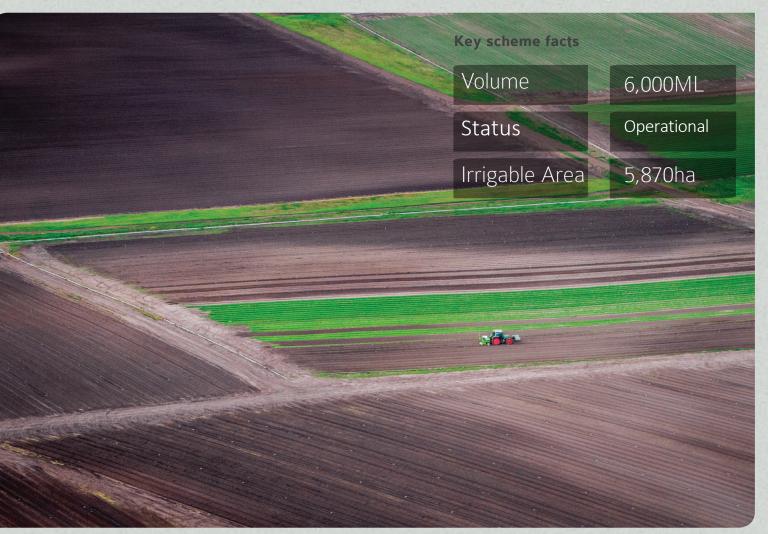




# South East Irrigation Scheme Stage 3 (Sorell Irrigation District) Overview Document



This document has been prepared to provide a summary of important information relating to the irrigation district.

This document provides general information relating to:

- Tasmanian legislation, including the Water
   Management Act 1999 and the Irrigation Clauses Act
   1973; and
- Irrigation Right, Delivery Right and Connection Agreement contracts relevant to the irrigation district

Any Tasmanian legislation and contracts relevant to the irrigation district shall prevail over the general information provided in this document to the extent of any inconsistency.

For further information:

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#### Contents

1.	Important information	1
2.		
3.	Legislative environment	
4.	Tasmanian Irrigation	
5.	Water entitlements	6
6.	Water trading	8
7.	Water charges	10
8.	Connections	12
9.	Farm Water Access Plans	12
10.	Ordering water	13
11	Pressures	13

#### **Annexures**

Scheme Map

## 1. Important information

Item	Summary	Further Information
How much water can the scheme supply?	The scheme can supply 6,000 ML of water each year: 3,000 ML during a 180-day summer delivery period (Oct - Mar) and 3,000 ML during a 180-day winter delivery period (Apr – Sep).	Section 2
How can I access supply from the scheme?	Supply from the scheme is accessed through water entitlements. If you do not hold water entitlements, you may obtain them through water trading or purchasing them from Tasmanian Irrigation.	Sections 2, 5 & 6
What are water entitlements?	Water entitlements are either irrigation rights or delivery rights. Irrigation rights confer entitlements to have an allocation of water made available for delivery during each irrigation season. Delivery rights confer entitlements to a share of the capacity of the scheme to deliver water within a zone during the summer and/or winter delivery period of each irrigation season.	Section 5
Summer and winter delivery rights	At this stage, only summer delivery rights are offered for sale. Until winter rights are offered for sale, Tasmanian Irrigation will allow the holders of summer rights to access water during the winter delivery period on an informal basis. Prior to the first sale of winter rights, the holders of summer rights will be provided an opportunity to convert all or part of their rights to winter rights.	Section 2
What is the reliability of the irrigation rights?	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.	Section 5
What is the term of water entitlements?	The term of water entitlements is set to match the term of the water supply agreement between Tasmanian Irrigation and TasWater which underpins the irrigation district's supply. The initial term of the water supply agreement is 25-years, with up to three extensions of 25 years.	Section 5
Are there any eligibility requirements to holding water entitlements?	Tasmanian Irrigation may refuse to issue water entitlements, or approve a transfer of water entitlements, on the basis of credit worthiness. Aside from this, there are no specific limitations on who may hold water entitlements.	Section 6

