



RED CLIFFS

**CUSTOMER SERVICES
ADVISORY COMMITTEE**

MINUTES

Venue: LMW 14th Street Training Room
Date: 27th September 2010
Time: 4PM -5.30PM

1.0 APOLOGIES

Loris Davis – General Manager Business Services

ATTENDANCE LMW

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| <ul style="list-style-type: none">• Owen Russell• Ron Leamon• Darren Raeck• John Bergin• Leesa Merrett | General Manager – Customer Services
Managing Director
Manager – Engineering Services
Manager Financial Services
Customer Relations Officer |
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ATTENDANCE CSAC

Frank Pedulla - Chair
Michael Cowling - Deputy
Ian Gowers
John Piccirillo
John Strangio
Greg Hutchinson

2.0 WELCOME

OWEN RUSSELL

GM Customer Services welcomed Members to the meeting.

3.0 ELECTION OF CHAIR AND DEPUTY

OWEN RUSSELL

The Committee elected Frank Pedulla to the position of Chair and Michael Cowling to Deputy Chair again.
Managing Director, Ron Leamon outlined that the annual Chair and Deputy meetings with the Board for 2010 will be held on 23rd November with a new format for all Chairs and Deputy's to attend in a group meeting in the morning and a key note speaker to attend the session.

4.0 ALLOCATIONS FOR 2009/10	OWEN RUSSELL
<p>Members were advised that the allocation had increased to 94% for Murray irrigators on 15th September 2010. This was higher than expected and greater than at the same time last year with an increase of 37% increase to high security water share. Catchments and storages are at good levels with Hume at 79% capacity and Dartmouth at 45%.</p>	
<p>It is expected that the next allocation announcement will bring allocations up to 100% with the excess to be allocated to next year's high security and this year's low security water entitlements. The Murray is expected to start putting aside losses for the next season within coming weeks.</p>	
<p>Owen Russell outlined that the he has requested GMW make available via the website what component of the storage is allocated to NSW and Victoria and how this effects the spillable water account. A link will be established from the LMW website to the GMW website to ensure that the data available is always current.</p>	
<p>Useful links: www.mdba.gov.au/water/live-river-data</p>	
<p>The MDBA printout shows daily inflows are well above the long term average, with high security allocations in the Murray system significantly higher than previous years.</p>	
<p>It is expected that temporary water will be very cheap and is currently being sold at very low levels compared to previous years. Currently temporary water is being sold at \$35 per ML.</p>	
5.0 WATER TRANSFERRED OUT OF THE DISTRICT /SBIEG	OWEN RUSSELL
<p>GM Customer Services Owen Russell, outlined the current information available relating to trade out of the district from the Water Register. The growers who sold entitlements as part of the Murray Buy Back package to the government are excluded from the 4% cap imposed for the region. LMW is currently still below the 4% cap however, GMW have reached the cap.</p>	
6.0 TABLING OF ANNUAL REPORT	OWEN RUSSELL
<p>The meeting was advised that LMW's Annual Report for 2009/10 was tabled in parliament on 16th September 2010. LMW has been directed by the Ministers office that the annual report must now be in black and white, contain no photos and only contain the statutory required reporting information. A key component of the report was the financial loss associated with the drought and subsequent reduced consumption.</p>	
<p>Other issues in the report included environmental, staff and statutory reporting requirements.</p>	
<p>Termination fees produced a larger than expected revenue \$2.4M for 2009/10, this fee</p>	

is only applicable to irrigation districts. For accounting purposes this figure is reported for this financial year however the grant covers a 10 year period.

80 customers paid termination fees over the 4 pumped districts within LMW region.

Michael Cowling queried why the \$2.4 in Termination fees revenue have not been set aside to ensure it is not used up in maintenance etc. John Bergin explained that the 1:10 of the \$2.4M is recognized each year to ensure it does not impact the rating base and therefore increase costs.

7.0 RED CLIFFS IRRIGATION DISTRICT FINANCIALS FOR 2009/10 JOHN BERGIN

Manager Financial Services John Bergin presented a financial report for Red Cliffs. The data presented showed actual revenue and expenditure against the budget and against the figures presented in the LMW Water Plan submitted to the ESC. Actual figures for 2010 and 2009 enabled a further comparison.

Income was \$5.8m primarily from rates and charges, interest and other revenue, expenditure was just over \$5.7M leaving a pre-tax profit of \$73,052.

The Committee noted the Doubtful Debts \$73,298 and questioned how LMW can recoup this debt. This debt is mostly related to overuse and LMW was taking steps to try and recoup the costs with payment plans etc. The problem with recouping the debt is the majority are more than the value of the property.

Frank Pedulla queried how the tariffs are structured for the power charges. Darren Raeck outlined that LMW has a per KW rate and when LMW reaches to upper limit of usage LMW pays a premium per KW.. Once this limit has been reached and exceeded the rate per KW is extremely high.

It was also noted that power outages notifications are sent out to growers via text message to those who have an order placed.

Action – Manager Financial Services to provide a comparison for the Committee for 100ML owned and 100ML used.

8.0 OTHER BUSINESS

8.1 ROBINVALE UPGRADE UPDATE RON LEAMON

Managing Director, Ron Leamon gave an update on the Robinvale project and the upgrade process. The original proposed budget was \$42M 5 years ago, taking into account the annual product pricing increases the budget was reviewed to \$49M with a shortfall of approx \$1.5M. Stock and domestic customers were not originally included in the costing which equates to approximately \$1.5 in additional costs for the project. The additional costs will be referred back to the Robinvale district and will have no effect on other districts costing.

8.2	LETTER FROM COMMITTEE – 13TH APRIL 2010	RON LEAMON
<p>Managing Director, Ron Leamon gave an update regarding the correspondence sent to the Board in April 2010 from the Red Cliffs Committee. The increase that occurred to the Red Cliffs tariff was CPI only, no other increase was implemented.</p>		
8.3	EXIT FEES	OWEN RUSSELL
<p>Michael Cowling outlined that he would like to see LMW lobby on the Committees behalf to request the Government to pay the fees not the irrigator. The Committee feels it is beneficial to the district that the grower does not continue to pay the fees over the next ten years. The infrastructure charge is a deterrent to future investors who purchase land in the district if they have to continue paying exit fees and charges. The Committee requested that the Board review its policy of charging exit fees to growers or if an incentive package may be available for new investors to the district.</p>		
<p>Action - Ron Leamon requested that the committee produce a plan to take to the Board to assist growers to return to irrigations districts and reduce drying of areas and walk offs.</p>		
8.4	TIMING FOR MEETINGS	OWEN RUSSELL
<p>General Manager Customer Service, Owen Russell asked the Committee about timing for CSAC meetings and if 4pm is still a suitable time? The Committee agreed that this would be a suitable time for meetings in the future.</p>		
8.5	SMP UPDATE	RON LEAMON
<p>Managing Director, Ron Leamon gave an update regarding the status of the SMP funding. Ron outlined that he has been requested to put together further information regarding the project for the Government. The Chairman Mr Tilley has contacted the Premier directly to request feedback on the business case and the status of the funding application.</p>		
<p>Owen Russell discussed the previous minutes and outlined the previous actions</p>		
<p>Meeting closed at 5.30pm</p>		