Statement applies to Murray Irrigation's fees and prices from 1 July 2013 to 30 June 2014.

Adjustments to regulated charges from the NSP

Murray Irrigation has adjusted its 2013/14 fees and prices from the NSP in four ways.

1. Murray Irrigation has reduced its annual delivery entitlements fee from \$9.70 to \$8.70 per delivery entitlement. The reduced fee was effective from 1 January 2013 and also applies to 2013/14.

The reduced delivery entitlement fee was possible because of successful cost reduction efforts and higher than forecast on-farm deliveries of 1,270GL compared to annual forecast deliveries of 500GL.

2. Murray Irrigation has also not increased the majority of its fees and prices by three percent between 2012/13 and 2013/14 as proposed in the NSP. The decision to freeze fees and prices in 2013/14 was possible because of successful cost reduction efforts and higher than forecast on-farm deliveries of 1,270GL compared to annual forecast deliveries of 500GL.

3. Murray Irrigation has introduced an extra-large irrigation outlet fee of \$861 per outlet per annum, for outlets capable of delivering more than 15ML/day.

This fee was introduced as a result of the commencement of implementation of Murray Irrigation's Outlet and Meter Strategy, which will result in customers having outlets with different service level characteristics over the life of the NSP.

Information Statement



2013/14 NSP proposed fees compared to actual 2013/14 fees

Murray Irrigation's fees include fixed and variable fees, for supply and drainage services. The company also has a small number of other fees for services which are regulated by the Rules. The following tables provide details of the NSP fees compared to actual 2013/14 fees. Unless otherwise stated, all fees exclude the goods and services tax (GST).

Fixed fees

Table 1 compares Murray Irrigation's fixed fees proposed in the NSP for 2013/14 with the actual fees for 2013/14.

Table 1: Annual fixed fees NSP 2013/14 compared to actual 2013/14 fees

Annual Fixed fees	Notes	NSP proposed 2013/14	Actual 2013/14
Irrigation landholdings			
Landholding access fee (irrigation) per landholding	1	\$1,082	\$1,051
Extra-large irrigation outlet per outlet	2	N/A	\$861
Large irrigation outlet per outlet	3	\$666	\$647
Small irrigation outlet per outlet	4	\$501	\$486
Unmetered domestic pipe per outlet	5	\$333	\$323
Domestic landholdings			
Domestic landholding access fee (domestic) per landholding	6	\$541	\$526
Fee per landholding for domestic customers supplied by consumer contract	7	\$271	\$263
Large irrigation outlet	8	N/A	\$332
Metered pipe outlet (domestic) per outlet	9	N/A	\$263
Unmetered pipe outlet (domestic) per outlet	10	\$333	\$170
All customers			
Delivery entitlement fee per delivery entitlement	11	\$10.00	\$8.70
Water entitlement fee Class A (town supply) per water entitlement	12	\$4.52	\$4.63
Water entitlement fee Class B (high security) per water entitlement	12	\$4.52	\$4.63
Water entitlement fee Class C (general security) per water entitlement	12	\$3.96	\$3.83
Account administration fee (maximum) per account (incl. GST)	13	\$192.50	\$187.00
Account administration fee (minimum)(per account) (incl. GST)	14	\$48.13	\$46.75

