

NEWSLETTER

Pre-Season Update

Tasmanian
Irrigation

December 2024



Midlands Irrigation Scheme

Tasmanian Irrigation is looking forward to working with all irrigators during the 2024-25 irrigation season.

This newsletter provides general information on the current season, including the annual charges, trading information and details of the Scheme's financial year performance.

Please visit our website at www.tasmanianirrigation.com.au, follow us on Facebook, LinkedIn or telephone us on (03) 6398 8433 for additional information.

Water Delivery

The 2024-25 irrigation season opened on 1 October 2024 and will run until 30 September 2025. The season is divided into a summer period, spanning from 1 October 2024 to 28 February 2025, and a winter period between 1 March 2025 and 30 September 2025.

Irrigation seasons have nominated lengths to ensure the 95 per cent reliability of the water entitlements based on the Scheme's original design.

The season will open with a 100 per cent water allocation of the scheme's 38,500 ML total capacity.

Dam Summary

Live dam levels are available on the Tasmanian Irrigation website. From the home page, please select 'Dam Levels' from the top menu banner.

Entitlements for Sale

There are 3,414 ML of unsold winter water entitlements remaining in the Macquarie River line (zone 3C—Winter). The current price is \$1,480.00 per ML.

Please contact our offices using the contact information on the last page if you would like to purchase or lease this additional water.

Fast Facts



01 OCT 2024

SEASON OPENING



365 days

EST. DURATION



100%

ALLOCATION



38,500 ML

SCHEME CAPACITY



For more information, please
contact your Scheme
Operator:

Ryan Thomas

0447 617 487

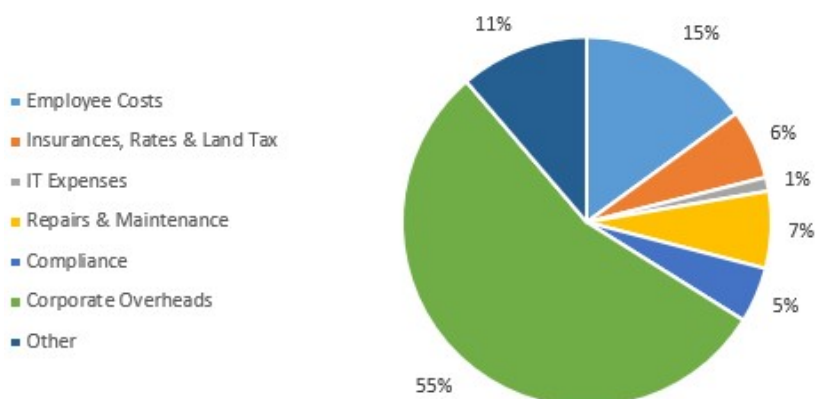
ryan.thomas@tasirrigation.com.au

Financial Year 2023-24 Performance

Tasmanian Irrigation funds the operation of each individual irrigation scheme on a cost recovery basis and the finances of each scheme are managed independently of other schemes.

Budgets are set to recover the operating costs of the scheme only, with a focus on ensuring the Scheme has enough cash flow throughout the financial year to meet its expenses.

The pie chart below shows the Scheme's total Financial Year 2023-24 expenditure of \$1,138,017 by major category and their respective percentage weighting.



The Scheme made a net loss of \$180,013 as at 30 June 2024. This is mainly due to the \$5.58 per ML discount applied to the variable charge.

Other notable variances include avoided Transmission Use of System (TUOS) income from Tas Networks being less than budgeted, employee benefits and corporate overheads being above budget, mainly driven by cyber security and internal audit costs, and favourable spending to budget in repairs and maintenance activities.

A total of \$76,512 was spent on repairs and maintenance activities and a total of \$308,969 was expended on asset renewal.

The "Other" category is made up of expenses such as motor vehicles expenses, depreciation, office and telephone expenses, vermin control and the fixed electricity costs. A total of \$128,483 was spent in the Financial Year, noting that \$79,016 relates to fixed electricity costs with running the Midlands Power Station.

