

Tasmanian Irrigation / Irrigator Representative Committee Meeting: Kindred North Motton Irrigation District

Date: Friday 6 July 2018, 12.00 pm – 2.00pm
Location: Harvest Moon meeting room
Present: Neil Armstrong, Max McKenna, Nicola Morris (Chair), Mike O’Shea, Andrew Kneebone, Peter Clarke, Anna Graham.
Apologies: Tony Badcock, Neil Johnson, Shane Langmaid.

Minutes

1. Minutes taken to be accepted.
2. No outstanding actions.
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 requested a copy of the scheme map showing trading zones.
ACTION: TI to provide a copy of the scheme map when the minutes are circulated.
 - Irrigators noted that there is confusion about the trading of entitlements and how peak/off peak charges are determined.
ACTION: TI to clarify the treatment of peak/off peak charges for all irrigators.
 - Consider adding onto the scheme summary the number of irrigators actually using the water, and perhaps the number of active outlets.
ACTION: TI to include number of irrigators using water, and number of open outlets on the scheme summary.

Peter provided a summary of the scheme performance during the season:

- Much higher volume of water delivered in this year compared to prior year. The water all got delivered and compliance work was completed per the requirements.
- Pump overhaul and inspection was undertaken at the Forth River Pump Station.
- Sprent/Spalford Pump priority has been switched so that a single pump isn’t wearing more than it should. There are still some outstanding comms issues at this pump station.
- Some break-ins at Forth Pump Station, the locks have been changed and had no more issues. Value of stolen goods only around \$200.
- Some General Availability (winter) water delivered, though efficiency is not good at low flows.
ACTION: TI to investigate options around a potential shoulder pump or balance tank which can improve these efficiencies at low flows. Options to include how to fund the works (potentially from ARL). It was noted that there was a provision in the 18/19 budget for this shoulder pump installation.
- Acknowledged that the Peak and Off-Peak entitlement types cause some confusion. The only remaining entitlements are designated as Peak delivery, which have a higher Annual Variable Charge rate. Suggested only charging the Peak Annual Variable Charge rate if the scheme has

been required to use Peak pumping into the Sprent Dam during the season, rather than charging the rate based on the entitlement designation.

ACTION: TI to review the basis of charging Peak and Off-Peak Annual Variable Charges based on actual power consumption rather than the water entitlement designation.

- Acknowledged the good work by the Scheme Operator.
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.
ACTION: TI to provide a breakdown of all Asset Renewal fund movements.
 - 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.
 - TI is undertaking a review of insurance portfolio, including the levels of cover and whether this is appropriate.
 - TI has an ongoing project to review the basis of rates/land tax being applied. This is not expected to be resolved quickly.
 - Negative Asset Renewal Levy expenditure item is a reversal of an accrual from a prior year.
 - Land compensation relates to rehabilitation work near the Forth Pump Station.
 - Repairs & Maintenance & equipment purchases under \$10k relates to works at Sprent Pump Station and the additional outlet installed during the year. The cost of the outlet was recovered from the irrigator who requested the installation.
 - TI confirmed that there is no remaining money in the build budget for this scheme.
 - Monitoring & testing relates to laboratory costs. TI continues to collect data for all compliance activity, and is continually looking for ways to reduce these costs.
6. Nicola presented the draft budget:
- Nicola explained that the carried forward cash deficits as at 30 June 2017 have been removed from the scheme accounts, to be funded from another source. Any deficits made by the scheme from this point forward must be recovered from the scheme.
 - Energy rebate is likely to be extended for another year, TI aims to provide more information about the impact of this in the next two weeks. Pricing announcements are expected to be delayed until after this impact has been confirmed, and also once the dam fill program is a little further advanced.
ACTION: TI to provide more information about the application of the Energy Rebate and the impact on the variable charges.
Action: TI to confirm final budget including fixed and variable pricing, and a breakdown of all Asset Renewal Fund movements.
 - Annual Fixed Charges are expected to increase by around 5%. This will be recalculated with a reduction to be undertaken for the contingency.
ACTION: TI to reduce the contingency and recalculate the Annual Fixed Charge rate.
 - Mike outlined the process which is underway to introduce detailed Asset Renewal Levy plans for schemes. This will give an outline of the expected replacement timeframe and cost, as well as

estimated refurbishment of assets over the life of the scheme. Once these timings and costs are determined, TI performs a discounted cash flow calculation to determine the correct rate for the Asset Renewal Levy charge. Asset Renewal Levy calculations are to be reviewed annually.

- Irrigators noted the high rate of the existing Asset Renewal Levy and requested for the 50% discount to continue for another year. TI will investigate a discount which ensures that the Asset Renewal expenditure in the budget is recovered and so the fund does not reduce.

ACTION: TI to investigate a discount in the ARL, ensuring that the Asset Renewal Fund balance does not diminish in 2018-19 (all budgeted activities must be recovered).

7. Anna explained that the obligation for Annual Fixed Charges arises on the first day of the season, with charges based on the current entitlement volume at that time. Invoices historically have been issued in January, and so any trades between season opening and January often result in questions about who is liable. Irrigators agreed that it would be fine to raise the invoice on the first day of the season, and allow extended payment terms. Noted that January/February does not suit all of the irrigators in the scheme, irrigators who cannot meet this payment timeframe can arrange a payment plan or extension.

8. Nicola explained that the scheme by-laws have been put in place, and are available on the website.

ACTION: Attach a copy of the by-laws to these minutes to circulate.

9. Other business:

- Nicola gave an update of the Future Irrigation Project which has drawn strong interest from potential irrigators for 10 new schemes. This is resourced with a specific project team, funded by a grant.
- Nicola outlined the recent funding received to investigate additional mini hydro power generation opportunities around Tasmania. Any new infrastructure will be installed on existing TI assets, with any expected revenue expected to reduce power costs for all irrigators with water entitlements in TI schemes (ie the funds will not be kept in the individual schemes where infrastructure may be located).
- TI website is being updated, and will include general information such as dam levels and river flows.
- Irrigators asked whether the General Availability (winter water) charges can be reduced. It was agreed that there are higher variable costs incurred, however the current price is much higher than in-season supply.

ACTION: TI to review the pricing options for water delivered outside of the irrigation season.

- Acknowledged that additional water sales would really improve the affordability for water in this scheme on a cost per ML basis.

ACTION: TI to investigate the actual physical capacities in the trading zones to determine whether any additional water could be delivered into areas of high demand.