



In this month's newsletter, we provide an outline of the 2017/18 budget which has been recently approved by the Board and explain shareholder costs for the coming season; celebrate another of our founders receiving recognition for their services to irrigation; and provide information on our winter maintenance programme.

NOIC Annual Charges 2017-18

The Directors have approved a budget for the 2017/2018 season. The setting of a budget has been a difficult process this year with the delays in the expansion project having an impact on both revenue and expense lines. The final budget contemplates expansion share revenue starting in September, and we have attempted to defer all expense we can until the additional revenue arrives; however, it is still a very tight budget. Rather than budget for contingencies and the required cash surplus through the annual charges, the directors have decided to leave them at last year's level, and recover through power as and when required instead. It was felt that this was the fairest approach for all parties and would be, in effect, a user pays charge when irrigation water begins to flow, rather than an increase up-front for the existing irrigators (stage one). We will therefore plan to accumulate additional funds from power recoveries in the peak of the season, assess the situation mid-season, and adjust from there. AFC and AOC will be held at \$360 and \$252 per annum per share respectively.

| Per Month | 2015/2016 | 2016/2017 | 2017/2018 |
|----------------------------|-----------|-----------|-----------|
| Financing Charge per share | \$30 | \$30 | \$30 |
| Operating Charge per share | \$21 | \$21 | \$21 |

The budget contemplates recovery of \$500,000 over and above actual power charges. On a typical irrigation year delivering 60 million m³, and energy costs of an average of \$0.09 per m³ or \$5.4 million, the additional \$500,000 recovery would increase your annual supply charge to \$0.0983 per m³. Alternatively, we would have had to increase the AOC from \$21 to \$23.50 per share per month.

| Cents per m ³ charges | | | | | | | | | |
|--|-----------|---------|----------|---------------------------|-------------------|----------|-------|---------------------------|-------|
| | September | October | November | December | January | February | March | April | May |
| 2012-2013 | 13.00 | 14.50 | 9.00 | 8.50 | 6.00 | 7.50 | 9.50 | 13.50 | 13.50 |
| 2013-2014 | 14.00 | 14.00 | 9.00 | 9.00 | 8.00 | 8.00 | 8.00 | 13.00 | 20.00 |
| 2014-2015 | 11.00 | 6.75 | 7.25 | 6.50 | 9.25 | 6.75 | 9.00 | 18.00 | 18.00 |
| 2015-2016 | 12.00 | 6.50 | 7.40 | 6.50 | 9.50 | 6.75 | 7.75 | 10.00 | 11.00 |
| 2016-2017 | 18.00 | 18.00 | 18.00 | 8.50 | 9.50 | 9.50 | 12.50 | 18.00 | 20.00 |
| Stock / shed water rates to be charged to shareholders for 2017/2018 will also remain the same being: | | | | | | | | | |
| Non-irrigation season (1 st June – 31 st August) | | | | \$0.15 per m ³ | Irrigation Season | | | \$0.30 per m ³ | |

Last season we barely had enough volume to cover the energy costs as there is a fixed component to what we are charged by our retailer. The result was a higher than typical per m³ charge for supply charges throughout the season as you can see in the table above.

Environmental Awards

Congratulations to those shareholders that have been audited this year and achieved a high grade in all areas of farm management. The following will be presented with their awards at the Board meeting to be held on Thursday 6th July. They are:

- ❖ Gleniffer Dairy Farm – John and Ruby Foley / Jason Angland
- ❖ Parautika Farms - Tilverstowe - Phil and Becky Wilson
- ❖ Lagom Farm - Garry and Jojan M^cLeod
- ❖ Abercairney Dairy – Ed von Randow / CeeJay M^cMurtrie
- ❖ Silver Downs Trust – Peter and Leanne Spite

Thanks to their hard work these shareholders are now welcome to apply for the \$1,000 grant available to put toward riparian planting.

Queen's Birthday Honours

Congratulations to Dave Finlay who received a QSM in the Queen's Birthday honours list, for services to irrigation and sport. Starting out as a dryland farmer in Windsor in 1963, Dave could see the huge potential that water could provide, thanks to the irrigation demo farm being run by the North Otago Progress League. Dave moved over the hill to the lower Waitaki plains and played a key role in bringing irrigation to the farmland in that area, serving on the LWIC Board for 41 years.



In the 1990s Dave was a key player in the group that developed an irrigation solution for the hills and downlands of North Otago – before NOIC. He then served on the NOIC Board from its inception until his resignation in 2014 and his contributions to the Board table have been noted as unrelenting, optimistic, occasionally blunt and often hilarious. Dave's involvement in irrigation has helped to transform the region and he has overseen the developments he participated in through to completion. Well done on all of your achievements Dave, it is great to see our people being awarded recognition for their contribution to the community.

Scheme Expansion - Points to Note

Air valve covers - We have had some issues with the plastic covers on air-valve lids. We are in the process of replacing these lids and would like to hear from anyone that can identify an immediate risk on their farm. Please contact the office who will send a work order out to have staff rectify the risk as soon as practicable.

Operations & Maintenance Updates

Winter Shutdown - Over the last couple of weeks all off-takes have been visited by Operations staff who have made the changeover to "non-irrigation" mode. Hydrometers have been closed down and appropriate frost protection applied. In addition the off-take identifications were checked, as well as ensuring the area surrounding each off-take was properly maintained so that staff could safely access the off-take boxes at any time of day or night. The information recorded during this exercise is used to populate the company's parts management system which allows us to track the use of consumables, maintain spare parts inventories, identify recurring problems, and project future maintenance requirements.

Health and Safety - Over the last few months the Ops team have been writing Standard Operating Procedures (SOPs) for safe access to farm off-takes and other infrastructure. We have started emailing these SOPs out for your comments and we will be completing the process over the next few weeks.

We are doing this because the Health and Safety at Work Act 2015 requires the management of risks. A risk assessment can help determine the consequence and likelihood of the risk associated with a hazard.

- A risk assessment can be undertaken with varying degrees of detail depending on the type of hazards and the information, data and resources available. It can be as simple as a discussion with workers or involve specific risk analysis tools and techniques recommended by safety professionals.
- If you feel there are any on-farm risks that are not on our SOP please contact us and we will add them into the hazard/risk section. Please note that we will be sending this document out every 12 months for your input/review. Thanks in advance for helping us to keep risks down, any questions or updates on farm changes with regard to risks and safety please contact Operations directly by emailing sburns@noic.co.nz

Transpower Telecommunications Mast - We have been working with Transpower to install a new mast (pictured) at Blackpoint and all works have now been completed. This is expected to improve Transpower's communications ability.



Transformer Yard Annual Winter Works - Netcon have completed maintenance works on the transformer yard. The report indicates no issues and the transformer is in very good condition. We have also completed a new Service Level Agreement which increases our levels of maintenance, allowing for the asset's ageing. Netcon have also increased their services to cover new motors and soft starters so that we will be ready for the rapidly approaching irrigation season.

Any questions or queries on any of the above feel free to contact our Operations Manager - Steven Burns either via email at sburns@noic.co.nz or via cell 027 603 0675.

**Don't forget that we have an emergency number
0800 333 437**

With kind regards from the NOIC team