



Coleambally Irrigation Co-operative Limited (CICL) Network Service Plan

1 July 2012 - 30 June 2017

In compliance with Water Charge (Infrastructure) Rules 2010

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Introduction

Background

This Network Service Plan (NSP) has been prepared in compliance with the Water Charge (Infrastructure) Rules 2010 (WCIR) which require that member-owned irrigation infrastructure operators with more than 125 GL of water entitlement on their licence/s publish a five-yearly network service plan after having consulted with their customers¹ before finalizing the plan.

Purpose

The purpose of the NSP is to provide CICL's customers with:

- visibility of CICL's plan for maintaining and improving its irrigation delivery and drainage systems, and the logic that underpins the related planning, over the life of the NSP
- confirmation of CICL's planned service levels over the life of the NSP
- visibility of the financial implications of CICL's maintenance and improvement plans

Caveats

It is important to note that there are a range of factors over which CICL has no control that may impact on its business operations and costs, and therefore on the NSP, including, but not limited to:

- the final form of the Murray Darling Basin Plan, and in particular
 - the extent to which members decide, or are compelled by financial institutions, to sell water entitlements and terminate delivery entitlements
 - the availability of further modernization funding from the Commonwealth under programs like the On-farm Irrigation Efficiency Program (OFIEP) and the Private Irrigation Infrastructure Operators Program (PIIOP)
- New Commonwealth Government water recovery initiatives, such as the very recently announced "targeted water purchase initiative"
- changes to the Murrumbidgee Water Sharing Plan
- changing compliance and legal obligations²
- changes to externally imposed charges, particularly those imposed by government³
- the impact of continuing global financial volatility on CICL's investment portfolio
- any alteration to the existing regulations governing termination fees
- the impact of an aging 'demographic' amongst members and their retirement/succession plans
- market forces, such as a high Australian dollar and 'soft' commodity prices

¹ At the time this NSP was written, all of CICL's customers were members of the Co-operative and the term member is used in preference to that of customer throughout this document.

² Every compliance change brings new information collection and reporting obligations and as a consequence additional cost.

³ The most likely areas of externally imposed increases will be those that arise from the carbon tax and increases to Government Water charges.

- increased external threats to the viability of irrigated agriculture, such as practices by the major food retailers that result in the prices being paid to CICAL's farmers being permanently depressed, which in turn impact on members' ability to pay their water charges
- major damage to supply and drainage systems that might be caused by natural events such as earthquakes and flooding
- failure to strike a proper balance between CICAL's business interests and those of its members
- failure to meet contractual obligations under PIIOP

In the face of these 'unknowns', the financial and pricing figures contained in the NSP are CICAL's best estimates and should not be considered as 'absolute' or guaranteed. Consistent with its current practice, CICAL will continue to communicate its fees and charges prior to the commencement of each irrigation season and to explain any significant variations to members in writing at that time. In the event that any factor impacts on the plans expressed in the NSP to the extent that material changes are required, customers will be informed of the changes, in writing, before they occur and provided with a full explanation of the reasons for the change. Similarly, if there are factors that require water access charges to be set at a level that differs from those indicated in the NSP, the changes will be advised, again in writing, in advance with an associated explanation. Consistent with CICAL's normal practice, customers can continue to expect to be briefed at woolshed meetings and/or Special General Meetings on major changes that might be envisaged or required. Further, at the end of the first year of the NSP (FY 2012/2013) and in each subsequent year of the plan, CICAL is obliged to provide customers with an Information Statement when it publishes the following year's water access charges – the first of these statements will include:

- a statement of the anticipated revenue received from regulated charges in FY 2012/2013
- a statement of the anticipated revenue in the following years of the NSP
- an explanation for any adjustments in regulated charges
- an explanation of the reasons for different regulated charges

Subsequent iterations of the Information Statement will include like information adjusted according to the relevant financial year. In this way, the NSP should be seen as a 'living' document which is adjusted according to changes in CICAL's business circumstance, but with material changes to plans and pricing being fully explained to CICAL's members.

Development of the NSP/Customer Consultation Process

The planned maintenance reflected in the NSP represents a continuation of CICAL's normal rate and range of maintenance effort and all of the major delivery system improvements referred to are being financed under the Private Irrigation Infrastructure Operators' Program (PIIOP). In order to obtain this funding, the following steps were undertaken:

- the development of a funding proposition by CICAL's staff team
- in-principle approval of the funding proposition by CICAL's Board

- briefings on the business cases to CICL's members at wool shed meetings; written correspondence to members; final briefings and the propositions put to a vote at Special General Meetings
- the lodgment of the funding submission to the Commonwealth Government (SEWPaC) and subsequent selection in an open-tender process
- the submission to, and consideration by, SEWPaC of related work plans and funding schedules
- negotiation of changes put to CICL by SEWPaC
- approval of the final contracts, after legal, financial and taxation advice, by CICL's Board
- contract signing

As all of these stages for all of the improvement works that are to occur within the life of this NSP were completed prior to the commencement of the network consultation process, the consultation process was simplified. Had they not been, CICL would still have observed largely the same consultation process, albeit with greater or lesser emphasis on some matters to accommodate the emphasis provided in the ACCC's guidance.

Response to Network Consultation Paper (NCP)

The essence of the NSP, and the majority of the detail that underpins it, was included in the NCP which was provided to CICL's customers on 23 March 2012. Customers were invited to make submissions on the paper by 23 May 2012 and one written submission was subsequently received. A subsequent amendment was issued on 16 April 2012 which provided the indicative water charges over the life of the NSP. Customers were also provided with an opportunity to raise issues/concerns or make verbal submissions on the paper at a series of 'wool shed' meetings held at Coleambally Community Club on 7 May 2012, Yamma Sports Centre on 8 May 2012 and at Booroorban Hall on 9 May 2012.

A summary of the issues raised in the written submission and at the woolshed meetings and CICL's position on those issues is included at Appendix 1. In sum, none of the relevant issues raised throughout the consultation process were considered likely to have a material effect on the CICL's improvement and maintenance plans outlined in the NCP and they are therefore unchanged in the NSP.

Expected Service Levels

CICL manages supply and drainage services across an area of approximately 456,821 ha and services 492 farms owned by 354 members. CICL's primary water distribution assets are:

- Main Canal Off-take (regulator)
- 518 km of supply channels
- 267 in-channel regulators, 432 automated farm outlets and 98 manually operated meters of varying types (e.g. Mace/Mag/Propeller meters)
- 734 km of drainage channels and 1060 farm drainage inlets
- 664 bridges/culverts on supply and drainage channels

CICL's supply and drainage systems and the related back-up services will continue to provide CICL's members with access to the following services over the life of the NSP:

- automated water ordering
- automated water accounting
- automated water delivery
- accurate and real-time water metering and flow regulation
- electronic water trading
- an after hours/on-call duty officer

Access to Delivery

Member's access to water delivery will continue to be determined by three factors, namely:

- the amount of Delivery Entitlement (DE) they hold
- the type of DE they hold
- the 'peak flow' rates they have nominated

Delivery Entitlement (DE)

DE entitles a member to a share of CICL's delivery capacity and CICL's water access charges are based on DE. If a member wishes to exceed their share of DE, they must either acquire additional DE (either permanently or temporarily) or pay a Fixed Charge Equivalent.

