

NEWSLETTER DEC16

From the Chair



The good news is that the move to local management of SunWater's irrigation channels in Theodore is progressing again, with the Queensland Government establishing a transition company and board to represent the interests of customers and negotiate on their behalf.

Theodore Water Pty Ltd has been formed. The Board includes some people you will be familiar with and some new faces. Directors include local irrigators Greg Austin, Kirk Anderson and Peter French. Engineering skills and an extensive knowledge of water policy and legislation are provided by Ed Donohue. I am an agribusiness management consultant and I have been elected Chair after Liz Alexander reluctantly resigned to take on a full-time role as the Agribusiness Development Coordinator with Central Highlands Development Corporation. Liz remains a director and an active participant in the Theodore scheme's direction.

The Board is grateful to Liz for her passion in driving the progress to date, and I am sure the entire community is amazed at the effort that she has devoted to the role. We are committed to continuing her excellent work.

Keep an eye out for a media release from the Queensland Government about developments relating to the transition and also be alert for consultants in the local area as activity gears up to take the necessary steps to enable the transfer. Local staff will remain in place after the transition and we are extremely grateful for their energy and cooperation.

It is an exciting time for everyone and as always the people involved in the transition remain focused on a better scheme for all users.

Malcolm Finlayson

First Theodore Water Pty Ltd Board Meeting & Scheme Tour

Theodore Water Pty Ltd met "formally" for the first time in Theodore on Friday 4th November. This was the third time the Board has met. There was an "informal" workshop in Emerald on 15th and 16th September and a scheme tour in Theodore on the 27th and 28th of June.

The Board enjoyed engaging with the Theodore community at the Farming Communities Dinner held on 4th November. It was a lovely evening that showed both the warmth of the local community and the weather in Theodore. Mike Murray did a sterling job as master of ceremonies and the night went without hitch due to the efforts of the organising committee. A stand-out of the night was director Kirk Anderson who won the prize of a holiday break and we hope his lucky streak continues in his efforts on the Board.

In July, the then nominee Directors met with SunWater staff members, and toured the channel scheme to inspect key assets, including the Theodore, Fork and Gibber Gunyah pumps, control equipment, and a sample of check points, meters, pipelines and public access points. Thank you to Peter Tweed and all the local SunWater guys for sharing their time and knowledge.



The new board of Theodore Water

Please join us to discuss the Queensland Government offer to Theodore Water for local management:

20th January 2017

Open Information Session 6pm followed by dinner
Theodore Hotel Motel

Join the Chair and Directors of Theodore Water Pty Ltd to ask detailed questions one-on-one, raise issues and make suggestions. Everyone is welcome to join the Theodore Board for dinner and catch up over a beer or soft drink.

What happens next? Transition schemes timeline

What happens next? Timelines have been agreed between DEWS and the transition schemes (Emerald, Eton, St George and Theodore) for transitioning to local management. Progress for each step is subject to the continuing support for local management by scheme customers, and there is also potential for us to move more quickly if we are ready.

Key Date	Activity	Description
October 2016 (completed)	Offer	Government provides Transition Boards with a formal offer, identifying the proposed separation payment, assets to transfer, and key terms for any final transfer.
Nov 2016 - Jan 2017	Review of offer	Transition Board undertakes preliminary assessment of viability of local management based on the offer, re-assesses the status of the scheme against the initial business proposal and engages customers in relation to the offer.
By 31 Jan 2017	Decision to proceed	Based on the offer, the Transition Board must advise Government if it wishes to continue with the LMA process. This is not a final commitment to move to local management, but an acknowledgement that there is still a realistic prospect of customer support for LMA based on the offer.
By Sept 2017	Further due diligence	Further reviews and assessments by consultants and the Transition Boards to determine viability of local management including: <ul style="list-style-type: none"> • detailed legal review • engineering assessment (to update the review from the previous stage) • updated financial model • updated business plan.
By 31 Oct 2017	Negotiation and signed transfer agreement	If the Transition Board is satisfied with the outcome of the further due diligence, the Board, on behalf of the scheme customers, will negotiate the final terms of the transfer agreement with the State. Based on this, a transfer agreement will be signed, setting out the terms of the transfer. The agreement will be subject to sufficient support from customers.

