

NEWSLETTER

Pre-Season Update

Tasmanian
Irrigation

July 2024



South East Stage One (Coal River) & Two Irrigation Schemes

The 2024-25 irrigation season will open on 1 August 2024 and is expected to run for the full year, closing on 31 July 2025.

Irrigation seasons have nominated lengths to ensure the 95 per cent reliability of the water entitlements based on the Scheme's original design.

The season will open with a 100 per cent water allocation for both Schemes.

Dam Information

Live dam levels are available on the Tasmanian Irrigation website. From the home page, please select 'Dam Levels' from the top menu banner.

Entitlements for Sale

The Scheme is fully sold. Water can only be purchased by trading entitlements.

General Information

For general information, please visit our website at www.tasmanianirrigation.com.au, or follow us on Facebook or LinkedIn. If you need specific information telephone us on 03 6398 8433.

Fast Facts



1 Aug 2024
SEASON OPENING



365 days
EST. DURATION



100%
ALLOCATION



SCHEME CAPACITY
SEIS 1: 2,650 ML
SEIS 2: 1,980 ML



For more information, please contact your Scheme Operator:

Geoff Young

0459 149 851

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Greater South East Irrigation Scheme Project

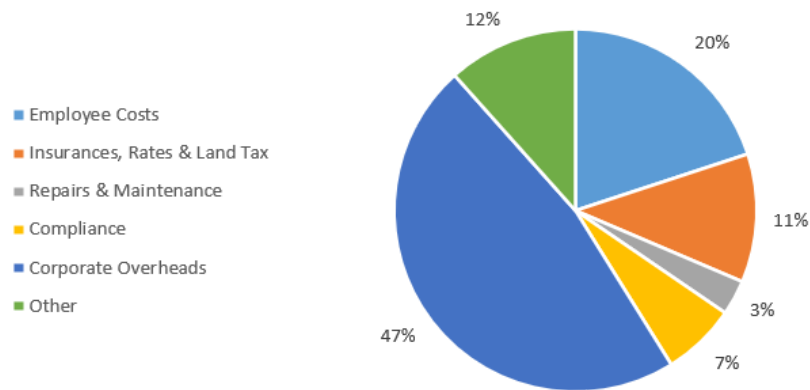
As has been well publicised, the \$150 million in funding requested from the Australian Government for the Greater South East Irrigation Scheme (GSEIS) was not included in the May Federal Budget.

However, the Australian Government has left the door open for a funding request to be resubmitted. Tasmanian Irrigation is working with the Tasmanian Government to strengthen the case for funding, and the revised request will be resubmitted to the Australian Government in the near future. Work on the project will continue for the next 12 months while we work on securing funding.

We are working with the State Government to update the funding submission so it can be submitted to the Australian Government. We are also progressing the process of accepting water sales applications and executing the purchase contracts. The GSEIS remains a priority project for Tasmanian Irrigation and for the Tasmanian Government, and the funding committed during the recent State Election remains secure.

Financial Year 2023-24 Performance

The pie chart below shows the Scheme's total Financial Year 2023-24 expenditure of \$619,899 (excluding South East Interim Project Finance Costs) by major category and their respective percentage weighting.



As at 30 June 2024 the Scheme achieved a profit of \$128,606 exceeding the budgeted profit by \$121,958. This increase is primarily due to optimisation of the TasWater supply between the Tea Tree Road and Granton TasWater outlets. This, along with other minor factors, led to savings of \$108,909. The remaining \$13,049 is the net result of an \$18,367 over-recovery of fixed charges as a result of the 5 ML minimum charge, partially offset by \$5,318 in higher than budgeted fixed expenses.

The increase in fixed expenses is due to the corporate overheads being higher than budgeted, mainly driven by cyber security, market research and internal audit costs. However, this increase was partially offset by an over-recovery of project finance costs required to make up for the shortfall in the prior years.

A total of \$19,326 was spent on repairs and maintenance activities, while \$109,528 was expended on the ARL activities.

The "Other" category is made up of expenses such as motor vehicles expenses, depreciation, office and telephone expenses, vermin control, fixed electricity costs and the fixed component of the TasWater charges. A total of \$71,765 was spent in the Financial Year in this category with the TasWater fixed costs accounting for \$31,743 of the total.

2024-25 Annual Charges

Tasmanian Irrigation would like to thank the Irrigator Representative Committee for their input and advice through the pricing consultation process. The 2024-25 season prices are summarised in the table below with explanations of each category detailed overleaf.