DE Type

The period in which a member may access delivery is determined by the class of DE he/she owns. The owners of High Security (HS) DE will continue to be supplied water year round, provided the point at which such water is delivered to falls within CICL's HS delivery zone. Delivery of water to the owners of General Security (GS) DE will continue to be restricted to the designated 'irrigation season' which typically extends from late August to mid May the following year.

The start and closing dates of the irrigation season will continue to be announced in advance by CICL's Board, via newsletters, email, SMS and on CICL's Web-ordering system. Water delivery to the owners of G Class (Stock and Tank fill) DE will continue to occur twice a year in accordance with the Co-operative's Rules (Constitution), with the timing of these 'stock runs' continuing to be mutually agreed between those members and CICL.

Minimum Flow Rates

Flow rates along a channel will continue to be primarily limited by:

- the volumetric capacity of the channel
- the efficiency of regulating structures on the channel and the capacity of farm outlets i.e. the regulating and metering structures that control flows within CICL's delivery system and divert water onto farms

The minimum level of supply throughout CICL's entire system will continue to be 10 ML/day/customer but this is subject to there being no State Water restrictions on the supply of water to CICL. When such restrictions are in place, CICL will continue to apply the pro-rata principle i.e. it will take the % share that a member has based on their DE vs the total of DE held within CICL and multiply it by the restriction at the Main Off-take to give a flow rate for that member. For example, if CICL is restricted to drawing 3,000 ML/day at the Main Off-take and the total DE in CICL is 450,000, a member who has 1400 DE, will continue to have a share of $1400/450,000 (0.311\%) \times 3000 = 9.33\text{ML/day}$.

CICL will continue to examine whether there is a need for an increased minimum flow rate and the associated feasibility and cost of undertaking such work. However, as explained in the NCP this is a complex task and the required works are likely to be very significant financially. However while feasibility studies will continue, given the uncertainty associated with the Basin Plan, CICL does not intend to undertake any major works to increase the capacity of its supply system over the life of this NSP.⁴

Peak Flow

Peak flow is the maximum flow rate that a member can order (in ML/day) through an outlet (but excluding horticulture and smaller outlets). Members will continue to have the option of requesting a change in their peak flow⁵ and an annual fixed fee will continue to be charged based on the amount. Members should note that any request for a reduction in peak flow, which is a fixed fee⁶, will trigger a termination fee. Actual flow rates will continue to be set and measured electronically within the Total Channel Control (TCC) system.

Efficiency Levels

Delivery Time: The water delivery time for all shareholders within the Coleambally Irrigation Area will remain approximately 2 hours, with the exception of those seeking delivery of G Class water or when CICL is required to revert to manually controlling water orders (e.g. in situations when demand is exceeding supply levels). Unless CICL has had cause to revert to manual water ordering, delivery times are automatically 'searchable' utilizing the capabilities embedded in TCC.

Delivery Efficiency: CICL aims to limit its conveyance losses to less than 40,000 ML/p.a and notes that its efficiency is also benchmarked annually by the National Water Commission and the ACCC in

⁴ CICL reserves the right to undertake such works in the event that circumstances beyond its control rendered parts of its system unsustainable.

⁵ Within the limits set by the type of Outlet. For a Large FlumeGate the range is 12 – 30 ML/d. For small FlumeGates and all other applicable outlets (MACE, Magflo, Propeller etc) the range is 6 – 30 ML/d. For many of the small FlumeGates the upper limit is dependant on the flow that can physically get through the outlet. This tends to be around 12-15ML/d.

⁶ As defined by the ACCC.

their National Performance Report (Rural Water Service Providers) and the ACCC Water Monitoring Report respectively.⁷ However the methodology used by the NWC i.e. the amount of water lost compared with the amount of water delivered expressed as a percentage, means that the results are skewed in years of low allocation; for this reason, and because the adoption of TCC has provided far greater control over matters that would otherwise result in losses, CICAL's preference is to refer simply to the amount of water lost from its delivery system in a given year. In either case, the actual measurements will continue to be taken at the point of supply to CICAL and thereafter measured through CICAL's on-farm meter outlets. Accordingly, CICAL will report both its total losses and performance efficiency as a % in its Annual Reports. It will also include the related data for the previous four years so that members can maintain oversight of the performance trend.

Drainage Efficiency: The efficiency of a drainage system is only really tested when the system is placed under considerable load. Because of the considerable capacity of CICAL's drainage system, this only occurs at a system-wide level when water allocations and demand are high and there are high rainfall events. This had not occurred for many years but did occur in this current season and CICAL's drainage system coped well. None of this is to say that drainage problems cannot occur at specific locations from time to time and CICAL will manage and record all reports of drainage issues advised to it by members as detailed in the following section (Emergency Response). In this way, it will be better positioned to measure its efficiency. The resulting data will be published in CICAL's Annual Report to members, as will the previous four years data.

Emergency Response: Customers who contact CICAL's Water Operations Department to report an emergency can expect:

- an initial indication of whether their report is viewed as one that warrants an emergency response, or further investigation by CICAL, during the course of the call to advise CICAL of related occurrence/situation
- in the event that the Water Operations Department deems the occurrence or situation being reported as an emergency, an indication of what immediate actions are intended within 10 minutes of the occurrence/situation being reported and any related actions that can be taken via TCC e.g. cessation or slowing of deliveries, or the isolation of part of the delivery system, to occur within 15 minutes
- in the event that the Water Operations Department deems a reported occurrence or situation warrants further investigation before any remedial action should be taken, advice to that effect to the caller; an indication of the nature of the investigatory activity to be undertaken; and an indication of when that activity will be commenced all within 90 minutes of the call
- subsequent updates to the caller at a minimum of every 24 hours thereafter until the related problem is resolved

⁷ CICAL notes that the NWC has acknowledged that erred in its reporting of CICAL's delivery efficiency in its FY 10/11 report when it reported CICAL efficiency as being 74.9%. The NWC has since agreed to correct the record and indicate an efficiency level of 90.4%.

CICL will maintain an emergency occurrence data base that allows its related performance to be measured on an annual basis and the performance data will be included in its Annual Report to members. The related data for the previous four years will also be included.

Reporting of Technical/Non Urgent Problems: Customers who call the Water Operations Department to report a non-urgent technical problem and can expect:

- an initial indication as to how and when CICL might respond in the course of the call
- subsequent advice of the plan of action to investigate or rectify the problem within two days
- weekly progress reports until the problem is resolved

It is important to note that CICL cannot provide the same assurances if problems are reported to other than members of the Water Operations Department.

CICL will maintain a database that allows its related performance to be measured on an annual basis and the performance data will be included in its Annual Report to customers. The related data for the previous four years will also be included.