Item	Summary	Further Information
Do water entitlements provide ownership over infrastructure?	The infrastructure of the irrigation district is owned by Tasmanian Irrigation on behalf of the Tasmanian Government. Water entitlements provide rights to a supply of water from the irrigation district.	Section 5
Are there costs associated with holding water entitlements?	Water entitlement holders are required to pay annual water charges made up of fixed charges levied on water entitlement holdings and variable charges levied on water supplied.	Section 7
Do I have to pay charges if I don't use water?	Fixed charges are payable on water entitlement holdings regardless of whether water is supplied. However, variable charges are only payable on water that is actually supplied.	Section 7
Is GST payable on water charges?	The supply of water is not currently subject to GST. Should the GST treatment of water change, GST may be collected in the future.	Section 7
Are water entitlements tradable?	Water entitlements can be held by anyone and are tradable within the irrigation district on a temporary or permanent basis. The extent of the tradability of water within the irrigation district is based on the zone nomination of delivery rights.	Section 6
Why does the scheme have zones?	Zones arise because of variations in pipeline diameters and other factors that limit the capacity of the scheme to deliver water to different parts of the irrigation district.	Sections 5 & 6
Is anything else required to use water?	In addition to holding water entitlements, to take water from the scheme you will require a property outlet, a connection agreement and farm water access plan.	Sections 8 & 9
What is a connection agreement?	A connection agreement provides the link between water entitlements and land by specifying the location at and terms under which water can be taken from the scheme.	Section 8
What is a Farm Water Access Plan?	A Farm Water Access Plan is a management tool that identifies and manages environmental risks associated with the application of water. Its purpose is to demonstrate that the use of water is sustainable and complies with Australian and Tasmanian Government requirements.	Section 9

#### Scheme overview

The Sorell Irrigation District ("irrigation district") commenced operations during the 2015-16 irrigation season.

The district services agricultural, horticultural and viticulture enterprises around the townships of Tea Tree, Campania, Orielton, Pawleena, Penna, Sorell and Forcett. Current production in the area includes cherries, apples, salad vegetables, wine grapes, apricots, olives and walnuts.

The scheme has the capacity to supply 6,000 ML of water over two delivery periods: 3,000 ML during a 180-day summer delivery period (October – March) and 3,000 ML during a 180-day winter delivery period (April – September).

At this stage, only summer delivery rights are offered for sale.

Until winter rights are offered for sale, Tasmanian Irrigation will allow the holders of summer rights to access water during the winter delivery period on an informal basis. Tasmanian Irrigation makes no commitment as to the period for which this arrangement will continue and may offer winter rights for sale at any time it decides.

Prior to the first sale of winter rights, the holders of summer rights will be provided an opportunity to convert all or part of their rights to winter rights. The ratio used in the conversion of summer to winter rights will be determined at that time based on Tasmanian Irrigation's consideration of the relative values of winter and summer delivery.

Water supplied in the district will be sourced from the River Derwent at TasWater's water treatment plant at Bryn Estyn near New Norfolk and transported by TasWater via the Box Hill Head Tanks and West Derwent Main to an off-take on the western side of the river near Granton.

From Granton, water will be transported to the eastern side of the River Derwent via an underwater crossing to be constructed and on to the irrigation district via a 630 mm supply line. Delivery throughout the district will be made via a pipeline distribution network, with water pressurised at the Tea Tree Road Pump Station and boost pumps at Shrub End Road and Table Hill.

A holding dam near Rekuna with a capacity of between 200 ML and 250 ML will support the reliability of supply by allowing the short term balancing of supply and demand during periods of peak urban water demand when TasWater's ability to supply the district is restricted.

A summary of the capacity of the scheme as at **December 2017** is contained in the table on the following page. For reference, a map illustrating the infrastructure of the irrigation district and the zones is contained at the end of this document.

