



MAY 2017

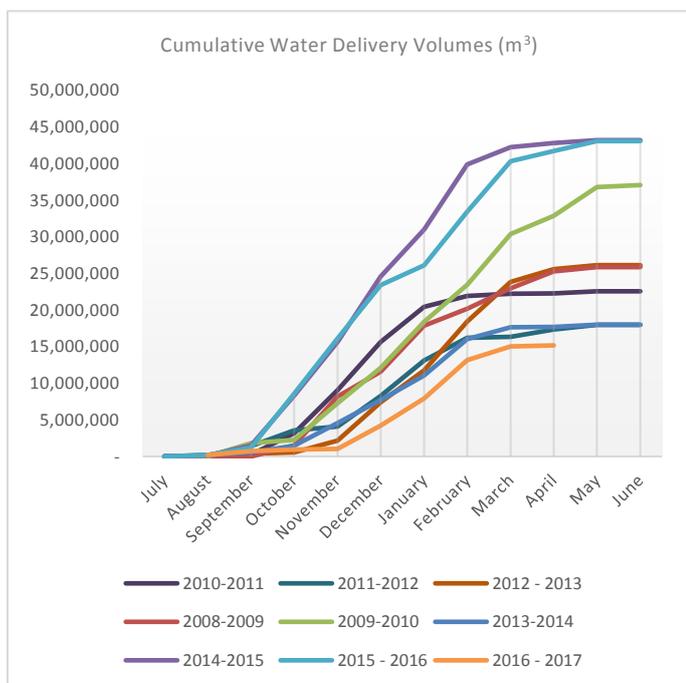
## SCHEME NEWSLETTER

*In this month's newsletter, we ask that all outstanding expansion Environmental Farm Plans are submitted to the office; provide information on winter grazing and our Environmental Strategy; advise of an upcoming Shareholder meeting involving the construction company; and give you information on our procurement of check valves.*

### 2016 – 2017 Demand

We are now at the end of the irrigation season and we can report that 2016-2017 has been our lowest season yet for water deliveries. The 15 million m<sup>3</sup> delivered contrasting starkly with the 42-43 million m<sup>3</sup> delivered in the previous two seasons.

	2015 - 2016	2016 - 2017
Total Volume m <sup>3</sup>	43,059,761	15,164,991
m <sup>3</sup> per Operative Share	3,465	1,220



### Shareholder Meeting

#### 1.00pm Tuesday 23<sup>rd</sup> May at Five Forks Hall

We have asked McConnell Dowell (MCD) to again present to our shareholders with an update. This is to be held on Tuesday 23<sup>rd</sup> May at the Five Forks Hall, commencing at 1:00pm. Roger McRae (Managing Director) of MCD, will be attending along with John Hearst (Executive GM Technical and Operations), and Samantha Johnson (Executive GM, HSEQ) both from Melbourne, in addition to the key project staff. We hope that they will be able to provide us with good news and answer any questions that you might have. As always, please try to advise us if you will be attending so that we can keep track of numbers.

### Environmental Strategy

Over the last few months we have been keeping you updated via the newsletter as we developed a draft Environmental Strategy. We also solicited advice directly from you via some one-on-one discussions, and a Know Your Company evening on 1<sup>st</sup> March.

After consideration of the inputs, and of the current environment in which we operate, the board have settled on a draft Environmental Strategy that we wish to share with you for your comments before proceeding. This letter will outline the Mission, Vision, Goals and Objectives at a high level (the Strategic Intent). We would ask you to consider the Strategic Intent included in this mailing, and provide comment via email, a phone call or the attached form by end of May, so the board can consider their next steps. We also welcome any request for further clarification or explanation to enable you to comment. Thank you.

### NOSLaM Pod Meetings

The North Otago Sustainable Land Management group have started holding informative pod meetings in the Awamoko and Waiareka Catchments focusing on water quality. There has been a great turn out with a lot of positive feedback from farmers.



James White, Community Liaison Officer from the Otago Regional Council, presented on the water quality of the Waiareka Catchment and urged all Waiareka landholders to get involved with NOSLaM and start working toward improved practices on farms where required.

Other key messages were:

- The water quality of the Waiareka needs improving;
- The ORC is putting a lot of resources and support into the NOSLaM model;
- Farmers need to make water quality part of their decision making. Keeping stock out of bogs and very wet gullies, preventing sediment loss and during the irrigation season reducing runoff are just some of the areas to focus on.