SYSTEM MAINTENANCE & IMPROVEMENT PLANS

Repairs and Maintenance (R&M)

All of the R&M, contemplated during the life of the NSP, less two items, is considered to be routine in nature and the indicative cost of the major items in FY 12/13: ⁸

- supply and drainage channels \$1,005,000
- bridges, culverts, crossings and access roads \$634,000
- major service of bores \$80,000⁹
- regulators \$200,000
- TCC (hardware, software, structures, licences and service agreements) \$400,000

The two exceptions are:

- clay re-lining of approximately 10 km of the Main Canal in FY 12/13 and 13/14 at an estimated cost of \$14,000,000 (which is fully funded under PIIOP)
- the possible requirement to effect repairs on the Kay Hull Bridge on the Sturt Highway n.b. this matter is the subject of ongoing negotiations with the NSW Roads and Maritime Services (formerly the RTA) but it has been agreed in principle that the cost of remediating

⁸ The related costs in the following years are estimated to be similar but have been adjusted for CPI.

⁹ Bore maintenance is performed around schedule based on pumping hours rather than calendar months and this figure is not indicative of an annual costs but rather the cost of work that is to be done in 2012/2013.

the rising approach slabs should be shared between it and CICL. Until the repair methodology and the basis of cost-sharing are agreed, it is difficult to establish the cost implications with any degree of accuracy.

The related financial projections in the NSP are consistent with the rates of effort over recent years and reflect a cyclical approach for some matters which are attended to across the entire system on an annual basis e.g weed control and others which are managed on a periodic/scheduled basis i.e. a percentage of the related work is undertaken each year e.g. bank rebuilds, access roads and refurbishment of walkways. CICL was the first adopter of TCC in the world and is unable to provide an estimation of expected failure rates across its delivery system because the associated TCC remains relatively new. CICL has however established a database to record failure rates by type and over time this will allow it to have a better understanding of the life of TCC components; to review its approach to maintenance; and to make related adjustments to its budgets.

System Upgrades/Improvements

The following modernization upgrades will be undertaken throughout the life of the NSP:

- FY 12/13
 - Installation of 5 x TCC regulators and the linking of existing meters to TCC telemetry along the West Coleambally Channel: This planned work was agreed to by CICL's members at a Special General Meeting on 2 June 2010. The total value of the upgrade is estimated to be \$1,000,000 and the related work is being fully funded under PIIOP.

- FY 12/13 to 14/15
 - Replacement of approximately 100 non FlumeGate meters with FlumeGates: This planned work has already been agreed to by CICL's members at a Special General Meeting on 5 March 2012. The cost of the upgrade is approximately \$3,000,000 and this work will be fully funded under PIIOP.¹⁰

 - Construction of a balancing storage with a capacity of approximately 2700 ML:¹¹ This planned work has already been agreed to by CICL's members at a Special General Meeting on 5 March 2012. The cost of the upgrade, which includes the associated pumping equipment, is approximately \$4,000,000 and this work will be fully funded under PIIOP.¹²

Further elaboration on these upgrades is provided Appendix 2.

In sum:

- CICL's rate of maintenance over the life of the NSP is consistent with the current rate

¹⁰The related contract negotiations are well advanced, but not yet finalised.

¹¹ The related contract negotiations are well advanced, but not yet finalised. This work is also subject to Development Application and Environmental Protection approval processes.

¹² Negotiations on this funding agreement are well advanced but not yet finalised.

- all of the system improvements detailed in the NSP have been formally agreed by CICAL's members and will be fully funded under PIIOP
- two of the planned improvements, the development of a balancing storage and the replacement of 100 non FlumeGates meters with FlumeGates, are subject to the finalization of contract negotiations with the Commonwealth

CICAL's Fees and Levies

CICAL supply and drainage access charges over the period 2008-2012 can be found at www.colyirr.com.au and were included in Table 3 of the NCP. A table of charges missing in the NCP was sent to members separately on 16th April 2012 and is included in the NSP at Appendix 4. Members should note that the only reasons for the variations between the table and the like one provided on the 16th April, is that the latter included a provision for cost increases, based on predicted CPI increases of 3% p.a., whereas Table 1 in the NSP does not¹³ and also because of the inclusion of PIIOP revenues and expenditure. In respect of these changes, CICAL's initial decision not to include the PIIOP data was based on a decision that this would serve to distort member's understanding of CICAL's core business (which is at the heart of the NSP). CICAL has since revisited this decision and reversed it; it is important to note however, that CICAL's end of year profit projections (or its 'bottom-line') remain unchanged.

CICAL's charges will continue to be comprised of the following components:

- an access fee, based on the amount and type of DE held by a member
- a meter fee, based on the type and size of meter being used by a member
- a peak flow charge, based on the peak flow a member has nominated
- a fixed charge equivalent (equal to the access fee) which is applied when a member's metered usage exceeds their DE
- State Government fixed and variable charges, which are levied against WE and metered usage respectively
- an environmental compliance and monitoring fee, based on the amount of DE held by a member
- a range of minor administrative charges for non-standard services e.g. the replacement of lost share certificates, issuance of liability statements and the sub-division of farms
- a contribution to the cost of membership of a number of peak bodies e.g. NSW Irrigators' Council, National Irrigators' Council and the National Irrigation Corporation Water Entitlement Register

In the event a member wishes to sell their WE and not retain the associated DE, he/she will be required to pay a termination fee (which is 10 x the combined total of CICAL's annual access fee + CICAL's annual compliance fee + CIMCL's annual member contribution). A member who has no WE or DE, will continue to be able to request to remain connected to CICAL's supply system, in which case they must continue to pay the annual meter fee and the nominated peak flow fee, or he/she can

¹³ This is because the ACCC's related guidance indicates that CPI should not be included in the presentation of the related figures

request to be disconnected (in which case they will have to pay a termination fee, after which they are no longer required to pay any other charges).

Table 1 – CICL & Government Charges

	2011/12	2010/11	2009/10	2008/09
CICL Charges				
Fixed Charges				
A Class High Security / ML Delivery Entitlement	19.02	19.02	19.57	19.00
B Class General Security / ML Delivery Entitlement	11.01	11.01	11.33	11.00
G Class Stock & Tank / ML Delivery Entitlement	20.02	20.02	20.60	20.00
LWMP Levy¹⁴				
A, B and G Class / ML Delivery Entitlement	0.95	0.95	N/A	N/A
Compliance Fee¹⁵				
A, B and G Class / ML Delivery Entitlement	N/A	N/A	1.50	1.50
Outlet Charge				
Stock & Garden Outlet (>70mm diameter)	206	206	206	200.00
Horticultural Outlet (<70mm diameter)	515	515	515	500.00
Large Outlet	824	824	824	800.00
Peak Flow¹⁶ (ML/outlet)				
Peak Flow per ML for each outlet	51.5	51.5	51.50	50.00
Fixed Charge Equivalent¹⁷				
Levied per ML on metered use exceeding Delivery Entitlement on Farm	15.26	15.26	N/A	N/A
Government Water Charges				
Access Fee				
High Security / ML Water Entitlement	3.77	3.54	3.50	3.6
General Security / ML Water Entitlement	2.68	2.63	2.55	2.81
Usage Fee				
A, B and G Class / ML Water Entitlement	4.39	3.88	3.80	3.07

¹⁴ Land Water Management Plan Levy – this levy was agreed by CICL’s members at the commencement of the LWMP Plan (which was to have run from 1999-2029) with the fees being utilized for a range of activities that related directly to the Plan’s objectives. CICL’s Plan was concluded in 2010 because the Commonwealth Government chose to discontinue funding in favour of its *Caring for Country* program.