District	Current Price (\$/ML)	Trading capacity (ML)	Current commitments (Sold ML)	Unsold (ML)
Sorell (South East Stage 3)	\$59,400	3,000	2,610	390
Campania Zone 1	\$2,700	275	95	180
Campania Zone A	\$2,700	15	15	0
Campania Zone B	\$2,700	55	55	0
Campania Zone C	\$2,700	75	75	0
Campania Zone D	\$2,700	45	45	0
Forcett Zone 1	\$2,700	843	843	0
Forcett Zone A	\$2,700	25	25	0
Forcett Zone B	\$2,700	10	10	0
Orielton Zone 1	\$2,700	588	445	143
Orielton Zone A	\$2,700	20	20	0
Orielton Zone B	\$2,700	10	10	0
Orielton Zone C	\$2,700	110	110	0
Orielton Zone D	\$2,700	107	107	0
Sorell Zone 1	\$2,700	272	225	47
Sorell Zone A	\$2,700	50	50	0
Sorell Zone B	\$2,700	10	10	0
Sorell Zone C	\$2,700	0	0	0
Sorell Zone D	\$2,700	100	80	20
Sorell Zone E	\$2,700	180	180	0
Sorell Zone F	\$2,700	10	10	0
Sorell Zone G	\$2,700	0	0	0
Table Hill Zone 1	\$2,700	200	200	0
Total	\$59,400	3,000	2,610	390

#### 3. 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 licences. Water licences 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 licence (or an agreement deriving from a water licence) may be broken into individual shares and issued as irrigation rights. Irrigation rights are administered by entities (such as Tasmanian Irrigation) who are responsible for operating irrigation districts.

Water licences 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.

### 4. Tasmanian Irrigation

As a State-Owned Company, Tasmanian Irrigation's task is to develop, own and operate irrigation schemes in Tasmania. The strategic objectives of the company are to:

- Manage and deliver reliable water;
- Identify, develop and build irrigation schemes in partnership with the local community;
- Provide value to our irrigation partners;
- Support an active water market in Tasmania which ensures the maximum value is generated from Tasmania's irrigation infrastructure and resources; and
- Fully realise the benefit of Tasmanian Irrigation's schemes through increasing high value agricultural production.

With an increased level of operational responsibility, Tasmanian Irrigation continues to transition the focus of the organisation from a developer of irrigation schemes.

The availability of additional irrigation water through the development and operation of irrigation schemes will support Tasmanian farmers to move into higher value production. It will also drive growth and investment in Tasmania's food and agricultural sectors and rural and regional communities.

#### 5. Water entitlements

Water entitlements are either irrigation rights or delivery rights.

#### Irrigation rights

Irrigation rights in the irrigation district are issued under the *Irrigation Clauses Act 1973* ("ICA") and are subject to the terms of the agreements titled "Irrigation Right: Sorell Irrigation District".

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.

The allocations made to irrigation rights for an irrigation season are calculated by multiplying:

- the entitlement held under irrigation rights on the opening day of the season; and
- the allocation percentage notified by Tasmanian Irrigation before the start of the season and any revision made to the allocation percentage during the season.

If revisions are made to the allocation percentage during a season, the resulting allocations will be made on the basis of the entitlement held under irrigation rights on the day the revision is notified.

Irrigation rights do not provide secure rights to have water delivered but do so when held in conjunction with delivery rights.

#### Reliability

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.

95% reliability means that over 100 years the annual allocation for each irrigation right will total at least 95% of the annual volume for that irrigation right.

#### Irrigation season

The irrigation season for the irrigation district opens on 1 October each year and closes on 30 September the following year. The allocations made to irrigation rights during an irrigation season are valid for use or trade during the whole of the season.

#### **Delivery rights**

Delivery rights in the irrigation district are subject to the terms of agreements titled "Zoned Flow Delivery Right: Sorell Irrigation District".

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

As the delivery capacity of the scheme is not subject to seasonal variation, the allocation made to delivery rights for each delivery period of a season will equal 100 per cent of the summer and/or winter entitlement held under delivery rights on the opening day of the season.

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.

#### Zones

Delivery rights carry a zone nomination which relates to the zones of the scheme as shown on the map of the irrigation district at the end of this document.

