

Tasmanian Irrigation / Irrigator Representative Committee Meeting: Dial Blythe Irrigation District

Date: Tuesday 10th July 2018, 10.00am – 12.00pm

Location: Riana Community Hall

Present: Damien Carpenter, Derek Gee, Darren Wigg, Scott Munday, Ben Hiscutt, Nicola Morris (Chair), Peter Clarke, Andrew Kneebone, Mike O'Shea, Anna Graham.

Apologies: Wolfgang Stiller, Tim Briggs, Stuart Coles, Gary Carpenter.

Minutes

1. Previous minutes taken as read.
2. No outstanding minutes.
3. Nicola introduced Andrew Kneebone, the new GM of Water Delivery, and gave an update on recent staffing changes. Aim of these changes has been to cut down the levels of management between the Scheme Operators and the executive.
4. Mike presented the Scheme Update notes to the group and invited people to provide feedback.
 - Irrigators asked about a long delay with a specific permanent transfer.
ACTION: TI to investigate length of time for permanent transfers in Dial Blythe scheme.
 - Irrigators believe that the high operational cost of the scheme is restricting water use and trading.
 - Season extension was noted.

Peter provided a summary of the scheme operation during the year:

- 34/54 outlets were opened, compared to 24 in the prior year.
 - Dam level is around 3,126 ML, and got to a low of around 2,800 ML during the season. Aim for a full dam before the next season, with mainly (if not all) natural inflows.
 - Pumps at Blythe River are only being run for maintenance purposes at this time.
 - Irrigators asked if we could disconnect the power connection at the Blythe River Pump to save in fixed electricity cost?
ACTION: TI to investigate the cost, benefits and consequences of disconnecting the power at Blythe River Pump Station.
 - No compliance issues during the year, and water was delivered as requested.
 - Flood damage repairs have been completed, and insurance claims underway (and partially recognised in the P&L). Repairs included improved anchor points, and works on an embankment to protect foot valves.
5. Mike provided a line by line commentary on the draft May financials:
 - Financial information provided at this time is in draft, with end of financial year underway. Please ignore the Likely Year End columns at this time.
 - Insurance recovery relates to flood damage repairs. Around 80% of the claim has been recognised, with an expectation that there will be more costs recovered.
 - There was a termination of water entitlement in the scheme, due to financial hardship, which has driven the variance for Fixed Charge income. In such circumstances, any costs which have been incurred are recovered from any monies received (including cost for additional outlets).

- The proceeds for additional water entitlement sales in each scheme is allocated against the debt held under the scheme.
- Outlets provided during the original construction were funded from the Build project, but additional outlets which are installed once the scheme is operational must be funded by the party who requests the new outlet.
- Build business pays for 75% of the Corporate Overhead costs, with the remaining 25% shared across Water Delivery. This 25% of Corporate Overheads, and also the Water Delivery (operations) Overheads are allocated to irrigation schemes on the basis of volume (ML) on issue (40%) and the number of customers (41%). Around 19% of the overheads are met by power stations, self-managed schemes, and other infrastructure managed by TI.
- When TI has no more Build projects, the Corporate Overheads will need to drop to a level which reflects the 25% component currently met by the Water Delivery business.
- Irrigators noted that overheads have increased significantly from 2016-17 to the 2017-18 year. Nicola explained that there has been more scrutiny on the costing of items, where in the past it appears that the Build business has subsidised the Water Delivery business. Note that overheads have reduced going into the 2018-19 budget.
- Irrigators noted that there is a perception between the committee of a lack of benefit for this level of overhead cost.
- Water stock valuation is based on the actual cost of the water in the dam (electricity cost incurred). This is reducing as higher natural inflows are used to fill the dam.
ACTION: TI to provide a breakdown of the water stock valuation since the scheme was commissioned.
- Irrigators would like to remove water stock altogether, particularly as the cost to fill the dam appear to be coming down.
ACTION: TI to investigate options for removing water stock movements for Dial Blythe.
- Professional services costs relate to slope stability work. Data collected with such surveys has resulted in reduction in the requirement for ongoing monitoring.
- Mike explained some of the dam safety requirements under the ANCOLD¹ guidelines. South Riana Dam is a High C category dam which requires three visual inspections each week. These requirements also comply with annual reporting to the Regulator in accordance with the *Water Management Act 2000*.
- Irrigators asked if it is possible to update budget data to reflect actual delivery levels.
ACTION: TI to investigate showing budget information which reflects actual delivery levels (ie \$/ML for variable income and expenditure).
- Expected rates revaluation didn't take place this year, however there is an expectation that it might still happen in future years. TI has an ongoing project to review the basis of rates/land tax being applied. This is not expected to be resolved quickly.
- Mike explained the recent work on Asset Renewal Levy modelling, and the development of Asset Management Plans for schemes. The idea of the Asset Renewal Levy is to provide for the replacement and refurbishment of scheme assets, over the life of the scheme. These plans are to be reviewed annually.
- Irrigators noted the high level of Asset Renewal Levy in this scheme, and their preference to reduce this to \$5/ML.

¹ Australian National Committee on Large Dams

ACTION: TI to review the Asset Renewal Levy for Dial Blythe. Also advise on the interaction between insurance and ARL activities.

- TI is undertaking a review of insurance portfolio, including the levels of cover and whether this is appropriate.
- Repair & maintenance works included anti-vibration dampening and realignment. This is wear and tear outside of warranty. The negative repair & maintenance line item relates to an adjustment from the prior year.
- Land compensation relates to a property where there is a Pressure Reducing Valve (PRV).
- Irrigators asked about the licence conditions for the scheme, and whether there is a summer take?

ACTION: TI to clarify the water licence conditions, and whether the scheme can access summer take.

TI has a Summer Surety 5 Water Licence on the Blythe River, there are associated minimum flow requirements before this can be accessed.

6. Nicola introduced the draft budget for 2018-19:
 - Delay releasing Annual Variable Charge pricing until further into the dam fill program.
 - Irrigators asked about access to water quality testing results. Nicola explained that if anybody wishes to know the result of the tests, to contact TI.
 - Meter validation and Farm WAP audits are being performed in-house by the Scheme Operator where possible, to save costs.
 - R&M for the dam relates to a floating intake assessment. There is potential for some of these costs to be funded from the Asset Renewal Levy in future.
 - Noted the significant reduction in the allocation of overheads in the budget. Due to savings in employee expenses, and other non-employee savings.
 - Annual Fixed Charges expected to drop by around 6%. This will be recalculated once the overhead allocation has been confirmed.

ACTION: TI to review the Annual Fixed Charges once the overhead allocation has been confirmed.

ACTION: TI to confirm final budget including fixed and variable pricing, and a breakdown of all Asset Renewal Fund movements.

Meeting then undertook to discuss item 9:

9. Other business: Self-management:

- Irrigators asked about self-management. Nicola explained that we would prefer to get to a point that irrigators feel they can't do any better. However if they wish to progress to self-management then TI will assist where possible.
- Nicola has been provided the contact at DPIPWE who can assist with this question.

ACTION: Nicola to provide the DPIPWE contact for self-management to the Irrigator Representative Committee.

- Nicola advised that any rules or processes which TI has which would assist Dial Blythe irrigators to go to self management will be made available.
- The committed noted that they don't have a problem with the TI people, this is an exercise to try to save costs to make the scheme more viable.