

This document has been prepared to assist interested parties evaluate the purchase of water entitlements in the irrigation district.

This document should be read in conjunction with the scheme overview document prepared for the irrigation district. This document provides general information relating to the:

- Direct Sales Rules for the Offer of Water Entitlements to Landholders for the North Esk Irrigation District (the "Direct Sales Rules"); and
- Water Entitlements Purchase Contract for the North Esk Irrigation District (the "Purchase Contract").

The Direct Sales Rules and Purchase Contract (including all of their annexure) represents the complete statement regarding the sale of water entitlements in each irrigation district and prevail over the general information provided in this document to the extent of any inconsistency.

All documentation regarding the sale of water entitlements in the irrigation district can be viewed online at:
www.tasirrigation.com.au

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North Esk Irrigation Scheme

Offer Document for the Landholder Water Sale

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1. Investment overview

Business overview

Tasmanian Irrigation is a state-owned company responsible for developing and operating irrigation schemes in Tasmania. As at February 2016, Tasmanian Irrigation owns and operates nine irrigation schemes, owns the infrastructure of two locally managed schemes, has three schemes under construction and is at various stages of developing a further five schemes.

The capital cost of the irrigation schemes currently being developed by Tasmanian Irrigation is a shared partnership between the public and private sectors. A total of \$229 million has been made available by the Australian and Tasmanian Governments for Tasmanian Irrigation's first tranche of schemes which have all reached completion and have transitioned into operations. An additional funding commitment of \$90 million has been made by the Australian and Tasmanian Governments to progress a second tranche of projects, which includes the North Esk Irrigation Scheme. Private investment is raised through the sale of water entitlements.

The irrigation schemes currently being developed by Tasmanian Irrigation are designed to last 100 years, deliver water at an average annual reliability of at least 95% and are built to satisfy demand in each region, with a threshold level of private commitment required before construction begins.

Legislative environment

In Australia, water is managed by each state and territory in accordance with the Inter-governmental Agreement on a National Water Initiative. In Tasmania, water is governed by the *Water Management Act 1999* ("WMA").

Under the WMA, all water resources in Tasmania are vested in the Crown. The Minister for Primary Industries and Water may grant rights to take water under a system of water licenses. Water licenses are currently administered by the Department of Primary Industries, Parks, Water and Environment ("DPIPWE").

Where an irrigation district is established, the rights arising under a water license (or an agreement deriving from a water license) may be broken into individual shares and issued as irrigation rights. Irrigation rights are administered by entities (such as Tasmanian Irrigation) which are responsible for operating the irrigation district.

Water licenses and irrigation rights are statutory water entitlements. They are transferable and separable from land. The irrigation schemes owned, operated and developed by Tasmanian Irrigation use irrigation rights as the statutory basis for water entitlements.

Reason for the offer

Tasmanian Irrigation is asking land holders in the proposed North Esk Irrigation District to make an offer to purchase water entitlements to achieve water entitlement sales of 2,565 ML which will satisfy the water sales threshold for the project so that the scheme may progress.

2. Water entitlements overview

The water entitlements offered in this sale include irrigation rights and delivery rights.

Irrigation Rights

Irrigation rights confer entitlements to have an allocation of water made available for delivery during each irrigation season. The entitlement arising under irrigation rights is defined as a volume and denominated in megalitre (ML) units.

Irrigation rights in the irrigation district have been assessed as having a reliability of at least 95 per cent based on the conditions applying at the time reliability was assessed and that the scheme continues to operate as it was originally designed.

It should however be noted that the customer bears the risk of any reductions to reliability arising from climate changes or other natural causes.

Delivery Rights

Delivery rights confer entitlements to a share of the capacity of the scheme to deliver water within a zone during each irrigation season. The entitlement arising under delivery rights is defined as a flow rate and denominated in megalitre per day (ML/day) units.

Delivery rights provide assurance that capacity is available to deliver water at a set rate, when and to where it is required. Flow rate entitlements give certainty over the timing of supply and introduce a tradable product through which irrigators can plan water deliveries, manage seasonal risks and maximise the benefit of their entitlements.

Trading

The entitlements under irrigation rights and delivery rights are tradable within the district in which they are issued.