¹⁵ This fee was introduced to cover matters relating to CICL’s environmental compliance obligations that had previously been factored into the LWMP levy.

¹⁶ Members nominate their own peak flow within two ranges (6-12 ML/day or 12-30 ML per day)

¹⁷ FCE applies to any usage that exceeds a member’s DE or in circumstances where a member has no, or minimal DE, and utilizes temporary water. The payment of FCE in these situations means that all users of CICL’s system are charged on an equitable basis.

As indicated in the related section of the NCP, CICL's Board has made conscious decisions in recent years to run the supply and drainage systems at near to, or below, cost in recognition of the fact that during, and coming out of, the drought members were under financial duress. CICL's profits in the period 2008-2011 were therefore derived from either non-core business, such as water trading, returns on invested funds, or by way of termination payments. CICL has applied termination fees throughout this period to offset water charges so as to mitigate the direct financial impact resulting from DE being terminated on remaining members and it intends to continue to practise over the life of the NSP.¹⁸ However, CICL notes that it is not bound to apply termination payments in this way and that the ACCC permits the fees to be used in other ways.

REVENUE & EXPENDITURE

CICL's financial position is detailed in the financial statement and notes in its FY 10/11 Annual Report and its net assets are indicated in Table 4 of the NCP. The key matters that members need to be aware of are that:

- CICL is debt free and has net assets of \$169,475,000 but that the value of its conveyance water accounts for 44.25% of this amount
- While at the end of June 2011 CICL has \$18,148,000 identified as cash and the \$14,375,000 in long term investments, only \$3,597,000 can be considered as uncommitted at this time and this represents approximately 35% of its annual operating expenditure i.e. this is a very small buffer¹⁹.
- Operating profits in recent years have been derived from non-core business e.g. water trading, investments, termination fees etc not from water charges. This is because CICL's Board has set CICL's water charges at 'cost' or below cost in recognition of the impacts of drought on members' financial circumstances but this is a trend that cannot be sustained, especially when CICL's returns on investments and water trading are declining.

CICL's expenditure and revenue projections over the life of the NSP are indicated in Table 2. The table indicates where expenditure is directed and how revenue is divested. The major item of expenditure is entitled "operating costs" but this can be broken down into:

- expenditure involving the delivery of water and drainage services (TCC, SCADA) including related maintenance on TCC & SCADA and IT licences, plus the related staff salaries and vehicle and fuel costs

¹⁸ CICL draws down its pool of termination fees by 10% p.a. to offset what would otherwise result in an automatic increase in water access charges because of the termination of the associated DE – for further details refer to page 43 of CICL's 2010-2011 Annual Report.

¹⁹ This is because most of the funds are tagged for special purposes. Refer to Page 9 of CICL's 2010/2011 Annual Report.

- Maintenance: bank rebuilds, clay lining, weed control, bore operations and the related staff salaries and vehicle and fuel costs
- Admin – main office functions, properties, all other salaries and admin vehicles

Table 2 – NSP Expenditure & Revenue Projections

	Expenditure				
	12/13	13/14	14/15	15/16	16/17
	\$000	\$000	\$000	\$000	\$000
Total Capital Expenditure	2,512	3,228	1,718	2,176	1,730
Total Operating Expenditure	8,817	9,784	10,617	10,801	11,031
Operations Expenditure	3,320	3,420	3,523	3,629	3,738
Maintenance Expenditure	1,606	2,396	3,047	3,043	3,080
Administration Expenditure	2,561	2,638	2,717	2,799	2,883
CIMCL	1,330	1,330	1,330	1,330	1,330
Total Expenditure	11,329	13,012	12,335	12,977	12,761
	Revenue				
Revenue from regulated Water Charges	7,460	7,830	8,372	8,797	9,247
CICL	8,479	8,988	9,677	10,258	10,873
CIMCL	1,330	1,330	1,330	1,330	1,330
Less Government Charges	-2,349	-2,488	-2,635	-2,791	-2,956
Revenue from Asset Sales	40	40	40	40	40
Revenue from Investments	1,926	2,018	2,056	2,131	2,200
Revenue from other sales	203	195	201	205	210
Total required Revenue	9,629	10,083	10,669	11,173	11,697
Profit Before Tax	812	299	52	372	666
Income Tax	244	90	16	112	200
Profit after tax	568	209	36	260	466

The above table does not include PIOP funds but Table 3 does.

Table 3 – NSP Expenditure & Revenue Projections including PIIOP

	Expenditure				
	12/13 \$000	13/14 \$000	14/15 \$000	15/16 \$000	16/17 \$000
Total Capital Expenditure	2,512	3228	1,718	2,176	1,730
Total Operating Expenditure	12,031	10,964	10,617	10,801	11,031
Operations Expenditure	3,320	3,420	3,523	3,629	3,738
Maintenance Expenditure	1,606	2,416	3,047	3,043	3,080
Administration Expenditure	2,561	2,638	2,717	2,799	2,883
CIMCL	1,330	1,330	1,330	1,330	1,330
PIIOP Expenditure	3,214	1,160			
Total Expenditure	14,543	14,192	12,335	12,977	12,761
	Revenue				
Revenue from regulated Water Charges	7,460	7,830	8,372	8,797	9,247
CICL	8,479	8,988	9,677	10,258	10,873
CIMCL	1,330	1,330	1,330	1,330	1,330
Less Government Charges	-2,349	-2,488	-2,635	-2,791	-2,956
Revenue from Asset Sales	40	40	40	40	40
Revenue from Investments	1,926	2,018	2,056	2,131	2,200
Revenue from PIIOP (Government)	3,215	1,180			
Revenue from other sales	203	195	2,01	205	210
Total required Revenue	12,844	11,263	10,669	11,173	11,697
Profit Before Tax	813	299	52	372	666
Income Tax	244	90	16	112	200
Profit after tax	569	209	36	260	466

Tables 4 & 5 show CICL projected operating results over the life of the NSP (excluding PIIOP) and the results for the previous five years by way of comparison.

