



## NOIC NEWSLETTER

JULY 2018

### Welcome

*In this month's newsletter we explain the annual charges approved by the directors for 2018-19; we explain some new administrative initiatives; we invite you to a very important meeting with the ORC on 31<sup>st</sup> July; and we introduce you to a new staff member.*

### Important Dates to Note

Lunch with the ORC – Tuesday 31<sup>st</sup> July at noon in Weston Hall  
Annual Meeting – Wednesday 24<sup>th</sup> October at 7.30pm in the Opera House

### NOIC Annual Charges 2018-19

The Directors have approved the budget for the 2018/2019 season. The budget holds fixed monthly shareholder charges at the current level and recovers up to \$500,000 over and above actual power costs from supply charges.

The budget takes into the account the greater scale of the scheme but also preventative maintenance and finishing infrastructure investment. This includes maintaining older infrastructure and completing final works at our two main pump stations. Rather than plan to spend all these sums (which would mean increased fixed charges), the Directors instead decided to leave charges unchanged and recover cash when and if needed through power charges.

The budget also requires that all cash raised from share sales is used to pay off bank debt. Currently, 2855 Expansion shares are available.

Per Month	2016/2017	2017/2018	2018/2019
Annual Financing Charge (AFC) per share	\$30	\$30	\$30
Annual Operating Charge (AOC) per share	\$21	\$21	\$21

Recovery of up to \$500,000 over and above actual power costs is a repeat of the approach used in the 2017/2018 season. It means that variable supply charges will be the same as the 2017/2018. In a typical season this increases your volumetric supply charge by \$0.01 per m<sup>3</sup>. Alternatively, we would have had to increase the AOC by \$2.43 (from \$21 to \$23.43 per share per month). Please see attached hand-out for more explanation of our fee structure and outlook for 2018-19.

### Goodbye to posted invoices

Until now NOIC has both emailed and posted monthly invoices to shareholders. This is a "double up" and Shareholders have often told us that posting invoices by mail has become unnecessary.

**From August 2018 NOIC will no longer post invoices by mail. Invoices will be sent by email only.**

Some shareholders who have not yet given an email address will be contacted and asked to provide one.

We still want to communicate with shareholders in a way that meets your expectations. If you still require an invoice to be posted, please call the NOIC office on + 3 433 1201 or email [office@noic.co.nz](mailto:office@noic.co.nz)

However, **posting of invoices will come at an annual cost of \$135+GST** for each individual farm/entity. This reflects the overheads involved and will be charged in September each year. Thank you for your co-operation and support.

### Aiming for 100% use of direct debits

Thank you to all the shareholders who pay by direct debit. Direct debits are important for aligning NOIC's cash flow with our 20<sup>th</sup> of the month electricity direct debit and maximising the efficient use of funds.

### We will be contacting the remaining shareholders without a direct debit to obtain a form.

While providing a direct debit is required of all NOIC shareholders, we also want to accommodate individual preferences.

However, **paying charges without a direct debit will come at an annual cost of \$110+GST** for each individual farm/entity and will be charged in September each year. This is to cover the costs of inefficient use of company funds and the overheads involved in manual reconciliation of electronic and cheque payments.

Thank you again for your support and co-operation.

### Otago Regional Council Chair and CEO to present to NOIC – Tuesday 31<sup>st</sup> July at noon

This will be the second last season of farming under the current regulatory system in Otago. In the year 2020, Water Quality Limits will be enforced in Otago as part of the Water Plan and rules set four years ago in 2014 by Plan Change 6A. We are fast approaching the deadline to improve practices and meet discharge limits.

It is clear from what we hear from the media, central government and regional councils that water quality and agricultural discharges remain major issues for NZ. NOIC and our shareholders are on board with the need to improve farming

practices. We recognise we have a big part to play in improving our local environment.

