



## **Sassafras Wesley Vale Irrigation Scheme Augmentation (SWISA)**

### **Overview Document**





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## 1. Important information

| Item   | Summary  | Further Information |
|--|--|---------------------|
| <b>How much water can the scheme supply?</b>                                 | The scheme is designed to supply an additional 9,200 ML of water each year over a 150-day delivery period from November through to March on which a summer irrigation season is based. Water is sourced from the Mersey River at Great Bend.   | Section 2           |
| <b>How can I access water from the scheme?</b>                               | Water from the irrigation scheme is accessed through water entitlements. If you do not hold water entitlements, you may obtain them through water trading from another irrigator on the scheme or purchasing them directly from Tasmanian Irrigation - provided water is still available and there is no opportunity to trade from other scheme participants. Short term supply transfers may also be accessed from Tasmanian Irrigation through 'spot purchases' or 'General Availability'. | Section 5           |
| <b>What are water entitlements?</b>  | Water entitlements are either irrigation rights or delivery rights. Irrigation rights confer entitlements to have a volume 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 (daily flow rate) within a zone during the irrigation season.   | Section 5           |
| <b>What is the reliability of irrigation rights?</b>                         | Irrigation rights in the irrigation district are warranted to 95 per cent average annual reliability based on the conditions applying at the time reliability was assessed and on the basis that the scheme continues to operate as it was originally designed.<br><br>It should be noted that the customer bears the risk of any reductions to reliability arising from climate changes or natural causes.  | Section 5           |
| <b>What is the term of water entitlements?</b>                               | The term of water entitlements is set to match the term of the water supply agreement between Tasmanian Irrigation and the Department of Natural Resources and Environment, which underpins the irrigation district's supply. The licence is provided under the <i>Water Management Act 1999</i> .   | Section 5           |
| <b>Are there any eligibility requirements to holding water entitlements?</b> | Tasmanian Irrigation may refuse to issue water entitlements, or approve a transfer of water entitlements, based on credit worthiness. Aside from this, there are no specific limitations on who may hold water entitlements.   | Section 2           |
| <b>Do water entitlements provide ownership of infrastructure?</b>            | No. The infrastructure of the irrigation scheme is owned by Tasmanian Irrigation on behalf of the Tasmanian Government. Water entitlements provide rights only to a supply of water from the Irrigation District.  | Section 5           |



| Item   | Summary  | Further Information |
|--|--|---------------------|
| <b>Are there costs associated with holding water entitlements?</b> | Water entitlement holders are required to pay annual water charges consisting of fixed charges, levied on water entitlement holdings, and variable charges, levied on actual water supplied.   | Section 7           |
| <b>Do I have to pay charges if I don't use water?</b>              | Fixed charges are payable on water entitlement holdings regardless of whether water is supplied.   | Section 7           |
| <b>Is GST payable on water charges?</b>                            | 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           |
| <b>Are water entitlements tradable?</b>                            | Water entitlements can be held by anyone and are tradable within the irrigation scheme district on a temporary or permanent basis. The extent of the tradability of water within the irrigation district is based upon the zone nomination of delivery rights.                 | Section 6           |
| <b>Why does the scheme have zones?</b>                             | Zones arise due to variations in pipe diameter and other factors which influence the capacity of the scheme to deliver water.  | Sections 5 & 6      |
| <b>Is anything else required to use water?</b>                     | In addition to holding water entitlements, to take water from the scheme you will require a <i>Connection Point</i> , a <i>Connection Agreement</i> and <i>Farm Water Access Plan</i> .  | Sections 8 & 9      |
| <b>What is a Connection Agreement?</b>                             | A Connection Agreement provides the link between water entitlements and land by specifying the location at, and terms under, which water can be drawn from the scheme.   | Section 8           |
| <b>What is a Farm Water Access Plan?</b>                           | 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           |



## 2. Scheme overview

The Sassafras Wesley Vale Irrigation Scheme Augmentation (SWISA) is a 9,200 ML scheme established to provide additional water to the districts of Wesley Vale, Sassafras, Harford, Northdown, Thirlstane and Pardoe. The scheme is one of Tasmanian Irrigation's 10 Tranche Three projects.

Water will be harvested from the Great Bend Pump Station and distributed to scheme participants via an underground pipeline network over the 150-day summer irrigation season.

The Sassafras Wesley Vale District is one of the most diverse irrigation areas in the State with high value land and proximity to transportation links - being approximately no more than 15 minutes from the Spirit of Tasmania at Devonport and on the doorstep of the Devonport Airport.

The augmentation will provide additional water to the existing Sassafras Wesley Vale Irrigation Scheme (SWIS) established in 2012 delivering 5,460 ML of highly reliable water. Combined the schemes have the capability of delivering more than 14,660 ML of summer water entitlement.

## 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 licenses. Water licenses are currently administered by the Department of Natural Resources and Environment Tasmania ("NRE").

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.