Table 4 – NSP Forecasted Operating Results (Core Business)

	12/13	13/14	14/15	15/16	16/17
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Water Income	8,479	8,988	9,677	10,258	10,873
Termination Fees	0	0	0	0	0
CIMCL Levy	1,330	1,330	1,330	1,330	1,330
Less CIMCL Levy	1,330	1,330	1,330	1,330	1,330
Less External Charges	2,349	2,488	2,635	2,791	2,956
Total Gross Water Income	6,130	6,500	7,042	7,467	7,917
Other income					
Rental	84	84	86	87	88
Sales	108	111	115	118	122
Interest / Dividends / Revaluation	1,926	1,998	2,056	2,131	2,200
Gov Funding	11	0	0	0	0
Water for Rivers / Water Smart	0	0	0	0	0
Profit/(Loss) on Asset Disposal	40	40	40	40	40
Total other income	2,170	2,234	2,297	2,376	2,450
Total Net Income	8,301	8,734	9,339	9,843	10,367
Expenditure					
Salary & Wages	2,673	3,057	3,443	3,547	3,653
Plant & Vehicle	222	255	288	297	306
Operating Costs	2,460	2,668	2,915	3,002	3,092
Accounting Depreciation	1,710	2,010	2,173	2,144	2,155
Administration Costs	334	353	372	384	395
Other Expenses	89	92	95	98	101
Total Expenditure	7,488	8,432	9,286	9,471	9,701
Net Profit before Tax	813	299	52	372	666
Taxation Expense	244	90	16	112	200
Net Profit/(Loss) after Tax	569	209	37	260	466

Table 5 - Previous Operating Results

	Actual 07/08 \$'000	Actual 08/09 \$'000	Actual 09/10 \$'000	Actual 10/11 \$'000	Forecast 11/12 \$'000
Total Water Income	6,012	9,130	8,778	8,456	8,310
Termination Fees	422	7,663	-756	2,768	451
CIMCL Levy	1,455	1,493	1,436	1,307	1,291
Less CIMCL Levy	1,455	1,486	1,422	1,303	1,291
Less External Charges	1,451	2,135	1,979	2,486	2,291
Total Gross Water Income	4,983	14,665	6,057	8,742	6,470
Other income					
Rental	83	89	102	94	82
Sales	211	260	764	141	299
Interest / Dividends / Revaluation	35	-317	1,610	2,531	1,315
Gov Funding	190		6	-1	11
Water for Rivers / Water Smart	2113	1348	2832	0	0
Profit/(Loss) on Asset Disposal	-14	-532	-9	-56	-34
Total other income	2,618	848	5,305	2,708	1,673
Total Net Income	7,601	15,513	11,362	11,450	8,143
Expenditure					
Salary & Wages	2133	2314	2791	3,218	2,579
Plant & Vehicle	187	161	165	185	181
Operating Costs	2100	2350	2683	2,423	2,373
Accounting Depreciation	1476	1569	1808	1,636	1,659
Administration Costs	180	404	158	317	316
Other Expenses	86	113	94	86	87
Total Expenditure	6,162	6,911	7,699	7,866	7,194
Net Profit before Tax	1,439	8,602	3,663	3,584	949
Taxation Expense	451	2,718	1,415	1,227	285
Net Profit/(Loss) after Tax	988	5,884	2,248	2,357	664

ASSET REPLACEMENT

As previously mentioned, the replacement of supply and drainage assets is funded by CIMCL the long term asset replacement cost profile, as at February 2012, is indicated in Appendix 3. The related assets and their estimated life are reviewed by an external and independent expert party every five years, with the last review being in 2011. An independent actuary then examines this information and CIMCL's investment portfolio to determine whether sufficient funds are likely to be available when assets are likely to have to be replaced. This then informs the level at which CIMCL's member contribution levy is set. This exercise was completed in early 2012 with the actuary concluding that CIMCL was on target at this time. n.b. CIMCL had \$14,322,00 invested as at 30 June 2011 with the revenue projection for FY 11/12 being \$1,291,000.

It is not expected that CIMCL's annuity will be drawn-down during the life of the NSP. The limited replacement of infrastructure that is to occur will use CACL funds collected prior to privatization for replacement purposes and subsequently vested with CACL upon privatization.

OTHER FUTURE COST 'DRIVERS'/RISK

There are a range of additional external influences that may impact on CACL's business and/or present risk over the life of the NSP and these include, but are not limited to, those mentioned on pages 4 and 5, namely:

- the final form of the Murray Darling Basin Plan
- new Commonwealth Government water recovery initiatives, such as the very recently announced "targeted water purchase initiative"
- changes to the Murrumbidgee Water Sharing Plan
- changing compliance and legal obligations²⁰
- changes to externally imposed charges, particularly those imposed by government²¹
- the impact of continuing global financial volatility on CACL's investment portfolio
- any alteration to the existing regulations governing termination fees
- the impact of an aging 'demographic' amongst its members and their retirement/succession plans
- market forces, such as a high Australian dollar and 'soft' commodity prices
- increased external threats to the viability of irrigated agriculture, such as practices by the major food retailers that result in the commodity prices being paid to CACL's farmers being permanently depressed, which in turn impacts on members' ability to pay their water charges
- major damage to its supply and drainage systems caused by natural events such as earthquakes and flooding

²⁰ Every compliance change brings new information collection and reporting obligations and as a consequence additional cost.

²¹ The most likely areas of externally imposed increases will be those that arise from the carbon tax and increases to Government Water charges.

- failure to strike a proper balance between CICAL's business interests and those of its members
- failure to meet contractual obligations under PIIOP

The paragraphs that follow explain how these matters might impact on CICAL:

Potential Impact of Basin Plan/New Commonwealth Water Recovery Initiatives

There is the potential for a significant amount of WE to be lost from CICAL's bulk water licence through the sale of water to the Commonwealth and therefore potential for DE to be terminated. When the associated pool of termination fees is exhausted, there will have to be a 'step' increase in water charges unless CICAL is able to either attract newcomers to establish themselves in our area; it is able to rationalize or reconfigure its supply and drainage system; and/or find new economies. The termination pool will not be exhausted in the life of this NSP but because of the uncertainty of the Basin Plan, CICAL does not propose to undertake other upgrades beyond those identified on Appendix 2; nor does it plan to rationalize/reconfigure its supply and drainage systems throughout the life of the NSP.²²

Changes to the Murrumbidgee Water Sharing Plan (WSP)

The WSP is due to be reviewed in 2014 but it is understood that it is now more likely that the WSP may be 'rolled over' until 2019. Within this context, any change to CICAL's conveyance allocation and the water allocation process could impact on CICAL's ability to deliver water and to utilize efficiency savings in ways that benefit its members. CICAL has no knowledge of any plans that might lead to either of these eventualities, but it does wish to signal that were they to occur, the impact on CICAL and members might be significant.

Changing compliance and legal obligations

CICAL is already obliged to report to multiple State and Federal authorities²³ and any new obligations will come with added cost to CICAL.

Changes to externally imposed charges

State Water and NSW Office of Water are considering their water pricing options for the next five years and will be required to submit those to the ACCC. While CICAL has involved itself in workshops to assist these organisations deliberations, it can but estimate what Government water charges might be. In the past, CICAL could have examined the pricing determinations made by the Independent Pricing and Regulatory Tribunal (IPART) in respect of Government pricing submissions;

²² CICAL cannot predict with any certainty the final form of the Basin Plan or how members will respond to it, or what market forces might prevail over the life of the NSP. Were however these factors to convince large number of its members to terminate their DE, CICAL might be forced to consider reconfiguration or rationalization of its supply and drainage system. This would however necessitate a major amendment of the NSP, if not its complete re-write, and neither the re-write nor the actual reconfiguration/rationalization would occur without prior consultation with members.

