

Information Statement

2014/15 Fees and Prices, effective 1 July 2014

Issued: Tuesday 10 June 2014

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 22 August 2013 - effective 12 September 2013. It should be read in conjunction with Murray Irrigation's updated Fees and Prices Schedule for 2014/15 (Annexure A to the Fees and Prices Policy) effective from 1 July 2014.

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 three years of the current NSP remaining.

This Information Statement applies to Murray Irrigation's fees and prices from 1 July 2014 to 30 June 2015.

Adjustments to regulated charges from the NSP

Murray Irrigation has adjusted its 2014/15 fees and prices from the NSP as follows:

1. Consistent with the Information Statement issued Friday 14 December 2012, Murray Irrigation reduced the annual delivery entitlement fee from 1 January 2013 and applied the reduction to the remaining years of the NSP.
2. Murray Irrigation has applied a CPI increase of three percent to the actual 2012/13 fees which were lower than the NSP forecast due to a decision to freeze fees and prices in 2013/14 as a result of successful cost reduction efforts and higher than forecast on-farm deliveries.
3. Murray Irrigation introduced an extra-large irrigation outlet fee in 2013/14, 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.
4. Murray Irrigation has revised upwards the forecast long-term average on-farm water deliveries from 500GL per annum as forecast in the NSP to 600GL per annum effective 1 July 2014.
5. Murray Irrigation has estimated Government bulk water charges are based on the ACCC Draft Decision on State Water Pricing Application: 2014-15 – 2016-17 plus an estimate of the pass-through of the NSW Government's contribution to MDBA costs. The final determination will be published by the ACCC by 30 June 2014. If there is a discrepancy between Murray Irrigation's estimates and the final determined bulk water charges, Murray Irrigation will revise the fees and prices schedule accordingly and provide customers with the required notice in accordance with the Rules.

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2014/15 NSP proposed fees compared to actual 2014/15 fees

Murray Irrigation's fees include fixed and variable fees, for water 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 2014/15 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 2014/15 with the actual fees for 2014/15.

Table 1: Annual fixed fees NSP 2014/15 compared to actual 2014/15 fees

Annual Fixed fees	Notes	NSP 2014/15	Actual 2014/15
Irrigation landholdings			
Landholding access fee (irrigation) per landholding	1	\$1,115	\$1,083
Extra-large irrigation outlet per outlet	2	N/A	\$886
Large irrigation outlet per outlet	3	\$686	\$667
Small irrigation outlet per outlet	4	\$516	\$500
Unmetered domestic pipe per outlet	5	\$343	\$333
Domestic landholdings			
Domestic landholding access fee (domestic) per landholding	6	\$557	\$542
Fee per landholding for domestic customers supplied by consumer contract	7	\$279	\$271
Large irrigation outlet	8	N/A	\$342
Metered pipe outlet (domestic) per outlet	9	N/A	\$271
Unmetered pipe outlet (domestic) per outlet	10	\$343	\$175
All customers			
Delivery entitlement fee per delivery entitlement	11	\$10.30	\$8.96
Water entitlement fee Class A (town supply) per water entitlement	12	\$4.66	\$5.26*
Water entitlement fee Class B (high security) per water entitlement	12	\$4.66	\$5.26*
Water entitlement fee Class C (general security) per water entitlement	12	\$4.08	\$4.43*
Account administration fee (maximum) per account (incl. GST)	13	\$198	\$193
Account administration fee (minimum)(per account) (incl. GST)	14	\$49.50	\$48.15

N/A – Not applicable

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*Water entitlement fees are based on NSW Office of Water fees, ACCC draft decision for State Water Pricing Application 2014/15 – 2016/17 and an estimate of pass through of the NSW Government's contribution to MDBA costs.

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, or other high flow 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.
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, NSW Office of Water and MDBA. Government bulk water charges are based on the ACCC Draft Decision on State Water Pricing Application: 2014-15 – 2016-17 *plus* an estimate of the pass-through of the NSW Government's contribution to MDBA costs. Fees may change once the final determination is known and customers will be given required notice in accordance with the Rules.
13. The maximum account administration fee applies to all customer accounts, including treating consolidated accounts as a single account for manual processing, 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 and maintain their account within Murray Irrigation's payment terms.