N/A – Not applicable

Information Statement



Notes to Table 1

1. The landholding access fee for landholdings classified as irrigation.
2. Extra-large irrigation outlet fee for high flow outlets >15ML/day.
3. Large irrigation outlet – Dethridge outlet (all forms except half-wheel), including metered pipe >300mm, including retro-fit Dethridge outlet.
4. Small irrigation outlet (Dethridge outlet half wheel) or metered pipe outlet (300mm or less).
5. Unmetered pipe outlet on an irrigation landholding with a deemed water use of 2ML per pipe outlet.
6. The landholding access fee for landholdings classified as domestic having only a pipe outlet, no irrigation activity and water use per landholding or household of 2ML or less. For Community Associations water use per household of 2ML or less.
7. The fixed fee for customers who have entered into a ‘Domestic Water Supply’ agreement with the company and do not hold any water entitlements or delivery entitlements.
8. The large irrigation outlet applies to Community Associations with a Dethridge outlet or other high flow outlet.
9. The outlet fee for a metered pipe on a domestic landholding where the meter is owned and maintained by Murray Irrigation, does not apply to customers in a ‘Domestic Water Supply’ agreement.
10. The outlet fee for an unmetered pipe outlet on a domestic landholding where the meter is owned and maintained by Murray Irrigation does not apply to customers in a ‘Domestic Water Supply’ agreement.
11. The delivery entitlement fee applies to delivery entitlements on irrigation and domestic landholdings.
12. Water entitlement fees are the Government bulk water charges and include both NSW State Water Corporation and NSW Office of Water.
13. The maximum account administration fee applies to customer accounts that do not make payments electronically and receive *Talking Water* and invoices via facsimile and mail respectively.
14. The minimum account administration fee applies to customers that elect to receive invoices, *Talking Water* and make payments electronically, including maintaining their account within Murray Irrigation’s payment terms.

Variable fees

Table 2 compares Murray Irrigation’s variable fees proposed in the NSP for 2013/14 with the actual fees for 2013/14.

Table 2: Annual variable fees NSP 2013/14 compared to actual 2013/14 fees (all fees are per ML)

Tier	Notes	ML usage	NSP 2013/14			Actual 2013/14		
			Govern. recovery	Murray Irrigation	Total	Govern. recovery	Murray Irrigation	Total
Standard water usage fee per ML								
One	1,2,3	0-5ML	\$73.08	\$40.43	\$113.51	\$72.70	\$39.25	\$111.95
Two	1,2,3	6-100ML	\$13.17	\$10.93	\$24.10	\$13.10	\$10.61	\$23.71
Three	1,2,3	Above 100ML	\$6.59	\$5.46	\$12.05	\$6.56	\$5.30	\$11.86
Casual water usage fee per ML								
One	1,2,3,4,5	0-5ML	N/A	N/A	N/A	N/A	N/A	N/A
Two	1,2,3,4,5	6-100ML	\$13.17	\$26.15	\$39.32	\$13.10	\$24.14	\$37.24
Three	1,2,3,4,5	Above 100ML	\$6.59	\$19.32	\$25.91	\$6.56	\$17.50	\$24.06

N/A – Not applicable

Information Statement



Notes to Table 2

1. The tiered fee structure includes both Government water entitlement and variable costs associated with Murray Irrigation's Conveyance Water Access Licence. The first 5ML is charged at the tier one rate, water use from 6ML to 100ML is charged at the tier 2 rate and water use above 100ML is charged at the tier three rate. Government fees include both the NSW State Water Corporation and NSW Office of Water charges.
2. The applicable fee applies to water use on a landholding from 1 July to 30 June in each year.
3. The casual water usage fee applies where water use is greater than 120 percent of delivery entitlements.
4. The Government component of the variable fee is the same for the standard and casual usage fee.
5. Customers have the ability to avoid the casual usage fee through the annual transfer of delivery entitlements or (where applicable) consolidation of accounts.

Drainage fees

All fixed drainage fees are levied per delivery entitlement and all variable drainage fees are per megalitre of water usage. *Table 3* compares Murray Irrigation's drainage fees proposed in the NSP for 2013/14 with the actual fees for 2013/14.

Table 3: Annual fixed and variable drainage fees NSP 2013/14 compared to actual 2013/14 fees

Category	NSP 2013/14		Actual 2013/14	
	Fixed fees	Variable fees	Fixed fees	Variable fees
B1 Berriquin) ¹	\$3.25	\$0.44	\$3.16	\$0.43
B2 (Berriquin)	\$0.00	\$0.44	\$0.00	\$0.43
W1 (Wakool)	\$0.37	\$1.30	\$0.36	\$1.26
W2 (Wakool)	\$0.37	\$1.30	\$0.36	\$1.26
W3 (Wakool)	\$0.19	\$0.83	\$0.18	\$0.81
W4 (Wakool)	\$0.37	\$0.95	\$0.36	\$0.92
W5 (Wakool)	\$0.19	\$0.48	\$0.18	\$0.47
W6 (Wakool)	\$0.00	\$0.22	\$0.00	\$0.21

¹ If payment commenced in 2003/04 or after, all B1 landholdings to contribute fixed fees for 10 years.