Trades are given effect by transferring volume between irrigation rights and flow rate between delivery rights. To take effect, a trade must be approved by Tasmanian Irrigation and recorded in the water entitlements register for the irrigation district.

The tradability of water within an irrigation district is regulated through the zone nomination of delivery rights. Zones arise because of variations in capacity constraints within a scheme for the delivery of water to different parts of a district.

There is not a requirement that a person has to own land within a district to receive a transfer of water entitlements.

3. Important additional information

Connection Agreements

The water entitlements offered are not automatically linked to land. Water entitlements are linked to land through connection agreements.

Connection agreements specify the location at which water may be accessed from a scheme and contain the terms and conditions of taking supply through a connection point.

An important condition of connection agreements is that water supplied by Tasmanian Irrigation may only be applied to land which is covered by a Farm Water Access Plan.

Farm Water Access Plans

Farm Water Access Plans are management tools demonstrating that the use of water is sustainable and complies with Australian and Tasmanian Government statutory requirements. The plans contain soil, water and biodiversity modules and specify management actions where environmental risks associated with irrigation are identified.

Farm Water Access Plans are completed by pre-qualified consultants authorised by the Minister for Primary Industries and Water. To keep costs to a minimum, Tasmanian Irrigation is able to assist with the preparation of maps and baseline information required to complete Farm Water Access Plans and can arrange for tendering work to the pre-qualified consultants.

Connection Points

The purchase of water entitlements in this offer includes the provision of a connection point through which water may be accessed from the scheme. One connection point will be provided for each parcel of contiguous (adjoining) land that is operated as the same business.

Each connection point provided as part of the sale of water entitlements in this offer will be capable of delivering at least three times the purchased flow rate, subject to any capacity constraint of the pipeline to which an outlet joins.

The provision of additional connection points or connection point upgrades may be purchased if required. Please refer to section 8, connection points, for more details.

Water charges

The on-going costs associated with the irrigation district and its related infrastructure are funded through annual water charges, which comprise of fixed charges that are levied on water entitlement holdings and variable charges that are levied on water supplied.

Water charges are set each year according to the costs applying at the time and expenses associated with operating and maintaining an irrigation district, and provide for the refurbishment and replacement of significant scheme assets.

Information on annual charges for an irrigation district can be found in the scheme overview document prepared for the district.

4. Details of the Offer

Volume offered	Flow rate	Price
2,850ML	1 ML = 0.0083 ML/day	\$1,500 / ML
Purchase volumes	Volumes of no less than 10 ML and multiples of 5 ML	
Deposit options	10% (2% on application and 8% on notification of public funding commitment) - obligation to complete is binding	25% - option to complete (non-refundable deposit)
Settlement	Within 28 days of the commissioning (practical completion) of the scheme	
Close of offer period	12.00 pm, Thursday 5 May 2016	
Eligibility	This offer is open to owners and occupiers of land within the proposed irrigation district	

Tasmanian Irrigation is offering 2,850 ML of water entitlements. The price of water entitlements for this offer is \$1,500/ML with minimum purchases of 10 ML and multiples of 5 ML.

For every 1 ML purchased, an irrigation right with a volume entitlement of 1 ML and a summer delivery right with a flow rate entitlement of 0.0083 ML/day will be issued on completion. The flow rate conversion is based on a 120-day delivery period.

A purchase must be secured by either a 10% (2% upon application & 8% on notification that the scheme has received the required public funding commitment) or 25% deposit. Under a 10% deposit, the applicant is legally required to complete the purchase of the water entitlements. Under a 25% deposit, the applicant can choose not to complete the purchase but will forfeit the deposit.

Completion of the purchase of water entitlements is to occur within 28 days of commissioning (practical completion) of the scheme as notified by Tasmanian Irrigation.

This offer is open to anyone or any entity that owns or occupies land in the proposed irrigation district.

5. Details of the Application

To purchase water entitlements during this offer period an application must be lodged with Tasmanian Irrigation with a deposit of either 2% on application (a second installment of 8% is required on notification that the scheme has received the required public funding commitment) or 25% of the value of the purchase by no later than **12.00 pm, Thursday, 5 May 2016**.

An application may be lodged by post, hand delivery to Tasmanian Irrigation's offices at the Launceston Airport or delivered personally to an employee of Tasmanian Irrigation.

