



Monday 27 June 2016

Dear Customer,

**RE: Murray Irrigation fees and charges 2016/17**

Murray Irrigation has prepared an updated schedule of fees and charges for our water distribution business to take effect from 15 July 2016. At the Annual General Meeting in November 2015 last year, I outlined Murray Irrigation's financial position and identified that the Company must focus on the following three key levers to achieve a break-even position – price, cost and volume.

It is clear that unless we address all these three areas at the same time, and in particular the two critical levers of cost and volume, then there will be a significant impact on fees and charges. We have set our efforts on addressing our cost structure and bringing volume into our footprint which has enabled us to limit increases to eight percent on base line fees this year. This ensures that Murray Irrigation remains the lowest cost operator (excluding Government fees) out of all comparable infrastructure schemes.

Over the past 12 months we have substantially cut costs (taking out just under \$4 million) by streamlining operations and internal processes to minimise costs without compromising service. We have achieved this while continuing to rollout our system upgrades to deliver a more flexible service across our footprint in line with our customers' needs.

We have also been actively pursuing volume. In the past week we have announced the successful finalisation of the deed to facilitate the 2016/17 Snowy Advance. This product will see up to 200GL made available to Murray Irrigation, all of which has already been optioned, which if exercised will see more than 80 percent utilised within our area of operations. We are looking at other water products to continue to supply water to our customers when they require it.

I am also pleased to report that our MILCast business unit, which manufactures and supplies precast concrete products, is positively contributing to our bottom line result.

Finally, we have commenced negotiations with WaterNSW to finalise a new agreement for the use of Murray Irrigation escapes to meet the needs of River Murray Operations. These discussions continue with the aim to agree on a commercial rate for service which does not compromise our operations or our service to irrigators.

It has been a period of significant change for Murray Irrigation and I am pleased that we have been able to minimise price impacts for our customers without losing focus on our goal of becoming a customer focussed, efficient service provider.

We now turn our attention to the next 12 months during which time we will be undertaking a comprehensive review of our fees and prices structure and consulting on a new Network Services Plan. I encourage you all to provide your feedback through the process as we work together to establish ourselves as the number one destination irrigation region for sustainable growth supported by efficient water delivery at an affordable price.

We plan to hold a series of customer briefings during mid-July 2016 to discuss the price and fee changes and draw attention to a number of other Company initiatives taking place in the near future.

Yours sincerely,

**Michael Renehan**  
Chief Executive Officer