

Tasmanian Irrigation / Irrigator Representative Committee Meeting:

North Esk Irrigation District

Minutes

Date: 5 July 2019 at 10am
Location: Tasmanian Irrigation Boardroom
Attendees: Andrew Kneebone, Fiona Buckingham, Anna Graham, Scott Williams, Charlie Watson, Simone Reynolds, Michael Hart, Tom Graesser, Kelly Hoffmann
Apologies: Andrew Hogarth,

1. Previous meeting minutes accepted.

NA

2. Previous meeting actions:

Actions noted from last meeting, prior to General Availability delivery period:

- Completion of entitlement purchases
Documents and invoices all sent, with payment due at the end of July.
- TI maintains a working capital account for the scheme and a completely separate account for ARL. Pricing is determined with an intention to break even.
- A permanent winter or shoulder product may be developed down the track to enable delivery of additional water.
 - Permanent entitlements provide more reliability.
 - TI needs to ensure the scheme has the capability to reliably deliver the water. Also need to consider the additional wear and tear on the infrastructure.
 - Any capital costs to enable the delivery needs to be considered when setting the price for the additional entitlements. If there is no required capital investment, the funds could go back into the scheme to offset ARL or provide for future augmentation.
- General Availability is a less formal product which can be delivered to irrigators outside of the irrigation season:
 - Under the by-laws TI can deliver water in season (irrigation rights) or outside of season (general availability).
 - Scheme dates have a level of flexibility, but generally the season will remain around 150 days.
 - TI needs to advertise the season opening/closing dates in the newspaper.
 - General availability supply does not have the reliability of in-season delivery. TI determines availability of general availability water with consideration for dam fill program. This must not affect the delivery of entitlements in the season.

- GA water usage charges include the delivery costs as well as fixed charge costs for every ML used. Any surplus will be distributed to all entitlement holders the next year to offset fixed charges.
- GA water is not forecast in the budget due to high variability.
- Suggest a few seasons of general availability supply to assess demand prior to offering additional permanent entitlements.
- IRC asked how long has it taken for other schemes to utilise their full entitlements. No scheme has delivered 100% of entitlements on issue to date, however some schemes have been close.
- Asset Renewal Levies: TI holds the funds in a separate bank account for the scheme. This is to be used for major refurbishment or replacement of assets in this scheme. Asset Management Planning needs to be done to fully determine requirements.

3. Scheme summary:

KEY NOTES

- Delivered 712 ML during the general availability period from January 2019.
- Serviced 13 outlets and 11 irrigators.
- Flow rate was increased for the first year as limited takes due to general availability. This will not be available next year once all irrigators operational, so flow rate trades will need to place if needing additional flow rate.
- *Just over 3,000 ML in dam*
- *Dam should be full in about 70 days if continue to pump at current rate of 30ML/day. May pump a little quicker - up to 45ML/day prior to season start and whilst still in defects liability period, which may be a little more expensive. IRC supportive of this approach.*
- Quick reference trading fact sheet is available about trading. This gives a general overview of trading concepts.
- Short term trades can be submitted via email.
- Limited Term and Permanent transfers (\$66 fee) need to be submitted on a TI transfer form (available on the website).
- TI Water Trading Noticeboard available to advertise interest in trading with no charge. Ruralco have indicated that they are interested in introducing a water trading platform in Tasmania.

ACTION: TI send the water entitlement trading fact sheet to all irrigators pre-season

4. Financial information (to May 2019):

KEY NOTES

- *Budget was based on a full season rather than a part-season.*
- *No fixed charges were issued this year, and so there is no Asset Renewal Levy bank balance yet.*
- *All charge revenue came from General Availability.*
- *Employee benefits covered by project/build for most of the year*
- *Admin overhead explained: pays corporate service such as management, IT, HR, legal, board, administration. 75% of this expense is met by build and 25% met by operational schemes (based on ML and number of customers).*
- *Operational overheads include costs such as electricians, operations management, assets team, dam safety, environmental compliance. These roles provide support to all schemes. The costs are spread across all schemes including self-managed schemes.*

5. 2019-20 budgets and draft water pricing:

KEY NOTES

- *Four-year budget disperse the expenditure across the period. Try to avoid price shock by using working capital to buffer movements in environmental and dam safety costs.*
- *Fixed charge increase is to try to recover cost from last year. Actual results not as bad as expected, a review of pricing in light of actual end of financial year results is required.*
- *ARL difficult to validate until asset management planning done.*
- *Business case did not allocate enough hours for an operator which has increased costs.*
- *TI advise could look at a pricing path to spread increases across 4 years, however risk is that scheme could make a loss. Pricing has been set to ensure recovering all costs.*
- *Any additional permanent entitlements (eg winter or shoulder) will assist to keep fixed costs as low as possible per megalitre.*
- *General availability water is subject to Farm Water Access Plans and Connection Agreements.*
- *IRC asked for pricing comparisons against other schemes and pricing for Swan and Lower South Esk was provided and differences discussed.*

ACTION: TI to review annual charge prices in light of actual result at end of financial year.

6. Draft Irrigator Representative Committee Charter:

Plan to undertake election at general irrigators meeting

7. How to trade water entitlements

This was discussed earlier in the meeting - TI will send out trading information with pre-season information packs.

8. Tranche 3 update:

- Funding commitment received.
- First 5 schemes being developed as Phase 1: Tamara, Don, Fingal, Northern Midlands and Sassafras Wesley Vale Augmentation
- Next round of schemes being considered as Phase 2 include: Southern Midlands and SEIS integration. Harcus, Detention and Flowerdale need a lot more work before progressing.
- EOIs have increased considerably since funding announcement

9. Other business:

- Renewable energy project
 - Opportunities for renewable energy generation in existing schemes.
 - Business case development to commence.
 - TI would own the assets to offset operating costs across all schemes.
 - Not limited to only hydro generation.
- Asset Management staff need to be employed to further the asset management planning project across all schemes.
- Ruralco considering introducing their water trading platform into Tasmania. TI has agreed to assist with explaining the structure of entitlements and trading in Tasmania, but not funding the platform.
- IRC asked how many full time staff are included in the overheads.

ACTION: TI to provide a summary of current staff at TI, the value of the roles, and how these roles are funded.

- That intention for the schemes is to breakeven. Bulk of assets have no depreciation value once scheme is operational. Vehicles and pump stations are the exception.
- All schemes pay a proportion of the relief operator costs. TI is currently reviewing staffing and operator requirements and scheme assignments, to ensure efficiencies are met.
- IRC to advise as early as possible if wanting to start season early. GA water will be advised to all irrigators if it becomes available.
- TI to provide an up to date list of all irrigators in the scheme to IRC

ACTION: TI provide contact details of all irrigators on the scheme to IRC