²³ At present, CICAL is required to report to the following NSW agencies: Office of Water, Murrumbidgee Catchment Management Authority, Department of Primary Industries, State Water, the NSW Environmental Protection Agency, NSW Work Cover. It is also required to report to the following Commonwealth agencies: Australian Competition and Consumer Commission, Bureau of Meteorology, Department of Environment Water Population and Communities, National Water Commission and in the near term, the Murray-Darling Basin Authority.

as of 1 July 2012, this function will fall to the ACCC which is understood to have a different review of cost recovery to IPART.

Impact of continuing global financial volatility on CICL's investments

CICL has approximately \$26,756,000 of invested funds as at 29 February 2012 with \$9,491,000 being held in cash or short term deposits. The longer term investments are invested conservatively and are diversified and CICL's exposure to overseas markets is limited. CICL also continues to be advised by a reputable, experienced and independent financial advisory service. That said, none of these arrangements render CICL totally immune from market forces.

Alteration to the existing termination fee arrangements

Up until September 1, 2009, terminations fees were able to be calculated on the basis of 15 x the annual access fee. As of 1 July 2009 this was reduced, on the recommendation of the ACCC, to 10 x the annual access fee. CICL's draws its pool of termination fees down by 10% p.a. so as to offset what would otherwise have to be a cost increase in members' access charges. Any change to the basis on which CICL is able to calculate its termination fees has the potential to impact on the amount of funds available in the termination pool.

Increased threats to the viability of irrigated agriculture, due to external factors, and therefore of members' ability to pay their water delivery charges

Any matter that impacts on the viability of irrigated agriculture in the CIA, in turn impacts on members' ability to pay their water access charges and ultimately on CICL as a business. As mentioned earlier in this plan, CICL's pricing since 2008 has reflected both the Board's and Management's understanding of how difficult the drought and the immediate recovery period have been. While CICL maintains a small buffer against future shocks, it cannot afford to operate its delivery and supply system at near to or below cost indefinitely.

Failure to strike a proper balance between CICL's business interests and those of its members

The principle that all members be treated equitably and the notion of member benefits are more tightly held in co-operatives than in other business structures. However CICL's Directors and Management are legally bound to place CICL's business interests ahead of the individual interests of CICL's members. Striking the right balance between equity, member benefit and the long-term interests of a co-operative business requires fine judgment. Nowhere is this more so than in CICL where the owners of the business are also its customers.

Failure to meet contractual obligations under PIIOP

If CICL accepts the Round 2 PIIOP funding offer made to it by the Commonwealth, it will be contractually bound to the Commonwealth to the extent of \$51,849,727 and all of the related system upgrades, the clay-lining, 66 on-farm projects and the work that CICL is undertaking for Kerarbury Channel Propriety Limited are dependent on CICL and its participating PIIOP members meeting their obligations under the PIIOP contracts. Failure to do so would place all of this work and all those involved in CICL's PIIOP at risk. It is self evident that it would also place this NSP at risk.

Appendix 1

Summary of Issues raised during Network Consultation Process n.b. only those issues relevant to the NSP have been included

Issue	Response	Impact on NSP
Pricing: indicative water charges making farming unsustainable	CICL's water charges have been pegged over the last four years in recognition of the impacts of the drought & soft commodity prices; this too is unsustainable. Indicative charges in the NCP were based on an increase of 4.5% p.a. of which 3% was to take account of CPI movements. CICL will embark on additional review of all of its activities in FY 13/14 in order to determine if there are ways to either reduce its costs or contain them to the maximum extent and the results of this work will be made known to members once the review has been completed. Members should note that any profits made in recent years have been not been generated by water charges, but in other ways as explained in CICL's 11/12 Annual Report	None, although the related figures in the NSP exclude CPI to accommodate ACCC guidelines – actual water charges over the life of the NSP will have to take into account CPI movements.
Costs: Why does CICL engage in non-core activities like fox baiting?	CICL is a landowner in its own right & manages 1700 ha of crown land for biodiversity purposes; it also feels it has a responsibility to be concerned more generally about the environment. It therefore expends a modest amount of money on fox baiting (approximately \$1,500 in FY 11/12 & expects to spend approximately \$1,000 in FY 12/13), as do many of its members	None
Costs: Why is the expenditure on bridging so high?	CICL has to meet RMS standards & much of the cost is often associated with the requirement for traffic control which is labour intensive or traffic diversion (creation of bypasses etc). CICL's bridging work is also tendered out, so it is the subject of market pricing	None
Costs: is the general philosophy to run the	No. In law, CICL's Directors & CEO's first obligation is to the business. That said, the Board has always given careful consideration to its members'	None

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business in accordance with its members' ability to pay?	interests, as can be indicated by the pegging of charges in recent difficult times.	
Costs: Is there an extra \$1,000,000 in salaries to be paid out over the life of the NSP?	No: The figures in FY 11/12-FY13/14, and to a lesser extent in FY 14/15, are artificially lowered to the tune of approximately \$1,100,000 over this period because CICL is able to offset its salary bill by that amount through revenue derived from the Commonwealth for rolling out PIIOP i.e. the numbers in FY11/12-14/15 reflect a salary bill that is lowered, whereas the numbers that follow do not.	None, although as mentioned CICL will be undertaking a major review of its business activities and cost drivers in FY 12/13.
Costs: Since privatization, water charges have risen from around \$5,000 a farm to \$35,000 a farm	CICL questions the starting number and finishing number but notes that CICL's first water bill (FY00-01) was \$12,072. Approximately \$5,000 of the \$35,000 quoted is charged by CIMCL not CICL & reflects the fact that CIMCL is making proper provision for the future replacement of our infrastructure assets based on an independent & expert analysis of future replacement costs, whereas the NSW Government divested itself of the irrigation corporations because they had not. CICL also notes that its supply system is now vastly a more efficient operation that provides members are range of capabilities & benefits that were not available to them before privatization. Finally, members are encouraged to read the ACCC's Water Monitoring Report 2010-2011, pages xviii & 26 (go to www.accc.gov.au) which shows that CICL's water charges compare more than favourably with other irrigation companies.	None, but CICL is acutely aware of the salary pressure that will come to bear when PIIOP offsets finish & that is one of the reasons behind the business review in FY 13/14.
Cost: does the NSP process come with additional cost to CICL?	Yes, at considerable cost but the related requirements do impose additional discipline on CICL's planning (which is a positive) & the means to provide members with increased visibility of its operations.	None, but CICL intends to capture the costs associated with the NSP process on an annual basis.
Clay Lining: How has CICL established whether & where	Through a combination of EM 31 testing, observation, data from TCC & imaging work undertaken by Dr David Allen – the results from all of these	None