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Variable fees

Table 2 compares Murray Irrigation's variable fees proposed in the NSP for 2014/15 with the actual fees for 2014/15.

Table 2: Annual variable fees NSP 2014/15 compared to actual 2014/15 fees (all fees are per ML)

Tier	Notes	ML usage	NSP 2014/15			Actual 2014/15		
			Govern. recovery	Murray Irrigation	Total	Govern. recovery	Murray Irrigation	Total
Standard water usage fee per ML								
One	1,2,3	0-5ML	\$75.29	\$41.65	\$116.94	\$90.07*	\$40.43	\$130.50
Two	1,2,3	6-100ML	\$13.56	\$11.269	\$24.82	\$16.24*	\$10.92	\$27.16
Three	1,2,3	Above 100ML	\$6.79	\$5.63	\$12.42	\$8.12*	\$5.46	\$13.58
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	\$13.56	\$26.94	\$40.50	\$16.24*	\$24.86	\$41.10
Three	1,2,3,4,5	Above 100ML	\$6.79	\$19.90	\$26.69	\$8.12*	\$18.03	\$26.15

N/A – Not applicable

*Water entitlement fees are based on NSW Office of Water fees, ACCC draft decision for State Water Pricing Application 2014/15 – 2016/17 and an estimate of pass through of the NSW Government's contribution to MDBA costs.

Notes to Table 2

*Government bulk water charges are based on the ACCC Draft Decision on State Water Pricing Application: 2014-15 – 2016-17 plus an estimate of the pass-through of the NSW Government's contribution to MDBA costs. Fees may change once the final determination is known and customers will be given required notice in accordance with the Rules

1. The tiered fee structure includes both Government water entitlement and variable costs associated with Murray Irrigation's Conveyance Water Access Licence. This is why the fees are not directly comparable with State Water and NSW Office of Water published fees. The first 5ML is charged at the tier one rate, water use from 6ML to 100ML is charged at the tier two rate and water use above 100ML is charged at the tier three rate. Government fees include NSW State Water Corporation, NSW Office of Water and MDBA charges.
2. The applicable fee applies to water use on a landholding from 1 July 2014.
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.

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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 2014/15 with the actual fees for 2014/15.

Table 3: Annual fixed and variable drainage fees NSP 2014/15 compared to actual 2014/15 fees

Category	NSP 2014/15		Actual 2014/15	
	Fixed fees	Variable fees	Fixed fees	Variable fees
B1(Berriquin) ¹	\$3.35	\$0.45	\$3.25	\$0.45
B2 (Berriquin)	\$0.00	\$0.45	\$0.00	\$0.45
W1 (Wakool)	\$0.38	\$1.34	\$0.37	\$1.34
W2 (Wakool)	\$0.38	\$1.34	\$0.37	\$1.34
W3 (Wakool)	\$0.20	\$0.85	\$0.19	\$0.85
W4 (Wakool)	\$0.38	\$0.98	\$0.37	\$0.98
W5 (Wakool)	\$0.20	\$0.49	\$0.19	\$0.49
W6 (Wakool)	\$0.00	\$0.23	\$0.00	\$0.23

¹ If payment commenced in 2004/05 or after (payment applies 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.

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Other fees

Murray Irrigation has a range of other fees that are regulated by the Rules; 2014/15 NSP fees for these other fees compared to actual 2014/15 fees are in *Tables 4 and 5*.

Table 4: Disconnection, outlet removal and connection fees NSP 2014/15 compared to actual 2014/15

Disconnection and removal fees *	NSP 2014/15	Actual 2014/15
Pipe outlet (metered and unmetered)	\$246	\$239
Dethridge outlet	\$361	\$350
Compliant outlet (to ATS 4747)	\$1,169	\$1,135
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 2014/15 compared to actual 2014/15

Fee per ML	NSP 2014/15	Actual 2014/15
Fee for delivery of ordered escape flows by State Water ¹	\$1.69	\$1.70

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 2014/15 and the remaining two years of the NSP is based on annual on-farm deliveries of 600GL. Revenue in 2014/15 to 2016/17 is based on 2013/14 fees increasing by three percent (consistent with the NSP). Murray Irrigation has based its forecast CPI assumptions on the forecast CPI by Treasury.

