

Tasmanian Government's November 2013 Submission to Infrastructure Australia

Hon David O'Byrne MP
Minister for Economic Development
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Mr Michael Deegan
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27 NOV 2013

Dear Mr Deegan *Michael*

The Tasmanian Government is committed to planning and delivering infrastructure that increases the economic well-being of Tasmania.

Following recent consideration of Tasmania's current Infrastructure Australia Priority Projects by the Tasmanian Infrastructure Advisory Council, I am pleased to provide Infrastructure Australia with further information relating to Tasmanian Irrigation Pty Ltd's Tranche 2 Irrigation Schemes.

Tasmanian Irrigation has recently completed a business case for the Southern Highlands scheme component, which is proposed to deliver much needed water security to Tasmania's driest region. A progress report on Tranche 2 irrigation Schemes is enclosed for your consideration, and to inform the next update of the Infrastructure Priority List.

In addition, I note that a significant body of work is currently underway to inform the development of strategic priorities for Tasmania's freight system. The Freight Logistics Coordination Team (FLCT), chaired by Mr Philip Clark AM, will be providing their final report at the end of November 2013. This work will inform the further development of the *Burnie to Hobart Freight Corridor* project, currently listed as 'early stage' on the 2013 Infrastructure Priority list.

I welcome continuing engagement with IA in relation to current and future infrastructure priorities for Tasmania.

Yours sincerely

David O'Byrne MP
Minister for Infrastructure

Cc Mr Philip Clark AM, Chair, Tasmanian Infrastructure Advisory Council



A close-up photograph of green plastic irrigation components, including a central riser pipe with a cross-shaped top and several stacked, ribbed filter screens. The background is a soft, out-of-focus landscape.

Completing the Future

Tasmanian Irrigation's Infrastructure
Australia Submission Update

November 2013

Tasmanian
Irrigation

The logo for Tasmanian Irrigation, featuring a blue water droplet icon above the word "Irrigation".

Completing the Future – Tasmanian Irrigation’s Infrastructure Australia Submission Update

November 2013

Introduction

This document, *Completing the Future*, is the second update for 2013-14 of our 2012 submission to Infrastructure Australia, *Just Add Water...*

Attached to this document is the first update of *Just Add Water...* provided to Infrastructure Australia in September 2013 (Attachment A).

Summary

The 2012 submission to Infrastructure Australia, *Just Add Water...*, called for funding for a second tranche of irrigation projects in Tasmania. The second tranche comprises:

- \$130 million public contribution to five irrigation schemes;
- \$54 million private contribution;
- \$220 million on-farm private investment;
- \$282 million national economic benefit; and
- over 375 direct and indirect employment opportunities.

A public funding contribution of \$130 million would enable \$54 million to be leveraged in private sector investment through the sale of water entitlements. The total capital expenditure of Tranche Two is \$184 million.

This, along with the \$126.8 million private investment in Tranche One, would give a total private investment in Tasmanian irrigation scheme infrastructure of \$180.8 million through the purchase of water entitlements.

Further private sector investment will occur through on-farm development: pivot irrigators, farm machinery and dams. This on-farm investment resulting from the five irrigation schemes in Tranche Two is conservatively estimated at \$220 million, or \$1.69 for every \$1 of public contribution.

We measure success by:

- delivering the identified projects within agreed timeframes and budgets;
- the increase in output of Tasmania’s agricultural sector; and
- the flow-on effect to regional communities.

Funding of Tranche Two projects will build on the success achieved through the roll out of ten Tranche One projects by Tasmanian Irrigation.

The record of Tasmanian Irrigation includes:

- five new operating irrigation schemes, providing over 22,500ML high surety, 95 per cent secure water to farmers (Sassafras-Wesley Vale, Winnaleah Augmentation, Whitemore, Headquarters Road and Lower South Esk);
- four schemes under construction (including the \$104 million Midlands Water Scheme);
- secured funding for the Dial Blythe scheme;
- a Business Case for the Southern Highlands scheme (Tranche Two) submitted to the Tasmanian Government; and
- the completion of a Preferred Option for the Scottsdale scheme (Tranche Two).

Tranche Two Irrigation Scheme – Key Progress

Southern Highlands Irrigation Scheme

Scheme Capacity	Capital Expenditure	Public Contribution	Economic Benefit	Immediate Jobs
6,500ML	\$22.6m	\$14.7m	\$14.6m	39

- Tasmanian Irrigation has completed the Business Case for the Southern Highlands Irrigation Scheme. The Business Case has demonstrated the scheme is economically, socially and environmentally feasible.
- The scheme will provide 6,500ML per annum of irrigation water for farms around Bothwell in the southern part of the central highland region in Tasmania.
- In addition the scheme has the potential to provide TasWater, Tasmania’s urban water provider, for the town water supply to Bothwell.
- The Business Case proposes a scheme with a pump station to be constructed on the banks of the Shannon River near Waddamana Road. Winter storage will be achieved by a 7,000ML dam to be constructed at Southernfield and with 58.4 km of HDPE pipeline.
- The scheme will provide irrigation water for farms around Bothwell stretching from Waddamana Road south to Hollow Tree in the central highlands region of Tasmania. In addition the scheme has the potential to provide TasWater for the town water supply to Bothwell.
- Detailed assessments have been completed for hydrology, flora, fauna, heritage values and geo-technical issues associated with the construction of a 7,000 ML storage. These surveys have confirmed that there are no matters that are likely to prevent the scheme from being constructed. Further surveys will be required and are contingent on the scheme achieving threshold water sales and receiving funding for construction.
- Strong support from the community exists for the scheme with expressions of interest in the scheme totaling over 5,000ML.
- The Business Case was provided to the Tasmanian Government in October 2013 for consideration.

