

Pricing Policy Statement (ESCOSA Water Industry Retail Pricing)

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 has 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, therefore the operating cost of depreciation was not be funded.

Two CWMS schemes (Truro and Cowirra) that have been part funded by the State Government recover whole of life costs including 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 years).

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.

Post 2024/25 the Council will then implement phasing of full cost recovery including annual depreciation expense. As previously major capital renewal may still require a call on the current owners for a capital contribution and/or capital renewals 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

Movements of the two CWMS schemes (Truro and Cowirra) that have been part funded by the State Government recover whole of life costs including the annual depreciation expense are driven by the operating expenses of the schemes to ensure that asset renewal requirements can be achieved.

Over the five year period 2020/21 to 2024/25 individual schemes annual maintenance fee will be increased to achieve a surplus balance equal to 1.5 times the annual operating expenses (excluding depreciation expense) to cover annual maintenance and minor capital renewal.

Due additional water entitlements being purchased in 2021/22, Council will look at reducing the Bowhill water usage cost, as an alternative to selling excess water on the temporary water market.