Key Date	Activity	Description
By 31 January 2018	Prospectus	Based on the due diligence, a prospectus-type document will be prepared. This will likely be certified by a range of professional advisors (legal, financial, and engineering firms). The document will be sent to all scheme customers together with an offer to become a member or shareholder in the new local management entity. The offer will include a revised water supply contract which would govern supply of water to customers in the scheme under local management.
1 Jan 2018 - 30 June 2018	Preparation for transfer	If sufficient customers elect to become members/shareholders, then the transfer agreement will be activated. The Transition Board will then prepare for the final transfer. This will include developing the necessary systems (e.g. financial, administrative etc.) to take over operations.
By 1 July 2018	Transfer	Transfer processes will differ for each scheme but the transfer is likely to involve: <ul style="list-style-type: none"> • scheme assets and separation payment being transferred into the transition company shortly before the transfer date • shares being issued to customers • the government's share being cancelled. At this time, the scheme assets will be held by an entity that is wholly owned and controlled by scheme customers.

LMA Support Services Established

A service company, owned and funded by the State Government, has been established to provide assistance to the transition and investigation schemes. The Board of LMA Support Services Pty Ltd is made up of the Chairs from the eight scheme entities, including Theodore Water Chair Malcolm Finlayson, and presently led by acting Chair, Mr Maurie Maughan, who also heads up the Bundaberg Investigation Board.

A project team has been engaged by LMA Support Services to support the irrigation Boards. Some expert advisers from Stage 2 have been engaged.

Robert Speed has been appointed as CEO, John Orange as Commercial Adviser, and Cedric Robillot as Engineering Advisor. More information on the project team is available at: <http://www.lmairrigation.com.au/content/project-team>.

The Board of LMA Support Services met on 17 June, 12 August, 7 October and 9 November.



Water (Local Management Arrangements) Amendment Bill 2016

The Water (Local Management Arrangements) Bill 2016 was introduced into Parliament on 13 September 2016. Its primary objective is to amend the Water Act 2000 to facilitate the restructure and transfer of a number of SunWater's channel irrigation schemes to local management arrangements (LMA), achieved primarily by establishing a legislative transfer scheme. The Bill was referred to the Infrastructure, Planning and Natural Resources Committee for consideration.

LMA Support Services Pty Ltd sought detailed legal advice from Clayton Utz to assist the eight scheme Boards to fully understand the implications of the Bill.

Accompanied by a detailed submission from LMA Support Services Pty Ltd, the Theodore LMA Transition Board made a written submission to Mr Jim Pearce MP, Chair of the Infrastructure, Planning and Natural Resources Committee on 4 October 2016. We supported the Bill, as well as sought clarification on some items to ensure that they would not negatively impact Theodore Water in transacting its future business.

A copy of all submissions are available at: <https://www.parliament.qld.gov.au/work-of-committees/committees/IPNRC/inquiries/current-inquiries/WLMAAB2016>.

The Parliamentary Committee endorsed the Bill and it is awaiting passage through Parliament.

The work goes on - Meeting with Hon Barnaby Joyce MP, Minister for Agriculture and Water Resources

The newsletter might not have been published since May 2014 but we have been active from the end of LMA Stage 2 up to the incorporation of Theodore Water (LMA Transition Board).

Jointly with the Emerald LMA Interim Board, Theodore made formal submissions to both the Australian Government's Agricultural Competitiveness Green Paper and the Regional Development Australia (RDA) on the regional initiative titled Growing Central Queensland. The submissions explained the extensive work done by the Schemes on how their assets could be modified, and modernised to increase Gross Value of Production (GVP) from the current hectares of irrigation and allow full use of the irrigation allocation.

Emerald and Theodore recommended the implementation of a similar program to the Australian Government Sustainable Rural Water Use and Infrastructure Program which could provide grant funding to fully optimise the two Irrigation Schemes which underpin irrigated agriculture and associated infrastructure in Central Queensland. Examples included automation of distribution assets, improved meters, lining of open channels and/or conversion to pipe.

Supporting these submissions, former Theodore Chair Liz Alexander and Emerald Local Management Scheme Chair Annette Smith met with the Federal Minister for Agriculture and Water Resources Barnaby Joyce and Flynn MP Ken O'Dowd in a private meeting at 2PH on 4 November 2015. Also on the agenda was to gain a better understanding of the priority placed by the Australian Government on progressing the Nathan Dam.

Copies of the submissions are available under 'T' for Theodore at: <http://agwhitepaper.agriculture.gov.au/supporting-information/published-submissions-green-paper>.



