Tasmanian Irrigation / Irrigator Representative Committee Meeting: Southern Highlands Irrigation District

Date: Thursday 5 July 2018, 10.00 am – 12.00pm
Location: Central Highlands Council, Alexander Street, Bothwell.
Present: Richard Hallett (Chair), Richard Bowden, Paul Ellis, Richard Ellis, John Ramsay, Duncan Campbell, Will Bignell, Nicola Morris, Mike O'Shea, Robert Stacey, Andrew Kneebone, Anna Graham.
Apologies: Scott Bowden, Will Bowden, Peter Ackland

Minutes
Richard welcomed everyone to the meeting.
1. Previous minutes were accepted with a correction: TI to investigate options to access Great Lake water as well as surplus river flows.
2. Addressed in the agenda.
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. Nicola acknowledged the strong demand in the inaugural irrigation season and commented on the successful first season, thanking everyone for their collaboration.
   • Financial information provided at this time is in draft, with end of financial year underway.
   • Mike presented the Scheme Update notes to the group and invited people to provide feedback. The volume supplied during the Short Term Water Supply period prior to the season opening was not included on the Scheme update: 159.59 ML.
   • TI clarified that the 60 ML of unsold volume is available for sale. This volume had initially been offered to TasWater, however they have not indicated an intention to take it up.
     ACTION: TI to confirm with TasWater that they do not wish to purchase the volume, before actively seeking sale of this remaining volume with the public.
   • Irrigators agreed that the initial season went well with some teething issues, and acknowledged Robert’s work and excellent level of commitment to the scheme. Some work to improve the telemetry is ongoing for the scheme.
   • Nicola explained that some costs for the operation in the first year are met by the Build business and defect liability period. This means that there were some unspent budget items in the operational scheme financials in this year.
5. Mike provided a line by line commentary on the draft May financials:
   • Significant variable surplus in year one is due to the Build project paying for the initial dam fill. This means that the Annual Variable Charge revenue now will pay for refilling the dam over the next few months.
   • TI went to tender for the electricity contracts last year, and locked in the current contract at that time. The Energy Rebate (announced by State Government) has also brought these costs down. Due to the terms of the retail electricity contract, the actual rates cannot be disclosed.
   • True cost of operating the scheme will be clearer in the next 12 months, and after the defect liability period has completed.
   • Intake screens are being monitored every 2-3 days, but not requiring frequent cleaning.
   • Build business pays for 75% of the Administration Overhead costs, with the remaining 25% shared across Water Delivery. This 25% of Administration Overheads, and also the Water
Delivery (operations) Overheads are allocated to irrigation schemes on the basis of the 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.

6. Andrew presented the draft budget.

- Dam safety requirements are based on the High C dam safety rating, in accordance with the ANCOLD\(^1\) guidelines. Currently requires three visual inspection reports per week, as well as an annual intermediate report, a 5 yearly comprehensive report and 2 yearly deformation surveys. By utilising the SCADA remote monitoring and data over time the frequency of visual inspections may be reduced. This will be contingent upon developing a history of data that can be analysed and trends established.
- Budget aims to break even for both fixed and variable charges.
- Significant costs include SCADA network charges.
- Overhead costs are reducing by a significant margin, including employee cost savings and another $500k of non-employee savings.
- 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.

- Intense discussion is underway with Hydro Tasmania regarding the methodology for charging for water purchased from Hydro sources. Committee noted that when Meadowbank is spilling, the water should be free (condition available to other users of the Shannon River).
  
  **ACTION:** TI to advise whether there is any free spill water for the Shannon during Meadowbank spill periods. **Update:** Review of the water supply agreement confirms that water is free during declared Meadowbank spill periods.

- Mike is having discussions with TasNetworks regarding a more beneficial irrigation electricity tariff, with the potential to remove the peak/off peak and introduce a flat rate. Committee agreed that electricity tariff improvements would have a significant positive impact on agriculture in Tasmania, as well as environmental impacts of irrigation.
- Irrigators asked whether the transmission losses from Great Lake have changed. This has been set by DPIPWE at 18%. If/when TI orders water from Great Lake, the monitoring of the delivery may support a case for changing the loss percentage.
  
  **ACTION:** TI to undertake transmission loss study if/when water is delivered from Great Lake to the Shannon River Pump Station.

- Environmental flow requirements in the Shannon River at the pump station in July are for 42 ML/day to flow past the pump station. TI is taking around 75 ML which is the maximum at the current level of flow in the river. Pump station physical maximum is around 95 ML/day. Currently there’s around 4,000 ML in the dam.

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

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\(^1\) Australian National Committee on Large Dams
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 to January/February.

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. Dam fill program was discussed earlier in the meeting, so doesn’t require additional discussion.

10. The irrigators had sent a letter to TI requiring a longer (10 month) irrigation season. They believe that this is important to the users of the scheme.
   
   **ACTION:** Richard Hallett to provide a copy of the letter requesting longer irrigation season to Nicola. 
   
   **Update:** copy provided on the day.

- Nicola outlined the season length flexibility which has been displayed in 2017-18 (210 days), noting that this also allowed TI to undertake some additional testing. The design of the scheme and the reliability guarantee are based on the 150 day irrigation season. Priority is to ensure the reliability of the scheme through the dam fill and equipment maintenance programs.

- Irrigators explained that they would prefer to have pro-rata allocation at the start of the season, allowing the season to open as early as August for some low level demand.

   **ACTION:** TI to investigate earlier season opening, the expected costs (dam fill and expected low flow delivery), benefit, any funding constraints, and other considerations.

   **ACTION:** TI to draft a formalised process for setting season dates, documenting the required conditions to be met for a season to be open (eg dam level).

11. Irrigators require more information about the scheme as well as individual usage.

   - TI website is being updated, and will include general information such as dam levels and river flows.

   - SCADA systems are being refined, the restriction is around arranging access to the data for third parties which can be costly.

   - Until this information can be automated, irrigators to contact the Scheme Operator, Rob for water usage information.

   **ACTION:** TI to look at the cost to provide information from SCADA to the irrigators, even via email every couple of months.

12. Other business:

   - If there is a pump outage outside of the irrigation season, it is not common practice to advise all irrigators of the outage. During the season, notifications are delivered via email and/or SMS.

   - 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. The funding will dictate any timeframes for construction. More information is expected by the end of this year.

   - Irrigators asked whether water sales loan facilities will be available for the new projects. The Future Irrigation Project is not limiting any options for any of the prospective schemes, and may include such a facility but this will depend on what is approved by the Government.

   - 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).
• Irrigators asked whether there is potential to allow access to water, in addition to water entitlement volumes, to be delivered via the scheme if there is surplus available water in the Shannon River. This would only be available if the dam is full, and if there were surplus water in the system.
  
  **ACTION: Ti to investigate the potential for additional supply into the system where there is surplus water available.**