

# NEWSLETTER

## Pre-Season Update



## South East Stage Three (Sorell) Irrigation Scheme

Tasmanian Irrigation is looking forward to working with all irrigators during the upcoming 2024-25 irrigation season.

This newsletter provides general information on the upcoming season, including the annual charges, trading information and details of the Scheme's financial year performance.

Please visit our website at [www.tasmanianirrigation.com.au](http://www.tasmanianirrigation.com.au), follow us on Facebook or telephone us on (03) 6398 8433 for additional information.

### Water Delivery

The 2024-25 irrigation season opened on 1 October 2024 and is expected to run for the full year, closing on 30 September 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 opened with a 100 per cent water allocation of the Scheme's 3,000 ML total capacity.

### 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.

## Fast Facts



**01 OCT 2024**

**SEASON OPENING**



**365 days**

**EST. DURATION**



**100%**

**ALLOCATION**



**3,000 ML**

**SCHEME CAPACITY**



For more information, please contact your Scheme Operator:

Daniel Catania

0428 872 526

[daniel.catania@tasirrigation.com.au](mailto:daniel.catania@tasirrigation.com.au)

## Greater South East Irrigation Scheme Project

In September, the Tasmanian Government submitted a revised funding bid for construction of the Scheme to the Federal Government. This is an important development in terms of securing full funding for the Scheme to go ahead.

The Tasmanian Government announced its funding for the project during this year's State election campaign. This commitment was reinforced in the State Budget, with an allocation of \$75 million included in the Budget Papers. The Government has noted that this funding is contingent on the Australian Government committing its share of the capital cost of the project.

The revised funding submission to the Australian Government was developed following receipt of feedback on where the original submission could be strengthened. The submission was amended to more fully align with key Australian Government policy priorities, including Future Made in Australia and its Nature Positive Plan. We look forward to a positive outcome from the Australian Government's consideration of the revised funding bid.

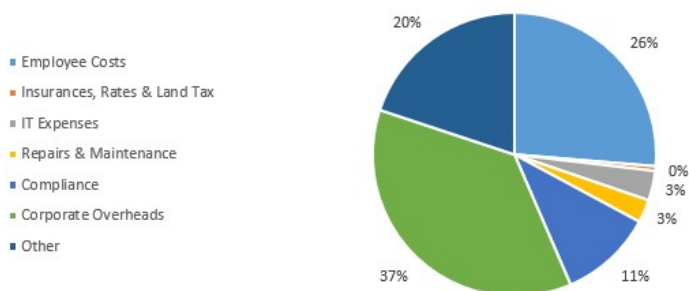
While we wait to hear the outcome of our bid for full funding for the GSEIS, work is continuing to progress the project. We are currently undertaking season-dependent environmental studies, "Spring surveys". Failing to do these now would mean we had to wait another year to undertake these important environmental surveys.

## Financial Year 2023-24 Performance

Tasmanian Irrigation funds the operation of each individual irrigation scheme on a cost recovery basis and the finances of each scheme are managed independently of other schemes. Furthermore, there is no funding source to allow deferral of expenditure from one season to another.

Budgets are set to recover the operating costs of the scheme only, with a focus on ensuring the Scheme has enough cash flow throughout the financial year to meet its expenses.

The pie chart below shows the Scheme's total Financial Year 2023-24 expenditure of \$386,766 (excluding South East Interim Project finance costs) by major category and their respective percentage weighting.



The Scheme made a net profit of \$43,074 as at 30 June 2023. This exceeded the budgeted profit by \$19,865 due to additional income from the sale of general availability water. All profits are retained by the Scheme and can be used to assist with future cash flow requirements or can be returned to irrigators via discounts to future pricing.

A total of \$10,114 was spent on repairs and maintenance activities, while \$103,263 was expended on asset renewal.

The "Other" category is made up of expenses such as the cost of running motor vehicles, depreciation, office and telephone expenses, vermin control, fixed electricity costs and the fixed component of the TasWater charges. A total of \$77,029 was spent in the Financial Year in this category with the TasWater fixed costs accounting for \$47,127 of the total.

## 2024-25 Annual Charges

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

	2023-24 (\$/ML)	2024-25 (\$/ML)	Change (\$)	Change (%)
<b>Fixed charges</b>				
Operation & maintenance charge	\$ 131.96	\$ 132.00	\$ 0.04	0.0%
Asset renewal levy	\$ 28.91	\$ 29.00	\$ 0.09	0.3%
Levy to build Scheme Working Capital	\$ 17.93	\$ 23.00	\$ 5.07	28.3%
South East Interim Project Finance Costs	\$ 60.91	\$ -	\$ (60.91)	(100.0%)
Storage charge	\$ 3.17	\$ 5.00	\$ 1.83	57.7%
<b>Total</b>	<b>\$ 242.88</b>	<b>\$ 189.00</b>	<b>\$ (53.88)</b>	<b>(22.2%)</b>
<b>Variable charges</b>				
<b>Summer delivery period (October - March)</b>				
Tea Tree Rd Pump Station	\$ 200.46	\$ 275.00	\$ 74.54	37.2%
Shrub End Pump Station	\$ 256.69	\$ 329.00	\$ 72.31	28.2%
Table Hill Pump Station	\$ 243.67	\$ 317.00	\$ 73.33	30.1%
<b>Winter delivery period (April - September)</b>				
Tea Tree Rd Pump Station	\$ 296.69	\$ 372.00	\$ 75.31	25.4%
Shrub End Pump Station	\$ 363.53	\$ 439.00	\$ 75.47	20.8%
Table Hill Pump Station	\$ 348.16	\$ 424.00	\$ 75.84	21.8%