	2023-24 (\$/ML)	2024-25 (\$/ML)	Change (\$)	Change (%)
Fixed charges - Coal River (Stage 1)				
Operation & maintenance charge	\$ 123.78	\$ 129.00	\$ 5.22	4.2%
Asset renewal levy	\$ 14.33	\$ 15.00	\$ 0.67	4.7%
Levy to build scheme working capital	\$ -	\$ 16.00	\$ 16.00	100.00%
Total	\$ 138.11	\$ 160.00	\$ 21.89	15.9%
Fixed charges - South East Stage 2				
Operation & maintenance charge	\$ 123.78	\$ 129.00	\$ 5.22	4.2%
Asset renewal levy	\$ 14.33	\$ 15.00	\$ 0.67	4.7%
Levy to build scheme working capital	\$ -	\$ 16.00	\$ 16.00	100.00%
Storage charge	\$ 6.19	\$ 7.00	\$ 0.81	13.2%
South East TasWater connection charges	\$ 16.47	\$ 10.00	\$ (6.47)	(39.3%)
South East Interim Project finance costs	\$ 120.63	\$ -	\$ (120.63)	(100.0%)
Grand Total	\$ 281.40	\$ 177.00	\$ (104.40)	(37.1%)
Variable charges				
Coal River (Stage 1)	\$ -	\$ -	\$ -	0.0%
South East Stage 2	\$ 244.98	\$ 262.00	\$ 17.02	6.9%

This year, Tasmanian Irrigation has introduced a rounding mechanism to the prices to round up the individual charges to the nearest dollar. This change has been introduced across all Tasmanian Irrigation schemes to strengthen their overall financial sustainability. The additional proceeds collected from the rounding will assist with ensuring the adequacy of both the working capital balance and asset renewal levy reserves. Furthermore, the rounding of prices will also assist with preventing large fluctuations in seasonal prices. Once adequate levels have been met, any additional proceeds will be returned through a discount to the fixed charges.

Operations and Maintenance Charge

This charge recovers the costs for running the Scheme that do not materially change with the volume of water supplied during a season. This includes costs relating to employment of scheme operators, motor vehicles, maintenance, telemetry, compliance, administration, finance and insurance.

The Operations and Maintenance charge is increasing by \$5.22 per ML (4.2%) driven by general inflationary increases, the introduction of price rounding (as explained on the previous page) and the impact of the mandated increase to the Superannuation Guarantee.

Asset Renewal Levy (ARL)

The asset renewal levy provides for refurbishment and replacement of Scheme assets and accumulates reserve funds in the unlikely event of a major Scheme failure. Funds collected through the levy are set aside in an asset renewal reserve for the benefit of the irrigation district.

Tasmanian Irrigation uses a risk-based approach to estimate the likely replacement year of all assets owned by the Scheme. This includes various factors such as current asset condition, manufacturer's guidelines, industry data and the criticality of the asset to the Scheme.

The estimated replacement value of the asset is then incorporated into a model to determine the appropriate annual levy required to ensure that there are sufficient funds to meet the next 50 years of commitments. This process is reviewed annually, with any material adjustments accounted for in the price.

For the financial year 2024-25, the Asset Renewal Levy is increasing by \$0.67 per ML (4.7%) due to general inflation and rounded up to the nearest dollar as per the new rounding principle.

Levy to Build Scheme Working Capital

The Scheme's working capital is used to cover all the expenses except ARL. This means working capital covers operations & maintenance expenses as well as variable costs (costs of delivery). It does not cover ARL expenses as these are funded from a separate bank account and quarantined until ARL expenditure is needed.

Scheme revenues are not received for 8 to 9 months (February/March) after the beginning of the financial year, meaning the Scheme runs at a deficit for this period. Therefore, all schemes are required to maintain a working capital balance equivalent to 12 months of expenses to meet the expenditure commitments.

All schemes are "ring-fenced" meaning that they must be self-funding and cannot rely on Tasmanian Irrigation's group finances.

The current working capital balance has been identified as too low to adequately manage the projected cashflow requirements over the financial year and therefore an annual levy of \$16 per ML has been introduced with a target of reaching 100 per cent of the Scheme's fixed expenses by financial year 2028.

Storage Charge (SEIS 2 only)

The storage charge recovers the water purchase cost incurred by Tasmanian Irrigation in regard to refilling the main water storage for any evaporation or seepage losses. The increase in price this year is due to the underlying price increase from TasWater (explained further overleaf) and the rounding to the nearest dollar.

