

Information Statement

2015/16 Fees and Prices, effective 20 May 2016

Issued: Friday 6 May 2016

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 11 June 2015 - effective 1 July 2015. It should be read in conjunction with Murray Irrigation's updated Fees and Prices Schedule for 2015/16 (Annexure A to the Fees and Prices Policy) effective from 20 May 2016.

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 two years of the current NSP remaining.

New charges not identified in the NSP.

Murray Irrigation has included fees for the Snowy Advance 2016/17. The Snowy Advance is an option and exercise arrangement whereby participants pay an option fee per ML for the right to access a nominated volume (limits will apply) and a separate exercise fee if they wish to proceed and have the water delivered to their allocation account.

These fees and charges were not identified in the NSP as the Snowy Advance product was not available at the time of developing the NSP.

The Snowy Advance option fee will apply only to those customers who choose to apply for an option volume by 13 May 2016.

The Snowy Advance exercise fee will only apply to those customers who have taken out an option and who choose to exercise that option and have some or all of the optioned volume delivered into their allocation account by 17 August 2016.

The Snowy Advance is a one-off product for the 2016/17 water year.

Table 1: Fees associated with the Snowy Advance 2016

	Per megalitre (excl. GST)
Option fee	\$8.00
Exercise fee	\$39.00

The remainder of the 2015/16 fees and prices schedule published by Murray Irrigation Limited is unchanged from the information statement and schedule dated 11 June 2015 and applies to 30 June 2016.

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Adjustments to regulated charges from the NSP

There has been no change to the 2015/16 fees and prices other than the addition of the Snowy Advance fees. The following tables outline the difference between the 2015/16 fees and prices from the NSP as addressed in the information statement dated 11 June 2016.

2015/16 NSP proposed fees compared to actual 2015/16 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 2015/16 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 2015/16 with the actual fees for 2015/16.

Table 2: Annual fixed fees NSP 2015/16 compared to actual 2015/16 fees

Annual Fixed fees	Notes	NSP 2015/16	Actual 2015/16
Irrigation landholdings			
Landholding access fee (irrigation) per landholding	1	\$1,149	\$1,101
Extra-large irrigation outlet per outlet	2	N/A	\$902
Large irrigation outlet per outlet	3	\$707	\$678
Small irrigation outlet per outlet	4	\$531	\$509
Unmetered domestic pipe per outlet	5	\$354	\$338
Domestic landholdings			
Domestic landholding access fee (domestic) per landholding	6	\$574	\$551
Fee per landholding for domestic customers supplied by consumer contract	7	\$287	\$276
Large irrigation outlet	8	N/A	\$348
Metered pipe outlet (domestic) per outlet	9	N/A	\$275
Unmetered pipe outlet (domestic) per outlet	10	\$354	\$178

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All customers			
Delivery entitlement fee per delivery entitlement	11	\$10.61	\$9.62¹
Water entitlement fee Class A (town supply) per water entitlement	12	\$4.80	\$6.29*
Water entitlement fee Class B (high security) per water entitlement	12	\$4.80	\$6.29*
Water entitlement fee Class C (general security) per water entitlement	12	\$4.20	\$4.16*
Account administration fee (maximum) per account (incl. GST)	13	\$204.60	\$196
Account administration fee (minimum)(per account) (incl. GST)	14	\$51.15	\$49.00

N/A – Not applicable

¹ - The discount only applies to \$5.62 of this fee, the remaining \$4.00 is a contribution to the Asset Maintenance and Renewal Reserve

*Water entitlement fees are based on NSW Office of Water fees as determined by IPART and the ACCC determination for the Water NSW Pricing Application 2015/16 which include pass through of the NSW Government's contribution to MDBA costs. These fees no longer attract a discount.

Notes to Table 2

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 Water NSW including MDBA pass through costs and NSW Office of Water charges. The Water NSW bulk water charges are based on the ACCC Draft Decision on the Water NSW proposal for 2015/16. 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 2015/16 with the actual fees for 2015/16.