An application made during this offer period is an irrevocable offer to enter into a contract with Tasmanian Irrigation for the purchase of water entitlements, subject to the application being accepted by Tasmanian Irrigation during the acceptance process.

The details to be provided in an application include the following.

Details of the applicant

An application can be made by any type of legal entity solely or in partnership with one or more other entities. The most common types of legal entities to purchase water entitlements include individuals, companies, trusts and superannuation funds.

Details of the guarantors (if any)

Where an application is secured under the 10% deposit (2% on application and 8% on notification that the scheme has received the required public funding commitment) option and is made by a company (or a company in its capacity as trustee of a trust or superannuation fund) that is not a listed company or a subsidiary of a listed company, Tasmanian Irrigation requires all directors of that company to guarantee the application. Alternatively, an application can be secured under the 25% deposit option without the need for guarantees.

Qualifying land

To qualify for this offer, details of the parcel of land in respect to which an application is made must be provided.

The qualifying land must include all land that is contiguous (adjoining) and operated as the same business, notwithstanding the underlying title ownership of the land.

Land may be considered contiguous by Tasmanian Irrigation even if intersected by a road, railway or any other land unless the effect of the intersection is to practically sever it for operational purposes. Clarification as to whether land is contiguous can be provided by Tasmanian Irrigation upon request.

Applications for more than one contiguous parcel of land must be made in separate applications.

At the time an application is made, or during the acceptance process, an applicant must establish that they are the owner or occupier of the qualifying land, is otherwise entitled to deal with that land or has a relationship to that land which is equivalent to ownership or occupation.

Qualifying zone

For applications that can be accepted on the basis of the current design of the pipeline distribution network, an applicant's qualifying zone will be that zone which borders or passes through the applicant's qualifying land.

If more than one qualifying zone borders or passes through the qualifying land, the applicant can nominate which of those qualifying zones is to be taken as the applicant's qualifying zone.

The qualifying zone is an important element of the application as it is used to establish the zone nomination of delivery rights, which will determine where in the scheme water is able to be delivered and/or traded.

For applications that cannot be satisfied on the basis of the current distribution pipeline design, and therefore require either an extension of the scheme or a private connection to the scheme, no qualifying zone will border or pass through the qualifying land.

Where sufficient water sales are achieved to warrant an extension of the scheme, Tasmanian Irrigation will create a new qualifying zone and nominate that qualifying zone as the applicant's qualifying zone in respect of each application satisfied by the extension.

If Tasmanian Irrigation does not agree to supply water to an applicant's qualifying land, but the applicant is willing to receive supply by privately connecting to the scheme, Tasmanian Irrigation, in consultation with the landholder, will nominate the qualifying zone that is the most practical from which to supply the qualifying land.

Preliminary Connection Point

Each application must describe one preliminary connection point, being the point at which the applicant wishes to draw water from the scheme.

A preliminary connection point is best described by specifying geographic coordinates (i.e. easting and northing coordinate), although it can also be described in words or by marking a point on a map of suitable resolution.

Tasmanian Irrigation can assist with the identification of geographic coordinates upon request.

The preliminary connection point is also an important element of the application as it will be used to determine the ultimate location of the connection point to be installed as part of the sale of water entitlements.

If an application is accepted, Tasmanian Irrigation will do everything it reasonably can to build a connection within 50 meters of the preliminary connection point nominated by the applicant.

Requested volume

This is the amount of water entitlements (expressed in ML units) that an applicant wishes to purchase. The minimum purchase is 10 ML with further increments of 5 ML.

Deposit election

This is where an applicant nominates whether to make a deposit of 10% (2% on application and 8% on notification that the scheme has received the required public funding commitment) or 25%. Under a 10% deposit, the applicant will be legally required to complete the purchase of water entitlements if the

application is accepted by Tasmanian Irrigation. Under a 25% deposit, the applicant can choose not to complete the purchase but will forfeit the deposit.

6. Details of the Acceptance Process

An offer to purchase does not constitute an acceptance that water is able to be supplied to a given property or landholder.

After the close of the offer period, Tasmanian Irrigation will assess all applications for compliance with the terms and conditions of the direct sale rules. Non-complying applications may be rejected.