Meet the Theodore Water Directors

There are some familiar faces and new faces in the board. All of the directors are looking forward to guiding the future direction of water delivery in the area on your behalf and helping to grow and support the local community.

Chairman Malcolm Finlayson

Malcolm Finlayson is a finance specialist with over 30 years' experience steering the financial management and strategies of businesses in the agricultural industry. He has a Bachelor's degree in Business (Accounting) and an MBA. He is a CPA and has completed the AICD Company Director course. An experienced director with over 15 years on the Boards of not-for-profit and commercial companies, Malcolm is currently a director of Plant Health Australia, Grain Trade Australia Ltd (GTA) and Wheat Quality Australia Ltd. He also chairs their Audit and Finance Subcommittees. He runs his own consultancy firm, Finesse Solutions Pty Ltd, which has assisted clients with systems development and implementation, as well as risk management and controls. He has been a CFO for over twenty years, responsible for group-wide reporting and administration, as well as finance and strategy.

Deputy Chair Peter French

Peter has been growing irrigated crops, particularly cotton, in Theodore for 41 years. He has a strong commitment to the irrigation industry, having held all Executive positions on the Dawson Valley Cotton Growers Association. His family farming enterprise is certified under the cotton industry's BMP program, and Peter was recognised as a finalist in the AgriRisk High Achiever of the Year category of the 2014 Australian Cotton Industry Awards. Peter has been a member of Theodore's Irrigation Advisory Board, now the SunWater Customer Council, since the mid-1980s and is its current Chair. He has guided the local management process since 2012 initially as Theodore's representative on the LMA Working Group, and then as a director on the Stage 2 Theodore LMA Board. Peter completed the AICD Company Director course in 2015.

Liz Alexander

The Chair of the former Theodore Irrigation Local Management Arrangements (LMA) Interim Board, Liz Alexander continues to serve irrigators as a director of Theodore Water. Liz was recently appointed as the Agribusiness Development Coordinator for the Central Highlands Development Corporation (CHDC) after running an agribusiness consultancy for 10 years. A graduate member of the Australian Institute of Company Directors, Liz lives at Emerald but has a strong association with the Theodore growers and the scheme through her 15-year involvement with the Dawson Valley Cotton Growers Association. She has held a number of Board positions committed to regional agri-business development and the sustainability of the environment.

Kirk Anderson

Kirk is third-generation farmer in the Dawson Valley and Director in his family business. Kirk is an active community member and is passionate about the future of irrigation in the Dawson Valley, not only in his own business, but also for the future of the Valley's communities. With a young family, Kirk is particularly committed to sustainable management of all our local resources. Kirk has held many local positions including roles on the management committees of the Dawson Catchment Coordinating Association and the Dawson Valley Cotton Growers and Irrigators Association. Kirk was a director on the Stage 2 Theodore LMA Board.

Greg Austin

A second-generation Theodore farmer, Greg has been farming since 1968 and is now proprietor of three cotton-growing businesses in the Dawson Valley. Greg and his family are certified under the cotton industry's Best Management Practice (BMP) environmental program, which contributes to their success. Greg has been actively involved in the irrigation industry as President of the Dawson Valley Cotton Growers Association for four years, and as a member of previous irrigation advisory panels including the Dawson Valley Irrigators' Advisory Committee and the Channel Irrigators' Advisory Group to SunWater. Greg also was a director on the Stage 2 Theodore LMA Board.

Ed Donohue

A registered professional Engineer, Ed Donohue has 40 years' experience in water resource management across the fields of investigation, planning, design, operation and maintenance of irrigation and drainage schemes; water supply; water allocation; policy and legislation. In 1997, after six years as the District Manager in charge of the operation of the Burdekin River Irrigation Area, Ed returned to Central Queensland as the Department's Regional Manager, Water Services. In that role he was involved with the development and implementation of the seven Water Resource Plans and Resource Operations Plans in Central West Region as well as the Central Queensland Regional Water Supply Strategy.

BOARD CONTACTS

You can email the Board on admin@theodorewater.com.au or ring the numbers below.

Name	Position	Phone
Malcolm Finlayson	Chair	0409 765 200
Liz Alexander	Director	0429 471 511
Kirk Anderson	Director	0429 181 079
Greg Austin	Director	0409 931 614
Ed Donohue	Director	0418 154 914
Peter French	Deputy Chair	0428 166 634

UPCOMING DATES: 20 January 2017 - Customer Meeting | Board Meeting 20 January 2017