

Chairman's report

Friday 16 May 2014



Murray Irrigation

This is the Chairman's report, distributed following a meeting of the Murray Irrigation Board of Directors yesterday.

Water efficiency allocation

The Board agreed to make a water efficiency allocation of one percent of permanent delivery entitlements, excluding Class A (Town Water Supply) and domestic supply agreement customers. This announcement takes the water efficiency allocation to 12 percent or over 125,000ML.

This efficiency allocation is possible because of anticipated benefits from channel drainage from credited escapes. No further water efficiency allocations are anticipated this year.

Fees and Prices and 2014/15 budget

The Board set its budget for 2014/15 and approved company Fees and Prices for 2014/15. Our budget assumes deliveries of 600GL and will be reviewed in November. We have increased company fees by three percent compared to 2013/14 fees, in line with CPI. This is the first increase in our fees in two years. Murray Irrigation will release its Fees and Prices Schedule for 2014/15 in mid-June.

The Government charges that will apply from 1 July are not yet known. The Australian Competition and Consumer Commission (ACCC) final determination for State Water charges from 1 July is due at the end of June. In addition, the Murray Darling Basin Authority (MDBA) component of State Water charges is also undecided. However, it is anticipated at this point that the ACCC final determination will include the MDBA component.

Murray Irrigation recovers its Government charges from both water entitlement charges and usage charges and these are shown separately in our Fees and Prices Schedule.

Outlet and Meter Strategy changes

The Board continues to review implementation of its Outlet and Meter Strategy under the Private Irrigation Infrastructure Operators Program (PIIOP). One of the issues that has emerged is the number of landholdings that either use no water or very low volumes. We are concerned that under PIIOP the company may upgrade Dethridge Outlets with new outlets that may not be used.

In response we have agreed to modify our Outlet and Meter Strategy to leave Dethridge Outlets in place on landholdings with no or low water use. Customers in this circumstance would still participate in consultation and receive a Notice of Assessment, but the outlets would not be upgraded. In the event that water use on an individual landholding increased in the future, the outlets will be upgraded. Importantly, the Board has agreed in principle to fund meter upgrades, consistent with the Notice of Assessment with company funds for five years after PIIOP implementation has ended. This is estimated to be until 30 June 2022. The potential savings to PIIOP from this change are significant.

More detailed information will be provided to impacted customers by our Consultation Team.

NSW Murray Outlook

The NSW Office of Water 2014/15 Outlook, released yesterday morning, was positive, confirming availability of carryover, commencing allocations for high security of 97 percent and five percent for general security. The forecast assumed 30 percent carryover in the NSW Murray and very dry inflow conditions. The outlook information released also forecast general security allocations under dry conditions by 1 November of 50 percent. We are predicting customer carryover of approximately 25 percent of water entitlements.

George Warne appointment to the Murray Darling Basin Authority

I congratulate George, former Murray Irrigation General Manager, on his recent appointment as a Member of the Murray Darling Basin Authority. George will bring a wealth of knowledge and practical experience to the Authority. I look forward to seeing the benefits of his appointment as the Authority progresses implementation of the Murray Darling Basin Plan.

Stakeholder Breakfast

I was pleased to host our stakeholder breakfast yesterday morning which was attended by Richard Stott, Chairman of NSWIC and new Chief Executive Officer, Mark McKenzie. Also in attendance was David Harriss, NSW Office of Water Commissioner. The importance of NSWIC representing the interests of irrigators to the NSW and Commonwealth Governments and the MDBA continues. The stakeholder breakfast was an opportunity to acknowledge the continued effort both NSWIC and the Office of Water are making in looking out for our interests.

Bruce Simpson, Chairman