Table 3: Annual variable fees NSP 2015/16 compared to actual 2015/16 fees (all fees are per ML)

Tier	Notes	ML usage	NSP 2015/16			Actual 2015/16		
			Govern. recovery	Murray Irrigation	Total	Govern. recovery	Murray Irrigation	Total
Standard water usage fee per ML								
One	1,2,3	0-5ML	\$77.56	\$42.91	\$120.47	\$90.10*	\$41.12	\$131.22
Two	1,2,3	6-100ML	\$13.97	\$11.60	\$25.57	\$16.23*	\$11.11	\$27.34
Three	1,2,3	Above 100ML	\$6.99	\$5.80	\$12.79	\$8.13*	\$5.55	\$13.68
Casual water usage fee per ML								
One	1,2,3,4,5	0-5ML	N/A	N/A	N/A	\$90.10*	\$60.88	\$150.98
Two	1,2,3,4,5	6-100ML	\$13.97	\$27.76	\$41.73	\$16.23*	\$25.29	\$41.52
Three	1,2,3,4,5	Above 100ML	\$6.99	\$20.50	\$27.49	\$8.13*	\$18.33	\$26.46

N/A – Not applicable

* Water usage fees are based on NSW Office of Water fees as determined by IPART and the ACCC determination for the Water NSW Pricing Application 2015/16 which include pass through of the NSW Government's contribution to MDBA costs. These fees no longer attract a discount.

Notes to Table 3

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 Water NSW 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 Water including MDBA costs and NSW Office of Water charges. The Government recovery portion of these fees no longer attract a discount.
2. The applicable fee applies to water use on a landholding from 1 July 2015.
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 2015/16 with the actual fees for 2015/16.

Table 4: Annual fixed and variable drainage fees NSP 2015/16 compared to actual 2015/16 fees

Category	NSP 2015/16		Actual 2015/16	
	Fixed fees	Variable fees	Fixed fees	Variable fees
B1 (Berriquin)	\$3.45 ¹	\$0.46	\$0.00	\$0.46
B2 (Berriquin)	\$0.00	\$0.46	\$0.00	\$0.46
W1 (Wakool)	\$0.39	\$1.38	\$0.38	\$1.32
W2 (Wakool)	\$0.39	\$1.38	\$0.38	\$1.32
W3 (Wakool)	\$0.21	\$0.88	\$0.19	\$0.84
W4 (Wakool)	\$0.39	\$1.01	\$0.38	\$0.97
W5 (Wakool)	\$0.21	\$0.50	\$0.19	\$0.49
W6 (Wakool)	\$0.00	\$0.24	\$0.00	\$0.22

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; 2015/16 NSP fees for these other fees compared to actual 2015/16 fees are in *Tables 4 and 5*.

Table 5: Disconnection, outlet removal and connection fees NSP 2015/16 compared to actual 2015/16

Disconnection and removal fees *	NSP 2015/16	Actual 2015/16
Pipe outlet (metered and unmetered)	\$253	\$243
Dethridge outlet	\$372	\$356
Compliant outlet (to ATS 4747)	\$1,204	\$1,154
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 6: Accredited escape flows NSP 2015/16 compared to actual 2015/16

Fee per ML	NSP 2015/16	Actual 2015/16
Fee for delivery of ordered escape flows by Water NSW ¹	\$1.74	\$1.75

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

Revenue from regulated charges

Table 6 details Murray Irrigation's revised forecast annual revenue from regulated charges for each year of the NSP including the addition of revenue from the Snowy Advance 2016. The forecast revenue for 2015/16 and the remaining year of the NSP is based on annual on-farm deliveries of 600GL. The forecast revenue from the Snowy Advance 2016 is based on an option volume of 180GL and an exercise volume of 126GL.

Revenue in 2015/16 to 2016/17 is based on 2015/16 fees increasing by 1.7 percent in contrast with the NSP which was based on CPI of three percent. Murray Irrigation has based its forecast CPI assumptions on the forecast CPI from Treasury.