Zones arise because of variations in pipeline diameters and other factors that limit the capacity of the scheme to deliver water to different parts of the irrigation district. Each zone originates from the supply point to the irrigation district (i.e. the Tea Tree Road Pump Station) and extends to the furthest downstream point of the zone as shown on the map.

For example, Forcett Zone 1 does not just include those parts of the scheme identified on the map as Forcett Zone 1 but also includes Sorell Zone 1 and Campania Zone 1 because water must pass through these zones to reach Forcett Zone 1.

#### **Delivery periods**

The summer delivery period opens on 1 October each year and closes on 31 March the following year. The winter delivery period opens on 1 March and closes on 30 September each year. The allocations made to delivery rights are valid for use or trade during the whole of the summer and/or winter delivery period.

#### Term of water entitlements

The term of the water entitlements issued in the irrigation district is set to match the term of the water supply agreement between Tasmanian Irrigation and TasWater, which underpins the irrigation district's supply. The initial term of the water supply agreement is 25 years, with up to three extensions of 25 years.

#### Security interests

Security interests may be registered against irrigation rights and delivery rights on the water entitlements register maintained by Tasmanian Irrigation for the irrigation district.

If a security interest is recorded against an irrigation right and/or delivery right, a transfer exceeding 12 months will only be approved if consent to the transfer is given by the holder of the registered security interest.

A security interest will be recorded by Tasmanian Irrigation against an irrigation right and/or delivery right if:

- an application is made on the prescribed form;
- the security interest registration fee is paid; and
- either the registration is consented to by the holder of the irrigation right and/or delivery right or the security interest is verified to Tasmanian Irrigation's reasonable satisfaction.

#### 6. Water trading

Irrigation rights and delivery rights are tradable within the irrigation district in accordance with the ICA 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.

#### Trade types

There are two categories of trades – entitlement trades and allocation trades – and three types of transfers – permanent transfers, limited term transfers and short term transfers. Entitlement trades include permanent and limited term transfers, while allocation trades refer to short term transfers.

Entitlement trades are transfers of the volume and flow rate entitlements held under irrigation rights and delivery rights. A permanent transfer (sale) will result in an absolute change in the ownership of entitlements, while a limited term transfer (lease) will result in a change in ownership for a defined period of time.

Allocation trades refer to transfers of the volume and flow rate allocations that have been made to irrigation rights and delivery rights for a particular irrigation season. Because allocations are made on the first day of a season, short term transfers will necessarily take effect entirely within one season.

#### **Tradability**

The tradability of water within the irrigation district is regulated through the zone nomination of delivery rights. A transfer of flow rate will only be approved if:

- in the case of permanent transfers, the zone nomination of the transferor's delivery right is the same as the zone nomination of the transferee's delivery right;
- in the case of limited term or short term transfers, the zone nomination of the transferor's delivery right is the same as or compatible with the zone nomination of the transferee's delivery right; or
- Tasmanian Irrigation approves the transfer on the basis that it does not exceed the capacity limitations of the scheme taking account of all other delivery rights issued.

#### **Conditions**

Important additional conditions to Tasmanian Irrigation's approval of transfers include:

- that all money owing to Tasmanian Irrigation by the transferee and transferor is paid;
- that the sale price of the transfer is disclosed;
- in the case of transfers exceeding 12 months, that the transfer is consented to by the holders of any registered security interests;
- in the case of a permanent transfer, Tasmanian Irrigation is satisfied as to the credit worthiness of the transferee; and
- in the case of limited and short term transfers, the transferor remains liable for all money not paid by the transferee in relation to the transferred entitlement or allocation.

#### **Tasmanian Water Trading Notice Board**

To assist buyers and sellers of water entitlements establish connections, Tasmanian Irrigation has launched the Tasmanian Water Trading Notice Board. The Notice Board allows parties to advertise their interest in buying, selling or leasing water entitlements.

If you would like to place an advertisement on the Notice Board or view advertisements that have been posted to the Notice Board by other parties, you can access the Notice Board via Tasmanian Irrigation's website at <a href="https://www.tasirrigation.com.au">www.tasirrigation.com.au</a>.

The Notice Board is a free service provided by Tasmanian Irrigation in support of the development of a water market in Tasmania.

