

Tasmanian Irrigation / Irrigator Representative Committee Meeting:

South East Irrigation Districts (1,2 & 3)

Minutes

Date: Tuesday, 16 June 2020

Location: Teleconference

Attendees: David Skipper, Byron Fraser, Simone Preece, Geoff Young, Andrew Kneebone, Steven Morrison, Anthony Bayley, Justin Nichols, Ron Gunn, Colin Houston, Ian Newnham

Apologies: James Hipwood, Matt Pooley

Minutes: Fiona Buckingham

Introduction from Andrew Kneebone. Explained primary reason for meeting being to discuss pricing with draft number and budgets at first round and all open for discussion.

TI BUSINESS

1. Scheme summary:

STAGE 1 - KEY NOTES

- 429 ML of short term trades
- 10 ML of limited term trades
- 398 ML traded permanently
- Coal River delivered 1804 ML which is highest delivery since 15/16 season

STAGE 2 – KEY NOTES

- 325 ML of short term trades
- 32 ML of limited term trades
- 109 of permanent trades
- YTD delivery 1,723 ML – which is higher than 15/16 season

STAGE 3 – KEY NOTES

- Good volume of trades with 48 ML short term and 180 ML permanent traded
- 2122 ML delivered which is the easily the highest delivery since scheme conception
- 227 day season from 1 October – 15 May 2020

Scheme Operator update

Tabled by Geoff Young. Geoff thanked all, committee and irrigators for assistance and understanding given during the season

KEY NOTES

STAGE 1

- no major operational issues
- pump station relocation now completed

STAGE 2

- peak delivery in Jan/feb
- had a few issues with old outlets
- supply issues were at times difficult to manage and support from irrigators was much appreciated

STAGE 3

- No major issues operationally outside of tasWater supply issues

Questions:

Ian asked: what was the level of Craighourne this time last year compared to now and how much was released

- fill levels: 7290 ML in May 2019 – at the 3509ML at the moment – May 2019 dam was slightly more than half full. Geoff advised there are a few irrigators taking water at the moment but trying to protect the levels where possible for upcoming season

Justin asked: are there any figures around historical data and salinity issues? Is there a comparison available against the previous driest year?

- TI advised trying to ensure releases match orders. 2012-2014 deliveries were previous peak so likely to beat deliveries this year as still very dry. Craighourne is still a concern. Unlikely to benefit a lot from the SEIP.

2. SE Interim Solution Update

Tabled by Simone Preece

KEY NOTES

- tenders to be release 16th June for interconnect pipeline and zone 4
- we have surveyed and aligned all the pipeline area
- there have been a few challenges with the pump station location
- 5 eagle nests to consider and posing a challenge at Boyer pump station
- project is still scheduled for November timeframe but eagles issues may cause delay – the team is working to mitigate that

- Interconnection DA has been submitted and others very close to being submitted. All designs and significant landholder agreements need to be in place in order to submit DA
- working with TasWater to supply and secure the current price – agreed for interim
- TasWater haven't agreed to contribute to capital on the project – TI is still proceeding with this as an option, needs to be discussed with the Minister. Justin advises growers group are willing to provide support and assist where possible in the negotiations and lobbying if required.
- there will be limitations for this project to supplement Stage 1 due to connection size and costs. It is likely that we can only supply a little summer delivery but will be dependent on flowrate available – and only to lower reaches of stage 1 (Fingerpost Rd to Richmond) will benefit. Should be more available in winter. Will be fairly expensive for Stage 1 due to pumping costs (variable costs).
- Aiming for November delivery.