In 2017 we held an Environmental Strategy meeting for shareholders at the Opera House. This was very well attended and what we heard from you, was that you wanted to know what you "had to do" and recommendations. You also wished to be rid of some of the poor practices which you believed could no longer be tolerated in our scheme area. You wanted to be able to rest assured that you and your neighbours had environmental compliance well managed. As a result, we drew up a new Environmental Strategy with a mission of:

*"Creating maximum certainty for farmers so that they can take security and satisfaction from a sense of doing the right thing environmentally"*

We recognise that our shareholders need to have good information in order to make decisions. This includes clear guidance from the regulator in order to be fully aware of the regulatory and social setting they find themselves in today.

It is in this spirit that we have invited Chairman Stephen Woodhead and new CEO, Sarah Gardner, to present to NOIC irrigators. They have kindly accepted the invitation and the meeting will be held on:

**Tuesday 31st July at noon at the Weston Hall.**

The ORC works for you, the rate-payer, and for all members of the community. This will be your chance to ask Stephen and Sara your questions related to the expectations that have been set by the limits of Plan Change 6A.

This session is a rare chance to welcome the ORC to North Otago, explore joint responsibilities, gain valuable guidance and give them some feedback. If there are any questions you need answered bring them along as there will be a Q and A session after the presentations.

**EVERY FARM SHOULD HAVE A REPRESENTATIVE AT THIS MEETING!**

### ***Operational Update***

Although irrigation season is over, the work for our Operations and Technical team continues unabated with scheduled preventive maintenance, scheduled defects work on the expansion, unscheduled defects work, and capital project delivery. There is much to be done and the team is very cognizant of the short time between seasons to execute a large amount of work in a safe and competent manner.

One of the most significant pieces of work relates to optimisation of PS1 and PS2 for the eight pumps we now have installed. Testing and commissioning work is on-going in association with our engineers AECOM, and we are making decisions about transient control, maximum flow rates required, avoiding cavitation and suitability of our existing rock bund at Borton's Pond. This is all scheduled to be completed by 1<sup>st</sup> September.

At the same time, we are recruiting for an additional three operators to boost our team of Colin, Greg, Shane and Will plus Operations Manager Steve so we can continue to provide good service and look after our assets with a view to future reliability.

Jodi Leckie, who still works for us part-time as a Projects Manager, is managing the service agreement for annual

maintenance of our high voltage assets, much of the work being completed over the winter.

I am sure you will join us in thanking the team, and Ben Stratford as Technical Manager, for their on-going efforts.

### ***Shares for Sale or Lease***

**Up to 50 NOIC Shares available for immediate sale  
(subject to hydraulic check with Ben Stratford)**

**Contact: Shaun Wilson**

**General Manager Craigmore Farming**

**027 482 6600**

**Shares to Lease:**

**Brenda McLeod 100-130 shares please call 027 513 1100**

**Peter Stackhouse 30 shares please call 021 073 7545**

### ***Welcome to New Staff Member***



Welcome to Kathy Arras who started with us as the Business Support Administrator on 18<sup>th</sup> June.

Kathy was born in Timaru and moved to Dunedin in 1993 to study at a Tertiary level and chose Otago Polytechnics Diploma in Business Studies, also achieving a Diploma in Management, after completing 14 papers and almost 5 years part time study. Over the next 20 years she gained an extensive knowledge of office/accounting systems mostly in the construction, food and manufacturing industries. Earlier this year she made the decision to relocate to Oamaru to be closer to her son and his family. She also has a daughter who lives in Germany with her husband. Kathy enjoys Travel, Home renovations, Reading, Music and spending time with her family. As the Business Support Administrator, Kathy is responsible to undertake "front of house" duties, oversee administration and the Office environment, carry out financial processing and provide support and co-ordination. In the absence of a front-of-office person for the last six months we have been relying on an answering service to take calls during the day; however, from now on Kathy will be the one that most of you will talk to when you call us. Please make yourself known to Kathy, she will be at the upcoming events we have scheduled, I am sure she will be pleased to meet you.

### ***Know Your Company Event – deferred***

In light of the special event on Tuesday 31<sup>st</sup> July, we are deferring the Know Your Company event scheduled for 1<sup>st</sup> August. The event will be re-scheduled later in the year once we digest what we hear from the Council and incorporate our thinking into our strategy. Any questions, as always, don't hesitate to call us, and see you on the 31<sup>st</sup> July!

***With kind regards from the NOIC team***