

# Fee structure review 2026

In response to commentary from customers that the fees associated with **Delivery Entitlements** (DEs) have led to inequitable cost outcomes, Murray Irrigation (MIL) has undertaken a **comprehensive review of its fee structure** and developed a **proposed solution** for customer feedback.



## The challenge

MIL's fee structure<sup>1</sup>, implemented in 2007, has become inequitable for customers and is no longer fit for purpose as a result of the separation of Water Entitlements (WEs) from land and the issuing of DEs, and government water buybacks. This has led to:

- **Large cost variation in customers with similar water use**

Some customers are paying up to **four times** more than others for similar water use. This is primarily due to Delivery Entitlement (DE) fees being a fixed cost and the misalignment of DEs to WEs.

- **High fixed cost**

Currently, **81%** of the average fees paid by customers are fixed and do not vary with water use. While these fees recover MIL's fixed operating and maintenance costs, it does not provide the flexibility customers are seeking, particularly during low water allocation years.

- **Under-recovery of outlet costs**

MIL's independent review also found that current outlet fees significantly **under-recover** operating and future refurbishment costs, creating a long-term capital funding gap. This also distorts price signals to retain or disconnect outlets.

## Finding a solution

**MIL explored a range of fee structures to address these issues.**

The proposed structure is guided by four principles:



### Improve cost alignment

**Reduce variability in cost between customers with a similar water use.**

Proposed approach:

- Implement a variable fee structure and remove fixed costs associated with DEs.
- Use water use to determine delivery fees.



### Reward water use

**Reward customers with higher water use.**

Proposed approach:

- Retain volume tiers for delivery fees.
- Maintain 5% Water Users Credit.



### Minimise negative impact

**Maximise the number of customers with a fee decrease or little to no change.**

Proposed approach:

- Reduce overall fees.



### MIL financial security

**Maintain the company's earnings to support services and maintain infrastructure.**

Proposed approach:

- Diversify revenue and increase earnings from the sale of water

<sup>1</sup>Major customer fees paid by irrigators. Based on 2025-26 fees. Excludes charges collected on behalf of the Government.

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The proposed solution simplifies the company's fee structure. It involves moving to a variable water delivery fee and cost recovery for outlet fees.

## Proposed changes to the current fee structure (2025-26 Season)

Proposed approach		Proposed change
<b>Delivery Fees</b>	Variable delivery fee	<ul style="list-style-type: none"> <li>Remove DE based fixed fee of \$16.01/DE</li> <li>Increase variable fee by \$9.78/ML</li> <li>Casual usage delivery fee not applicable</li> </ul>
<b>Outlet Fees</b>	Cost recovery	<ul style="list-style-type: none"> <li>Increase in outlet fees to reflect cost recovery with an average<sup>2</sup> increase of 75%</li> <li>EOI process for customers to disconnect outlets</li> </ul>
<b>WaterWell</b>	MIL retains water	<ul style="list-style-type: none"> <li>Discontinue Resource Distribution and Allocation Advance to customers to fund reduced fees</li> <li><b>No change</b> to 5% Water Users Credit to customers</li> </ul>

Fees to be adjusted each year based on CPI (or change in Government charges) for the 2026-27 season through to the scheduled review in 2030-31.

**To determine how this change would impact your farm business, please use the Customer Calculator available in your customer portal.**

<sup>1</sup> Major customer fees paid by irrigators. Based on 2025-26 fees. Excludes charges collected on behalf of the Government.

<sup>2</sup> Average cost based on all customers past average water use for an average season with on-farm delivery of 600GL. Utilise the Customer Calculator in the customer portal to see how this proposed change will affect your business.

Customer Fees <sup>1</sup>		Current Fees	Proposed Fees
<b>Delivery Fees</b>			
<b>Variable Delivery Fees</b>			
0-5 ML	\$/water use	\$63.75	<b>\$73.53</b>
6-100 ML	\$/water use	\$17.22	<b>\$27.00</b>
>100 ML	\$/water use	\$8.58	<b>\$18.36</b>
Casual Fee	\$/water use	\$63.75	<b>N/A</b>
<b>Fixed Delivery Fees</b>	\$/DE	\$16.01	<b>N/A</b>
<b>Outlet Fees</b>			
Outlet Fee – XL	\$/outlet	\$2,049	<b>\$3,211</b>
Outlet Fee – L	\$/outlet	\$1,538	<b>\$2,767</b>
Outlet Fee – S	\$/outlet	\$1,157	<b>\$2,347</b>
Outlet Fee – S&D	\$/outlet	\$529	<b>\$1,073</b>
<b>Other Fees</b>			
Landholding	\$/parcel	\$1,708	
CL Fee Recovery	\$/WE	\$1.11	No change
Account Fee	\$/account	\$75.28	
<b>Average Cost<sup>2</sup></b>	<b>\$/water use</b>	<b>\$53.27</b>	<b>\$41.87</b>

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## What it means for customers

If the new structure is adopted, around 80% of irrigation customers would benefit from a decrease in their average<sup>2</sup> cost or see little to no change. A portion of customers would experience an increase in their average cost.

To determine how this change would impact your farm business, please utilise the **Customer Calculator** available in your customer portal.

[member.murrayirrigation.com.au](https://member.murrayirrigation.com.au)

This Customer Calculator has been specifically designed to assist customers in assessing how this change could impact your bottom line.

MIL will retain the water from Resource Distribution and Allocation Advance distributions that has been allocated to customers by DEs to fund the reduced company revenue from customer fees.

## The proposed fee structure also delivers the following advantages:

- The current fee structure will be simplified and better aligned with the customer's business and ability to pay, with 85% of average<sup>2</sup> cost based on water use and number of outlets.
- Irrigation customers will continue to receive a 5% Water Users Credit.
- The portion of average<sup>2</sup> fixed cost will reduce from 81% to 53%. In low water allocation years, irrigation customers will no longer have a fixed water delivery cost burden.
- DEs will have no liability for customers selling or buying land or with change in land use, but will be retained as per the Company's Constitution.

## What it means for MIL

Under the proposed fee structure, MIL will take on more of the financial burden to manage lower and variable revenue on behalf of customers:

- \$6.8 million reduced revenue in an average season, with 600GL on-farm water delivery, and
- \$10.8 million reduced revenue in a low season, with 200GL on-farm water delivery.

To fund lower customer fees while maintaining earnings, MIL will continue to diversify revenue including through the sale of temporary water<sup>3</sup>. This will allow MIL to continue delivering current services and investing in infrastructure for future generations.

MIL plans to grow earnings from water sales through Water Solutions, by:

- Retaining and selling Resource Distribution and Allocation Advance, which is expected to recover around 50% of the average \$6.8 million in reduced company revenue from customer fees.
- Plus continue to attract new water to the footprint as demonstrated by CEWO and MDBA engagement and projects.

## What comes next

MIL is seeking customer feedback on the proposed new fee structure. We encourage you to utilise the information tools, including the Customer Calculator available on the company website, and to attend our information sessions prior to indicating your level of support via an online survey.

The Board will make a decision on whether to proceed with the suggested change to the company's fee structure, or to maintain the status quo and stay with the current fee structure at the end of April.

For more information on this proposed change to the company's fee structure, visit the company's website ([murrayirrigation.com.au/fee-structure-review-2026](https://murrayirrigation.com.au/fee-structure-review-2026)) or call the Customer Experience team on 1300 138 265.



<sup>3</sup>As announced for temporary water sales with the Business Review in 2023 and with Water Solutions in 2025.