Surface and sub-surface drainage categories

Area	Description
B1	Berriquin irrigation district farms with access to surface drainage with capital payment still outstanding.
B2	Berriquin irrigation district farms with access to surface drainage.
W1	Wakool farms with access to surface drainage and services by the WTSSDS.
W2	Wakool farms with access to surface drainage previously joint ventured and serviced by the WTSSDS or farms with access to new surface drainage on the perimeter of the WTSSDS.
W3	Wakool farms with access to surface drainage previously joint ventured with government on the perimeter of the WTSSDS or farms with access to new surface drainage not serviced by the WTSSDS.
W4	Wakool farms with access to surface drainage previously joint ventured with government and not serviced by the WTSSDS of farms without access to surface drainage and serviced by the WTSSDS.
W5	Wakool farms without access to surface drainage on the perimeter of the WTSSDS.
W6	Wakool farms without access to surface drainage and not serviced by the WTSSDS.

Information Statement



Other fees

Murray Irrigation has a range of other fees that are regulated by the Rules; 2013/14 NSP fees for these other fees compared to actual 2013/14 fees are in *Tables 4* and *5*.

Table 4: Disconnection, outlet removal and connection fees

Disconnection and removal fees *	NSP 2013/14	Actual 2013/14
Pipe outlet (metered and unmetered)	\$239	\$232
Dethridge outlet	\$350	\$340
Compliant outlet (to ATS 4747)	\$1,135	\$1,100
Outlet connection or reconnection (compliant meter)#	From \$15,000 outlet, depending on meter type	From \$15,000 outlet, depending on meter type

*Removal fee may be waived at company discretion.

#Additional five percent of metered use allocated to existing, new or replacement compliant meters.

Table 5: Accredited escape flows NSP 2013/14 compared to actual 2013/14

Fee per ML	NSP 2013/14	Actual 2013/14
Fee for delivery of ordered escape flows by State Water ¹	\$1.64	\$1.65

¹ A loss factor also applies to accredited escape flows ordered by NSW State Water Corporation.

Revenue from regulated charges

Table 6 details Murray Irrigation's revised forecast annual revenue from regulated charges for each year of the NSP. The forecast revenue for 2013/14 and the remaining three years of the NSP is based on annual on-farm deliveries of 500GL. Revenue in 2014/15 to 2016/17 is based on 2013/14 fees increasing by 2.5 percent (compared to three percent in the NSP). Murray Irrigation has revised down its forecast CPI assumptions as a result of lower forecast CPI by Treasury.

As advised in the June 2012 Information Statement, the forecast revenue from regulated charges is not in exactly the same format as the NSP. The details of forecast revenue in the NSP (*Table 15*, page 42) combined income from irrigation and domestic customers and also combined income from the various Murray Irrigation outlet fees. The forecast revenue in this Information Statement provides customers with more detailed information about Murray Irrigation's forecast revenue from its different fees.

The assumptions used to prepare the revenue forecast are in *Table 6* and *Table 7*. There are some variations in the assumptions underlying these forecasts compared to the NSP assumptions; the assumptions in *Table 7* more accurately reflect Murray Irrigation's business in June 2013.

Information Statement



Table 6: Updated five year forecast revenue (\$) from regulated charges (2012/13 – 2016/17)

