

## Introduction

This is a special notice to provide shareholders with an update regarding several matters raised in the June newsletter and to provide advanced notice of a shareholder vote on the Co-Operative Company.

## Advanced Notice of Shareholder Vote

### 1) Co-Operative Company

The benefits of registering MGI as a Co-Operative Company were outlined in the June newsletter and we received some feedback from shareholders on the issue. The Board met on 20 June and resolved to recommend to shareholders that MGI become incorporated as a Co-Operative Company under the Act.

Becoming a Co-Operative Company requires a Special Resolution of Shareholders. To pass, a Special Resolution must be passed by at least 75% of members present at the meeting that are entitled to vote. This is advanced notice that we intend to call a Special Meeting to vote on this issue on 14 September 2016.

This will be followed up by a new Constitution shall be put forward to Shareholders for approval at the AGM around late November.

### 2) Hunter Downs Irrigation

The second matter that will be put forward to Shareholders at the Special Meeting in September is MGI's involvement in the proposed Hunter Downs project.

Hunter Downs Water will be seeking approval of the proposed scheme from their shareholders in September and there are various matters that they need to get in place to support financial approval. One of these matters will be a Water Supply Agreement for MGI to supply them with water at or around Molloy's Road.

MGI will be seeking Shareholder approval to enter into a Water Supply Agreement with Hunter Downs and if the project is approved Hunter Downs will be financing a capacity upgrade of our main race and Lateral 3 in order to deliver the water they require to the northern edge of the MGI command area.

## Fees for Next Year

The Directors have considered the budget forecast for the next financial year (1 August 2016 to 31 July 2017). Although there is a forecast increase in our costs for next year of about 4.1%, there is a forecast decrease in costs for the following year. Given the circumstances in the dairy sector at the moment we have decided to base our decisions on the long-term forecast and hold the fees steady for next year. Since there will be no increase in income we will need to dip into cash reserves again next year, but this is expected to be recovered in the following year, without having to increase fees.

<u>Fees in \$/ha,</u>	<u>Borderdyke</u> <u>17day</u>	<u>Borderdyke</u> <u>14day</u>	<u>Spray</u> <u>4mm/day</u>	<u>Spray</u> <u>5mm/day</u>
2015/16	\$58.60	\$70.00	\$48.60	\$57.75
2016/17	\$58.60	\$70.00	\$48.60	\$57.75

# MGI SPECIAL NOTICE



The current schedule of fees is the equivalent of about \$7.50 per ML of water, or less than 1c per m<sup>3</sup>, so our fees are still well below the irrigation industry mean of \$0.14 per m<sup>3</sup> published by Irrigation New Zealand.

## Encumbrances

As mentioned in the June newsletter, MGI has been reconsidering the use of encumbrances on shareholders property titles. The Directors have concluded that this practice is no longer required as it has a high administrative cost without adding a great deal of value. The preferred instrument for managing the agreement between MGI and water users is the Water Supply Agreement.

The Directors voted to discontinue the use of encumbrances at its meeting on 20 June, effectively immediately.

As there are a large number of existing encumbrances already in place around the district we will progressively have them discharged as they come up, rather than try to discharge them all at once. In parallel we will roll out a new Water Supply Agreement to shareholders.

## New Website

Development of the new website is well underway behind the scenes. Once we roll it out shareholders will be able to see their water use, shareholding and other property information as well as climate and irrigation management data. Shareholders and farm managers will also be able to keep their contact details up to date and enter borderdyke hours directly via the website at the end of each roster, or at their convenience.

Moving with the digital age and also to help reduce postage costs, MGI would appreciate obtaining your email address so that we can email you more information (such as future newsletters). In due course you'll be able to punch it into the website, but for now you can email [helen@mgiirrigation.co.nz](mailto:helen@mgiirrigation.co.nz) and let her know your details please.

## 2014/15 Accounts

The un-audited accounts for financial year 2014-15 were presented at the AGM in December 2015. The audited copy is available upon request.

Robin Murphy

Chairman

Craig Evans

General Manager



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