

# Chairman's report

Friday 20 June 2014



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

## Water efficiency allocation

The Board yesterday agreed to make a season final water efficiency allocation of two percent (2%) of permanent delivery entitlements, excluding Class A (Town Water Supply) and domestic supply agreement customers. This announcement takes the total volume of water allocated to customers by the company to 147GL for the current irrigation season, having an estimated valued of over \$9M.

Of the 147GL, 114GL is from excess company water and 33GL from supplementary water used for system fill. From this 147GL, 142GL has now been made available to customers through water efficiency allocations, and 5GL of accurate meter credits made to customers who use one of our compliant metering devices, like the FlumeGate™ or SlipMeter™.

This final allocation is the result of a very efficient end of season system drain. Whilst some customers may be disappointed by the late announcement with their inability to either trade or carryover this water, the Board is confident the allocation of the excess 16GL into customers' accounts will be welcomed.

## 2013/14 irrigation season

The company and its customers have completed another good irrigation season, with 924GL delivered on-farm. With the company's latest efficiency allocation, forecast carryover from this season to next stands at 24 percent (213GL). This is a great way to start the 2014/15 irrigation season.

## Debtor management and withholding benefits

The Board agreed that from the commencement of the 2014/15 irrigation season, it would withhold certain benefits from customers who have outstanding debts with the company. The changes are as follows:

- Water efficiency allocations to be withheld from customers subject to either 'stop supply' or payment arrangements; and
  - Off-allocation water to be withheld from customers subject to either 'stop supply' or payment arrangements.
- This initiative is to redress the inequitable situation where a customer who has not met the company's payment terms shares these benefits equally with customers who have met our payment terms.

## Water trade rules / transfer rules policy

To comply with the requirements of the *Water Trading Rules* in Chapter 12 of the Murray-Darling Basin Plan, minor changes to the company's Transfer Rules Policy have been made. The key changes agreed to include:

- Removal of the linkage between the requirements to hold a minimum number of five shares and four non-transferable delivery entitlements; and
- Removal of the stapling of shares and delivery entitlements together.

Murray Irrigation will soon write to all customers advising of this change, and also providing a range of other information relevant to this decision.

## PIIOP

The Board continued discussing the various challenges being confronted in the rollout of our PIIOP project. Foremost of these is engaging our customers in the two key opportunities we have – reducing outlet numbers whilst continuing to meet our customers' delivery needs; and reducing our infrastructure cost base through landholding water supply reconfigurations.

We plan to make contact with all of our customers prior to the year's end to gain a better understanding of our ability to achieve these important objectives. I encourage all customers to consider ways in which on-farm water delivery can be changed to achieve these outcomes. In the upcoming month the company will circulate information to customers outlining the company's yearly performance and include an update on the PIIOP project.

## Bruce Simpson leave

Currently Bruce Simpson is away on leave during which time I have assumed the role of Acting Chairman. I welcome the positive start to the winter season and hope it results in another successful irrigation season.

A handwritten signature in black ink, appearing to read "Michael Hughes".

**Michael Hughes, Acting Chairman**