

Chairman's report

Friday 16 August 2013



Murray Irrigation

This is the Chairman's report, distributed following a meeting of the Murray Irrigation Board of Directors yesterday.

Outstanding taxation liability

I am pleased to report positive progress in the resolution of our outstanding taxation liability with the Commonwealth Government. The Special Minister of State and Minister for the Public Service and Integrity, Mark Dreyfus QC MP, recently advised Murray Irrigation that he agreed that it was inequitable for Murray Irrigation to bear a tax burden associated with carrying out the LWMP works. To this end, the Minister agreed to waive the then-outstanding tax liability of \$3.303M. Steps have since been taken by both the Minister's Department and the Australian Taxation Office to give effect to this decision.

Whilst the Board considers this decision both positive and significant, it still falls short of the company's desire to appropriately deal with the \$9M portion of this disputed liability that has been recovered from Murray Irrigation by the ATO. The Board has since written to both the Minister and the ATO seeking a similar outcome for the entire disputed debt.

The Board will keep customers informed as this matter progresses.

Entitlements Contract changes

The Board yesterday approved changes to the Entitlements Contract from 1 September that sets the way for easier water account management by customers. This extends to formalizing arrangements for both 'merged' and 'consolidated' water accounts, each of which have their own set of advantages and disadvantages, dependent upon the circumstances of our customers.

To assist meet the growing information needs of our customers, the Board endorsed the recruitment of a Water Trade Officer who will be responsible for assisting customers make important decisions around the water account management options described above, amongst a variety of other water trade activities.

Blighty Pilot

The Board was taken on a tour of the Blighty Pilot on Wednesday, where Directors viewed the works installed by the company over the past 12 months. This included meeting with Blighty Pilot customer Rob Singleton, who was pleased with both the rollout of the works and the immediate benefits of the improved levels of irrigation service delivery for both his farms' productivity and efficiency.

The Board's thanks are extended to all Blighty Pilot customers who worked with Murray Irrigation staff over the past 12 months to deliver the Pilot's outcomes on-time and within budget. This project stands to benefit all Murray Irrigation customers as our PIIOP project is delivered across our entire area of operations over the next three years.

Meeting in Finley and MILCast tour performance and needs

The Board met in Finley yesterday, taking the time to review MILCast's recently upgraded production facilities and to better understand this business unit's longer term financial and human needs.

Most Murray Irrigation customers are likely to be aware of MILCast's reputation as a leading supplier of high quality, cost effective pre-cast water management infrastructure. To every Murray Irrigation customers' benefit, many others are discovering these same virtues, as MILCast is now regularly shipping products to every corner of the Murray-Darling Basin and sometimes beyond. This is a great achievement and testament to the hard work and capabilities of the MILCast team.

I look forward to sharing further good news stories about MILCast in the future as its product range expands and sales continue to grow.

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Water availability and deliveries

Channels are now nearly completely full ready for system-wide water deliveries from next Monday 19 August. The wet start to the season is likely to see little immediate on-farm demand; so in the meantime I encourage customers to familiarise themselves with our new water ordering system, *WaterNow*. This new program offers many new and innovative opportunities for customers to receive and access information about a wide variety of aspects of their commercial relationship with Murray Irrigation.

The wet start has also been beneficial in allowing the company to take advantage of the presently available supplementary water event to fill our channel system. This has seen the company's conveyance shortfall almost completely negated, though the Board must remain focused on ensuring the delivery of both this year's and next year's available allocation.

With this in mind, the Board remains committed to considering water efficiency allocations, but will not do so until later this irrigation season.

Staff awards

Late last month, the company hosted its annual all-staff get-together in Deniliquin. The day provides an opportunity for all of the company's staff to come together in an informal way to celebrate the previous season's successes, and look forward to the coming season's challenges.

Bruce Simpson represented the Board on the day, and made the following long service awards to staff for their dedicated service to Murray Irrigation and its customers: Rob Daniel and David Hulands (25 years' service); Daryl Ives (30 years' service); and Phil Thompson, Peter Cooper and Archie West (40 years' service).

I pass on my personal congratulations to these staff on behalf of the Board and all customers.

Colligen Creek

Both State Water and regulatory authorities (including NSW Fisheries and the NSW Office of Water) are to be congratulated for the speed with which they attained approval to re-align snags in the Colligen Creek, between the Edward River and Wakool Canal offtake. The works are expected to overcome the flow rate restrictions experienced by Wakool customers.

Our democratic processes

This month and next herald the conduct of the Annual General Meetings of our local landholder associations and irrigators' councils. I encourage all customers to consider attending their local meeting and contributing to the leadership of our region's irrigation industry.

Eligible shareholders should also note the deadline for the receipt of nominations to stand as a Murray Irrigation Director. I encourage anyone interested to attend the potential candidate briefing session to be held in Deniliquin at Murray Irrigation next Monday 19 August at 9.00am. This session will be hosted by a Director not eligible for re-nomination this year (Michael Hughes) and he is sure to provide an insight into the responsibilities and expectations of a Murray Irrigation Director for anyone interested.



Noel Graham
Chairman