South East Tas Water Connection Charge (SEIS 2 only)

As part of the negotiations with TasWater, part of the connection charge has been removed which represents a \$6.47 (39.3%) saving to overall fixed costs.

Project Finance Costs (SEIS 2 only)

The South East Interim Project finance costs that have been borne by irrigators in prior years have been removed this year as the debt associated with the South East Interim Project has been transferred to the Greater South East project.

Variable Charge (SEIS 2 only)

The variable charge is levied on the volume of water consumed by each irrigator, to recover the water purchase costs incurred by Tasmanian Irrigation from TasWater.

TasWater have long indicated their requirement to increase prices as their historical prices to Tasmanian Irrigation have been provided below cost. Tasmanian Irrigation and TasWater have been in discussions regarding this issue and how best to avoid unsustainable price shocks to the water price that would jeopardise the economical viability of the Scheme. Tasmanian Irrigation and TasWater have now agreed a pricing pathway to the full regulated price over the next 10 years. This pricing pathway has been designed to coincide with the planned milestones of the Greater South East project, which will ultimately see south east irrigators disconnected from the TasWater supply.

All Other Charges

All other charges for the upcoming season are shown in the pricing sheets at the end of this newsletter.

Trading Information

Irrigation rights and delivery rights are tradable within the irrigation district in accordance with the *Irrigation Clauses Act 1973* and the Trading Rules for the irrigation district. Trades are made by transferring volume between irrigation rights and flow rate between delivery rights. To take effect, a transfer must be approved by Tasmanian Irrigation and recorded in the Water Entitlements Register for the irrigation district.

For more details on how to trade, please refer to the *Quick Reference Guide to Water Trading* available on the Tasmanian Irrigation website under the *Buy / Trade Existing Entitlements* page.

If you are not intending to use all of your current entitlement this coming season, Tasmanian Irrigation strongly advise you to consider your trading options.

Contact Details — Tasmanian Irrigation

If you require any additional information about Tasmanian Irrigation or the Scheme, please contact:

Title	Name	Email	Phone
Scheme Operator	Geoff Young	geoff.young@tasirrigation.com.au	0459 149 851
Mgr Ops & Assets	Anne-Marie du Plessis	annemarie.duplessis@tasirrigation.com.au	0488 153 346
Sales & Trading	Fiona Buckingham	fiona.buckingham@tasirrigation.com.au	0438 465 338
Billing & Invoicing	Jess Hendley	accountsreceivable@tasirrigation.com.au	(03) 6398 8433
Corporate Services Mgr	Usman Ali	usman.ali@tasirrigation.com.au	0467 018 870
Chief Operating Officer	David Skipper	david.skipper@tasirrigation.com.au	0417 279 062

Irrigator Representative Committee

If you are interested in finding out more about the Committee or are interested in joining, please speak to your Scheme Operator or Chairperson in the first instance.

Title	Name	Email	Phone
Chairperson	Ian Newnham (SEIS 1)	leadall@bigpond.com.au	0419 308 754
Member	Matthew Pooley (SEIS 1)	matt@pooleywines.com.au	0408 652 296
Member	Justin Nichols (SEIS 2)	justin.g.nichols@bigpond.com	0418 126 310
Member	David Hansen (SEIS 3)	dhansen@hsfe.com	0418 846 484

Your Contact Details

If any of your contact details have changed, please advise us as soon as possible via email: enquiries@tasirrigation.com.au.

Coal River (Stage 1) & South East Stage 2 Irrigation Districts

Charge rates: 2024-25



In-season annual charges for water entitlements

	2023-24 (\$/ML)	2024-25 (\$/ML)	Change (\$)	Change (%)
Fixed charges* - Coal River (Stage 1)				
Operation & maintenance charge	\$ 123.78	\$ 129.00	\$ 5.22	4.2%
Asset renewal levy	\$ 14.33	\$ 15.00	\$ 0.67	4.7%
Levy to build scheme working capital	\$ -	\$ 16.00	\$ 16.00	100.0%
Total	\$ 138.11	\$ 160.00	\$ 21.89	15.9%
Fixed charges* - South East Stage 2				
Operation & maintenance charge	\$ 123.78	\$ 129.00	\$ 5.22	4.2%
Asset renewal levy	\$ 14.33	\$ 15.00	\$ 0.67	4.7%
Levy to build scheme working capital	\$ -	\$ 16.00	\$ 16.00	100.0%
Storage charge**	\$ 6.19	\$ 7.00	\$ 0.81	13.2%
TasWater fixed charges	\$ 16.47	\$ 10.00	\$ (6.47)	(39.3%)
South East Interim Project finance costs	\$ 120.63	\$ -	\$ (120.63)	(100.0%)
Grand Total	\$ 281.40	\$ 177.00	\$ (104.40)	(37.1%)
Variable charges***				
Coal River (Stage 1)	\$ -	\$ -	\$ -	0.0%
South East Stage 2	\$ 244.98	\$ 262.00	\$ 17.02	6.9%

* Fixed charges: payable on current entitlement holdings on the opening day of the irrigation season. A minimum charge equivalent to 5 ML will apply.

