

Chairman's report

Friday 17 August 2012



Murray Irrigation

Water efficiency allocation

The Board agreed to a four percent increase in the water efficiency allocation, taking the total to seven percent of permanent delivery entitlements, excluding Class A (Town Water Supply).

Wakool Landholders' Association evening for Stewart Ellis

The Wakool Landholders' Association hosted a successful evening to recognise Stewart's contribution to irrigated agriculture earlier this week. Approximately 80 people including shareholders, Directors, staff and community members attended. The evening recognised Stewart's significant achievements with Murray Irrigation and its predecessor Management Board. The speeches also acknowledged Stewart's enormous contribution as a leader in the Australian irrigation industry as Chairman of the National Irrigators' Council.

Stewart's integrity, ability to bring people of divergent views together, and to confront and make often difficult decisions, was resoundingly recognised. The evening was also an opportunity to thank Kerrie and Stewart's family for their support to Stewart over the years.

Bruce Simpson

Newly elected director Bruce Simpson joined the meeting via teleconference from Canberra where he was leading a Murray Group of Concerned Communities delegation that included four community members in a series of parliamentary briefings.

Murray-Darling Basin Plan (the Plan)

The Board discussed the most recent version of the Plan and the timelines for its finalisation and presentation to Parliament. The focus of our activities continues with both State and Commonwealth politicians. Murray Irrigation is also continuing to support the work of the Murray Group of Concerned Communities and its effort to focus on the importance of a balanced Basin Plan to communities. The Basin States are due to respond to the current draft directly to the Commonwealth Water Minister, Tony Burke by Monday 27 August. We expect that by mid-September Tony Burke will have a Plan to lay before Parliament and at this time the irrigation industry will need to confirm whether to advocate that politicians support or reject that Plan.

I encourage any shareholders following this debate to refer to the *Murray-Darling Basin Plan* section of our website which is updated regularly: www.murrayirrigation.com.au.

Remote control pilot project and outlet and meter strategy

Directors inspected new regulators installed as part of the Blighty remote control pilot project earlier this week. Directors also had an opportunity to look at two recently installed meters, one was a SlipMeterTM with a capacity of 30ML/day and the other was a FlumeGateTM with a capacity of 30ML/day.

Network Service Plan (NSP) review

The Board considered the review of the 2012 to 2017 NSP by Deloitte. The review will be placed on our website next week and all customers will be sent a letter outlining how to access the review. The three main issues raised by Deloitte were: 1) Is the assumption of average annual water sales of 500GL too low?; 2) Do fees and prices need to increase by CPI as assumed in the NSP?; and 3) Should there be smaller differences between the three tiers of variable government fees? Murray Irrigation does not intend to alter its NSP in response to the Deloitte review. However, it has agreed to consider its fees and prices structure and revenue requirements as part of the budget and fee setting process for 2013/14 fees and prices.

Small irrigation customer fees

The Board again considered opportunities for altering Murray Irrigation's fees and prices to provide lower fees to customers owning smaller irrigation farms. After lengthy discussion and consideration of a range of options, the Board agreed to make no changes to the 2012/13 Fees and Prices. These customers are encouraged to look at opportunities to reduce their fees by amalgamation, outlet removal or, if practical, conversion to a domestic landholding.

Noel Graham, Chairman