

Tasmanian Irrigation / Irrigator Representative Committee Meeting: Sorell (SEIS 3) Irrigation District

Minutes

Date: 25 June 2019 at 2pm

Location: TI Cambridge Office, U Tas Farm

Attendees: Andrew Kneebone, Fiona Buckingham, Anna Graham, Simone Reynolds, Jody Arnol, Neville Mendham, Anthony Bayley, Colin Houston

Apologies: Carmel Torenus, Brad Grattidge

1. Previous meeting minutes accepted.

2. Previous meeting actions:

- Clarify whether additional revenue from winter water sales is included in draft financial statements

All revenue is included in actual financial figures. Budgets normally don't include winter supply due to this being very difficult to forecast and highly variable depending on the season.

- TI to confirm the budget and finalise pricing for 2018-19

Done

- Looking to commence SEIS3 winter water sales in the next 12 months (from July 2018)

On the agenda for further discussion later in meeting

- Circulate by-laws with minutes

Done

3. Scheme summary:

KEY NOTES:

- *Not a lot of trading – consideration value for trades not regularly disclosed.*
- *All summer entitlements sold out*
- *New purchased outlets being installed in anticipation of winter water entitlements.*
- *YTD water delivery above budgeted ML*
- *75 % of outlets being used.*
- *Rekuna Dam a little bit down on being full – no pumps running currently.*

Maintenance

- *Annual engineering survey of Rekuna Dam completed*
- *Couple of solar panels stolen*
- *One outlet frost damaged – increased insulation on outlet*

- *Derwent river pipe crossing – diver surveillance – a little bit of silt but nothing to be concerned about – will continue to monitor*
- *2 leaks repaired on Shrub End line*
- *One of the Shrub End pumps needed a bearing replaced*
- *Balance tanks installed on Table Hill and Shrub End lines.*
- *One outlet burned by fire, which has been replaced*
- *3 new outlets installed recently and 10 more being planned – 3 are dry outlets*

4. Financial information (to May 2019):

KEY NOTES

- *end of financial year will include a more rigorous reconciliation with final financials to be circulated once complete.*
- *Pipeline extensions paid for by the landholders, and so the cost is offset by other income recovery.*
- *Admin overheads impacted by staff movements and associated costs to bring in external resources to meet budgeting and planning requirements. Significant cost incurred. Operations business contributes 25%, and Build contributes 75%.*
- *Funding had been assumed in the budget process, which has not been received – also impacted the Admin Overheads.*
- *TI Organisational structure review is underway.*
- *Operational overheads over budget also. Asset management not progressed due to budget shortfall. General Manager of Water Delivery role not fully replaced but covered by existing staff. Permanent relief operator employed to cover unexpected leave and assist throughout all schemes.*
- *Tas Water connectivity charge – fixed charge increased significantly .*

ACTION: Final financials to be provided to IRC once end of financial year has been reconciled.

5. 2019-20 budgets and draft water pricing:

KEY NOTES

- *Budget for 4 years does not include winter water. Over recovery from winter delivery will be reflected in the next years pricing*
- *Permanent winter entitlements will make a difference to budget with more entitlements to share the fixed costs.*

- *IRC is concerned that winter water is being used by irrigators who don't hold significant summer entitlements therefore not contributing to capital costs. Permanent winter water entitlements would resolve this.*
- *General Availability (temporary winter supply) has less certainty than permanent entitlements. Important that users still contribute to the scheme fixed costs.*

Pricing (draft)

- *TI to review winter delivery figures to determine whether some winter supply could be included in the budget.*
ACTION: TI to review historical winter supply volumes and determine whether there could be some pricing relief by including this in the budget.
- *IRC suggest keep pricing as close to \$300 as possible. Need to look at methods for reducing.*
ACTION: TI to review pricing calculation in light of actual EOFY working capital balance.
- *Need to sell winter water and scheme expansion is important.*

6. Draft Irrigator Representative Committee Charter:

Andrew tabled draft charter for discussion. IRC feedback sought and to be provided to TI once reviewed

7. Tranche 3 update:

- *Funding for South East augmentation not received yet. Priority is first 5 schemes: Don, Tamar, Fingal, Northern Midlands and SWIS Augmentation, but with Southern Highlands and South East augmentation next focus. TI needs government approval to use excess funding for pre-feasibility studies for SEIS Augmentation and Southern Midlands (no mention of this in funding letter but there is some left over from funding approved)*
- *Increased interest from EOIs in some proposed schemes since preparation of the preliminary business cases.*

8. Water sales – winter water entitlements:

KEY NOTES

- *Provide scenario on the effect of selling winter water on annual charge pricing.*
- *IRC request for transitional arrangements allowing irrigators to transfer summer entitlements for two winter entitlements with pricing at \$1,350/ML.*
- *Funds raised could be used to allow a holiday from the asset renewal levy.*
- *TI pricing principles require the price to be no less than half of summer price*

- *TI to prepare a proposal for the sale of winter entitlements which will need to be presented to and approved by the board. Target to provide a draft to the IRC for comment by end August 2019.*

ACTION: TI to prepare a proposal for the sale of winter entitlements for comment by the IRC. To include potential impacts on scheme costs, pricing, and water sales strategy (incl any transitional arrangements for existing entitlement holders).

9. Other business:

- *New scheme operator Geoff Young to start on Monday July 1st.*
- *Amalgamation of schemes:*

General irrigator meetings will include an election of a single committee.

In order for the schemes to be amalgamated, TI would need to formalise flow rates and associated rules for the older schemes. IRC agreed that this would be necessary to enable management of a combined scheme. This would also require installation of flow control on all outlets in SEIS2, consideration would need to be made for the small holdings of less than 1 ML.