

Pricing Policy Statement (ESCOSA Water Industry Retail Pricing) 2026/27

Regulated Retail Services Provided

Mid Murray Council offers Community Wastewater Management Systems (CWMS) to 28 localities, the number of connections at each scheme vary from a low of 6 connections to the largest being 235 connections. Both vacant and occupied properties are charged the annual service fee (no differential).

The Mid Murray Council offers reticulated non potable water to 138 Bowhill shack residents.

Basis of Current Pricing Principals

Historically the Council had a CWMS Advisory Committee, that recommended to Council not to recover depreciation when setting the annual service fee for the 26 CWMS as the original capital construction was paid by the original shack owners without any contribution by Council or any other level of government funding, therefore the operating cost of depreciation was not be funded.

Two CWMS schemes (Truro and Cowirra) that were majority funded by the State Government, have been recovering whole of life costs incorporating the annual depreciation expense. In 2020/21 financial year the Council introduced a new pricing scheme for the other 26 other schemes that would see the annual maintenance fee increase to ensure that by 2024/25 each scheme would have a surplus balance equal to 1.5 times the annual operating expenses (excluding depreciation expense) to cover annual maintenance plus minor capital renewal. Major Capital Renewal may cause a call on the current owners for a capital contribution and/or capital renewals be funded by a Council loan and this loan would be required to be paid back by the owners over several years (previously 10 or 15 year repayment has been offered).

Due to the very low number of CWMS connections all of the schemes vacant properties have been charged the same rate as occupied properties, failure to adopt this rationale would have made the majority of the CWMS schemes unviable with areas unable to be developed due to being on the River Murray flood plain and no CWMS. The introduction of CWMS connections allowed new building to be approved, properties were able to be converted from leasehold to freehold, the both resulting higher property values.

Full Cost Attribution, which is a requirement of Section 11(3) of the *Local Government (Financial Management) Regulations*, and as per the recommendations of Council's external auditors, has been phased in across the next five years, commencing in the 2025/26 Financial Year. Depreciation expense has not been included in the 2026/27 CWMS Annual Service fee (and not in previous years), but Council has introduced a Capital Renewal Annuity cost component based on the future capital renewal requirements of each individual scheme over the next 10 years.

As previously major capital renewal may still require a call on the current owners for a capital contribution and/or capital renewals that will be funded by a Council loan and this loan be required to be paid back by the owners over several years (previously 10 or 15 years).

The non potable water supply to Bowhill residents is based on maintaining a balanced operating budget.

Price Movements

The financial impact of these actions in 2026/27 will result in an average increase of approximately \$152 for the Council's CWMS schemes users. Except for the Truro and Cowirra Schemes fees that have historically been recovering operating costs of the schemes, including depreciation, therefore these two schemes will receive much lower increases due to the scheme's previously recovery of depreciation (5% to 7%). For any owners still repaying the Cowirra capital contribution for the scheme, there will be no increase to this portion of the fee in 2026/27.

As a result, when considering the potential financial strain and the ability for some owners to pay, the increase of the CWMS Annual Service Fee been phased in over a five (5) year period, with a maximum annual increase capped at \$250. This capped increase will effectively then mean an average increase of 33% (ranging from 3% to 67%) or on average from \$459 to \$610 per connection. Without these increases the individual scheme's financial sustainability will be at risk. For any owners still repaying the Cowirra capital contribution for the scheme, there will be no increase to this portion of the fee in 2025/26.

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The non potable water supply to Bowhill residents fee has not increased from 2025/26. The water supply for the first time has been valued (previously gifted to Council), and this has now been followed by the first Bowhill Water Asset Management Plan that was released for public consultation in August 2026. Council will set the 2027/28 fees based on the information obtained from the valuation and future capital renewal projections and will receive a sustainability report to consider the future of this service and the involvement of Council.