

# Information Statement

## 2016/17 Fees and Prices, effective 15 July 2016

Issued: 24 June 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 6 May 2016 - effective 20 May 2016. It should be read in conjunction with Murray Irrigation's updated Fees and Prices Schedule for 2016/17 (Annexure A to the Fees and Prices Policy) effective from 15 July 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](http://www.murrayirrigation.com.au). This is the final year of the current NSP. Murray Irrigation will commence consultations with Customers on the next five year NSP in the second quarter of 2016/17 with a view to finalising the document and providing to customers in May 2017. Through this process Murray Irrigation will conduct a comprehensive review of our fees and prices structure and how we charge for services.

This Information Statement applies to Murray Irrigation's fees and prices from 15 July 2016 to 30 June 2017.

### Adjustments to regulated charges from the NSP

Murray Irrigation has adjusted its 2016/17 fees and prices to include an increase of eight percent from the 2015/16 fees and prices, except on Government fees which are a direct pass through.

Murray Irrigation's 2016/17 fees differ from the NSP for the following reasons:

1. The Asset Maintenance Renewal Reserve Fee (AMRR) has been separated out from the Delivery Entitlement fee for transparency.
2. While Murray Irrigation has applied a CPI increase each year since 2013/14, the decision in that year to freeze fees means that increases have consistently been lower than NSP forecasts. In 2016/17 Murray Irrigation has applied an increase of eight percent across all fees except for Government charges and the AMRR contribution, which means the fees are closer to those originally forecast in the NSP.
3. In 2013/14 Murray Irrigation introduced an extra-large irrigation outlet fee 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. The long-term forecast water delivery on-farm at the time of developing the NSP was 500GL per annum. This was revised in 2014 to 600GL per annum which has impacted on fees.

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5. Murray Irrigation has revised how it applies Government charges. Government charges will now be passed through to customers as a flat rate. The fees and prices schedule also identifies the separate component of Government charges including WaterNSW, DPI Water and the MDBA components of each.
6. Murray Irrigation has applied a conveyance fee to recover Government charges associated with the cost of the Company's conveyance licence. This is a direct pass through of the Government charge which has previously been recovered through applying a tiered fee structure to Government charges. This tiered structure is no longer being applied to Government charges to improve the transparency for customers.
7. Murray Irrigation has removed the tiered fee structure for casual use. Casual use fees will now be applied at a flat rate to any usage above 120 percent of delivery entitlements held. The NSP was developed to include tiered usage fees for casual use.
8. Consistent with the Information Statement issued on 6 May 2016, the 2016/17 schedule of fees and charges includes fees for participation in the 2016/17 Snowy Advance. These fees were not identified in the NSP as the Snowy Advance product was not available at the time.

## 2016/17 NSP proposed fees compared to actual 2016/17 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 2016/17 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 2016/17 with the actual fees for 2016/17.

**Table 1: Annual fixed fees NSP 2016/17 compared to actual 2016/17 fees**

Annual Fixed fees	Notes	NSP proposed 2016/17	Actual 2016/17
<b>Irrigation landholdings</b>			
Landholding access fee (irrigation) per landholding	1	\$1,182	<b>\$1,190</b>
Extra-large irrigation outlet per outlet	2	N/A	<b>\$975</b>
Large irrigation outlet per outlet	3	\$728	<b>\$732</b>
Small irrigation outlet per outlet	4	\$547	<b>\$550</b>
Unmetered domestic pipe per outlet	5	\$364	<b>\$365</b>

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<b>Domestic landholdings</b>			
Domestic landholding access fee (domestic) per landholding	6	\$591	<b>\$595</b>
Fee per landholding for domestic customers supplied by consumer contract	7	\$296	<b>\$300</b>
Large irrigation outlet	8	N/A	<b>\$376</b>
Metered pipe outlet (domestic) per outlet	9	N/A	<b>\$300</b>
Unmetered pipe outlet (domestic) per outlet	10	\$364	<b>\$192</b>
<b>All customers</b>			
Delivery entitlement fee - Total	11	\$11.02	<b>\$10.57</b>
<i>Per delivery entitlement</i>		N/A	\$6.57
<i>Asset Maintenance Renewal Fee</i>		N/A	\$4.00
Water entitlement fee – Conveyance per water entitlement	12	N/A	<b>\$1.37</b>
Water entitlement fee Class A (town supply) per water entitlement - Total	12	\$4.94	<b>\$6.44</b>
<i>WaterNSW</i>		N/A	\$1.78
<i>MDBA</i>		N/A	\$3.22
<i>DPIWater</i>		N/A	\$1.44
Water entitlement fee Class B (high security) per water entitlement - Total	12	\$4.94	<b>\$6.44</b>
<i>WaterNSW</i>		N/A	\$1.78
<i>MDBA</i>		N/A	\$3.22
<i>DPIWater</i>		N/A	\$1.44
Water entitlement fee Class C (general security) per water entitlement	12	\$4.32	<b>\$4.15</b>
<i>WaterNSW</i>		N/A	\$0.97
<i>MDBA</i>		N/A	\$1.74
<i>DPIWater</i>		N/A	\$1.44
Account administration fee (maximum) per account (incl. GST)	13	\$200.20	<b>\$210</b>
Account administration fee (minimum)(per account) (incl. GST)	14	\$50.05	<b>\$52.25</b>

