

## CICL Member Update February 2020

### Landmark opportunity for CICL members - proposed CICL restructure

Coleambally Irrigation Co-operative Limited (CICL) has completed a review of its operating model which involves CICL operating alongside Coleambally Irrigation Mutual Co-operative (CIMCL). The review was initiated because there were concerns the intent of the current dual structure, relating to the ownership of assets, will not in the future **be compatible** with the Water Management Act 2000 (NSW).

As a result of the review the Board of CICL is unanimously recommending to members amendments to CICL's rules which, if approved, will make CICL a "public authority" and able to collect an asset replacement levy. Becoming a "public authority" will also mean it would become tax exempt.

Amendments to CICL's rules can only be made by a special resolution, voted on by members in a special postal ballot and the amendments are only successful if at least 75 percent of all votes cast support the proposed special resolution. Members have been sent:

1. Notice of special postal ballot.
2. A Disclosure Statement including:  
CICL's rules showing all amendments.  
An Independent Expert's Report.
3. Ballot paper and returning envelope.

**Member meetings are being held on Monday 2 and Tuesday 3 March and details have been sent to members via email.** Members are strongly encouraged to attend one of these meetings where you will have an opportunity to ask management and directors about the proposed rule amendments. **The special postal ballot closes 12 noon on Monday 30th of March 2020. Special postal ballots received after this time will be declared invalid.**

The **Disclosure Statement** is important and requires your urgent attention. If you are in doubt about its content you should consult your financial, legal or other professional adviser immediately. The conclusion of the Independent Expert is that the proposed rule changes are in the interests of members.

### Co-operative Limited NSW Department of Planning, Industry & Environment Allocation announcements

**15/2/20**

High Security	95%
General Security	6%

#### CICL announcement and offers

Additional water	6%
Member benefit	6%
Additional water offer	4%

#### Waterways

<http://www.colyirr.com.au>

P: 1300 850 105

Please note Waterways is not operational for placing water orders which must be placed by ringing Water Operations M: 0427 544 269 or via Reception during business hours T: 02 6954 4003.

#### Inter-valley trade

Trade out of the Murrumbidgee is open.

For up-to-date information on the IVT go to <https://www.waternsw.com.au/customer-service/ordering-trading-and-pricing/trading/murrumbidgee>.

**Rural Financial Counsellor** - Airlie Hoskins is the local counsellor for our area. Airlie's contact details are M: 0429 396 729 or E: [airlie@rfcsnsw.com.au](mailto:airlie@rfcsnsw.com.au) (Monday – Thursday).

There are a range of options including drought and water infrastructure loans available through the Regional Investment Corporation which may be of value to many of our members.

Further information is available at this website <https://www.ric.gov.au/>

Airlie is able to provide further details and discuss the options with you.

### Key elements of the proposed amendments to CICL's rules include:

- Continued compliance with the Water Management Act 2000 (NSW).
- CICL will become a non-distributing co-operative.
- CICL will become a "public authority" exempt from tax if all conditions of the Private Binding ruling with the ATO are met. The ATO ruling will apply from 1 July 2019 (i.e. retrospectively).
- CICL will be able to collect and manage an Asset Replacement Levy (Sinking Fund Levy).
- CICL will establish an independent Board advisory committee to ensure asset protection and independent management of the sinking fund.

The proposed amendments make **no changes** to the member benefit and water supply rules and will not impact on water or delivery entitlements. The Board retains the ability to provide a member benefit out of efficiency savings.

The Board of CIMCL have confirmed their unanimous support for the restructure and the rule changes being proposed by the Board of CICL. If members vote in favour of the rule amendments, the Board of CIMCL will no longer charge an Asset Replacement Levy once CICL commences collecting a levy. CIMCL will continue to charge a nominal Active Membership Levy in order to maintain the mutuality status of CIMCL until its future is determined.

### High Security Delivery Entitlement Policy

– The Board has recently more clearly defined arrangements for high security delivery entitlements by establishing a specific high security delivery entitlement policy. The policy includes clarifying arrangements for the swap of high security delivery entitlements to general security delivery entitlements.

The service level provided by high security delivery entitlements is defined as up to 365 day service for delivery of water. The policy defines two deliverability areas. Area One which includes high security delivery entitlements along:

- Coly 1 and 2 that can receive their supply from Hort Bore.

- Tubbo channel fed off pools at regulators 1, 3, 5 and 7.
- Boona channel fed off the pool at regulator 3.

Area Two includes farms and outlets surrounding the Coleambally township fed by:

- Boona 7, 9 and 9A, Boona channel, and regulators 9 to 13.

The policy also sets the maximum capacity in these channels and therefore a maximum number of high security delivery entitlements that can be held in each area.

Policy principles have also been established for the swap of high security delivery entitlements to general security delivery entitlements on a 1:1 ratio. General security delivery entitlement can also be swapped to high security delivery entitlement on a ratio of 1:1 **but only** within the high security deliverability areas. In addition a swap cannot occur if it results in an increase in the maximum amount of high security delivery entitlement located in a high security deliverability area. All transfers are subject to CICL rules for transfer of delivery entitlements. Delivery entitlement swaps will apply from 1 July i.e. swaps within a water year will become effective from 1 July in the next water year. If you have specific questions about the high security delivery entitlement policy including deliverability areas please contact Steve Oosthuysen, General Manager Operations, on T: 02 6954 4003.