As part of the acceptance process, Tasmanian Irrigation will undertake to satisfy as many applications to purchase water entitlements as possible subject to the capital budget, operating costs and approval constraints. This process may involve a design review.

Once a scheme design has been confirmed, the rights to purchase water entitlements will be allocated in each zone until all applications are satisfied or the maximum capacity of the zone has been met. If oversubscription in respect of a zone occurs, Tasmanian Irrigation may elect to terminate the sale for that zone and undertake a competitive sales process or pro-rata applications in that zone.

An application will only be included in the allocation process if Tasmanian Irrigation is able to accept the preliminary connection point specified in the application on the basis that water can be supplied to that point. If a preliminary connection point cannot be accepted, the applicant will have an opportunity to amend it.

Tasmanian Irrigation will have until up to 31 December 2016 to complete the acceptance process.

If an application cannot be accepted, Tasmanian Irrigation will refund the deposit in full. If an application is pro-rated, Tasmanian Irrigation will refund any excess of the deposit over the deposit required to secure the purchase.

7. Details of the Purchase

Conditions precedent	Public funding commitment	Due date: May 2017
	Final approval to construct	Due date: the date public funding commitment received <i>plus</i> 15 months

Sunset date	Date public funding approval is received <i>plus</i> 36 months (as may be extended by the period of any delay caused or contributed to by force majeure)	
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If an application to purchase water entitlements is accepted by Tasmanian Irrigation the applicant, and any guarantors, will automatically enter into a contract with Tasmanian Irrigation for the purchase of water entitlements in the terms of the Water Entitlements Purchase Contract for the North Esk Irrigation District (the "Purchase Contract").

The purchase contract is conditional and is subject to Tasmanian Irrigation: (1) receiving full public funding commitment for construction of the scheme; and (2) receiving final approval from the Tasmanian Government to construct the scheme. Final approval to construct will be granted subject to Tasmanian Irrigation achieving the water sales threshold, obtaining all necessary permits and approvals and securing construction contracts for the project within budget.

When the first condition precedent (public funding commitment) is met, holders of purchase contracts secured under the 10% deposit option will be required to pay the second 8% deposit installment. If this condition is not met, either Tasmanian Irrigation or the holder of purchase contracts may terminate the contract in which case Tasmanian Irrigation must refund the deposits that it holds and any interest it earned on the deposits.

When the second condition precedent (final approval to construct) is met, purchase contracts may be transferred to another party in full or part by assigning the rights arising under the contract to be issued the water entitlements. Please be aware that an assignment does not extinguish the obligation of the holder of the contract to complete the purchase of water entitlements. If this condition is not met by the due date, Tasmanian Irrigation may elect to terminate the contract in which case Tasmanian Irrigation must refund the deposits that it holds and any interest it earned on those deposits.

Completion of the purchase of water entitlements is to occur within 28 days of the commissioning of the scheme as notified by Tasmanian Irrigation. Completion requires the holder of a purchase contract to make payment for the balance of the purchase price and Tasmanian Irrigation to issue water entitlements and enter into a Connection Agreement in exchange for that payment.

If a purchase has been secured by a 10% deposit, payment for the balance of the purchase price must be made within 28 days of commissioning. If the holder of a purchase contract fails to complete the purchase within this time, interest will accrue daily on the outstanding balance at a rate of 10% and any charges and interest payable under the Water Entitlements that would have issued had the contract completed on the completion date will become payable as they fall due.

If a purchase has been secured by a 25% deposit, the holder of a purchase contract may nominate at any time before 28 days after receiving notification of commissioning (practical completion) that they do not wish to complete the purchase of water entitlements. However, if this option is taken, the deposit amount will be forfeited.

If commissioning (practical completion) does not occur by the sunset date (as extended by the period of any delay to commissioning to the extent the delay was caused or contributed to by force majeure), a purchase contract may be terminated by its holder and Tasmanian Irrigation must refund to the holder the deposit and any interest it earned on that deposit.

8. Connection points

As part of the sale of water entitlements, Tasmanian Irrigation will install one connection point for each parcel of contiguous (adjoining) land that is operated as the same business.

A parcel of land is considered to be contiguous if it is operated as the same business, notwithstanding the underlying title ownership of the land. Land may be considered contiguous even if intersected by a road, railway or any other land unless the effect of the intersection is to practically sever it for operational purposes. Clarification as to whether land is contiguous can be provided by Tasmanian Irrigation upon request.

