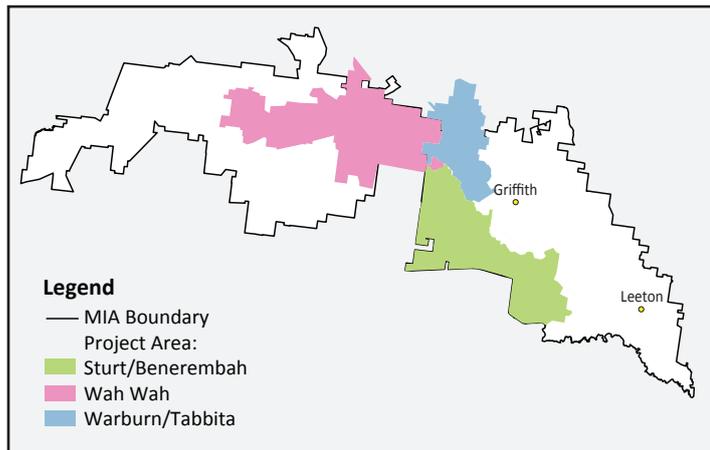


## Project Information

Throughout 2018/19, we are undertaking modernisation works in the south-western part of our network. This will include the Sturt Canal and Benerembah channel systems, as well as the Warburn/Tabbita and Wah-Wah irrigation districts.



The works are being funded by the Australian Government through the Private Irrigation Infrastructure Operator's Program (PIIOP).

The modernisation works will result in the automation of these systems and involve the upgrade of regulating structures as well as some channel refurbishment.

To get maximum benefit from these government funded works, we have been investigating with customers the opportunity to undertake additional works that would significantly increase the capacity of our south-western channel systems and add value to their operations.

The increased capacity works are outside the scope of the government modernisation funding and therefore will need to be funded jointly by customers and MI. The customers we have spoken to have shown a high level of interest in securing additional flow rate and the value that would provide to their farming operations. As a result, we have investigated the cost of undertaking additional works including channel widening, replacement of smaller culverts and enlarging regulator capacity along these systems.

The overall level of investment for expansion will vary depending on the location. This is because the size, number and nature of assets involved differs across the network.

As a result, the customer co-contribution costs for each of the proposed expansion areas will also vary and have been set as follows:

Wah Wah - \$7,500 per ML of additional flow rate

Tabbita/Warburn - \$16,500 per ML of additional flow rate

Sturt/Benerembah - \$11,250 per ML of additional flow rate

Prior to commencing expansion works we are now talking to customers on these systems to formalise their commitment to co-funding expansion works in exchange for additional flow rate.

## Frequently asked questions

### What are expansion works?

Expansion works are changes to our infrastructure that increase the volume of water per day that we can deliver. Expansion generally involves channel widening, replacement of smaller culverts and enlarging regulator capacity along a system. Expansion is different to refurbishment or modernisation of channels and assets in that its objective is to increase network capacity rather than to replace or repair an aging asset.

### Why are we doing expansion now?

We have a once in a lifetime opportunity to leverage off the modernisation works currently being funded by the Australian Government. By conducting expansion works at the same time as our modernisation program we can achieve significant cost savings on both procurement and installation, delivering much greater value for money for customers. We only have a limited time frame because government funded works must be complete by June 2019.

### How were the expansion areas chosen?

We spoke to customers in areas that were earmarked for modernisation to understand their business needs and the value to them of acquiring additional flow rate. Because of their interest we have proceeded to investigate the cost of a range of additional works to increase capacity. We will now seek confirmation from these customers of their willingness to co-fund the works.

### Who pays for expansion?

The increased capacity works must be funded jointly by customers and MI. Expansion works are outside the scope of the government modernisation funding.

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For MI to invest in expansion works there must be clear value for all customers including customers outside of the expansion areas.

A value for money hurdle rate, approved by the Board, must be reached for MI to invest in expansion works. Similarly, unless customers in the expansion areas see value in increased capacity, they won't invest in expansion works.

### How much will expansion cost?

The overall investment required for expansion will vary depending on location. This is because the size, number and nature of assets involved differs across the network. Each area undergoes separate hydrological modelling and cost analysis to determine the nature of works required.

### How is the customer co-contribution determined?

How much each customer contributes is based on the additional flow rate they wish to secure. The actual customer contribution (per ML of additional flow rate) will be different in different areas. The co-contribution is based on both the overall cost of works and the value to the customer of additional flow rate.

The customer co-contribution rates for the Northern Branch Canal was \$19,630 per ML of additional flow rate.

The customer co-contribution rates for the proposed expansion areas are:

**Wah Wah** - \$7,500 per ML of additional flow rate

**Tabbita/Warburn** - \$16,500 per ML of additional flow rate

**Sturt/Benerembah** - \$11,250 per ML of additional flow rate

### Are there any ongoing costs?

Customers co-fund expansion works in exchange for additional assured flow rate. These customers will be issued with 150 Delivery Entitlements (DEs) for each ML of additional flow rate they receive. Delivery Entitlements attract an annual charge per DE as per our schedule of charges. DEs issued as part of a co-funded expansion program are exempt from termination fees.

### What is the timeframe for the current program of expansion?

Subject to customers confirming their support, expansion works will run in parallel with the modernisation works, commencing in May 2018 and concluding in 2019.



Expanding our channels and providing options around outlet sizing means we are able to deliver more water at higher flow rates, helping to grow the value of agricultural production in the region. During modernisation works in 2017, we widened 22km of the Northern Branch Canal to effectively double its capacity. Working in partnership with our NBC customers has allowed us to deliver more water and higher flow rates to meet their changing needs and build a better network for the future.