**Water Operations update** – Members are reminded to ensure they have water allocation available to cover their stock and garden usage. Water statements have been updated with stock and garden usage after meters were read in late January.

A stock run for West Coleambally Channel is being planned in consultation with members along the channel. Please contact the Water Operations team with your requirement.

The extremely low demand for surface water means CICL is continuing to operate modified water delivery arrangements.

Waterways is not operational for water ordering and it is essential that any members planning to use water contact our Water

Operations Team several days in advance to order water. Advance notice is required to allow time to fill channel sections for the water to be delivered on time.

Please let the team know of your water requirements over the next few months to assist planning for the winter shut down.

Water Operations can be contacted via M: 0427 544 269 or via Reception during business hours T: 02 6954 4003.

**Water for Fodder** – CICAL had eight successful applicants for stage one of the Water for Fodder program, with a ninth application initially on the waiting list now successful.

CICAL is working with these members to transfer and deliver their 50ML.

The Water for Fodder program is a subsidised program where the Commonwealth Government is funding the SA Government to operate their desalinisation plant. Stage one involved 40GL being made available in 2019/20 and stage two involves 60GL being made available in 2020/21. Stage two will proceed subject to a review of stage one.

Applicants could apply for 50ML parcels at \$100 per ML. A farm business could make up to two applications.

The program was over subscribed with 4,185 applications and 800 successful (18 percent).

**Maintenance update** - Low water demand has allowed maintenance activities that are normally reserved for the winter shut down to proceed. Works underway include a bank rebuild of the Boona channel and structure stabilising work on the West Coleambally Channel.

**WaterMart** –The WaterMart temporary water trading platform is a secure, transparent, fast option for buying and selling annual allocation with competitive transaction fees. The WaterMart platform can be accessed at <https://www.colyirr.com.au/watermart/>

WaterMart has been operating since October 2019 under CICAL's control. The platform is open to any person or business that registers to use the platform for temporary trade of

allocation in the Southern Connected Basin. There is a flat fee associated with trading on the WaterMart platform. A copy of the temporary trade fees and charges is available under the Standard Service Charges section of our website.

If you would like further information, or would like to discuss how to register, please contact Therese Chauncy on T: 02 6954 4003 or E: [ea@colyirr.com.au](mailto:ea@colyirr.com.au)

### **Illegal shooting on biodiversity blocks -**

It has been brought to our attention that illegal shooting of wildlife has been occurring on a number of the CIBR blocks. Members and the public should be aware that no unauthorised entry to the reserve is permitted and hunting is strictly prohibited. CICAL has also been recently informed of evidence of an animal being shot and wounded and left to die inhumanely on one of our blocks. This behaviour is unacceptable, cannot be tolerated and damages our community's reputation. Members who observe this activity should immediately report it to the police or to CICAL via Reception on T: 02 6954 4003.

### **External issues**

CICAL's external environment continues to be complex and challenging with disunity in the irrigation sector and pressure from multiple sectors on elected representatives.

The recent Commonwealth changes to the water portfolio with Keith Pitt MP, Queensland LNP, replacing David Littleproud MP means the water industry has a new entrant with no background in water to introduce to what is a complex and contested portfolio. Our Chairman, Peter Sheppard, had the opportunity to meet with Minister Pitt on his recent visit to Griffith.

A number of key inquiries initiated by the former Minister to address concerns with the Basin Plan, including social and economic impacts, the operation of water markets and water sharing arrangements, are still in progress.

It is clear from the diverse range of work currently underway that Basin Plan implementation is at a critical time. The

current inquiries are an opportunity to address Basin Plan implementation. CICAL is actively communicating with the new Commonwealth Water Minister and the NSW Water Minister about the Murray-Darling Basin Plan and its implementation. We have also contributed to the inquiries. Our focus is to avoid a further reduction in the volume available in the consumptive pool.

**ACCC Murray-Darling Basin Water Markets Inquiry** – This inquiry was initiated by former Water Minister, David Littleproud, in response to strong views across the southern Murray-Darling Basin communities about the operation of the water market. It is clear from CICAL's communication with the ACCC they intend to explore in detail the operation of the water market including activity at an individual account level (water entitlement and annual allocation). CICAL, in its submission, supported the ACCC completing a forensic analysis of water market behaviours of market participants to identify opportunities for improvements, including increased regulation, where the ACCC is able to provide evidence of weaknesses in current regulation.

The ACCC has asked CICAL, along with other irrigation infrastructure operators, for detailed information about our water entitlement and allocation trades, including internal trades by CICAL members. Any information CICAL provides will be consistent with our Privacy Policy and will not disclose personal information.

The ACCC is scheduled to deliver an interim report by 31 May 2020 with a final report due 30 November 2020.