Each connection point supplied as part of the sale of water entitlements will be capable of delivering at least three times the purchased flow rate, subject to any capacity constraint of the pipeline to which a connection joins. Depending on the amount of flow rate purchased, the size of connection points will vary from 40 mm for a flow rate purchase of 0.08 ML/day (equivalent to 10 ML of volume) to 200 mm for a flow rate purchase of 1.54 ML/day (equivalent to 200 ML of volume) or greater.

The table below provides a summary of the size of the connection point that is likely to be provided as part of the sale of water entitlements. The connection sizes have been estimated on the basis of hydraulic and control restraints across the connection assembly.

The provision of additional connections or connection upgrades may be purchased if required. The table below contains prices for the provision of additional connections with the difference between the allocated connection and a larger size constituting the cost of an upgrade.

North Esk Irrigation Scheme: connection pricing and indicative sizing						
Outlet Size	Purchase price	Purchased volume	Purchased flow rate	Typical max flow*	Typical max flow*	Typical max flow*
(mm)	(\$)	(ML)	(ML/day)	(L/sec)	(ML/day)	(ML/season)
50	19,500	10 – 20	0.08 – 0.17	7	0.60	70
80	20,500	25 – 40	0.21 – 0.33	16	1.38	165
100	21,700	45 – 80	0.38-0.67	24	2.07	250
150	26,000	85 – 180	0.71 – 1.50	52	4.49	540
200	30,000	185 - 295	1.54 - 2.46	85	7.34	880
300**	60,000	300+	2.47+	200	17.5	2100

* The actual capacity of a connection will depend upon the final scheme design, the range of pressures available in the pipeline at the point at which an outlet joins and the method for connecting downstream infrastructure.

** DN300 connections are customised items. Pricing for DN300 connections as shown in the table is indicative only. Actual pricing will be confirmed on a case by case basis.

9. Frequently asked questions

Q. How much water is available for purchase in this landholder water sale?

- A. Tasmanian Irrigation is offering all water entitlements that are able to be supplied by the current scheme design, which is 2,850 ML.

However, if total sales are greater than 2,850ML, the business case for the scheme may be revised and resubmitted for funding approval.

Q. How do I purchase water entitlements?

- A. By lodging an application with Tasmanian Irrigation. Your application must be received by **12.00pm, Thursday 5 May 2016**.

Q. What if the proposed pipeline alignment does not pass near my property?

- A. All landholders within the proposed irrigation district are encouraged to make an application to purchase water entitlements.

Tasmanian Irrigation will endeavour to supply as many applications to purchase water entitlements as possible subject to the capital budget, operating costs and approval constraints.

Some areas which have not been included in the current design of the pipeline distribution network may be able to be included in the final scheme design if sufficient water sales are made.

Q. What is the upfront cost of buying water entitlements?

- A. \$1,500/ML. This is the lowest price at which Tasmanian Irrigation will sell water entitlements in the scheme and this price is only guaranteed for this landholder water sale.

Q. Do I have to pay GST on the purchase of water entitlements?

- A. Tasmanian Irrigation does not collect GST on the purchase of water entitlements because water is not currently taxable for GST purposes. Should this change as a result of a change to the law or a change to the interpretation of the law, GST will apply.

Q. If I purchase water entitlements, when do I have to pay the upfront cost?

- A. You would need to pay a deposit of 2% on making an application and a second instalment of 8% when full public funding is committed, or 25% of the value of the purchase upon application.

If your application is successful, you will be required to pay the balance of the purchase price within 28 days of receiving notification of commissioning of the scheme in exchange for receiving water entitlements.

If the current scheme design proceeds, commissioning (practical completion) is expected to occur in the 2018/19 irrigation season.

Under the terms of the purchase contract, Tasmanian Irrigation will have until at least 30 May 2019 to commission the scheme.

Q. What is the difference between paying a 10% deposit (2% + 8%) and a 25% deposit?

- A. Under a 10% deposit, you are legally required to complete the purchase of water entitlements. Under a 25% deposit, you can choose not to complete the purchase but will forfeit the deposit.