As advised in prior 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 7: 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	2,183,870	2,235,030	2,273,026
Extra-large irrigation outlet	0	91,942	214,191	900,196	1,032,918
Large irrigation outlet	2,265,309	2,160,330	2,074,037	1,139,718	1,458,347
Small irrigation outlet	134,379	145,686	145,375	236,685	296,098
Unmetered domestic pipe	324,373	356,056	327,589	335,634	341,340
Drainage fees	265,314	213,653	270,771	255,440	263,103
Domestic customers with entitlements					
Landholding access fee	95,075	63,120	110,568	60,610	61,640
Metered pipe outlet	9,665	7,890	26,487	11,550	11,746
Unmetered pipe outlet	27,540	15,300	17,282	14,240	12,672
Domestic Supply Agreement					
Landholding access fee	2,499	34,145	9,756	38,500	39,155
Entitlement and administration fees					
Delivery entitlements fee	10,034,975	9,215,303	9,450,352	10,150,245	10,322,799
Water entitlement fee Class C (Government recovery)	4,171,993	4,058,122	4,564,614	4,282,886	4,343,003
Account administration fee (maximum)	235,208	231,903	231,986	235,592	239,597
Account administration fee (minimum)	0	62,457	21,752	58,898	59,899
Total fixed fees	19,731,653	18,918,373	19,648,588	19,955,224	20,755,343

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Table 8: continued

Variable fees

Murray Irrigation	2012/13	2013/14	2014/15	2015/16	2016/17
Tier 1 (0-5 ML)	252,574	208,773	230,330	291,952	296,915
Tier 2 (6-100 ML)	1,064,344	929,075	905,449	1,033,230	1,050,795
Tier 3 (101+ ML)	6,390,510	4,692,763	3,757,848	2,774,445	2,821,611
Total variable (MIL)	7,707,428	5,830,611	4,893,627	4,099,627	4,169,321
Snowy Advance 2016					
Option fees		N/A	N/A	1,440,000	N/A
Exercise		N/A	N/A	N/A	4,914,000
Government charges recovery					
Tier 1 (0-5 ML)	456,563	386,488	513,129	639,639	650,513
Tier 2 (6-100 ML)	1,279,112	1,160,256	1,321,709	1,509,390	1,535,050
Tier 3 (101+ ML)	7,400,806	5,899,807	5,289,798	4,064,187	4,133,278
Total variable (Gov't)	9,136,481	7,446,551	7,124,636	6,213,216	6,318,841
Total variable fees	16,843,909	13,277,162	12,018,263	12,243,372	15,901,029
Discount allowed	-3,089,629	-2,615,089	-2,112,768	-602,571	-632,231
Total income from users	33,485,933	29,580,446	29,554,083	29,655,497	30,611,274

Revenue in 2012/13, 2013/14 and 2014/15 is higher than the NSP because of higher water sales than forecast in the NSP and higher government charges than forecast. Revenue in 2015/16 and 2016/17 is also higher than forecast in the NSP because of assumed higher water sales, 600GL compared to 500GL in the NSP and higher government charges than forecast. The reduction in the discount for 2015/16 and 2016/17 also increases revenue.

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Table 9: 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	1,054,673	1,055,119	1,055,119
Water entitlements ¹	1,090,000	1,060,000	1,031,749	1,029,540	1,026,540
Conveyance usage (ML) ²	290,000	235,064	270,928	212,000	212,000
CPI applied	3.0	0	3	1.7	1.7
Snowy Advance uptake					
Option (ML)	N/A	N/A	N/A	180,000	N/A
Exercise (ML)	N/A	N/A	N/A	N/A	126,000
On-farm usage (total ML)³					
Tier 1 usage (0-5ML)	6,234	5,161	5,697	7,100	7,100
Tier 2 usage (6-100ML)	97,442	85,230	81,386	93,000	93,000
Tier 3 usage (101+ML)	1,166,324	878,679	651,453	499,900	499,900
Number of landholding access fees					
Irrigation ⁴	2,090	2,035	2,017	2,030	2,030
Domestic customer with entitlements ⁴	197	120	204	190	190
Domestic Supply Agreement	80	130	84	90	90
Outlets					
Irrigation – Extra-large	0	315	296	998	1,126
Irrigation – large ¹	3,500	3,135	3,014	2,714	2,115
Irrigation – small ¹	260	275	327	465	572
Irrigation – domestic pipe ¹	960	970	987	993	993
Domestic – metered pipe	5	30	84	42	42
Domestic – unmetered pipe	15	90	94	80	70

Explanatory notes:

1. Last quarter number
2. Actual 2012/13 -2014/15 and forecast for 600GL deliveries in 2015/16 and 2016/17. Actual for 2012/13-2013/14 increased for revised forecast on-farm deliveries for 2015/16 and 2016/17
3. Average number of landholding access fees for the year (NSP had cumulative amount for four quarters)

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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.