2024-25 Annual Charges

Tasmanian Irrigation would like to thank the Irrigator Representative Committee for their input and advice through the pricing consultation period. The 2024-25 season prices are summarised in the table below with explanations of each category and the reason for the change detailed overleaf:

The variable charges are summarised in a later section.

	2023-24 (\$/ML)	2024-25 (\$/ML)	Change (\$)	Change (%)
Fixed charges				
Operation & maintenance charge	\$ 30.26	\$ 32.00	\$ 1.74	5.7%
Asset renewal levy	\$ 12.65	\$ 12.00	\$ (0.65)	(5.1%)
Total	\$ 42.91	\$ 44.00	\$ 1.09	2.5%

This year, Tasmanian Irrigation has introduced a rounding mechanism to the prices to round up the individual charges to the nearest dollar. This change has been introduced across all Tasmanian Irrigation schemes to strengthen their overall financial sustainability. The additional proceeds collected from the rounding will assist with ensuring the adequacy of both the working capital balance and asset renewal levy reserves. Furthermore, the rounding of prices will also assist with preventing large fluctuations in seasonal prices. Once adequate levels have been met, any additional proceeds will be returned to irrigators through a discount to the fixed charges.

Operations and Maintenance Charge

This charge recovers the costs for running the Scheme that do not materially change with the volume of water supplied during a season. This includes costs relating to employment of scheme operators, motor vehicles, maintenance, telemetry, compliance, administration, finance and insurance.

The Operations and Maintenance charge is increasing by \$1.74 per ML (5.7%) driven by general inflationary increases, the introduction of price rounding (as explained above) and the impact of the mandated increase to the Superannuation Guarantee.

Asset Renewal Levy (ARL)

The asset renewal levy provides for refurbishment and replacement of Scheme assets and accumulates reserve funds in the unlikely event of a major Scheme failure. Funds collected through the levy are set aside in an asset renewal reserve for the benefit of the irrigation district.

Tasmanian Irrigation uses a risk-based approach to estimate the likely replacement year of all assets owned by the Scheme. This includes various factors such as current asset condition, manufacturer's guidelines, industry data and the criticality of the asset to the Scheme.

The estimated replacement value of the asset is then incorporated into a model to determine the appropriate annual levy required to ensure that there are sufficient funds to meet the next 50 years of commitments. This process is reviewed annually, with any material adjustments accounted for in the price.

The current ARL balance as at 30th June 2024 is \$2,375,443. For the financial year 2024-25, the Asset Renewal Levy is decreasing by \$0.65 per ML (-5.1%) to avoid over-recovery of funds.



Variable Charge

The variable charge is levied on the volume of water ordered or consumed by each irrigator, to recover electricity costs for pumping incurred by Tasmanian Irrigation.

Water Purchase Price

To calculate the variable charge the water purchase cost must first be calculated.

The water purchase cost is calculated by subtracting the forecast generation revenue per ML at the Midlands Power Station from the water purchase cost from Hydro Tasmania.

Lower generation rates have decreased the Hydro Tasmania water purchase price as well as the generation income received from the activities of the Midlands Power Station.

The Hydro Tasmania water purchase price is set to recover energy forgone that had Tasmanian Irrigation not used the water it would have gone through a Hydro Tasmania power station and generated income. The net water purchase price is a result of the power station capacity of the Hydro Tasmania power station being greater than the capacity of the Midlands power station and with lower generation prices the gap is reduced.

With the decrease in net water purchase price the temporary discount has been removed.

The calculation for the net water purchase price is shown in the below table resulting in a water purchase price of \$10.00 per ML.

