

# Irrigation outlet fee review

Murray Irrigation Limited, March 2026

RMCG’s review found that current outlet fee levels no longer reflect the cost of maintaining and renewing outlet assets. Applying a cost recovery framework, we recommend that outlet fees need to be higher to better align with the genuine ongoing cost of maintaining and replacing outlets.

## BACKGROUND

RMCG is a regionally based economics, water and environmental consultancy that was engaged by Murray Irrigation Limited (MIL) to review outlet fees and assess whether current charges remain aligned with underlying costs. Led by our leading economist, the review scope covered fees for outlets but did not include review of Delivery Entitlement charges, usage or any other fees.

## WHY THE REVIEW WAS UNDERTAKEN

Over time, outlet fees applied by MIL appear to have drifted from the genuine cost of owning, managing and renewing customer outlets. This matters as fee levels should provide a clear and transparent signal of the cost of maintaining serviceable outlets across the network.

## WHAT WE REVIEWED

The outlet fee review was based on a detailed analysis of:

- All MIL work orders related to customer outlets
- Anonymised list of all small, large and XL outlets
- Capital cost calculator
- Labour cost calculator
- Asset life assumptions.

This review did not seek to recover the historical cost of initial outlet installation through annual fees. It focused instead on the cost of replacing and renewing existing outlets, noting most original and replacement outlets were installed at little to no cost to customers.

## WHAT WE FOUND

We found that the actual long term cost of replacing and renewing outlets is higher than is reflected in current outlet fees. We therefore calculated the required annual fees for three outlet categories – small, large and XL.

For each category, the recommended fee level includes:

- Operating expenditure: the cost of inspecting, maintaining and servicing outlets based on current actual costs
- Capital expenditure: the discounted, present day cost of replacing existing outlets over time.

## COST REFLECTIVE OUTLET FEES

Table 1: Cost reflective outlet fees

CATEGORY	SMALL	LARGE	X LARGE
Current fee	\$1,156.61	\$1,538.15	\$2,048.57
Cost reflective fee	\$2,347.40	\$2,767.37	\$3,221.34

These cost reflective fees are based on the genuine ongoing cost of servicing and replacing outlets. They indicate that the gap between current fees and cost reflective fees is greater for small outlets than larger ones.

## INTERACTION WITH OTHER FEES

Our engagement has focussed specifically on developing a cost reflective fee for differently sized outlets. Any decision on implementation, tariff structure to meet the costs of owning and operating outlets and fee levels for all other MIL services including supply network repairs and replacement is a separate matter.