This year, Tasmanian Irrigation has introduced a rounding mechanism to prices to round up 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. 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 to irrigators 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 and insurance.

The Operations and Maintenance charge is increasing by \$0.04 per ML (0.0%) from the previous year's price. This year, while many costs have increased through general inflationary increases, the O&M charge remains stable as these inflationary increases have been largely offset by the removal of a historical charge related to augmentation of TasWater infrastructure to deliver water to irrigators. This charge has been removed as part of current negotiations between Tasmanian Irrigation and TasWater.

### **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 ARL 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 \$0.09 per ML (0.3%) due to the levy being rounded to the nearest dollar as per the new rounding principle.

### **Special Levy to increase Working Capital**

The Scheme's working capital is used to cover all 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, when invoices are issued and payment from irrigators is received. This means the Scheme runs at a deficit during this period. Therefore, all schemes are required to maintain a working capital balance equivalent to 12 months of expenses to meet commitments.

All schemes are "ring-fenced" meaning that they must be self-funding and cannot rely on Tasmanian Irrigation's group finances. The Scheme's current working capital balance has been identified as being too low to adequately manage cashflow over the financial year and therefore a levy has been introduced to build Scheme working capital.

The annual levy is expected to be in place until financial year 2028 at which point the Scheme's working capital balance is forecasted to reach the required levels. The levy amount has been increased to \$23 per ML and is expected to remain at this level until the required working capital balance has been achieved.

### **Project Finance Costs**

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 and will be funded by Tasmanian Government going forward.

### **Storage Charge**

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 rounding to the nearest dollar.



## Variable Charge

The variable charge is levied on the volume of water consumed by each irrigator, to recover electricity costs for pumping and the cost of obtaining water from TasWater. The variable charge is based on the cost to deliver water to the various charge zones.

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 for irrigators. Tasmanian Irrigation and TasWater have agreed a pricing pathway to the full regulated price over the next 15 years. This pricing pathway has been designed to coincide with the planned timeframe for commissioning the Greater South East Irrigation Scheme, which will ultimately see irrigators disconnected from the TasWater supply.

This year marks the first year of the new agreement, with the TasWater price increasing to \$262 per ML. This price will then increase each year for the next 5 years, by the higher of 5% or the regulated water price increase for the year.

Also included in the variable charge are the electricity costs associated with pumping water to the required location in the Scheme.

## 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
<b>Scheme Operator</b>	Daniel Catania	daniel.catania@tasirrigation.com.au	0428 872 526
<b>Mgr Ops &amp; Assets</b>	Anne-Marie du Plessis	annemarie.duplessis@tasirrigation.com.au	0488 153 346
<b>Sales &amp; Trading</b>	Fiona Buckingham	fiona.buckingham@tasirrigation.com.au	0438 465 338
<b>Billing &amp; Invoicing</b>	Brendan Harris	accountsreceivable@tasirrigation.com.au	(03) 6398 8433
<b>Corporate Services Mgr</b>	Susanne Frolin	susanne.frolin@tasirrigation.com.au	0499 567 824
<b>Chief Operating Officer</b>	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 the IRC Chair Ian Newnham.

Title	Name	Email	Phone
<b>Chairperson</b>	Ian Newnham (SEIS 1)	leadall@bigpond.com.au	0419 308 754
<b>Member</b>	Matthew Pooley (SEIS 1)	matt@pooleywines.com.au	0408 652 296
<b>Member</b>	Justin Nichols (SEIS 2)	justin.g.nichols@bigpond.com	0418 126 310
<b>Member</b>	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](mailto:enquiries@tasirrigation.com.au).

# Sorell (South East Stage 3) Irrigation District

## Charge rates: 2024-25



### In-season annual charges for water entitlements

	2023-24 (\$/ML)	2024-25 (\$/ML)	Change (\$)	Change (%)
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Table Hill Pump Station	\$ 348.16	\$ 424.00	\$ 75.84	21.8%
* Fixed charges: payable on current entitlement holdings on the opening day of the irrigation season.				
** 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)		
Tea Tree Rd Pump Station	\$ 600.00		
Shrub End Pump Station	\$ 600.00		
Table Hill Pump Station	\$ 600.00		
* 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.			

## 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](http://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](mailto:enquiries@tasirrigation.com.au).