	2023-24 (\$/ML)	2024-25 (\$/ML)	Change (\$)	Change (%)
Arthurs Lake Hydro Tas purchase price	\$ 207.36	\$ 169.00	\$ (38.36)	(18.5%)
Less Generation at Midlands Power Station	\$ (184.28)	\$ (159.00)	\$ 25.28	13.7%
Net water purchase price	\$ 23.08	\$ 10.00	\$ (13.08)	(56.7%)
Less temporary discount	\$ (5.58)	\$ -	\$ 5.58	100.0%
Net water purchase price passed to irrigators	\$ 17.50	\$ 10.00	\$ (7.50)	(42.8%)



Variable Charges Per Zone

The variable charge is based on the cost to deliver water to the various charge zones. Typically this is made up of two components, (1) the cost to purchase the water and (2) the cost of electricity to pump to the desired location.

However, the Floods Creek and Midlands Highway pump stations are both powered by the electricity generated by the Midlands Power Station. Therefore, their variable charges are based on the cost to purchase the water and the value of the generation forgone that would have been supplied to the grid had it not been used by the pump stations.

The table below shows the 2024/25 Season's variable charges. The change in price is due to the decrease of the net water purchase price (as explained in the previous section) combined with decreases in the underlying generation rates that determine the cost of the pump stations that are powered by the Midlands Power Station.

Mt Seymour Pump station also incurs electricity costs from purchased electricity from the grid and with a more favorable rate for the second year of the retail electricity contract, the variable charges for Mt Seymour are also decreasing.

	2023-24 (\$/ML)	2024-25 (\$/ML)	Change (\$)	Change (%)
Variable charges				
Summer delivery period (October - February)				
After Midlands Power Station (zones A, B, & C)	\$ 17.50	\$ 10.00	\$ (7.50)	(42.8%)
After Floods Creek Pump Station (zones D, & E)	\$ 29.28	\$ 19.00	\$ (10.28)	(35.1%)
After Midland Highway Pump Station (zones F, G, I, J, K and zone H before Mount Seymour PS)	\$ 84.47	\$ 62.00	\$ (22.47)	(26.6%)
After Mount Seymour Pump Station (zone H)	\$ 153.70	\$ 128.00	\$ (25.70)	(16.7%)
Winter delivery period (March - September)				
After Midlands Power Station (zones A, B, & C)	\$ 17.50	\$ 10.00	\$ (7.50)	(42.8%)
After Floods Creek Pump Station (zones D, & E)	\$ 29.28	\$ 19.00	\$ (10.28)	(35.1%)
After Midland Highway Pump Station (zones F, G, I, J, K and zone H before Mount Seymour PS)	\$ 84.47	\$ 62.00	\$ (22.47)	(26.6%)
After Mount Seymour Pump Station (zone H)	\$ 166.76	\$ 144.00	\$ (22.76)	(13.6%)

It should be noted that the variable charges would be much more expensive if they were not powered by the Midlands Power Station.

Solar installation

The newly installed solar array at Mt Seymour pump station is resulting in electricity cost savings for the Scheme. These savings will be retained in the Scheme's working capital and will assist with managing the Scheme's overall financial sustainability.

Trading Information

Irrigation rights and delivery rights are tradable within the irrigation district in accordance with the *Irrigation Clauses Act 1973* and the Trading Rules for the irrigation district. Trades are made by transferring volume between irrigation rights and flow rate between delivery rights. To take effect, a transfer must be approved by Tasmanian Irrigation and recorded in the Water Entitlements Register for the irrigation district.

For more details on how to trade, please refer to the *Quick Reference Guide to Water Trading* available on the Tasmanian Irrigation website under the *Buy / Trade Existing Entitlements* page.

If you are not intending to use all of your current entitlement this coming season, Tasmanian Irrigation strongly advise you to consider your trading options.