Q. Will there be ongoing costs?

- A. Yes. Water entitlement holders will be required to pay annual charges made up of a fixed charge and storage charge levied on water entitlement holdings and a variable charge levied on water consumed/supplied.

The fixed charge is calculated as the annual cost required to be recovered on each water entitlement to pay for the fixed costs of operating and maintaining the scheme as well as to provide for asset renewal to ensure the 100-year life of the scheme. The fixed charge will be set at a uniform rate across the scheme.

The storage charge is calculated as the annual cost required to be recovered on each water entitlement to pay for the cost of replenishing the major storage for evaporation and seepage losses.

The 'all areas' variable charge will be set to recover the costs associated with transferring water from the North Esk River to the Dalness Dam. Should there be sufficient demand above a relative level which can be supplied under gravity there may be the potential for a boosted line to service this demand which would incur additional variable charges for those irrigators.

Q. Do I have to pay GST on annual charges?

- A. Tasmanian Irrigation does not collect GST on annual charges because water is not currently taxable for GST purposes. Should this change as a result of a change to the law or a change to the interpretation of the law, GST will apply.

Q. When will the annual charges be invoiced?

- A. The fixed charge will be invoiced in January each year and the variable charge will be invoiced following the end of the irrigation season each year, both with 30-day payment terms.

Q. Do I have to pay annual charges if I don't use water?

- A. You will be required to pay the fixed charges, including the storage charge, on your water entitlement holdings regardless of whether you use water. However, you will only be required to pay the variable charge on water actually consumed/supplied.

Q. Can I carry over any unused water from one irrigation season for use in another?

- A. No.

Q. What happens if my application to purchase water entitlements is not accepted?

- A. Your deposit will be refunded. Under the terms of the direct sale rules, Tasmanian Irrigation will have up to 31 December 2016 after the close of the landholder water sale in which to determine whether it can accept your application.

Q. Do I have to pay for a connection point to be installed so that I can take water from the scheme?

- A. No. As part of the sale of water entitlements, Tasmanian Irrigation will install one connection point for each parcel of contiguous (adjoining) land that is operated as the same business and will receive water from a pipeline.

Each connection point supplied as part of the sale of water entitlements will be capable of delivering at least three times the purchased flow rate, subject to any capacity constraint of the pipeline to which an outlet joins. Additional connection points or connection point upgrades can be purchased from Tasmanian Irrigation if required and approved by Tasmanian Irrigation.

Q. What happens if the landholder water sale is oversubscribed?

- A. In the first instance, Tasmanian Irrigation will consider whether the capacity of the scheme can be increased so as to satisfy the demand for water entitlements subject to the capital budget, operating costs and approval constraints. If total sales are greater than 2,850 ML, the business case for the scheme may be revised and resubmitted for funding approval.

If unable to satisfy demand in full, Tasmanian Irrigation will consider whether to terminate the sale and engage a competitive sales process or pro-rata water entitlements. If applications are pro-rated, the deposit paid in respect of the pro-rated amounts will be refunded.

Q. What happens if my application to purchase water entitlements is accepted but Tasmanian Irrigation fails to commission the scheme?

- A. Your deposit will be refunded in full plus any interest earned on your deposit whilst it was held by Tasmanian Irrigation.

Q. In purchasing water entitlements will I be buying a share of the infrastructure of the scheme?

- A. No. All infrastructure of the scheme will be the property of Tasmanian Irrigation.

Water entitlements are rights to a supply of water. In particular, they are rights to have an allocation of water made available [irrigation right] during each irrigation season and rights to have that water supplied [delivery right] within a zone of the scheme at a constant daily flow rate.

Q. Why does the scheme have zones?

- A. Zones arise because the capacity of the scheme to supply water varies across the district. Zones define where in the scheme you are entitled to receive water and facilitate water trading.

Q. Can I purchase water entitlements in any zone of the scheme?

- A. No. In this landholder water sale you can only purchase water entitlements in a zone that will service your property.

Q. Are water entitlements an asset?

- A. In as much as water entitlements are long-term rights to the supply of water, are freely tradeable and are separable from land, they could be considered an asset.

