

## Domestic Water Supply Agreement

### Water Supply and Infrastructure

#### Who is eligible?

This arrangement is available to customers whose only connection to Murray Irrigation's water supply system is an unmetered pipe, or via a 'joint water supply scheme'. The water supplies a house and possibly a dam, but does not supply commercial activities including irrigated farming or commercial livestock enterprises.

Customers with irrigation outlets (except joint water supply schemes) are ineligible for this arrangement. Customers wishing to convert from an irrigation water supply to this arrangement must also apply to remove all irrigation outlets.

#### Volume of water available per year

Generally up to 2ML per household per year, or another amount negotiated with Murray Irrigation.

#### Water use

Water may only be used for domestic (house and garden) and domestic animal (i.e. not commercial stock) watering purposes under this arrangement.

Commercial stock watering supplies may be considered at a future point in time.

#### Allocation, Water Efficiency Allocations, and water trade

Under this arrangement you will not have a water allocation account, receive allocation, or be able to participate in the annual water trade market. Previously in dry, low allocation years you would have been required to purchase allocation to cover your assumed 2ML usage for the year.

Under this arrangement you will simply be able to have the negotiated volume of water delivered to your property.

Water supplied under this arrangement will be sourced from allocation made available to the company's conveyance water access licence. This means that the allocation of water is slightly more reliable (secure) than the general security water entitlements presently held.

#### Allocation in my account at the time of conversion

Any allocation in your account at the time of conversion will be cancelled and an amount representative of the current market value of the allocation will be added to your payment. Alternatively, you may list the allocation for sale on Murray Irrigation's exchange, or transfer it to another account.

#### Pipe outlet – Metered or Unmetered

Murray Irrigation intends to attach a meter to existing pipe outlets or, where needed, replace the whole pipe installation with a metered pipe.

Customers under this arrangement will only pay for water actually used, as opposed to the currently assumed 2ML per year for unmetered pipes.

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## **Funding of the meter**

Customers adopting this arrangement will contribute \$400 to the cost of a meter. Murray Irrigation will fund the remainder of the cost, including replacement (to the minimum standard) of the pipe outlet where necessary.

## **Meter installation timing**

Until a meter is installed on your pipe, Murray Irrigation will continue to assume your usage to be 2ML per year and water usage fees will be on this basis, as it is presently.

## **Differences to current arrangements**

The primary change under this arrangement is lower fees. From the customer's perspective little else changes; water is still supplied to the property, however some of the more complex rules that are in place for larger scale farming enterprises will no longer apply.

From the company's perspective, a number of costs and overheads are reduced, which allows lower fees to be passed on.

## **Responsibility for maintenance of pipe and meter**

The owner of the landholding will be responsible for upkeep and maintenance of the pipe outlet and meter. Murray Irrigation will read and inspect the meter at least once per annum and notify the owner if the meter requires repair.

## **I paid for the pipe to be installed / the pipe is mine already**

Typically, a customer seeking to have a pipe outlet installed was required to pay for installation, after which the company assumed ownership and responsibility for maintenance of the pipe (to the outside of the channel bank). This means the pipe is on the company's books incurring operating costs, maintenance allowances, and so forth.

The company proposed to formally (on paper) hand this responsibility back to the customer and cease charging the outlet fee for that pipe outlet.

## **If the customer does not maintain the meter to a working standard**

If the customer has not complied with requests to repair or replace the meter, Murray Irrigation can conduct necessary repairs or replacement at the customer's cost.

This includes where access to the pipe outlet and/or meter is not maintained to a safe standard (e.g. no long grass or dangerous obstacles).

## **Guarantee of water supply**

Water supply is not guaranteed, and the arrangement does not provide any higher security of access than previous arrangements. Whilst Murray Irrigation endeavours to make domestic water available, in times where water is not available in your channel (other than the winter close-down period) Murray Irrigation encourages you to contact us in advance so that arrangements can be made for water supply.

## **Winter close-down period**

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Murray Irrigation closes its channel system over winter, typically from May to July inclusive. Arrangements are communicated via the company's weekly newsletter *Talking Water* and our website [www.murrayirrigation.com.au](http://www.murrayirrigation.com.au).

Customers are responsible to ensure they have water available to cover their winter demands.

## Financial

### Fees for a domestic supply holding entitlements

In 2020/21 an indicative annual bill for domestic customers **not** under this arrangement will look like:

Domestic landholding fee	\$645.90 per landholding
Domestic outlet fee	\$240.17 per domestic outlet
Delivery Entitlement fee (for five)	\$60.65 total DE fee
Water Entitlements fee (for five)	\$38.10 total WE fees
Account Administration fee	\$227.91 (incl. GST) per account
Water Usage fee (2ML deemed)	\$106.08 total ML usage fee
<b>Total</b>	<b>\$1,318.81</b>

In 2020/21 an indicative annual bill\* for domestic customers under this arrangement will look like:

Domestic landholding fee	\$326.02 per landholding
Domestic outlet fee	\$ Not applicable
Delivery Entitlement fee (for 4)	\$ Not applicable
Water Entitlements fee (for 5)	\$ Not applicable
Account Administration fee	\$56.98 (incl. GST) per account
Water Usage fee (2ML)	\$106.08 total ML usage fee
<b>Total</b>	<b>\$489.08</b>

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<b>Indicative annual saving</b>	<b>\$829.73</b>
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\*Based on approximately 2ML usage for 2020/21. This information is provided as an indication only, individual bills will vary based on individual circumstances.