Information about this inquiry can be found at <https://www.accc.gov.au/focus-areas/inquiries-ongoing/murray-darling-basin-water-markets-inquiry>

**Murrumbidgee Water Resource Plan (WRP) and revised Water Sharing Plan (WSP)** – The NSW Water Minister has been vocal about the need for further consultation on the WRPs and WSPs before they are submitted to the MDBA. However, it remains unclear what timeframe for finalisation will apply and what further consultation means.

CICAL understands at this point the final version of the surface water sharing plans will be provided to the Stakeholder Advisory Panels and also placed on public exhibition before the WRP and WSPs are submitted to the MDBA. If NSW fails to provide the MDBA with the WRP, the Water Act provides the MDBA with step in powers to make the WRPs.

The WRP and WSP must be consistent and the WSP is important because it contains the rules for sharing of water between the environment and the consumptive pool and the rules for how water is allocated to the different licence types, including CICAL's conveyance licence. CICAL wants to be confident any changes made after the public exhibition phase do not negatively impact on CICAL and its members' access to water.

**SDL Adjustment Mechanism Projects** – The future of a number of the sustainable diversion limit adjustment mechanism projects is uncertain. These projects are a group of projects and river operation rule changes that work together to reduce the volume that needs to be recovered from the consumptive pool under the Murray-Darling Basin Plan. The volume of adjustment is 605GL and the Murrumbidgee's share of this volume is 162GL.

NSW is being funded to "get on" with further development of their projects. The projects are supposed to be completed by 2024 and the challenging ones that demand extensive community engagement have hardly started or are on hold.

It is CICAL's view that NSW needs to proceed with developing the projects or find and negotiate for alternatives as a matter of urgency. It cannot defer and leave the problem for the next state or Commonwealth government to solve. Failing to deliver will leave the Murrumbidgee Valley exposed to potentially up to another 162GL being removed from the consumptive pool through buy back. We are working hard to ensure CICAL and its members are not exposed to this risk and believe it is important this risk is understood by communities.

### **Petition for the Federal Government to hold a Royal Commission into the Basin Plan**

Local Member, Helen Dalton MP, has tabled a petition in the NSW House Of Assembly calling on the NSW Government to call on the Federal Government to hold a Royal Commission into the Basin Plan. The Water Minister has until 11 March to respond to this petition. More information is available at [this link](https://www.parliament.nsw.gov.au/la/petitions/Pages/tailed-paper-details.aspx?pk=77187) <https://www.parliament.nsw.gov.au/la/petitions/Pages/tailed-paper-details.aspx?pk=77187>

CICL, along with most irrigation industry organisations, does not believe a Royal Commission will be effective and resolve to our satisfaction any of the issues associated with the Basin Plan. The risk is it will provide yet another platform for environmental advocates and academics to criticise irrigated agriculture and argue that the Basin Plan is not based on the best available science and there should be more water for the environment.

**Private Members Bill** – Local Member, Helen Dalton MP, intends to introduce the Water Management Amendment (Water Rights Transparency) Bill. The draft bill proposes a publicly accessible website with an electronic search facility to identify the names and ABN of Water Access Licence holders. The draft bill also proposes disclosure of parliamentary members' water access licences and holding of water entitlements. The draft bill is focussed on the water access licence register, not individuals within irrigation schemes. A copy of the draft bill is available at this link [http://www.helendalton.com.au/water\\_register\\_bill](http://www.helendalton.com.au/water_register_bill)

CICL, in its submission to the NSW Government's Water Reform Action Plan in 2018, opposed the public disclosure of our members' names and holdings of water entitlements and annual allocations arguing this is private information and commercial in confidence. CICL supports improved accessibility of the significant information that is already accessible from public registers and supports disclosure of parliamentary members' water interests.

**Conclusion** – I encourage members to read the important information sent to you about the proposed amendments to CICL's rules and to vote in the Special Postal Ballot which closes 12 noon on Monday 30 March 2020.

The proposed changes are a significant opportunity for CICL's members to agree to an enduring change for the benefit of CICL's members. The proposed changes to the Rules, which would make CICL a "public authority" for tax purposes, will ensure CICL continues to comply with the Water Management Act 2000 (NSW). If the restructure is supported by members it will provide immediate financial benefits and strengthen CICL's business in the interest of its members.

Extensive due-diligence has been completed, including engaging an Independent Expert (Pitcher Partners), as management and the board explored options and developed the final proposal.

The ATO has provided a Private Binding Ruling and the Register of Co-operatives has agreed to the changes. The Registrar approved the appointment of the Independent Expert and has reviewed proposed Rule amendments and the Disclosure Statement.

CICL and its members operate in a complex business environment with many external pressures. The proposal for CICL to become a "public authority" is an important step which is in our members' control that will ensure CICL continues to comply with the law. Importantly it provides CICL with a sound basis for delivering value to members, price stability and financial sustainability into the future.

Please attend the member meetings on Monday 2 or Tuesday 3 of March and following those meetings, if you have any questions about the restructure proposal please do not hesitate to contact Bronwyn or me via Reception on T. 02 6954 4003.

**Clifford Ashby**  
**CEO**