#### 7. 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 actual water supplied.

Each year, prior to the start of the irrigation season Tasmanian Irrigation determines water charges. Current year charges are contained in the annual pricing announcement which is available prior to the opening of the irrigation season. Please be aware that these charges are subject to change and are determined each year on the basis of costs applying at that time.

The supply of water is not currently subject to GST and accordingly Tasmanian Irrigation does not collect GST in respect of the water charges. Should the GST treatment of water change, GST may be collected in the future.

Water charges are further detailed in the **annual pricing announcement**, which can be found on our website. If you require a copy of the annual pricing announcement, please contact our office.

#### Fixed charges

Fixed charges include an operations and maintenance charge and asset renewal levy. These charges are levied on water entitlement holdings and are payable regardless of whether any water is supplied.

The operations and maintenance charge recovers the fixed costs associated with the irrigation district, including costs associated with employee entitlements, vehicles, plant and equipment, routine maintenance, telemetry, compliance, administration, finance and insurance.

The asset renewal levy provides for refurbishment and replacement of significant scheme assets and funds that may be made available 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.

#### Variable charges

Variable charges are payable on water supplied during the respective delivery periods and vary across the scheme to reflect differences in the cost of supplying water to different parts of the irrigation district.

Variable charges recover the costs incurred by TasWater extracting and treating water at Bryn Estyn and pumping it to the Box Hill Head Tanks and recover the costs of pumping at Tea Tree Road, Shrub End Road and Table Hill Pump Stations.

A breakdown of the charges for each area and descriptions of the parts of the scheme each charge is applicable to are provided below.

#### ex Tea Tree Road Pump Station

The ex Tea Tree Road Pump Station pricing area includes water extracted on all parts of the scheme excluding Sorell Zone D and Table Hill Zone 1. The estimated variable charge is based on TasWater's supply costs and accounts for pumping costs incurred at the Tea Tree Road Pump Station.

ex Tea Tree Road Pump
Station

TasWater supply at Tea
costs

Pumping at Tea
Tree Road

#### ex Shrub End Road Pump Station

The ex Shrub End Road Pump Station pricing area includes water extracted in Sorell Zone D. The estimated variable charge is based on the ex Tea Tree Road Pump Station charge and accounts for pumping costs incurred at Shrub End Road Pump Station.



#### ex Table Hill Pump Station

The ex Table Hill Pump Station pricing area includes water extracted in Table Hill Zone 1. The estimated variable charge is based on the ex Tea Tree Road Pump Station charge and accounts for pumping costs incurred at Table Hill Pump Station.

ov Tabla Hill Dumn Station	TasWater	Pumping	Pumping
ex Table Hill Pump Station	costs	at Tea Tree Road	at Table Hill

#### 8. Connections

The water entitlements issued in the irrigation district are separate from land.

To access water from the irrigation district, a connection to a pipeline of the scheme needs to be in place and associated with water entitlements through a connection agreement.

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

An important condition of connection agreements is that water taken from the irrigation district may only be used on land that is covered by a Farm Water Access Plan (see section 9 below).

To discuss connection requirements, please contact Tasmanian Irrigation.

#### 9. Farm Water Access Plans

A Farm Water Access Plan must be in place for every property that receives water from the irrigation district.

Farm Water Access Plans are management tools demonstrating that the use of water 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.

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.

As an indication of the cost of preparing a Farm Water Access Plan, the net cost to landholders to date has generally been \$2,200 (inc. GST) or less. This figure is provided as a reference only. The actual cost to prepare a Farm Water Access Plan may be higher and will be determined at the time a quote is sought from a pre-qualified consultant.

Amongst other things, the factors affecting the price of Farm Water Access Plans include:

- the size of the area to be assessed;
- existing land capability data for the area to be assessed; and
- the likelihood of threatened species, ecological communities or other matters of environmental significance occurring in or near the area to be assessed.

Tasmanian Irrigation is required to conduct random annual audits of Farm Water Access Plans each year to ensure compliance.

#### 10. Ordering water

To receive water from the irrigation district you must place a water order.

