

Lower Mary Interim Board

November, 2013

Explanation of process

- At present, the government-owned corporation SunWater runs the channels and pipelines that deliver irrigation water within the Lower Mary area.
- The State Government is considering transferring these assets into irrigator ownership.
- The Interim Board has been established to develop a business case or “Business Proposal” for how this Local Management Arrangements (LMA) might be achieved.
- The Business Proposal will estimate the future costs and revenues of the scheme. The government will be giving a separation payment over a number of years to assist the scheme to become financially viable.
- To be successful the Business Proposal must receive support from irrigators. The Interim Board will be undertaking a stakeholder consultation process to obtain feedback on the proposal prior to submitting it to the government. We encourage all irrigators to become involved in this process and to provide the Interim Board with their comments and suggestions for how local management should proceed.

Your Interim Board

David Braddock – Former Managing Director, The Maryborough Sugar Factory Limited

Sarah Lang – Lawyer and Principal Consultant, Fraser Coast Land and Water Consulting Pty Ltd

Allen Birt – Maryborough Cane grower and irrigator

Trevor Dean – Executive Manager Infrastructure Delivery Wide Bay Water Corporation

Greg Clarey – Former Company Secretary and Chief Financial Officer, the Maryborough Sugar Factory Limited

Progress to date

Benefits of local management

Local management and local ownership will mean that irrigators will be able to control the operation and future of the scheme locally with benefits from efficiencies to flow back to Lower Mary scheme customers.

Due diligence process

The Board has undertaken a broad assessment of the assets and liabilities of the scheme, in order to forecast the budget of the scheme and determine how much Government separation payment is likely to be required under the local management arrangement. This assessment will be further informed by an engineering assessment that will verify the condition of the assets and the future costs. This will be received by the Board in December.

Corporate structure of a locally managed scheme

The board has considered various “corporate forms” for a new irrigation entity and believes that an irrigator-owned cooperative arrangement is the most appropriate “corporate Form” in the Lower Mary. The Cooperative would be managed by an elected Board made up predominately of irrigators.

The Cooperative form is widely used across agricultural industries. It is hoped that this arrangement will ensure that the future entity remains focused on providing a continued affordable and reliable supply of irrigation water to growers, in the most efficient possible manner. While ensuring that the assets remain in irrigator hands.

Inclusion of Tinana Barrage

The Board has opted to include the Tinana Barrage and the Tinana Creek Barrage users as part of its Business Proposal because it will expand the capacity and increase the financial viability of a locally managed scheme.

Next steps

It is anticipated that the Interim Board will finalise a draft Business Proposal by early February. The draft will be shared with irrigators and their views and feedback sought, prior to its submission to government in March 2014.

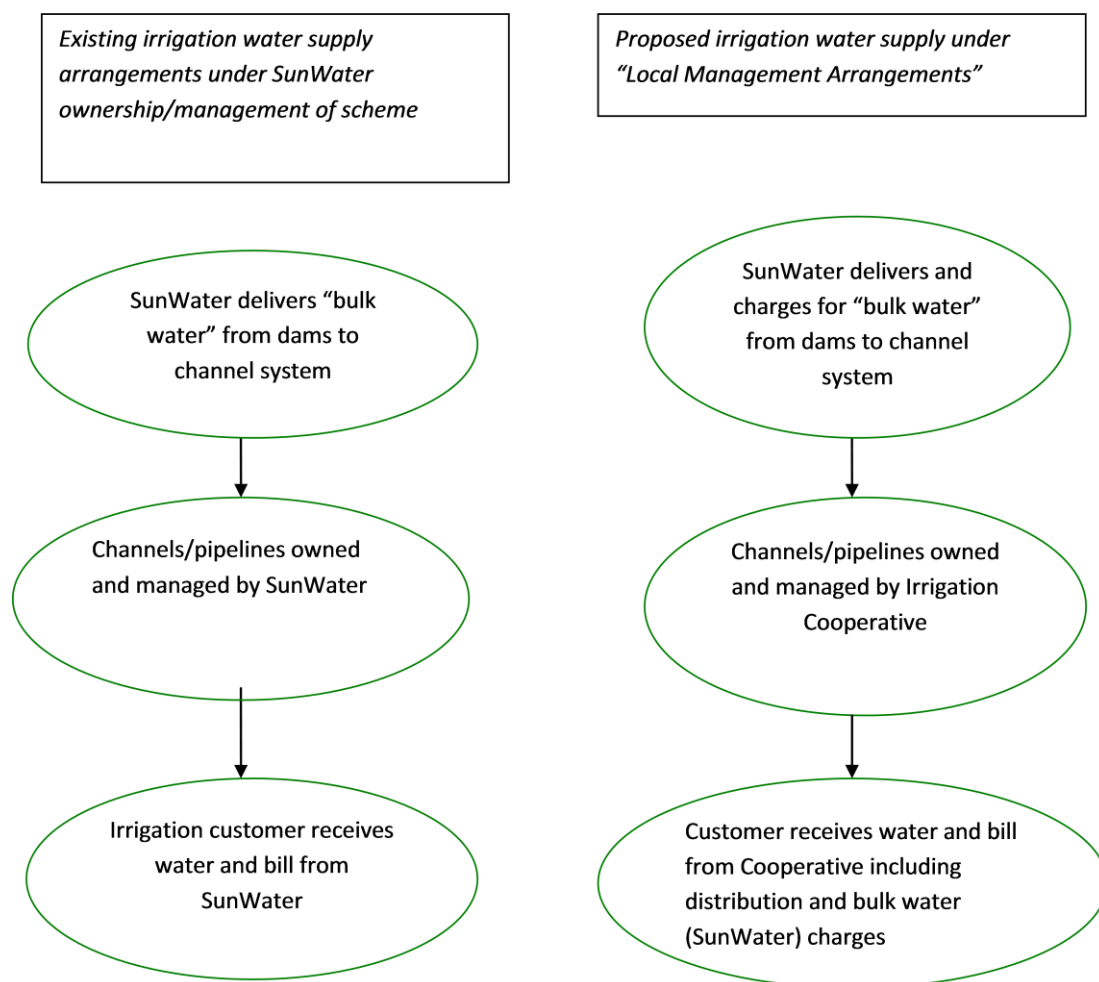
Key Challenges

According to the QCA in 2013 it was expected to cost SunWater over \$750,000 more than that paid by channel scheme customers, to manage the scheme. The State currently provides a Community Service Obligation equivalent to cover the shortfall.

The key challenge that the Interim Board faces is to reduce this government subsidy in the longer term under the new local arrangements, while ensuring that the cost of irrigation water remains affordable for growers.

The amount of the establishment fund or separation payment will be a key consideration for the Government in deciding whether to proceed to local management.

Existing arrangement and proposed arrangements



Contact Us

Further information about the Lower Mary Irrigation Scheme and the local management process can be found on our website <http://www.lmairrigation.com.au/mary>.

To provide comment or feedback, please email the Interim Board at mary@lmairrigation.com.au or contact Trevor Turner, Manager of Maryborough Canegrowers on 4121 4441 or at trevor_turner@canegrowers.com.au who will forward any request for information to the interim board.