Q. What does 95% reliability mean?

- A. 95 per cent reliability means that over 100 years the annual allocation for each irrigation right will total at least 95 per cent of the annual volume for that irrigation right. 95 per cent reliability is not met if it is established that Tasmanian Irrigation's assessment was wrong and that an assessment correctly made on the conditions applying at the assessment date would have given a reliability of less than 95 per cent. In that case Tasmanian Irrigation is required to make adjustments to restore issued rights to 95 per cent reliability.

It should however be noted that the customer bears the risk of any reductions to reliability arising from climate changes or other natural causes.

Q. How has reliability been assessed?

- A. When designing each scheme, Tasmanian Irrigation assessed the reliability of water supply on the assumption that forecasted conditions, including climate, would be consistent and that the scheme would operate as designed.

Reliability is assessed and measured over the life of the scheme (normally 100 irrigating seasons) and takes into consideration the CSIRO's Climate Futures Dry Scenario 2030.

Q. How long do water entitlements last?

A. The term of the water entitlements issued in the irrigation district is set to match the term of the water licence issued under the WMA which will underpin the irrigation district's supply. The term of water licences are 40-years with provisions for the renewal of water licences set out in the WMA. If the term of the water licence that underpins the irrigation district's supply is extended, the term of water entitlements issued in the district will be extended by the extended term of the water licence.

Q. Are water entitlements attached to land?

A. No, water entitlements are separate to land.

Q. Is water trading subject to capital gains tax or stamp duty?

A. Water trades may be subject to capital gains tax, although it is Tasmanian Irrigations understanding that they do not currently attract stamp duty. Entitlement holders should obtain their own independent tax advice on these matters.

Q. Are water entitlements specific to individual schemes? What if some schemes are connected in the future?

A. Water entitlements are specific to individual schemes. It is possible that if schemes are connected in the future that water entitlements may be able to be traded between schemes.

Q. Are water entitlements 'property' that can form part of an inherited estate?

A. Yes. On the death of a holder of water entitlements they will become a part of the holder's estate.

Q. Apart from water entitlements, is anything else required to use the water on my land?

A. Yes. In addition to holding water entitlements, in order to take the water through a connection point and be able to use it on your land you will require a connection agreement and a Farm Water Access Plan (Farm WAP).

Q. What is a connection agreement?

A. A connection agreement specifies the terms under which water may be taken through a connection to a pipeline of the scheme. As water entitlements are separate from land, the connection agreement ensures that a relationship exists between a landholder and Tasmanian Irrigation, recognising that a landholder may not necessarily always be the holder of water entitlements.

Q. What is a Farm WAP?

A. Farm Water Access Plans (Farm WAPs) are management tools demonstrating that the use of water from the irrigation district is sustainable and complies with Australian and Tasmanian Government requirements. The plans are completed in accordance with soil, water and biodiversity modules and specify management actions where environmental risks associated with irrigation are identified. Tasmanian Irrigation conducts random annual audits of Farm WAPs each year to ensure compliance.

Q. How much will a Farm WAP cost?

A. As an indication of the cost of a Farm WAP, the net cost to farmers on other schemes has been \$2,200 (inc. GST) or less – however this has included a \$1,000 subsidy from the Government which as yet has not been secured for this scheme. This cost range is provided as a guide only. Please be aware that the actual

cost of preparing a Farm WAP may be higher and will be determined at the time a quote is sought from a pre-qualified consultant.

Q. What areas of a property does a Farm WAP need to cover?

- A. A Farm WAP needs to cover only those areas of land that will be directly affected by the use of water supplied from the scheme. However, careful thought should be given to areas to be included in any future irrigation expansion plans.

Q. When should I get a Farm WAP?

- A. A Farm WAP must be completed before you can apply any water from the scheme. Therefore you must have a Farm WAP completed before the commissioning of the scheme which is expected to be in time for the 2018-19 irrigation season.

Q. Can Tasmanian Irrigation assist with the preparation of a Farm WAP?

- A. Tasmanian Irrigation is able to help facilitate the completion of Farm WAPs or, alternatively, a Farm WAP may be procured individually however they must be completed by a pre-qualified consultant.

Q. Who will operate the scheme?

- A. At least for the term of the defects liability period arising from the construction works, Tasmanian Irrigation will operate the scheme. During this period the necessary operational resources will be acquired and policies and procedures to operate the scheme will be established.



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