

# SEIS 3 - IRC Meeting – 3 July 2018

Tuesday July 2018

2:00 pm

Present – Anthony Bayley, Carmel Torenus and Colin Houston, Nicola Morris (TI) Peter Rand (TI), Jody Arnol (TI) and Andrew Kneebone (TI)

Apologies – Brad Grattidge and Neville Mendham

1. Introduction: Nicola Morris introduced Andrew, Kneebone, TI's new General Manager of Water Delivery and Infrastructure to the SEIS IRC group. She announced that Mike O'Shea had elected to leave TI at the end of September 2018. The focus of this meeting would be to review the 17/18 season including draft financials and then discuss the 18/19 budget.
2. Scheme Updates. Jody Arnol outlined the SEIS3 status and work completed on scheme during the year.
  - a. SEIS3 / Rekuna Dam – The dam is near full at 181ML. The season had two significant rainfall events. With a very dry 2017 winter and 17-18 summer / autumn the total year-to-date usage was just under 1500ML from 60 irrigators using water. The EC of Rekuna is very low (good) at 124 uS/cm.
    1. SEIS3 Repairs, maintenance and development. Jody outlined that during the past year TI conducted several activities including an underwater survey of Rekuna to check assets (with an ROV), regular maintenance of the three large pump stations and a significant number of asset checks. Several property outlets had minor damage, which was repaired, due to a severe frost last winter. The floating intake line main float in Rekuna Dam had broken away due to broken wire rope. Commercial divers are due on site later this week, with the scheme remaining operational in the meantime. A new irrigator funded small branch line had been constructed in 2017 including a new outlet being installed. The development of several new branch lines for new irrigators is being investigated. Farm Water Access Plan audits were currently underway.
3. 17-18 Financials: Nicola outlined 17-18 draft financials in detail, noting full and correct end of year figures will be available in near future.
  - a. Nicola outlined that as of July 1, 2017 the residual negative balance of the SEIS3 schemes accounts was to be removed and zeroed by TI, **however it must be clear that going forward the scheme would be responsible for meeting all fixed and variable costs each year. Noting that this does not relate to the ARL balance which remains at the current level.**
  - b. Nicola went through 17-18 financials in detail noting that, subject to final figures being available, the schemes income and expenditure had tracked budget, noting that a deficit of around \$10,000 is expected.
  - c. Nicola went through the revenue and expenditure in detail including TI overheads made up of corporate, administration, operations overheads. She explained that the Build side of TI paid for 75% of these corporate overheads, with schemes being allocated the remaining 25%. The method of overhead allocation between schemes was explained noting that it was based on both irrigator numbers and volume of entitlements to be a fair system for all schemes.
  - d. TI agreed to provide clarification at the next TI / IRC meeting whether the additional revenue (above variable cost) collected from winter water sales in 17-18 had been included in the draft financial statement.

4. 18-19 Budget: Nicola went through the 18-19 budget in detail, noting the following key points:
  - a. The high cost of maintaining a connection to TasWater supplies was discussed in detail, with TI looking to source a lower cost water in the future. TI had communicated with TasWater but was unable to have these costs reconsidered.
  - b. Nicola outlined the budgeted TI overhead costs in 18-19 noting that TI had worked to significantly reduce these by 28% and would continue to investigate and enact further cost savings where possible.
  - c. To ensure full recovery of fixed costs Nicola identified that there would need to be an increase in overall fixed costs of around 16%, if all of the required increase was charged out in one year, with likely small to no increase in fixed cost in 19-20. Options to reduce this were discussed in detail including spreading over two years, looking at potentially reducing the contribution to the asset renewal levy for a short period. The effect of some recovery being made on winter water sales was examined and TI agreed to further examine this aspect. Action TI to confirm the budget and finalise pricing for 2018/19.
  - d. TI is focussing on examining, understanding and reducing costs into the future including staffing, telemetry and electricity costs and had been successful in reducing several of these costs, some significantly for 18-19.
  
5. Timing of Fixed Charge Invoicing
  - a. Nicola raised that TI is considering a proposal to issue fixed charge invoices on the first day of the season, with payment still being required to be made midway through the season, as is currently the case. This would help irrigators who wish to trade during the season to clearly identify the fixed charges they may wish to recoup as part of the trading process. The proposal includes a reminder notice being sent to irrigators midway through the season. The irrigators had general agreement on this and TI will further consider this proposal.
  
7. Winter Water Sales / Future Irrigation Development
  - a. TI will look at commencing SEIS3 winter water sales in the next year and listened to discussion from irrigators regarding higher costs associated with the building and operating of their own on-farm dams. Nicola said that someone within TI would be appointed to further examine all the issues which had been discussed around this in the near future including options, potential costs and timing. Any money generated will be kept for future irrigation development. Nicola outlined that 10 projects were being investigated by the TI Build team, with one of them being the integration and scheme development opportunities for the greater south east region. This is a very large and complex project with several possible water sources. At least another 6 months of work is required before any further information would be available. TI had engaged an external consultant but would now be undertaking all further work in house.
  
8. By-Laws
  - a. Nicola spoke about SEIS3 By-laws. They are now in place and relate to TI's operations and management of the scheme. Copies of these are on TI's website.

Nicola noted that TI's website is in the process of being revamped to make it easier for irrigators to use and access information.

9. Mini Hydro Possibilities

- a. Nicola outlined that TI had received funds from the State Government to investigate and potentially develop options to build mini hydro power stations to offset energy costs for the entire TI irrigator body. This project had recently commenced.

8. Next SES3 IRC Meeting

- a. The next IRC meeting will be immediately prior to the end of season AGM. The exact date, time and venue to be advised.