

Submission to ACC regarding the Wah Wah Stock & Domestic Fees & Charges

Author

Don Low

Background

As you will see that the fees and charges for the WWS&D area is reasonably complicated so I have attempted to give a brief outline to explain how this happened.

WWS&D covers an area of over 300,000 ha with around 50 customers

Water is supplied via an open channel system of 3 main channels; No 2, No3, and No8 channels

These main channels also have spur channels an example is No9 which branches off No3

The area is made up of the rated area and the non-rated area

The rated area has an allocation based on 1 Meg per 125 hectares of land.

The nonrated area has an allocation based on the number of ground tanks (farm Dams) and the size of these farm dams. Holding Reference numbers are not used in the non-rated area

In the rated area Murrumbidgee Irrigation (M.I.) uses Holding Reference (HR) numbers to distinguish individual farms. If a farm for example with HR number 43, or property as they are called in this area, is sold and 3 different people bought the property this could create 2 more HR numbers which would be called HR 43A and HR 43B

If the property's land was held in two different titles for example some in the Husbands name and some in the wife's name then this property would have 2 HR numbers.

Over the years this has culminated in some properties having many more HR numbers than other properties. It also needs to be noted that some landholders share outlets with other landholders but both pay outlet charges.

Landholders in the nonrated area have the same water supply security as those in the rated area however their water charges appear to be lower.

This situation did not really matter or effect water charges until water charge rules were changed.

These rules we were told made irrigation companies increase the fixed component of their charges so they could charge customers exit fees as per the ACCC guidelines.

An example; Holding reference 83A considered another farm but in reality a 800Ha paddock;

Water Fees & Charges before the introduction of high fixed charges for HR 83A on the 31st May 2007 were \$773 these charges were mostly made up of a fee called S&D water Use

The fees & charges for HR 83A on the 4th June 2014 were \$2603.13 these charges are all fixed charges.

Murrumbidgee Irrigation have indicated they propose to increase water charges by 40% for next season this will be based on increasing current charges which will only penalize those already paying high water charges.

If water charges are based on high fixed charges they do not offer any incentives for people to save water rather the water rules are penalize those who have inherited an out of date water charge rules schedule.

The WWS&D area now has many levels of charges mainly because there is a great variation in the number of HR numbers each property has and there is a difference in charges between the rated and nonrated areas.

Examples

Property A; covers an area of 3200 ha has an allocation of 27 Megs and has 3 HR numbers

This property has 2 outlets from M.I. channels which are shared with neighboring properties and fills 6 farm dams

Property A pays 3 connection fees & 3 outlet charges plus their fixed water charges per Meg

The total fixed charges for property A in 2015/2016 season are; \$10,663

The total usage charges for property A are \$270 Total water charges \$10,933

Property B; 18,000 ha in the rated area and has an allocation of 144 megs with 2 HR numbers

This property has 12 outlets and fills approximately 35 farm dams

Total Fixed charges for property B; \$15,928

Total usage charges for property B are \$1,440 Total water charges property B; \$17,368

Property C; 11,000Ha in the non-rated area has an allocation of 55Megs does not have a HR number but shares the outlet and connection fees with other landholders because they share an outlet. This property fills 30 farm dams

Total fixed charges for property C; \$5,680

Total usage charges for property C, \$550 Total water cost \$6,230

Summary

Property A fills 3 farm dams can run 2,000dse and pays \$10,933

Property B fills 35 farm dams can run 11,250dse and pays \$17,368

Property C fills 30 farm dams can run 6,875dse and pays \$6,230

Amalgamation of facilities charges:

Please see attached forms relating to the criteria Murrumbidgee irrigation has for amalgamation.

Several properties have made application to amalgamate their facility charges in an attempt to reduce their fixed water costs.

While many properties have not been allowed to amalgamate their HR numbers due to the criteria M.I. has for doing this there appears to be anomalies where other properties have been allowed to amalgamate their HR numbers even though they did not meet the criteria.

A property in the WWS&D area was sold in the last 5 years and was bought by an adjoining landholder. The properties however are supplied from different stock & Domestic channels and part of the properties are not in the rated area so you would presume that this property would not meet the criteria for amalgamation of facility charges.

