

# Chairman's report

Thursday 21 November 2013



Murray Irrigation

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

## Water efficiency allocation

As announced yesterday the Board agreed to make a water efficiency allocation of six percent of permanent delivery entitlements, excluding Class A (Town Water Supply) and domestic supply agreement customers.

This efficiency allocation provides customers with an additional 66,000ML. It is possible because of conveyance savings from channel filling with supplementary water and operational efficiencies. The Board is confident that the company retains sufficient conveyance to meet our requirements for a range of possible water delivery scenarios in 2013/14 and 2014/15.

## 900,000ML budget 2013/14

The Board approved a revised budget for 2013/14 based on forecast on-farm deliveries of 900,000ML. This is an increase from our budget set in June of 500,000ML. The revised budget provides for increased resources to deliver the larger volumes of water usage, whilst maintaining fees and prices.

## Installation of pipe meters on landholdings with low water use

The Board endorsed the installation of pipe meters on landholdings where only small volumes have been delivered in recent years. This is an important modification to our Outlet and Meter Strategy. It is a critical initiative to match our investment in new outlets with customers' ownership of water entitlements and delivery entitlements and water use to avoid over capitalisation. This decision will allow the PIIOP team to continue to progress its consultation with customers.

## MILCast investment

The Board agreed to invest additional financial and human resources in MILCast to allow it to better service the increasing demand for its products from the commercial and agricultural sectors, as well as our PIIOP project.

## Water Exchange

Like most Murray Irrigation customers, your Directors have been watching with interest recent activity on the Water Exchange, particularly the recent price spike. Whilst the activity has generated many questions, I assure shareholders that the Water Exchange is operated in accordance with its Rules, with buyers meeting sellers' offer prices in what is obviously a highly efficient and transparent allocation trade platform.

I also want to stress that in my four years with Murray Irrigation, the company has not traded in annual allocation on either the Water Exchange or any other market. Furthermore all surplus company water is fully allocated to our customers via water efficiency allocations.

## Annual General Meeting

Murray Irrigation's Annual General Meeting will be held at the Deniliquin RSL Club at 10.30am today. This will be my last official function as Chairman and Director of Murray Irrigation.

I offer my thanks to all Murray Irrigation shareholders and customers for their support in my four years as a director. I also thank my fellow directors and management for their support.

I am proud of my contribution and the achievements that have been made by Murray Irrigation during my time on the Board and particularly during the last 18 months whilst Chairman.

I wish the company and its shareholders well for the future and look forward to seeing their continued success.

Noel Graham  
Chairman