Water orders can be completed and submitted electronically via Tasmanian Irrigation's website at <a href="https://www.tasirrigation.com.au">www.tasirrigation.com.au</a>. Alternatively, water order forms can be downloaded from the website, completed in hard copy and either emailed or faxed.

Ordering water is an important requirement in the irrigation district. Failure to order water may lead to compliance actions.

#### 11. Pressures

Tasmanian Irrigation guarantees a minimum pressure of 5m head (equivalent to 49kPa or 7psi) at each property outlet connected to a pipeline of the scheme.

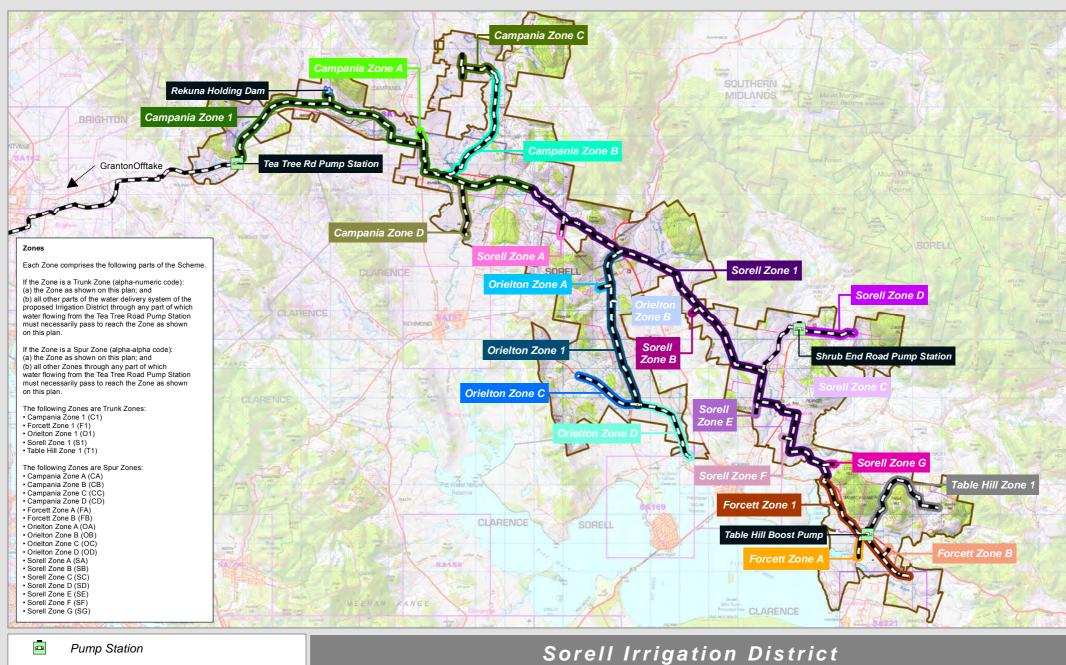
However, the actual pressure experienced at a property outlet may be higher depending on the proximity of the outlet to a pump station or pressure reducing valve and the relative height of the outlet. It can also vary depending on where and how much water is being taken elsewhere in the scheme.

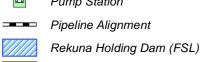
To assist irrigators to understand the range of pressures that may be experienced at an outlet, Tasmanian Irrigation can provide information on the range of pressures that are likely to be experienced at different points along the pipeline alignment.

The provision of information on pressures is given on the basis of the scheme as it is currently designed and will not in any way limit the ability of Tasmanian Irrigation to make changes to the scheme or create an obligation on Tasmanian Irrigation to warrant those pressures.

The only obligation that Tasmanian Irrigation will assume in relation to pressure is an obligation to supply a minimum pressure of not less than 5 m head (7 psi) at each property outlet connected to a pipeline of the scheme.

Information on pressure estimates can be provided by Tasmanian Irrigation on request.





Irrigation District

Map Created by: MP Date: 11/03/2015 Version No: 002 Map No: SEIS3-M0545-002

Map Scale 1:130,000 When printed at A4



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