N/A – Not applicable

## 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.

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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 both irrigation and domestic landholdings. The fee includes a fee for holding delivery entitlements and a fee for infrastructure renewal costs in the future (AMRR). The AMRR fee is applied per delivery entitlements held and is collected for the purposes of civil and mechanical maintenance of the Company's water delivery infrastructure.
12. Water entitlement fees are the Government bulk water charges and include both WaterNSW (formerly State Water Corporation), DPI Water (formerly NSW Office of Water) and Murray-Darling Basin Authority (MDBA) charges. WaterNSW charges are consistent with the ACCC determination for 2016/17. The DPI Water charges are consistent with the IPART Determination for 2016.
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.

## Variable fees

Table 2 compares Murray Irrigation's variable fees proposed in the NSP for 2016/17 with the actual fees for 2016/17.

**Table 2: Annual variable fees NSP 2016/17 compared to actual 2016/17 fees (all fees are per ML)**

Tier	Notes	ML usage	NSP 2016/17			Actual 2016/17		
			Govern. recovery	Murray Irrigation	Total	Govern. recovery	Murray Irrigation	Total
<b>Standard water usage fee per ML</b>								
One	1,2,3	0-5ML	\$79.83	\$44.17	\$124	\$7.51*	\$44.41	<b>\$51.92</b>
Two	1,2,3	6-100ML	\$14.38	\$11.94	\$26.32	\$7.51*	\$12.00	<b>\$19.51</b>
Three	1,2,3	Above 100ML	\$7.20	\$5.97	\$13.17	\$7.51*	\$5.99	<b>\$13.50</b>
<b>Casual water usage fee per ML</b>								
One	1,2,3,4,5	>0ML	N/A	N/A	N/A	\$7.51*	\$45.00	<b>\$52.51</b>
Two	1,2,3,4,5	6-100ML	\$14.38	\$28.57	\$42.95	N/A	N/A	<b>N/A</b>
Three	1,2,3,4,5	Above 100ML	\$7.20	\$21.11	\$28.31	N/A	N/A	<b>N/A</b>

N/A – Not applicable

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## Notes to Table 2

- \*Government bulk water charges include WNSW \$2.31, MDBA \$4.17 and DPI Water \$1.03.
1. The first 5ML delivered is charged at the tier one rate, delivery of water from 6ML to 100ML is charged at the tier two rate and delivery of water above 100ML is charged at the tier three rate. The tiers allow the sharing of season start up and conveyance costs.
  2. Government water usage fees include WaterNSW, including MDBVA, and DPI Water charges and represent a direct pass through of the variable costs of water from Government bulk water charges.
  3. The applicable fee applies to water use on the landholding from 15 July 2016.
  4. Casual water usage fees apply where water use greater than 120 percent of delivery entitlements. These charges are not tiered.
  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 2016/17 with the actual fees for 2016/17.

**Table 3: Annual fixed and variable drainage fees NSP 2016/17 compared to actual 2016/17 fees**

Category	NSP 2016/17		Actual 2016/17	
	Fixed fees	Variable fees	Fixed fees	Variable fees
B1 Berriquin) <sup>1</sup>	\$3.55	\$0.47	\$0.00	\$0.49
B2 (Berriquin)	\$0.00	\$0.47	\$0.00	\$0.49
W1 (Wakool)	\$0.40	\$1.42	\$0.41	\$1.43
W2 (Wakool)	\$0.40	\$1.42	\$0.41	\$1.43
W3 (Wakool)	\$0.22	\$0.91	\$0.21	\$0.91
W4 (Wakool)	\$0.40	\$1.04	\$0.41	\$1.05
W5 (Wakool)	\$0.22	\$0.52	\$0.21	\$0.53
W6 (Wakool)	\$0.00	\$0.25	\$0.00	\$0.24

<sup>1</sup> If payment commenced in 2004/05 or after (payment applies for 10 years).

## Surface and sub-surface drainage categories

### Area Description

B1/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; 2016/17 NSP fees for these other fees compared to actual 2016/17 fees are in *Tables 4* and *5*.

**Table 4: Disconnection, outlet removal and connection fees**

Disconnection and removal fees *	NSP 2016/17	Actual 2016/17
Pipe outlet (metered and unmetered)	\$261	\$262
Dethridge outlet	\$383	\$384
Compliant outlet (to ATS 4747)	\$1,240	\$1,246
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 2016/17 compared to actual 2016/17**

Fee per ML	NSP 2016/17	Actual 2016/17
Fixed annual fee to guarantee up to 400GL of capacity	N/A	\$10.57*
Fee for delivery of ordered escape flows by WaterNSW <sup>1</sup>	\$1.69	\$7.94

\* Charged at the full rate of 400,000ML to guarantee capacity regardless of actual orders to a total of \$4.365 million.