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## Purchase of water entitlements

This initiative proposes to offer you \$500 per water entitlement. Water entitlements may be retained in a separate account if you prefer. Additional costs of holding the water entitlements will apply.

Murray Irrigation's offer to purchase water entitlements is limited to 10 water entitlements.

Water entitlements, delivery entitlements and shares may also be transferred to another landholding or customer if you prefer. Additional costs will apply for the transaction.

## Termination Fee

Unless you transfer your delivery entitlements to another landholding or customer your delivery entitlements must be terminated and the termination fee paid. If you accept the company's offer to purchase your water entitlements, the termination fee will be deducted from that payment.

If the company's offer to purchase your water entitlements is accepted by you, the payment to a typical customer would be:

- Water Entitlement purchase	\$ 2,500.00 (for five water entitlements)
- Less termination fee (indicative)	-\$ 606.50 (for five delivery entitlements)
- Less cost of meter	-\$ 400.00
- <b>Net payment to you (indicative)*</b>	<b>\$ 1,493.50</b>

\* Individual circumstances may vary.

## Taxation

The payment for water entitlements, if accepted, may have capital gains and/or other taxation consequences. Individual circumstances vary and Murray Irrigation recommends that customers accepting this offer seek their own, independent, legal and financial advice.

## Invoicing and payment terms

Invoices under this arrangement will be issued once per year, payable in accordance with Murray Irrigation's standard payment terms. At the time of writing that is 30 days from date of invoice.

## Overdue accounts

Accounts that become overdue may attract interest. Customers with overdue accounts may also have their water supply suspended (disabled).

For accounts that remain overdue for a lengthy period of time and where agreement for payment of the account cannot be reached, Murray Irrigation may commence debt collection processes and reserves the right to terminate the agreement and water supply on six months' notice.

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## Legal

### Entitlements and Shares

Participation in the domestic customer initiative is voluntary. However, should you decide to take advantage of this initiative, you will be asked to either relinquish your shares in Murray Irrigation; or transfer them to another landholder, and become a consumer under a contractual arrangement.

Your current shares have no market value; therefore there will be no payment for relinquishing shares. Murray Irrigation Limited in its constitution is a not-for-profit entity, even on winding up there would be no payment to shareholders. Dividends are not payable and there are no transactions of value involving shares as customer-shareholders sell their landholdings.

### Process for conversion to this arrangement

Customers wishing to convert to this arrangement will be asked to complete the following paperwork:

- Domestic Water Supply Contract – this sets out the terms and conditions of the new water supply
- Conversion Deed – this deals with the purchase of water entitlements and cancellation of delivery entitlements and shares (where applicable)
- Land title searches – to determine whether any mortgages exist over the property (see below)
- Water Entitlements certificate – your original water entitlements certificate must be returned to Murray Irrigation.

Once the conversion process is complete, you will be advised and new billing arrangements will commence. The conversion process is expected to take up to eight weeks.

### Mortgages

If you have a mortgage registered over your property or your water entitlements, the consent of the mortgagee (bank, etc.) will be required before the conversion can be approved. It is the customer's responsibility to seek this consent; your bank manager or solicitor may be able to assist with this.

### Legal advice

Murray Irrigation cannot provide legal advice and recommends that customers seek their own independent legal advice.

### What happens to the entitlements after conversion

Nothing. Both the water entitlements and delivery entitlements (unless transferred to another customer) are cancelled and no longer exist. The entitlements cannot be re-issued to other customers. The company will still use its bulk licences to supply water under the new arrangement.

## Property

### Land and/or property values

Murray Irrigation cannot provide advice about land or property values. However, the property will continue to enjoy the same benefits of connection to Murray Irrigation's channel system as it previously did.

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## **Future upgrade or conversion to irrigation supply**

Customers wishing to upgrade or convert from a domestic supply under this arrangement to an irrigation supply must apply to the company to be reclassified, and apply for installation of a new irrigation outlet. This process will incur additional costs, potentially exceeding \$20,000 for the installation of an irrigation outlet.

## **Site inspection**

As part of converting your supply to this arrangement, a site inspection of your existing pipe outlet will be conducted by Murray Irrigation, if this has not already been conducted in the previous 12 months.

## **Landholding reference number**

Your landholding reference number is unaffected by conversion to this arrangement and will remain the same.

## **Selling your property**

If you intend selling your property you must notify Murray Irrigation. If you sell the property without notifying us, water supply may be suspended.

Once a sale has been made, the purchaser must contact Murray Irrigation to request a water supply contract to be issued to them. This would normally be arranged by the purchaser's solicitor or conveyancer.

## **Subdivision**

You must not subdivide your landholding if it is under this arrangement, without first notifying Murray Irrigation. If you wish to have a domestic water supply to the newly subdivided lot(s), you may apply to Murray Irrigation to have a new supply established. This may involve installation of new pipe outlet(s), which will be at your cost.

## **Customers joining the initiative after the expression of interest closed**

Customers who sign up to this arrangement after the original expression of interest period closed, will continue to pay existing fees up to the point where the conversion is complete.

## **Contact Us**

For further information please contact Permanent Trade via Customer Support on T. 1300 138 265.