This landholder was allowed to combine all the HR numbers for these properties in to one, the area of these properties covers over 20,000 ha the ability to be able to combine these properties HR numbers has dramatically reduced this properties water costs.

Removal of Stock & Domestic allocation

There are at least two properties that have had their Stock & Domestic allocation removed from the land which was serviced by the stock & domestic channel which supplied their property. These properties also receive irrigation water from an irrigation channel, one can only guess that the stock & Domestic allocation was moved to the irrigation channel and combined with their irrigation allocation.

The S&D water would have had an HR number associated with it so it is hard to see how this action would have met the criteria for amalgamating facility charges.

Conclusions

- Before the ACCC introduced rules for termination fees water charges were widely based on usage and fixed fees were minimal.
- When the ACCC introduced the rules for charging termination fees Murrumbidgee Irrigation changed the fee structure. The fees & charges for the WWS&D area are now made up of 95% fixed charges.
- The fixed fees are based on Holding Reference Numbers which have no correlation with the actual number of connections or outlets a property has.
- The fixed fees do not have any reflection on the size of the individual properties outlet.
- The fees do not have any correlation to the amount of water that is supplied to the individual property or for how long the water is supplied to an individual property.
- Properties with multiple HR numbers pay a great deal more for their water than a property of the same size with only one HR number even though they receive the same amount of water.
- While Murrumbidgee Irrigation has criteria for amalgamating facility charges it would appear that this criteria has not been followed in some cases and some properties have been allowed to amalgamate their HR numbers.
- Two property owners have told me they have applied to amalgamate their HR numbers but have given up because the process is very difficult



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Postal PO Box 492, Griffith NSW 2680
Offices Research Station Rd, Hanwood NSW 2680 | Dunn Ave, Leeton NSW 2705
Contact T (02) 6962 0200 | F (02) 6962 0209 | E info@mirrigation.com.au
www.mirrigation.com.au | ABN 39 084 943 037

Form 29

Application: Amalgamation of Facilities Charges

The applicant applies for the amalgamation of Facilities Charges specified in this application. Unless the contrary intention appears, capitalised terms used but not defined in this application have the meanings given to them in the Water Entitlements Contract and the Water Delivery Contract.

Applicant's details

Note: If the Rights of Access Certificates are held jointly by two or more persons, each person must be named as an applicant and each person must sign this application. The applicant's details must be identical to the details on the Rights of Access Certificates.

Full name(s)	
ABN(s)	
Address	
Contact Number	

Water Allocation Account (WAA) details

WAA number to be invoiced for Facilities Charges	
WAA number(s) to be amalgamated for purpose of invoicing Facilities Charges only	

Attachments

Application fee – Refer to the Schedule of Charges on the Company's web site.

A completed form 28 Application: Outlet Reduction If you wish to seal or remove any outlets

Signing by the applicant**Option A** - If the applicant is an individual or multiple individuals:_____
Name_____
Signature_____
Date_____
Name_____
Signature_____
Date_____
Name_____
Signature_____
Date**Option B** - If the applicant is a company with two directors or a director and a company secretary:Executed by the applicant in accordance
with section 127 of the *Corporations Act*
2001:_____
Signature of director/company secretary_____
Signature of director_____
Name of director/company secretary
(BLOCK LETTERS)_____
Name of director
(BLOCK LETTERS)_____
Date**Option C** - If the applicant is a company with a sole director and sole company secretary:Executed by the applicant in accordance
with section 127 of the *Corporations Act*
2001:_____
Name of sole director and sole company
secretary (BLOCK LETTERS)_____
Signature of sole director and sole
company secretary_____
Date

ANNEXURE "A"

Conditions of Amalgamation Accompanying Form 29 Application: Amalgamation of Facilities Charges

1. Final approval or refusal of application is at the discretion of Murrumbidgee Irrigation Limited (the **Company**);
2. Applications approved prior to 1st August will take effect in the current Water Year;
3. Applications approved after 1st August will take effect in the following Water Year;
4. All the landholdings must be held under title in exactly the same name;
5. All the landholdings must be contiguous (adjacent to each other);
6. All the landholdings must be supplied from the same supply channel;
7. All the landholdings must be in the same Financial Pricing Group.