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

**Table 6: Snowy Advance Fees**

Fee per ML	NSP 2016/17	Actual 2016/17
Option fee	N/A	\$8.00
Exercise fee	N/A	\$39.00

The Snowy Advance fees relate to the scheme for the advance of water against a landholder's entitlements and covers the administration costs and risks borne by Murray Irrigation in providing the scheme. These fees only apply to customers who have applied to participate in the Advance.

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## 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 2016/17 and the remaining two years of the NSP is based on annual on-farm deliveries of 600GL.

As advised in previous 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 business from June 2013.

**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	2,183,328	2,172,548	2,335,970
Extra-large irrigation outlet	0	271,215	215,298	396,203	460,200
Large irrigation outlet	2,268,443	2,027,843	2,072,035	1,866,195	1,972,008
Small irrigation outlet	130,406	133,694	145,125	136,284	145,200
Unmetered domestic pipe	317,029	313,717	327,755	331,409	357,335
Drainage fees	318,619	310,000	270,764	123,884	195,298
<b>Domestic customers with entitlements</b>					
Landholding access fee	25,511	63,120	110,162	104,828	112,455
Metered pipe outlet	5,129	7,890	11,043	10,518	11,400
Unmetered pipe outlet	15,130	15,300	32,954	30,794	33,216
<b>Domestic Supply Agreement</b>					
Landholding access fee	21,040	34,145	26,558	23,460	25,500

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<b>Entitlement and administration fees</b>					
Delivery entitlements fee	9,962,106	9,155,508	9,450,296	10,117,965	11,120,919
Water entitlement fee Class C (Government recovery)	4,172,336	4,059,800	4,564,048	4,287,247	4,277,505
Conveyance Charge (Government Recovery)	0	0	0	0	1,416,820
Account administration fee (maximum)	245,958	249,827	208,545	172,902	210,000
Account administration fee (minimum)	0	62,457	21,713	22,250	30,000
<b>Total fixed fees</b>	<b>19,696,415</b>	<b>18,780,030</b>	<b>19,639,624</b>	<b>19,796,489</b>	<b>22,703,826</b>

**Table 6: continued**

## Variable fees

<b>Murray Irrigation</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Tier 1 (0-5 ML)	245,038	274,773	237,845	223,693	315,311
Tier 2 (6-100 ML)	1,033,860	986,637	905,040	725,266	1,116,000
Tier 3 (101+ ML)	6,585,006	2,121,800	3,724,563	1,527,761	2,994,401
Total variable (MIL)	863,904	3,383,210	4,867,453	2,476,720	4,425,712

## Government charges recovery

Tier 1 (0-5 ML)	442,941	508,900	529,882	490,504	53,321
Tier 2 (6-100 ML)	1,245,309	1,218,300	1,323,609	1,040,067	698,430
Tier 3 (101+ ML)	7,722,197	2,624,000	5,294,573	2,168,304	3,754,249
Total variable (Gov't)	9,410,447	4,351,200	7,148,063	3,698,875	4,506,000
<b>Total variable fees</b>	<b>17,274,351</b>	<b>7,734,410</b>	<b>11,779,648</b>	<b>6,175,595</b>	<b>8,931,712</b>
Discount allowed	(2,911,503)	(2,077,870)	(2,374,222)	(955,475)	(689,421)
<b>Total income from users</b>	<b>34,059,263</b>	<b>24,436,570</b>	<b>29,045,050</b>	<b>25,016,609</b>	<b>30,946,117</b>



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

<b>Parameter</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Delivery entitlements <sup>1</sup>	1,075,000	1,052,200	1,054,648	1,052,121	1,052,121
Water entitlements <sup>1</sup>	1,090,000	1,060,000	1,027,935	1,030,724	1,030,724
Conveyance usage (ML) <sup>2</sup>	290,000	290,000	290,000	100,000	212,000
CPI applied	3.0	2.5	2.5	1.7	1.6
<b>On-farm usage (total ML)<sup>3</sup></b>					
Tier 1 usage (0-5ML)	6,234	7,000	5,883	5,444	7,100
Tier 2 usage (6-100ML)	97,442	93,000	81,503	64,083	93,000
Tier 3 usage (101+ML)	1,166,324	400,000	652,041	266,704	499,900
<b>Number of landholding access fees</b>					
Irrigation <sup>4</sup>	2,090	2,035	2,016	1,963	1,963
Domestic customer with entitlements <sup>4</sup>	197	120	203	189	189
Domestic Supply Agreement	80	130	85	85	85
<b>Outlets</b>					
Irrigation – Extra-large	0	315	243	472	472
Irrigation – large <sup>1</sup>	3,500	3,135	3002	2,694	2,694
Irrigation – small <sup>1</sup>	260	275	285	264	264
Irrigation – domestic pipe <sup>1</sup>	960	970	989	979	979
Domestic – metered pipe	5	30	41	38	38
Domestic – unmetered pipe	15	90	186	173	173

**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