Contact Details — Tasmanian Irrigation

If you require any additional information about Tasmanian Irrigation or the Scheme, please contact:

Title	Name	Email	Phone
Scheme Operator	Ryan Thomas	ryan.thomas@tasirrigation.com.au	0447 617 487
Mgr Ops & Assets	Anne-Marie du Plessis	annemarie.duplessis@tasirrigation.com.au	0488 153 346
Sales & Trading	Fiona Buckingham	fiona.buckingham@tasirrigation.com.au	0438 465 338
Billing & Invoicing	Brendan Harris	accountsreceivable@tasirrigation.com.au	(03) 6398 8433
Corporate Services Mgr	Cody Townend	cody.townend@tasirrigation.com.au	0429 532 016
Chief Operating Officer	David Skipper	david.skipper@tasirrigation.com.au	0417 279 062

Irrigator Representative Committee

If you are interested in finding out more about the Committee or are interested in joining, please speak to your Scheme Operator or Chairperson in the first instance.

Title	Name	Email	Phone
Chairperson	Andrew McShane	amcshane@stockmanstud.com.au	0408 591 134
Member	Richard Gardner	r.gardner@annandalefarm.com.au	0419 374 511
Member	Maria Weeding	weedington@bigpond.com	0408 541 399
Member	Knox Heggaton	knox@heggatonagribusiness.com.au	0418 125 253
Member	Julian Von Bibra	beaufrontvb@outlook.com	0407 874 857
Member	Greg Wilson	gregwlsn56@gmail.com	0438 547 166
Member	Charles Dowling	charlesdowling@bigpond.com	0427 815 201

Your Contact Details

If any of your contact details have changed, please advise us as soon as possible via email: enquiries@tasirrigation.com.au.

Midlands Irrigation District

Charge rates: 2024-25



In-season annual charges for water entitlements

	2023-24 (\$/ML)	2024-25 (\$/ML)	Change (\$)	Change (%)
Fixed charges*				
Operation & maintenance charge	\$ 30.26	\$ 32.00	\$ 1.74	5.7%
Asset renewal levy	\$ 12.65	\$ 12.00	\$ (0.65)	-5.1%
Total	\$ 42.91	\$ 44.00	\$ 1.09	2.5%
Variable charges**				
Water purchase cost:				
Arthurs Lake: Hydro Tas purchase price	\$ 207.36	\$ 169.00	\$ (38.36)	(18.5%)
Less Generation at Midlands Power Station	\$ (184.28)	\$ (159.00)	\$ 25.28	(13.7%)
Net water purchase price	\$ 23.08	\$ 10.00	\$ (13.08)	(56.7%)
Less: Temporary discount funded from scheme working capital	\$ (5.58)	\$ -	\$ 5.58	0.0%
Net water purchase price passed to irrigators	\$ 17.50	\$ 10.00	\$ (7.50)	(42.8%)
Summer delivery period (October - February)				
After Midlands Power Station (zones A, B, & C)	\$ 17.50	\$ 10.00	\$ (7.50)	(42.8%)
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After Midland Highway Pump Station (zones F, G, I, J, K and zone H before Mount Seymour PS)	\$ 84.47	\$ 62.00	\$ (22.47)	(26.6%)
After Mount Seymour Pump Station (zone H)	\$ 166.76	\$ 144.00	\$ (22.76)	(13.6%)
* Fixed charges: payable on current entitlement holdings on the opening day of the irrigation season. ** Variable charge: payable on water that is supplied to you during the irrigation season/delivery period.				

Excess water charges - for unauthorised use of additional volume

Excess Water Charges*	2024-25 (\$/ML)		
After Midlands Power Station (zones A, B, & C)	\$ 400.00		
After Floods Creek Pump Station (zones D, & E)	\$ 400.00		
After Midland Highway Pump Station (zones F, G, I, J, K and zone H before Mount Seymour PS)	\$ 400.00		
S - After Mount Seymour Pump Station (zone H)	\$ 400.00		
* Excess water charges: payable for each additional megalitre (or part of a megalitre) of water taken, in addition to your authorised volume under your water entitlement, during the irrigation season. These rates have been set within the By-Laws for your scheme.			