## 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.

As at May 2022, TI has 18 schemes in operation, one in construction and a further five, known as 'Tranche Three', in the development phase.

All Tasmanian Irrigation built schemes are the result of public-private partnerships between the public sector and the private agricultural and investment sectors.

A total of \$258 million was made available for Tranche One schemes by the State and Federal Governments, with an additional \$90 million raised by the private sector through the sale of water entitlements.

Tranche Two was funded by \$140 million of public investment (comprised of \$30 million from the State Government and \$85 million from the Federal Government) and \$52 million raised by the private sector through the sale of water entitlements.

Tranche Three has identified a further 10 projects, with an initial five currently in the development phase. The Sassafras Wesley Vale Irrigation Scheme Augmentation is one of the five projects progressing with \$230 million committed by the State and Federal Governments. A further \$60 million is proposed to be raised by the private sector through the sale of water entitlements.



Tasmanian Irrigation schemes are designed to persist for 100, deliver water at an average annual reliability of no less than 95 per cent<sup>1</sup> and are scaled to satisfy producer demand in each region. In addition, Tasmanian Irrigation schemes must be socially, environmentally, and economically sustainable. As part of this requirement all Tasmanian Irrigation schemes go to Water Sales and must meet, or exceed, a pre-determined sales threshold before a scheme can progress to the construction phase. This ensures the economic and social viability of the scheme. Should strong support for the scheme from producers in the region not be demonstrated, the scheme will not progress to construction.

## 5. Water entitlements

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

### Irrigation Rights

Irrigation rights in the irrigation district will be issued under the *Irrigation Clauses Act 1973* (“ICA”) and are subject to the terms of the agreements titled “Irrigation Right: Sassafras Wesley Vale Irrigation District”.

Irrigation rights confer entitlements to have an allocation of water made available for delivery during each irrigation season. The entitlement arising under an irrigation right 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 based on 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.

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<sup>1</sup> Irrigation rights in the irrigation district are warranted to 95 per cent average annual reliability on the basis of the conditions applying at the time reliability was assessed and that the scheme continues to operate as it was originally designed. The warranty does not cover reductions to reliability arising from climate changes or other natural causes.



## **Delivery Rights**

Delivery rights in the irrigation district are subject to the terms of agreements titled “Zoned Flow Delivery Right: Sassafras Wesley Vale Irrigation District”.

Delivery rights confer entitlements to a share of the capacity of the scheme to deliver water within a trading 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.

As the delivery capacity of the scheme is not subject to seasonal variation, the allocation made to delivery rights for each irrigation season will equal 100 per cent of the 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.

## **Reliability**

Irrigation rights in the irrigation district are warranted to 95 per cent average annual reliability based on the conditions applying at the time reliability was assessed and that the scheme continues to operate as it was originally designed. The warranty does not cover reductions to reliability arising from climate changes or natural causes.

95 per cent average annual reliability means that, during 100 consecutive irrigation seasons, the sum of the allocations made to irrigation rights will be equal to or higher than 95 per cent of the sum of the entitlements issue over that same period without the allocation percentage exceeding 100 per cent of entitlements in any season.

## **Irrigation Season**

The irrigation season for the irrigation district is based on a 150-day summer supply from November through to March annually. The allocations made to irrigation rights during an irrigation season are valid for use or trade during the whole of the season.



## Zones

Delivery rights carry a zone nomination, which relates to the zones of the scheme as shown on the map of the irrigation district provided as part of the package of SWISA Water Sales documents available on the Tasmanian Irrigation website. Zones arise due to 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. Great Bend Pump Station / Reservoir) and extends to the furthest downstream point of the zone as shown on the map.

## 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 the department of Natural Resources and Environment, which underpins the irrigation district's supply. The initial term of the water supply agreement is 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.

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

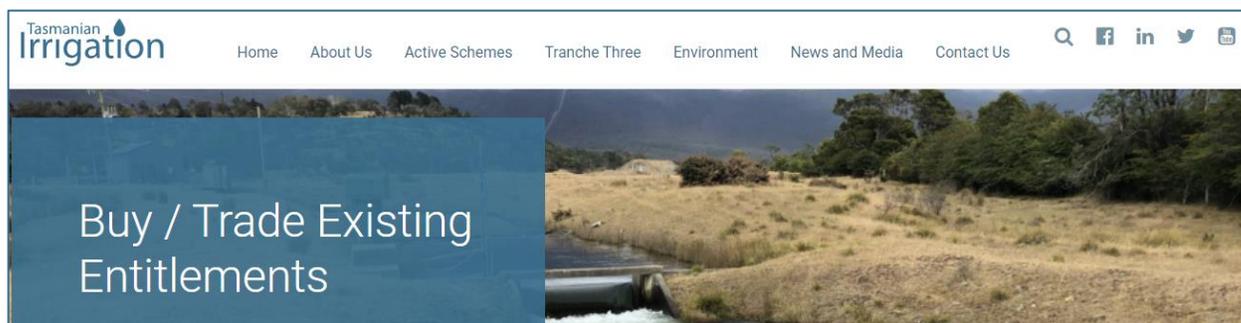
Important additional conditions to Tasmanian Irrigation’s approval of transfers include:

- 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.