3. 2020-21 Draft water pricing:

Pricing tabled by Byron Fraser. Byron restated that the prices are indicative at this stage and TI seeking feedback from the IRC

STAGE 1 - KEY NOTES

- Increase from 2019/20 prior year pricing is more significant this year due to no increase last year (i.e. increase is actually from 2018/19 year)
- Increase in scheme operator costs and general increases in insurance and motor vehicle costs. Now have 2 FTE across the 3 schemes.
- ARL - small increase as per CPI only
- proposed AFC increased to \$132.60 (change of \$21.52)

STAGE 2 – KEY NOTES

- ARL has increased to \$37.21 due to additional project infrastructure to ensure recovering enough for future years. ARL for Stage 2 has increased – part of the increase is due to using part of stage 3 infrastructure as part of the interim project ... there is no ARL recovery on pipeline – only wear and tear on pump stations. This is for an estimated 5 year period whilst developing and getting funding for long term solution. Wear and tear needs to be recovered for SEIS3
- SEIP Finance Costs are to recover costs the interest only portion of the loan for the project - currently estimated at \$18.8m. Note this includes a 15% contingency and therefore the price is a worst case scenario estimate. Colin confirmed that this had been discussed previously with the IRC.

- TI advises still seeking funding for the long term project then this additional charge will go away
- Anthony suggested SEIS3 being asked to pay extra for something they have already paid for. Andrew advised it is a trade off for not having reliance on TasWater. IRC need to decide if this is acceptable for the schemes.
- Variable charges have reduced as only need to cover pumping costs – there is no cost to purchase from TasWater in this variable pricing proposal.

STAGE 3 - KEY NOTES

- O & M charge has reduced due to no TasWater connectivity charges.
- ARL increase due to additional project infrastructure to ensure recovering enough for future years
- Storage charge has decreased as no TasWater costs – pumping costs only
- \$83.81 SEIP finance cost is to cover interest only component of loan for interim project
- Variable charges have decreased due to better electricity price and no TasWater connectivity charges

General Availability pricing (SEIS3 only)

Relates to delivery outside of the irrigation season - in winter between April and September

TI believes GA users should pay equivalent costs as entitlement holders so that Irrigators are not subsidising fixed charges incurred by GA users ie. wear and tear on assets.

There are 2 pricing structures for general availability suggested:

- Option 1 – same as methodology used previously delivery plus 50% of fixed costs
- Option 2 – incorporates 100% of finance costs

IRC agreed that Option 2 was fairer option

GENERAL DISCUSSION

TI confirmed Irrigators must pay the \$83.81 interest costs until funding is secured – if we don't secure funding TI will need to sell more entitlements ie. winter entitlements. If costs are not accepted by IRC and irrigators TI will not be able to progress interim solution and will go back to relying on TasWater, with significant price increases already proposed by TasWater. IRC agree reliance on TasWater is not an option going forward.

Colin asked is it likely that the funding may not be available. Andrew advises that is may be difficult to secure, but the board is supportive and indications are positive, - he deems a reasonably low risk.

Mac Frank study is still pending but should provide significant support for economic impacts and improvements within the region. Colin advises the priority is to keep south east functional until long term solution achieved.

Options are:

1. proceed as planned with Southern Midlands & interim solution. Seek funding from September onwards
2. If deemed too expensive – would need to stop project and continue with interim project ONLY – if funding not forthcoming at least would have an interim solution in place and a reliable water supply.
3. abandon interim project and rely on TasWater and negotiate price for 5 years whilst Southern Midlands is built

IRC agrees just need to proceed as per Option 1 as the reliance on TasWater is not acceptable. Demand for water in Hobart is just increasing and not likely to lessen. Andrew advises the Minister is supportive but we still need to secure federal funding. Andrew suggests IRC discusses with other Irrigators and meet again to discuss in more detail. It is important to involve the entire irrigator community not just the IRC. All working towards a better future for the South East.

IRC to consider best way to communicate this to the broader irrigator community. Need to ensure that consistent information is communicated to all. IRC to talk to irrigators and meet again in a week or 2.

Justin asked when is the deadline – need to have pricing finalised by mid July in time for SEIS 1 & 2 season start.

David Skipper asked IRC to consider and confirm which Option for GA water they would prefer.

ACTION: IRC to speak with community and other irrigators regarding the options

ACTION: IRC to confirm their preference for GA water methodology

MEETING CLOSED: 3:05 PM

ITEM NUMBER	ACTION	ACTION TO BE TAKEN BY:	DATE TO BE ACTIONED BY:	COMMENTS
1.	IRC to speak with community and other irrigators regarding the options	IRC	10/7/2020	
2.	IRC to confirm their preference for GA water methodology	IRC	10/7/2020	