As advised in the June 2012, June 2013 and September 2013 Information Statements, 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 current business.

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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	2,165,323	2,262,466	2,312,303	2,366,331	2,429,269
Extra-large irrigation outlet	0	91,942	316,745	1,073,286	1,224,030
Large irrigation outlet	2,265,309	2,160,330	1,950,727	880,654	726,790
Small irrigation outlet	134,379	145,686	173,672	363,100	402,680
Unmetered domestic pipe	324,373	356,056	365,494	340,714	350,936
Drainage fees	265,314	213,653	248,000	255,440	263,103
Domestic customers with entitlements					
Landholding access fee	95,075	63,120	65,014	55,803	45,982
Metered pipe outlet	9,665	7,890	7,354	8,310	8,520
Unmetered pipe outlet	27,540	15,300	15,759	14,428	13,003
Domestic Supply Agreement					
Landholding access fee	2,499	34,145	37,874	46,812	56,253
Entitlement and administration fees					
Delivery entitlements fee	10,034,975	9,215,303	9,439,244	9,666,245	9,933,419
Water entitlement fee Class C (Government recovery)	4,171,993	4,058,122	4,666,947	4,494,457	4,394,301
Account administration fee (maximum)	235,208	231,903	264,688	272,628	280,807
Account administration fee (minimum)	0	62,457	60,465	59,313	58,184
Total fixed fees	19,731,653	18,918,373	19,924,284	19,897,523	20,187,277

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Table 6: continued

Variable fees

Murray Irrigation	2012/13	2013/14	2014/15	2015/16	2016/17
Tier 1 (0-5 ML)	252,574	208,773	287,059	295,671	304,541
Tier 2 (6-100 ML)	1,064,344	929,075	1,015,560	1,046,027	1,077,408
Tier 3 (101+ ML)	6,390,510	4,692,763	2,731,271	2,813,209	2,897,606
Total variable (MIL)	7,707,428	5,830,611	4,033,891	4,154,907	4,279,554
Government charges recovery					
Tier 1 (0-5 ML)	456,563	386,488	639,497	658,682	678,442
Tier 2 (6-100 ML)	1,279,112	1,160,256	1,510,320	1,555,630	1,602,298
Tier 3 (101+ ML)	7,400,806	5,899,807	4,059,188	4,180,964	4,306,393
Total variable (Gov't)	9,136,481	7,446,551	6,209,005	6,395,275	6,587,133
Total variable fees	16,843,909	13,277,162	10,242,896	8,127,970	8,330,210
Discount allowed	(3,089,629)	-2,615,089	-2,507,131	-2,575,267	-2,638,250
Total income from users	33,485,933	29,580,446	27,660,049	25,450,226	25,879,237

Revenue in 2012/13 and forecast revenue in 2013/14 is higher than the NSP because of higher water sales than forecast in the NSP.

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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	235,064	212,000	212,000	212,000
CPI applied	3.0	0	3	3	3
On-farm usage (total ML)³					
Tier 1 usage (0-5ML)	6,234	5,161	7,100	7,100	7,100
Tier 2 usage (6-100ML)	97,442	85,230	93,000	93,000	93,000
Tier 3 usage (101+ML)	1,166,324	878,679	499,900	499,900	499,900
Number of landholding access fees					
Irrigation ⁴	2,090	2,035	2,035	2,031	2,027
Domestic customer with entitlements ⁴	197	120	120	100	80
Domestic Supply Agreement	80	130	140	168	196
Outlets					
Irrigation – Extra-large	0	315	671	1,175	1,301
Irrigation – large ¹	3,500	3,135	2,307	1,283	1,028
Irrigation – small ¹	260	275	480	704	758
Irrigation – domestic pipe ¹	960	970	993	993	993
Domestic – metered pipe	5	30	42	42	42
Domestic – unmetered pipe	15	90	90	80	70

Explanatory notes:

1. Last quarter number
2. Increased to 235,000ML for revised on-farm deliveries for 2013/4
3. Increased for revised forecast on-farm deliveries for 2013/14.
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.