Scottsdale Irrigation Scheme

Scheme Capacity	Capital Expenditure	Public Contribution	Economic Benefit	Immediate Jobs
8,600ML	\$46.2m	\$31.8m	\$9.4m	63

- The Scottsdale Irrigation Scheme is at the feasibility phase with a completed Preferred Option and feasibility studies for the Business Case are now being progressed.

- The project consists of a 9,300ML dam and a 72km pipeline network to deliver 8,600ML per annum to over 90 irrigators in greater Scottsdale region in the north-east of Tasmania.
- A mini-hydro power station is included into the design of the scheme.
- Assessments of flora and fauna, geo-technical conditions and recreation impacts and opportunities have been completed.
- Further assessment currently underway include:
 - a concept design for Camden Dam;
 - a mini-hydro and power infrastructure feasibility design and detailed costing assessment;
 - a State Forest Activity Assessment for the pipeline corridor;
 - an aquatic ecology, environmental flow and transmission loss and viability assessment;
 - a water monitoring site – design concept and capital expenditure forecast assessment; and
 - an Aboriginal and historic heritage assessment.
- It is forecasted the Business Case will be completed in April 2014 for submission to the Tasmanian Government.

Circular Head Irrigation Scheme

Scheme Capacity	Capital Expenditure	Public Contribution	Economic Benefit	Immediate Jobs
20,000ML	\$60.7m	\$36.2m	\$50.5m	225

- The Circular Head Irrigation Scheme is at the pre-feasibility phase with work being completed to finalise a Preferred Option for the project.
- The scheme will deliver around 20,000ML of high surety summer irrigation water from the Arthur River to the Circular Head region in Tasmania’s far north-west.
- The Circular Head region is the largest milk producing area in Tasmania and accounts for approximately 40-45% of Tasmania’s milk production.
- The scheme will take water from the Arthur River during winter and store in a dam for delivery in the summer to the upper reaches of the Duck, Montagu and Welcome rivers.
- Field inspections have identified two locations of a potential dam site that will be investigated further for suitability, including geo-technical assessments.
- Substantial interest for the scheme has been demonstrated with over 35,000ML of expressions of interest from landowners in the district.
- Current land use and land capability assessments have been completed for the project. Furthermore, a preliminary socio-economic assessment has been developed to assist with further design considerations.

- The completion of a Preferred Option is targeted for December 2013. Upon completion, Tasmanian Irrigation will commence a process of community consultation of the Preferred Option.

Swan River Irrigation Scheme

Scheme Capacity	Capital Expenditure	Public Contribution	Economic Benefit	Immediate Jobs
3,000ML	\$12.0m	\$8.4m	\$15.5m	25+(est)

- The Swan River Irrigation Scheme is at the pre-feasibility phase with work being completed to finalise a Preferred Option for the project.
- The project is based on the construction of a 3,000ML dam that would extract and store water from the Swan River and deliver to Irrigators on the east coast of Tasmania.
- The provision of highly reliable irrigation water to the east coast of Tasmania will allow for the expansion in high value enterprises such as walnuts and cool climate grapes.
- Significant interest for the scheme has been demonstrated with over 2,000ML of expression of interest received by around 20 Irrigators in the district. The expression of interests has also demonstrated a willingness of the Irrigators to shift from low value to high value enterprises as a result of the proposed scheme.
- Initial heritage and flora and fauna studies have been completed with further detailed studies commenced. These further studies include geo-technical investigations of the dam site and a detailed engineering design of the project.
- The completion of a Preferred Option is targeted for February 2014. Upon completion, Tasmanian Irrigation will commence a process of community consultation of the Preferred Option.

North Esk Irrigation Scheme

Scheme Capacity	Capital Expenditure	Public Contribution	Economic Benefit	Immediate Jobs
2,500ML	\$13.0m	\$9.4m	\$3.8m	25+ (est.)

- The North Esk Irrigation Scheme is at the pre-feasibility phase with work being completed to finalise a Preferred Option for the project.
- The project is based on the supply of 2,500ML per annum to irrigators located around Evandale, White Hills and Relbia in the north of Tasmania.
- Tasmanian Irrigation has progressed with a basic design for the scheme with a dam being gravity fed via an 11km transfer pipeline and from the North Esk River. Distribution to irrigators that will be via a 39km pipeline.

- Assessments of land capability and the mix and margins of the expected on-farm enterprise mix and margins have been completed.
- The completion of a Preferred Option is targeted for March 2014. Upon completion, Tasmanian Irrigation will commence a process of community consultation of the Preferred Option.

Attachment A

**Completing the Future – Tasmanian Irrigation’s Infrastructure Australia Submission
Update**

September 2013



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