The goal of NOSLaM is for farmers to benefit from belonging to a supportive group that is results-driven, and has an emphasis on learning about water quality and what's expected from farmers in terms of the Regional Plan: Water for Otago. Sharing ideas, gaining new knowledge and most importantly, 'doing' is the focus of the pod groups.

### Environmental Farm Plans

We would appreciate it if those expansion shareholders yet to submit farm plans could get them in to us as soon as possible. Once the 2017/18 season starts, it would be annoying for everyone if we were unable to provide water simply because a little paperwork remained incomplete.

### Winter Grazing

Keep in mind that wet gullies should be fenced off when grazing. Now is a good time to think about how you are going to set up your breaks for winter. If there is water lying in gullies and flat spots now, these should be fenced off and grazed last. Keeping the soil on your farm and out of waterways is one of the biggest ways you can improve water quality and soil health.

**If you would like help with planning your breaks or completing your EFP, feel free to give Dylan a call via the office number or on 021 048 6253.**

### Scheme Expansion

MCD have successfully completed a pressure test in Section 1 and 2.2 - the gravity section of pipeline from the head pond to the Peaks pump station, which includes the area through Queen's Flat. Given the remedial and repair works that have been completed to date, this is a significant milestone and the commitment of the remaining MCD crews is acknowledged.

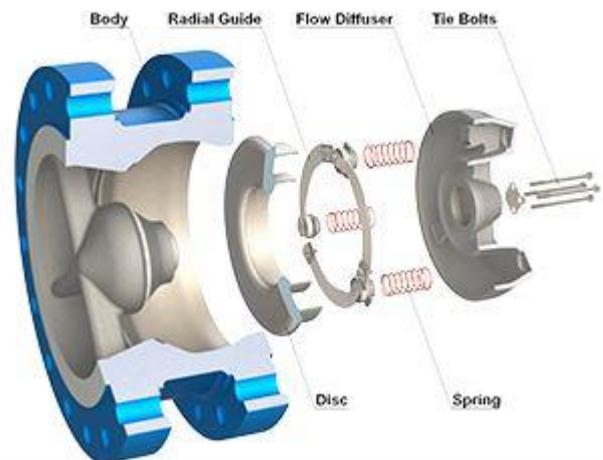
Repair works in Section 6.1 are almost complete, however there has been another reasonable leak identified in Section 3 where repairs are currently underway. MCD are also considering alternative fill locations for the remaining sections of the pipeline and may be in touch with individual shareholders in regard to utilising existing irrigation flow to fill these sections. Commissioning of individual offtakes is anticipated to be able to start in June.

**Check Valves** – A check valve prevents the water pumped through our large Flowserve pumps from returning into the system when the pumps are turned off. There is one for each pump set we have at each pump station, i.e. eight in total.

One of the issues we have been dealing with in the construction project is provision of Check Valves at our pump stations 1 & 2.

Through the commissioning process at PS1, NOIC has become aware of pressure spikes that occur in the system due to closure forces in the new check valves installed as part of the expansion works. These forces are only experienced when the pumps shut down; the start-up and normal status of the new pumps is performing well.

Considerable analysis work has been done on the system shut down sequence and it appears that the spring tension in the installed valves is not sufficient to close the check valve when expected. Technical support from the supplier has not been forthcoming, so NOIC has made a commercial decision to procure Noreva check valves, identical to those already in operation at PS1 and PS2, replacing the ones currently installed.



The new check valves will be available and installed in August and the final commissioning tasks completed through the early part of September. With four fully operational pumps already in service, the irrigation demand through September and October typically being limited, and a contingency to operate the new pumps without a check valve if absolutely required, the demand for both Stage 1 and Expansion shareholders should not be impacted.

### INZ - Great Irrigation Challenge

Just a reminder that The Great Irrigation Challenge is being held on 24-25 May at the Hotel Ashburton. This is an informative couple of days learning and expanding your knowledge in relation to irrigation - check out the variety of workshops on the INZ website [irrigationnz.co.nz](http://irrigationnz.co.nz)

Don't forget that they are offering members a special price of 6 workshop sessions for the price of five.

Irricon Resource Solutions are a primary sponsor and are offering the chance to win \$2,500 worth of consultancy services with them by sending a photo showing the good environmental practice that takes place on your farm - we all love to see the positives that are taking place in our rural communities! Check out their website for more information at [irricon.co.nz/news](http://irricon.co.nz/news)

*With kind regards from the NOIC team*