Unsold water in scheme (Winter Only)

Areas with unsold water*	Unsold Water (ML)	2024-25 (\$/ML)		
3C: Macquarie River Line - Winter	3,414	\$ 1,480.00		
* These zones at the time of releasing season pricing had unsold water. To check whether these zones still have unsold water, please view the Water Entitlements For Sale section on our website or contact us on (03) 6398 8433. Note the price increases effective 1st July each year until all water is sold.				

Rates to lease available capacity from Tasmanian Irrigation

If Tasmanian Irrigation holds unsold capacity in your area, you may be able to lease additional water entitlements by arrangement, for delivery during the irrigation season. Where available, you may choose to lease irrigation right volume, delivery right flow rate, or both. Please contact us if you wish to enquire about leasing additional water entitlements.

Annual Fixed Charges and Annual Variable Charges will apply to additional leased volumes.

Lease rates where capacity is available (WINTER DELIVERY ONLY):		2024-25 (\$/ML)
3C: Macquarie River Line - Winter		\$ 118.40

Interest for late payments

In accordance with the by-laws for the district, Tasmanian Irrigation may issue interest charges when payment is not received within the standard terms of each invoice (30 days). This will be charged at the rate two per cent (2%) per annum above the 3 month Australian Bank Bill Swap Bid Rate (BBSY).

You will be unable to trade your water entitlements if your account is in arrears.

Tasmanian Irrigation understands that on some occasions our customers may experience times of financial hardship due to circumstances outside of their control. As such, you may choose to apply for a payment plan under our Financial Hardship Policy.

Other charges

Permanent transfer application fee	\$ 88.00	Including GST
Limited term transfer application fee	\$ 88.00	Including GST
Short term transfer application fee	\$ -	Including GST
Registration, transfer, variation, or discharge of security interest	\$ 88.00	Including GST
Copy of water entitlement extract	\$ 44.00	Including GST

Further information:

Water charges are levied by Tasmanian Irrigation to recover the costs of operating, maintaining and administering irrigation districts.

In all irrigation districts, a **Fixed Charge** is levied on the volume of your irrigation right holdings on the first day of the irrigation season and is payable regardless of whether water has been consumed.

The Fixed Charge can have up to three components:

- > **Operation & Maintenance** charge recovers the costs for running the scheme which don't normally change materially with the volume of water supplied during a season. This includes costs relating to employment of scheme operators, motor vehicle costs, maintenance, telemetry, compliance, administration, finance and insurance.
- > **Asset Renewal Levy** makes provision for major asset repairs and replacements required to ensure the continuing operation of the district.
- > **Storage Charge** (some districts): recovers costs of pumping any evaporation or seepage losses into the main water storage.

Most irrigation districts also include a **Variable Charge** which is levied on the volume of water ordered or consumed by each irrigator, to recover electricity costs for pumping and water purchase costs incurred by Tasmanian Irrigation. The variable charge is based on the cost to deliver water to the various charge zones. Variable Charges are invoiced following the end of the irrigation season or delivery period.

Excess Water Charges can be avoided entirely by ensuring you have sufficient allocation:

- > Monitor your usage (contact your Scheme Operator if you require assistance).
- > Contact us if you have any questions about your allocation, trading or usage.
- > Trade any required additional allocation. We are unable to accept retrospective trades.

To assist buyers and sellers of water entitlements with establishing trading connections, Tasmanian Irrigation provides a free **Water Trading Notice Board** on our website. This allows parties to advertise their interest in buying, selling or leasing water entitlements. You can access the Notice Board via Tasmanian Irrigation's website: www.tasirrigation.com.au.

All annual water charges are retained within the separate irrigation schemes to be used for the benefit of the irrigators.

If you have any questions, please contact our office on 03 6398 8433 or enquiries@tasirrigation.com.au.