** Storage charges: a fixed charge to replenish storage losses in the scheme, such as evaporation.

*** Variable charge: payable on water that is supplied to you during the irrigation season.

Excess water charges - for unauthorised use of additional volume

Excess Water Charges*	2024-25 (\$/ML)
Coal River (Stage 1)	\$ 200.00
South East Stage 2	\$ 500.00

* Excess water charges: payable for each additional megalitre (or part of a megalitre) of water taken, in addition to your authorised volume under your water entitlement, during the irrigation season. These rates have been set within the By-Laws for your scheme.

Surplus Water Charges

Surplus Water Charges*	2023-24 (\$/ML)	2024-25 (\$/ML)	Change (\$)	Change (%)
Coal River (Stage 1)	\$ 12.72	\$ 14.00	\$ 1.28	10.06%
South East Stage 2	\$ 130.46	\$ 131.00	\$ 0.54	0.4%

* Surplus water charges are payable on water ordered by irrigation right holders during a period that has been notified by Tasmanian Irrigation as a surplus water period. There must be a water order confirmed by the scheme operator in order for this rate to apply.

Interest for late payments

In accordance with the by-laws for the district, Tasmanian Irrigation may issue interest charges when payment is not received within the standard terms of each invoice (30 days). This will be charged at the rate two per cent (2%) per annum above the 3 month Australian Bank Bill Swap Bid Rate (BBSY). **You will be unable to trade your water entitlements if your account is in arrears.**

Tasmanian Irrigation understands that on some occasions our customers may experience times of financial hardship due to circumstances outside of their control. As such, you may choose to apply for a payment plan under our Financial Hardship Policy.

Other charges

Permanent transfer application fee	\$ 88.00	Including GST
Limited term transfer application fee	\$ 88.00	Including GST
Short term transfer application fee	\$ -	Including GST
Registration, transfer, variation, or discharge of security interest	\$ 88.00	Including GST
Copy of water entitlement extract	\$ 44.00	Including GST

Further information:

Water charges are levied by Tasmanian Irrigation to recover the costs of operating, maintaining and administering irrigation districts.

In all irrigation districts, a **Fixed Charge** is levied on the volume of your irrigation right holdings on the first day of the irrigation season and is payable regardless of whether water has been consumed.

The Fixed Charge can have up to three components:

- > **Operation & Maintenance** charge recovers the costs for running the scheme which don't normally change materially with the volume of water supplied during a season. This includes costs relating to employment of scheme operators, motor vehicle costs, maintenance, telemetry, compliance, administration, finance and insurance.
- > **Asset Renewal Levy** makes provision for major asset repairs and replacements required to ensure the continuing operation of the district.
- > **Storage Charge** (some districts): recovers costs of pumping any evaporation or seepage losses into the main water storage.

Most irrigation districts also include a **Variable Charge** which is levied on the volume of water ordered or consumed by each irrigator, to recover electricity costs for pumping and water purchase costs incurred by Tasmanian Irrigation. The variable charge is based on the cost to deliver water to the various charge zones. Variable Charges are invoiced following the end of the irrigation season or delivery period.

Excess Water Charges can be avoided entirely by ensuring you have sufficient allocation:

- > Monitor your usage (contact your Scheme Operator if you require assistance).
- > Contact us if you have any questions about your allocation, trading or usage.
- > Trade any required additional allocation. We are unable to accept retrospective trades.

To assist buyers and sellers of water entitlements with establishing trading connections, Tasmanian Irrigation provides a free **Water Trading Notice Board** on our website. This allows parties to advertise their interest in buying, selling or leasing water entitlements. You can access the Notice Board via Tasmanian Irrigation's website: www.tasirrigation.com.au.

All annual water charges are retained within the separate irrigation schemes to be used for the benefit of the irrigators.

If you have any questions, please contact our office on 03 6398 8433 or enquiries@tasirrigation.com.au.