

How much are NOIC shareholder charges?

Shareholder charges include fixed and variable charges. They reflect scheme costs and farmer demand for water. How these charges come about, what fixed charges are for the coming year, and what variable charges could be, are explained as follows.

Break down and comparison of average NOIC annual charges

Charges per share (\$ gst excl.)	2018-19	2019-20	Change
Fixed Charges			
AOC - per month	21.00	24.00	+3.00
AFC - per month	30.00	31.00	+1.00
Total Fixed Charges	612.00	660.00	+48.00
Supply Charges:			
Power cost (average use)	169.00	149.00	-20.00
Over recoveries (average use)	29.00	0	-29.00
Total Supply per share (average use)	198.00	149.00	-49.00
Total Charges (average use)	810.00	809.00	-1.00

Increased fixed monthly charges take effect from 1 July 2019.

What are charges?

NOIC has two fixed charges, Annual Financing Charge (AFC) and Annual Operating Charge (AOC). Fixed charges for July 2019 to June 2020 are set in the annual budget and were approved at the June board meeting. NOIC also has variable supply charges that apply to the volume of water actually used.

- AFC is set to cover debt servicing and infrastructure capital costs.
- AOC is set to cover operational and running costs.
- Variable Supply charges meet the monthly cost of pumping irrigation water which is delivered at pressure to farmers offtakes. NOIC also charges for stock and shed water three times a year.

What are fixed charges?

Total fixed charges are \$660 per share. Fixed charges are paid monthly, year-round (irrespective of water availability or use) as follows

- AFC is \$31 per month or \$372 per annum.
- AOC is \$21 per month or \$288 per annum.

Per Month	2016/2017	2017/2018	2018/2019	2019/2020
Annual Financing Charge (AFC) per share	\$30	\$30	\$30	\$31
Annual Operating Charge (AOC) per share	\$21	\$21	\$21	\$24

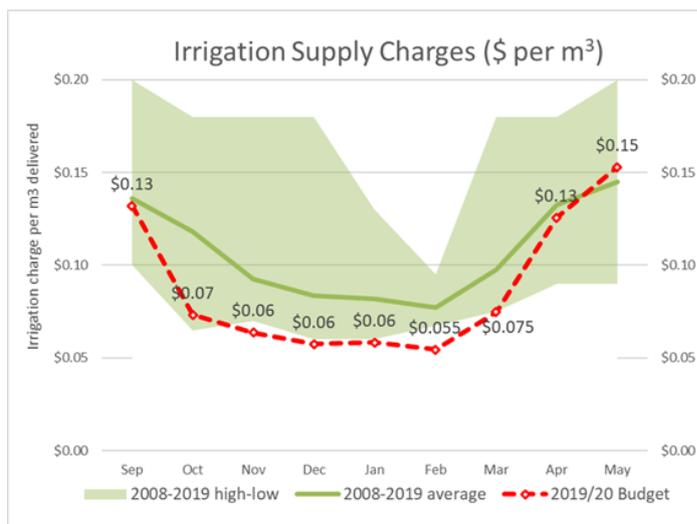
What will variable Supply charges this year?

Variable supply charges are payable each month during the nine-month irrigation season. They are “user pays” charges calculated on actual water volumes and supply charges per m³ which varies each month.

The green area in the first graph shows the range of historical supply charges per m³ of irrigation water.

The red line shows the budgeted supply charge for 2019-20.

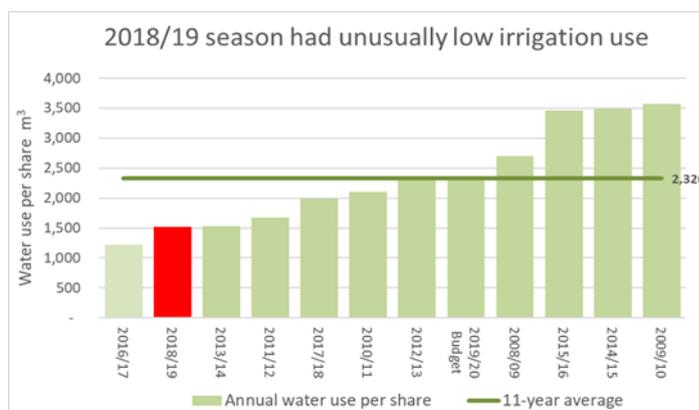
Actual Supply charges for 2019-20 will vary according to irrigation demand. If demand is less than expected, then charges will potentially be higher than budgeted.



The second graph compares each season’s total irrigation water use over the last 12 seasons.

NOIC farmers used on average 1,500m³ of water per share last season (in red), which was 35% below the 12-year average of 2,326m³ per share.

The graph also shows that three of the last ten years were very dry with use of 3,500m³ per share or 50% above average, and that four years in ten had low use of 1,200-1,600m³ per share or between 33-50% below average.



If we assume “average” demand, then supply charges are expected to be \$149.00 per share for the 2019-20 season.