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its channels leak?	methodologies give consistent indications of where our 'hot spots' are.	
Changes to Works: Can CICL make changes to the works that have been reflected in the NCP?	Yes, but if they had a significant effect on the NSP, it would be required to explain why it had done so in its annual Information Statement to members (a copy of which goes to the ACCC).	None
Maintenance/Weed Control: why does our R&M not include sterilisation of our channels?	Because it would likely put us in breach of our licensing & environmental obligations & would almost certainly present risk if the related chemicals found their way onto farms and into our drainage system.	None
Maintenance: The Kay Hull Bridge is only 10 years old and is deteriorating (a comment)	There are problems at both ends of the bridge & very significant technical investigatory effort has gone into why sections of the approach at both ends have risen. This effort has established that there is no safety issue. The cause of the problem is understood but various options to remedy the problem (all of which are expensive) are under investigation. The RMS will contribute to the repair cost & is involved in the examination of potential solutions.	None, but once a solution is determined & cost sharing arrangements agreed it may be that CICL may have to amend its budget and its NSP
Infrastructure: When will TCC be finished in the Main Canal?	This work is unlikely to be undertaken in the life of the NSP	None
Infrastructure: Will the PIIOP works occurring in the WCCC still allow for two stocks runs per year?	Yes, it will enhance not reduce the service to WCC members by making it easier to plan & implement these water runs & by providing more flexibility to those taking the water in the event they have pumping problems.	None
Infrastructure: Can another regulator be installed in the area of the Wargum Lakes & has the location of last two	The requirement for the additional regulator is being addressed within the current PIIOP work but the location of the last two regulators has yet to be confirmed. 7-8 sites are being considered but there will more communication	None

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regulators been confirmed?	with WCC members when this has been narrowed down.	
Infrastructure: Can a FlumeGate be installed at the escape at Farm 160 to measure flows into DC500?	A FlumeGate has already been installed at this location.	None
Infrastructure: Can CICL replace the supply pipe to increase flow capacity under Steele Rd to Farm 160 to increase water delivery into the WCCC, via DC500A?	CICL will look at this suggestion but it won't impact on the NSP.	None
Infrastructure: Can CICL negotiate the installation of a real time metered regulator at the end of the WCC on Caroonboon, to be funded by State Water?	CICL will look at the need and if confirmed, it will be prepared to raise this matter with State Water.	None
Infrastructure: Can CICL install a subway at Bundyulumbra to reduce sediment & turbidity in the WCC?	CICL is aware of the situation at Bundyulumbra & it is complex – there are issues that would require State Water & possibly NSW Office of Water to be involved & potentially, legal issues that might arise. CICL will look at this matter but it does not provide any assurances that this will be given priority.	None envisaged
Infrastructure: can CICL consider the installation of structures in DC400A, DC600A	One of these structures will be installed within the PIIOP work but it is unlikely that the others will be during the life of the NSP.	None

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& DC500 to prevent water from flowing back up drainage channels during stock runs?		
Flood Mitigation in WCC: Can more be done to reduce the risk of flooding at Booroorban?	While the PIIOP works will give CICL an increased capacity but the regulator's primary purpose is regulating normal flows and if there is widespread flooding throughout the CIA/WCC , then Booroorban is likely to also be affected.	

Appendix 2

Major R & M Upgrade: Repair Clay Lining on 10km section of Main Canal: n.b. this work has already been agreed to by CICAL's members and is already underway

Rationale

Clay lining done well and with good quality clay will last for approximately 50 years before it has to be upgraded. Clay lining is an expensive process but the losses associated with seepage due to a deterioration of clay lining over time are even more expensive. Testing of CICAL's entire supply system has identified where such work needs to occur and this work has been prioritized, with a 10 km section at the top of the Main Canal being identified as the highest priority.

Description of Works

The work entails draining the section, slit trenching to establish the depth of clay that must be replaced, replacing the clay and compacting it.

The cost of this work is estimated at \$14,000,000.

Impact on Charges

Because this work is being funded entirely through PIIOP, there will be no impact on charges.

Work & Related Financial Schedules

This work will be completed as follows:

- FY 11/12 - completion of technical assessments; calls for tender; clear channels & access roads of obstructions; desilting at a cost of \$1.3m
- 12/13 - removal of poor materials from canal, re-lining of 5km including reconditioning of banks & berms at a cost of \$6.55m
- FY 13/14 - removal of poor materials from canal, re-lining of 5km including reconditioning of banks & berms at a cost of \$6.55m

Planned System Upgrade: Installation of Total Channel Control along West Coleambally Channel n.b. this work has already been agreed to by CICAL's members and is already underway

Rationale

Once water is released into West Coleambally Channel (WCC), CICAL has very limited means of controlling its flow because there are only two regulators along the approximately 150 km length of

the channel. This upgrade, which is being fully funded through the sale of conveyance water to the Commonwealth under PIIOP, will provide a further five regulators and allow for the automated collection of data from outlets along the channel. It will also greatly simplify the establishment and operation of the pumping roster within the WCC and greatly increase CICL's and members' (in that area) to respond to unforeseen circumstances/opportunities. The project has already commenced and is due for completion in 2012.

Description of Works

The works entail the installation of five additional regulators and telemetry at 30 pump sites.

Capital Costs

The related capital works will cost \$909,000.

Recurrent Costs

Recurrent costs are estimated to be \$25,000 p.a. but this is expected to be fully offset by reduced conveyance losses and reduced data collection costs.

Source of Recurrent Funds

Not applicable

Impact on Charges

CICL does not expect there to be any negative impact on charges to shareholders from this work.

Work & Related Financial Schedules

The work will be completed as follows:

- FY 11/12 – site investigations & finalization of telemetry requirements, at a cost of \$309,480 n.b. the telemetry requirement in this area is different to those elsewhere in CICL's supply area & requires the development of different material solutions
- FY 12/13 – purchase & installation of telemetry at a cost of \$600,157.

Planned System Upgrade: Accelerated replacement of non Flume-gate type Meters n.b. this work has already been agreed to by CICL's members

Rationale

CICL has been replacing non FlumeGate outlets at the rate of about 14 per year and at this rate, it will take seven years to complete this work. In the interim, CICL is required to set aside approximately \$400,000 p.a. for such work. The accelerated replacement of this work will provide a

standard metering solution throughout CICL and will provide all members with automated start-ups and shut-downs.

Description of Works

The related work would involve the replacement of approximately 100 outlets (e.g. MACE, Magflow and Propeller meters) with FlumeGates over the period FY12/13 - 14/15 with approximately 1/3rd of the replacements occurring in each of these three years.

Capital Costs

CICL has received a funding offer of \$3,000,000 from the Commonwealth to undertake this work through PIOP in return for the transfer of an agreed volume of conveyance water. There are no other capital costs.²⁴

Recurrent Costs

The maintenance and operating costs of the new meters are expected to be very similar to those being replaced.

Source of Recurrent Funds

No additional recurrent funds are required.

Impact on Charges

There will be no negative impact on charges to shareholders from this work and the associated decrease to CICL's volume of conveyance water will be minimal.²⁵

Work & Related Financial Schedules

The work will be completed as follows:

- FY 12/13 – purchase 40 FlumeGates at a cost of approximately \$600,000
- FY 13/14 – replace 40 non FlumeGate meters with FlumeGates & purchase another 40 FlumeGates, at a cost of \$1,200,000
- FY 14/15 – purchase 20 FlumeGates & replace 60 non FlumeGates meters with FlumeGates, at a cost of \$1,200,000

²⁴ The related contract negotiations are well-advanced but not yet finalized.

