

Don Irrigation Scheme

Operating Cost Breakdown for the Scheme's Operation

Tasmanian Irrigation is the proud designer, builder, owner and operator of 15 irrigation schemes around Tasmania, and is currently developing a further 10 irrigation projects.

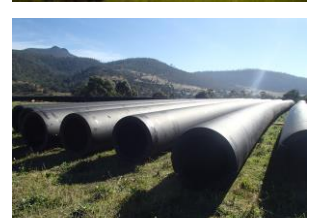
The Company's focus is to deliver reliable, cost-effective and fit-for-purpose irrigation water to landowners to underpin ongoing growth, value adding and diversification in Tasmania's agricultural industries.

Tasmanian Irrigation prides itself on working collaboratively with farmers to best understand their needs and wants to ensure each irrigation scheme is designed to last 100 years, built to satisfy demand in each region and deliver water at an average annual reliability of greater than 95 per cent.

Through a unique public / private partnership, Tasmanian Irrigation prepares business cases for State and Federal Government funding to construct each scheme. However, once operational, scheme operating costs are met by irrigators. Tasmanian Irrigation works as diligently as possible to ensure these operating costs remain as low as possible, but it is essential that maintenance, power, monitoring, insurance, IT, office, admin and employee costs are taken into consideration.

As part of its commitment to being open and transparent, Tasmanian Irrigation reviews and publishes its annual charge rates on its website each year so all irrigators understand the operating costs on a scheme by scheme basis.

Below is an estimation of the 2019/20 Don Irrigation Scheme operating costs based on all water entitlements for the 5,000ML scheme being fully sold.



Fixed Operating Costs

Fixed costs are charged annually and are based on the amount of water entitlements purchased. There are two components, the Fixed Charge and the Asset Renewal Levy. Fixed 2019/20 scheme charges are outlined in Table One.

Table One: Item	Charge per ML
Employee Costs, Professional Services, MV expenses, and other direct costs	\$28.04
Maintenance – Pump stations, Tanks, PRV's, Property Outlets and Fittings	\$9.97
Fixed Telemetry – SCADA and connection cost	\$0.81
Fixed Power – two pump stations	\$0.69
Monitoring	\$0.92
Vermin, Water Licence & Weed Control	\$0.62
TI Administration Overhead	\$33.20
Total Fixed Charge	\$74.25

Asset Renewal Levey (ARL)

The ARL is charged annually and is based on the amount of water entitlements purchased. Funds are deposited into a Don Irrigation Scheme account and are only available for the renewal of the scheme's infrastructure to enable the scheme to operate for at least 100 years. A breakdown of the 2019/20 Asset Renewal Levy is shown in Table Two.

Table Two: Asset	Asset Lifespan (in years)	Charge per ML
Balance Tanks – steel tanks (50 years), internal bladder (25 years), pipework (100 years) & SCADA (20 years)	20 to 100	\$3.07
Pump Stations – buildings (50 years), inlets (100 years), pipework (100 years), pumps (20 years), switch rooms (30 years), SCADA (20 years) and VSD's (15 years)	15 to 100	\$20.31
Pipelines (>100 years)	>100	\$1.55
Property Outlets (55 years), meters (15 years), telemetry (20 years) and , fibre optics (20 years)	15 to 55	\$26.57
Fittings (48 years)	48	\$8.80
Total ARL		\$60.30

Variable Operating Costs

Variable costs are charged annually and are charged on actual water usage. If an irrigator does not use any water in a season, they will not be charged the variable cost. Variable costs cover the cost of electricity and the cost of water from Hydro Tasmania. The Don component may not be charged for all the take from the Forth River as it will depend if the water is harvested from natural flows or releases from Paloona Dam. The mix between the two will be reliant on each season and river levels at the time of the take. Table Three outlines the 2019/20 scheme variable costs.

Table Three: Supply Area	Hydro/ML	Pump Capacity	Pumping Costs	Variable Cost
Forthside, Forth, Lillico & Don	\$8.62	691 kW	\$63.92*	\$72.54
Melrose, Lower Barrington, Barrington, Sheffield and West Kentish	\$18.75	668kW	\$92.74*	\$111.49

*2020/21 electricity pricing (water sales documents yet to be updated)

For a 100 per cent sold scheme, the total operating cost for:

-The Don component is $\$74.25 + \$60.30 + \$72.54 = \$207.09 / \text{ML}$

-The Barrington component it is $\$74.25 + \$60.30 + \$111.49 = \$246.04 / \text{ML}$

For further information about the Don Irrigation Scheme and / or its operating costs, please contact:

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