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 [www.tasirrigation.com.au](http://www.tasirrigation.com.au) under Active Schemes > Buy / Trade Existing Entitlements.



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

## 7. Water charges

The on-going costs associated with the Sassafras Wesley Vale Irrigation Scheme Augmentation, and its related infrastructure, are funded through annual water charges. Annual water charges are comprised of fixed charges, which are levied on water entitlement holdings.

Water charges are set on an annual basis in accordance with costs applying at the time and the expenses associated with the operation and maintenance of the scheme.

Tasmanian Irrigation has prepared estimates of water charges to assist parties to forecast the likely costs associated with holding water entitlements and being supplied with water from the irrigation district. The estimates are based on cost information for 2021-22.

Please be aware that the charges are estimates only, subject to change and will be determined each year based on 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 may be inclusive of a fee payable to Hydro Tasmania. Please refer to the later section in this document, Hydro Water Charge Explained, for more information.

### Fixed Charges

Fixed charges include an operation and maintenance charge and an 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, telemetry, routine maintenance, compliance, administration, finance, and insurance.



The Asset Renewal Levy (ARL) provides for refurbishment and replacement of significant scheme assets and become 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 for the scheme are based on the supply from Great Bend pump station, located on the Mersey River south of Latrobe. The variable charge is to cover the cost for the consumption of power to move water through each branch line from the source.

### Estimated Charges

The table below shows estimated annual fixed and variable charges. These prices are estimates based on the current design of the Scheme at Water Sales and should be used as a guide only.

The variable charges differ depending on where the water is delivered in the Scheme. Note, variable charges may also include a water purchase cost for Hydro Tasmania. This charge is set by Hydro Tasmania each year and is subject to change.

| Fixed charge estimates* |  |                  |
|-------------------------|--|------------------|
|                         | 100% Entitlements<br>Sold (Summer +<br>Winter) | 100% Sold Summer |
| Fixed Cost              | \$60.00 ML                                     | \$90.00 ML       |

\*Water charges estimated in 2020-21 dollars and should be considered as estimations only. Estimated first year \$120.00ML.

| Variable charge estimates* |            |            |
|----------------------------|------------|------------|
| SWIS                       |            | SWISA      |
| Gravity Line               | \$85.00 ML | \$85.00 ML |
| Sassafras Branch           | \$95.00 ML | \$95.00 ML |

| Combined Charges Per ML (Fixed and Variable) |  |                  |
|--|--|------------------|
|  | 100% Entitlements<br>Sold (Summer +<br>Winter) | 100% Sold Summer |
| Gravity Line                                 | \$145 ML*                                      | \$175 ML*        |
| Sassafras Branch                             | \$155 ML*                                      | \$185 ML*        |

(\* Hydro charge is applicable when the Mersey River is in 'cease to take' or as required to provide additional supply volume should the Tasmanian Irrigation Water License be exceeded.



Please note, as the SWISA entitlements are traded or sold, the terms and conditions of SWISA entitlements, including (if applicable) any additional Hydro charges, will be applied.

## 8. Connection agreements

The water entitlements put forward for the Sassafras Wesley Vale Irrigation Scheme Augmentation are not associated with land. Water entitlements are only linked to land when connection agreements are in place.

Connection agreements specify the location of connections from which scheme water can be drawn as well as the terms and conditions associated with obtaining and using this water.

An important condition of connection agreements is that Tasmanian Irrigation water can only be applied to land which has been assessed and has a working Farm Water Access Plan in place to satisfy Tasmanian Irrigation's obligation to ongoing sustainability.

## 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 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.

As an indication of the cost of preparing a Farm Water Access Plan, the net cost to landholders is estimated to be between \$1,000 and \$3,000 (inc. GST). 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. Pressures

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

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

The provision of information on pressures is given based on the current scheme design and will not in any way limit the ability of Tasmanian Irrigation to amend the scheme design nor does it 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 5m head (equivalent to 49kPa or 7psi) at each connection to a pipeline of the scheme.

To assist irrigators to understand the range of pressures that may be experienced at a connection, Tasmanian Irrigation can provide an estimate of pressures that are likely to be found at points along the pipeline alignment upon request

## 11. Hydro Water Charge Explained

SWISA entitlement holders will be required to pay an additional charge for water purchased from Hydro Tasmania. This is only applicable in situations where the scheme exceeds 34 ML per day, and the cost will be levied across SWISA entitlement holders only.

SWIS entitlement holders who are NOT participating in the SWISA scheme will NOT pay any Hydro water charges.

The current Hydro Tasmania per megalitre charge for water bypassing the Parangana Mini Hydro can be found on the Hydro Tasmania website pricing page.