²⁵ The amount of water to be returned to the Commonwealth for this work is less than 1% of CICL's conveyance entitlement

Planned System Upgrade: Construction of a Balancing Storage n.b. this work has already been agreed to by CICL's members

Rationale

The primary purpose of this work is to lessen the prospect of mismatches between CICL's bulk 7 day water order and members' 2 hour water ordering. However the storage will also increase CICL's capacity to take advantage of supplementary watering events and carryover; reduce members' exposure in the event debit water ordering is introduced in NSW; and will lessen the prospect of spillages during sudden start ups or shutdowns throughout the system.

Description of Works

The planned works involves the construction/installation of:

- a 1500 ML, 3m x deep long-term cell
- a 2700 ML, 1m x short-term cell, including a 250 ML sump
- 3000 ML/d flows via flume-gates in series from the Main Canal (upstream of the Tubbo Wells regulator) into the short-term cell
- a 300 ML/d pump station from the sump of the short-term cell into the long-term cell (powered by a 400 KVa transformer and electricity supply via a new line from the general vicinity of the Horticulture Bore)
- 300 ML/d gravity pipeline from long-term cell into the Main Canal downstream of the Tubbo Wells regulator

Capital Costs & Timings

The cost of the works is estimated at \$4,000,000 and will be fully funded under PIIOP.²⁶ The design for this work was undertaken in FY 07/08 as was the initial stages of EIS. The work that remains to be done will be undertaken as follows:

Work & Related Financial Schedules

- FY 12/13 – completion of design & drawings at a cost of \$150,000
- FY 13/14 - obtain final Environmental & Developmental Approvals; tender work & development of work schedules; commencement of bank earthworks; completion of design of pump section & tender for pump section at a cost of \$100,000
- FY 14/15 – complete inlet/outlet works; complete pump station & commission storage at a cost of \$ 2,750,000

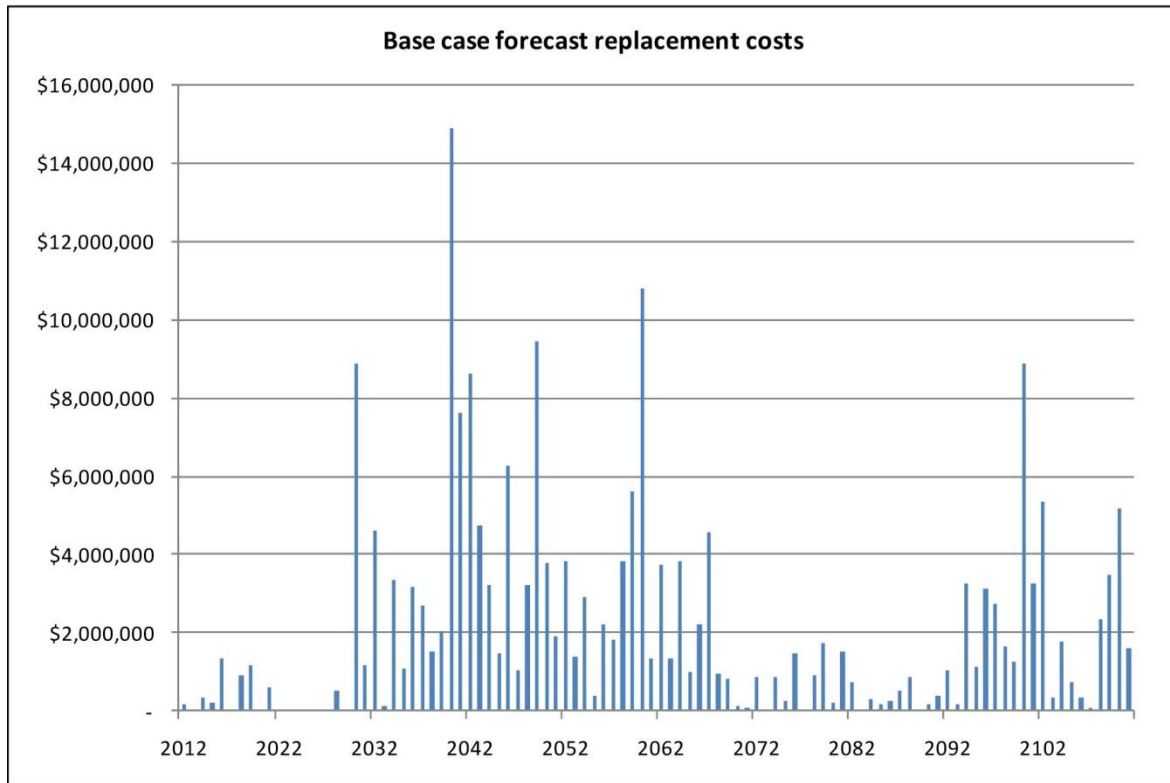
Recurrent Costs

Maintenance and pumping costs are estimated to be approximately \$150,000 p.a. CICL expects that these costs will be offset by operational savings arising from the work.

²⁶ The related contract negotiations are well advanced but not yet finalised

Appendix 3

Table 6- CIMCL Asset Replacement Funding Profile



Appendix 4

Table 7- Indicative ANNUAL WATER CHARGES

Charge	Levied on	2012-13	2013-14	2014-15	2015-16	2016-17
CICL Access Fee	<i>Delivery Entitlement</i>					
B class (General Security)		11.18	11.34	11.51	11.69	11.86
A class (High Security)		19.31	19.59	19.89	20.19	20.49
G class (High Security Stock)		20.32	20.63	20.93	21.25	21.57
Compliance Fee	<i>Delivery Entitlement</i>	0.96	0.98	0.99	1.01	1.02
CIMCL Member Contribution*	<i>Delivery Entitlement</i>	3.35	3.40	3.45	3.50	3.56
TOTAL ANNUAL CHARGE						
B class (General Security)		15.49	15.72	15.96	16.20	16.44
A class (High Security)		23.62	23.97	24.33	24.70	25.07
G class (High Security Stock)		24.63	25.00	25.38	25.76	26.15
Outlet Charge						
Stock & Garden Outlet		209.09	212.23	215.11	218.64	221.92
Small Outlet (Horticulture)		522.73	530.57	538.52	546.60	554.80
Large Outlet		836.36	848.91	861.64	874.56	887.68
Peak Flow Charge	<i>Nominated Peak Flow per outlet</i>	52.27	53.06	53.85	54.66	55.48
Fixed Charge Equivalent	<i>Use exceeding Delivery Entitlement</i>	15.49	15.72	15.96	16.20	16.44
TERMINATION FEES						
General Security*	<i>Delivery Entitlement Terminated</i>	167.04	169.52	172.00	174.70	177.28
High Security*	<i>Delivery Entitlement Terminated</i>	256.47	260.27	264.18	268.20	272.21

* denotes charges inclusive of GST

Annual inflation (based on ABS CPI for Australia as at December of the previous year) will be applied to all charges