Fixed fees

Irrigators	2012/13	2013/14	2014/15	2015/16	2016/17
Landholding access fee	2,214,708	2,137,971	2,180,925	2,224,560	2,269,660
Extra-large irrigation outlet	0	271,215	556,290	855,225	1,169,280
Large irrigation outlet	2,268,443	2,027,843	1,689,324	1,304,240	952,102
Small irrigation outlet	130,406	133,694	126,990	119,850	112,445
Unmetered domestic pipe	317,029	313,717	308,760	302,600	295,800
Drainage fees	318,619	310,000	302,000	294,000	286,000
Domestic customers with entitlements					
Landholding access fee	25,511	63,120	59,290	55,200	50,940
Metered pipe outlet	5,129	7,890	8,100	8,310	8,520
Unmetered pipe outlet	15,130	15,300	13,920	12,460	10,920
Domestic Supply Agreement					
Landholding access fee	21,040	34,145	37,660	41,400	45,280
Entitlement and administration fees					
Delivery entitlements fee	9,962,106	9,155,508	9,364,216	9,583,710	9,802,100
Water entitlement fee Class C (Government recovery)	4,172,336	4,059,800	4,067,550	3,969,550	3,861,550
Account administration fee (maximum)	245,958	249,827	241,860	233,180	223,860
Account administration fee (minimum)	0	62,457	60,465	58,295	55,965
Total fixed fees	19,696,415	18,780,030	18,956,885	19,004,285	19,088,457

Information Statement



Table 6: continued

Variable fees

Murray Irrigation	2012/13	2013/14	2014/15	2015/16	2016/17
Tier 1 (0-5 ML)	245,038	274,773	281,610	288,680	295,890
Tier 2 (6-100 ML)	1,033,860	986,637	1,010,910	1,036,020	1,062,060
Tier 3 (101+ ML)	6,585,006	2,121,800	2,176,000	2,232,000	2,288,000
Total variable (MIL)	7,863,904	3,383,210	3,468,520	3,556,700	3,645,950
Government charges recovery					
Tier 1 (0-5 ML)	442,941	508,900	521,640	534,660	548,030
Tier 2 (6-100 ML)	1,245,309	1,218,300	1,248,990	1,280,610	1,312,230
Tier 3 (101+ ML)	7,722,197	2,624,000	2,688,000	2,756,000	2,824,000
Total variable (Gov't)	9,410,447	4,351,200	4,458,630	4,571,270	4,684,260
Total variable fees	17,274,351	7,734,410	7,927,150	8,127,970	8,330,210
Discount allowed	(2,911,503)	(2,077,870)	(2,074,377)	(2,102,842)	(2,133,345)
Total income from users	34,059,263	24,436,570	24,809,658	25,029,413	25,285,322

Information Statement



Table 7: Assumptions underlying Murray Irrigation's forecast revenue 2012/13 – 2016/17

Parameter	2012/13	2013/14	2014/15	2015/16	2016/17
Delivery entitlements ¹	1,075,000	1,052,200	1,049,800	1,047,400	1,045,000
Water entitlements ¹	1,090,000	1,060,000	1,035,000	985,000	935,000
Conveyance usage (ML) ²	290,000	150,000	150,000	150,000	150,000
CPI applied	3.0	2.5	2.5	2.5	2.5
On-farm usage (total ML)³					
Tier 1 usage (0-5ML)	6,234	7,000	7,000	7,000	7,000
Tier 2 usage (6-100ML)	97,442	93,000	93,000	93,000	93,000
Tier 3 usage (101+ML)	1,166,324	400,000	400,000	400,000	400,000
Number of landholding access fees					
Irrigation ⁴	2,090	2,035	2,025	2,015	2,005
Domestic customer with entitlements ⁴	197	120	110	100	90
Domestic Supply Agreement	80	130	140	150	160
Outlets					
Irrigation – Extra-large	0	315	630	945	1260
Irrigation – large ¹	3,500	3,135	2,548	1,918	1,366
Irrigation – small ¹	260	275	255	235	215
Irrigation – domestic pipe ¹	960	970	930	890	850
Domestic – metered pipe	5	30	30	30	30
Domestic – unmetered pipe	15	90	80	70	60

Explanatory notes:

1. Last quarter number
2. Increased from 170,000ML to 290,000ML for revised on-farm deliveries for 2012/13
3. Increased for revised on-farm deliveries for 2012/13.
4. Average number of landholding access fees for the year (NSP had cumulative amount for four quarters)

Explanation of different regulated charges for the same class of infrastructure service

Murray Irrigation's fees for the same class of infrastructure service are identical.

Disclaimer

The information in this document is presented for information and consultation purposes only and is correct at the time of publication. Forecast revenue and underlying assumptions may be subject to change. Any person using this information should seek their own independent agricultural, financial and/or legal advice.