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For immediate release

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MI ANNOUNCES CHARGES FOR 2010/11

Murrumbidgee Irrigation (MI) has today announced its charges for the 2010/11 season which will see a significant reduction in variable (usage) charges but an increase in fixed charges.

Overall, some MI customers can expect a reasonable reduction in their total charges for the year, whilst others can expect a small increase in costs. The average Integrated Horticulture Supply (IHS) farm for instance will receive the benefit of a 6% decrease, excluding energy, whilst the total charges for the average broad acre farm are likely to be 2.9% higher. Some broad acre farms with higher usage can also expect reductions in their total bill.

MI's Managing Director, Mr Brett Tucker, said the reduction in variable charge rates is a pleasing result of cost controls and expected higher delivery volumes.

"The catchment conditions have been steadily improving each season since 2006/2007 when we experienced the worst rainfall and inflow conditions on record. In addition, levels of carryover by customers from 2009/10 are high (generally above 22%), water market conditions are weak and catchment rainfall conditions are improving, all good indicators of high local irrigator demand," he said.

Mr Tucker praised the efforts of MI staff who have contained operating cost increases to 3.5%, despite increased compliance obligations with a range of Commonwealth regulations, including the development of a Network Service Plan, new National Metering Standards and reporting obligations to the Australian Competition and Consumer Commission (ACCC), the Bureau of Meteorology (BOM) and the National Water Commission (NWC). MI has also been increasing its efforts to control weed growth and siltation in its supply channels on the expectation that seasonal conditions are gradually improving and water usage will return to higher levels this season.

Despite containing cost increases to 3.5%, fixed charges will increase by 8.5% on average.

"The major impacts on fixed charges have come from external influences," Mr Tucker said. "This includes a 10% rise in government bulk water costs, a reduction in MI's contract income of 25% (which offsets costs and therefore charges to customers) and reductions of entitlement due to customers terminating their service following permanent sales of water to government."

"Permanent sales out of the district approached 40,000ML during 2009/10 and the Termination Fees paid by these customers only partly recovers the fixed charges left behind. The Commonwealth Water Act 2007 limits the amount that MI can charge for Termination Fees to 10 times the annual fixed charges for the rights surrendered. MI's policy is to ensure that these funds, including accrued interest, are contributed back to pricing for up to 20 years," Mr Tucker added.

MI also is advising its customers of its plans to review billing dates. Currently, MI customers pay for their access and usage in arrears, with invoices sent in April for fixed charges and June for usage charges. Government bulk water charges are now invoiced to MI quarterly, prompting MI to consider whether billing in arrears is sustainable in the long term. This issue will be discussed at MI's upcoming round of customer shed meetings in September.

Customers seeking more information about the Charges and Termination Fees for 2010/11, can visit MI's website at www.mirrigation.com.au or phone 02 6962 0200.

Ends - For further information regarding this media release, please contact Brett Tucker, Managing Director, Murrumbidgee Irrigation on 02 6962 0200.