



LEVEL A

CANEGROWERS BUILDING
120 WOOD STREET
MACKAY QLD 4740

PO BOX 275
MACKAY QLD 4740

PHONE (07) 4957 8481

FAX (07) 4957 8038

pvwater@pvwater.com.au

www.pvwater.com.au

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CIRCULAR

To: PVWB Customers

Subject: Conversion of PVWB to Co-operative

Pioneer Valley Water Board commenced the process to convert the irrigation scheme to an irrigator owned co-operative some 10 years ago. Over that time there have been numerous discussions and negotiations with relevant Queensland Government Departments on a range of matters associated with the change from a Government owned Statutory Authority to full private ownership by irrigators. These negotiations have led to amendments to the governing legislation, the Water Act 2000, to provide the necessary framework for the move away from Government ownership.

The conversion process became very protracted as Pioneer Valley Water Board is the first large irrigation scheme to embark on the conversion to private ownership in Queensland. This was the main issue that required lengthy negotiations over the amendments to legislation.

In late 2013 the Board became aware that some further amendments to the Water Act 2000 would be required to provide the governance structure that would see the irrigation business as a co-operative able to operate on the same basis as it had since establishment in 1996 as a water board. At the same time the Queensland Government had commenced a major review of the Water Act 2000 and the decision was taken to incorporate the amendments required for PVWB conversion into the major review.

The review of the Water Act 2000 was completed by the previous Government and was to come into force early this year. With the change of Government, many of the amendments to the Water Act 2000 are now under scrutiny. However the amendment pertaining to conversion of our scheme to a co-operative has been retained and is now in force. This now clears the way for us to proceed with the conversion

The purpose of this circular is to explain the latest amendments to the Water Act 2000 associated with the conversion and provide you with an opportunity to give us any comments that you may have on the Distribution Arrangements document that is enclosed with this circular.

Pioneer Valley Water Board Distribution Arrangements

The amended Water Act 2000 now has a provision to transition the business operations of a water board into a formal contract between customers and the private entity taking over the water board scheme following conversion. For Pioneer Valley Water Board this will see all of the present financial, administration and water supply

arrangements become part of a contract between all current Pioneer Valley Water Board customers and the converted entity, Pioneer Valley Water Co-operative Ltd.

For this to occur, Pioneer Valley Water Board is required to have in place, prior to the conversion, Distribution Arrangements that set out the existing operational matters within the scheme. There has never been a single document that covers all aspects of the scheme and we have spent some time in putting together a document to meet the requirements of the amended Water Act 2000.

The Pioneer Valley Water Board Distribution Arrangements document enclosed has taken information from a number of our sources including Chapter 4 of the Water Act 2000, the Water Resources (Pioneer Valley Water Supply Area and Board) Regulation 1996, Board Customer Service Standards, Board Policies and from the Board's website. We have also referred to the Rules for Pioneer Valley Water Co-operative Ltd and the Water Supply Contract that is incorporated in those Rules. We consider that the document represents the current arrangements within Pioneer Valley Water Board and in the Rules for Pioneer Valley Water Co-operative.

We have liaised closely with the Department of Natural Resources and Mines in preparing the Distribution Arrangements and they have indicated that they consider that it serves the purpose required under the legislation.

Under the amended Water Act 2000, the Distribution Arrangements will transition to a Distribution Contract when Pioneer Valley Water Board is dissolved and Pioneer Valley Water Co-operative Ltd assumes operation of the irrigation scheme. This will occur as part of a Regulation dissolving the Board which will also include transfer of the Distribution Operations Licence to the Co-operative.

The Distribution Contract will apply for all Water Allocations under the Distribution Operations Licence and will be between the registered holders of those Water Allocations and Pioneer Valley Water Co-operative Ltd. The Distribution Contract will apply to all customers including both members and non-members of the Co-operative. Under the amended Water Act 2000 it will also apply to all new holders of Water Allocations when they are sold by existing customers.

The Distribution Contract includes a requirement for the establishment of a Consultation Policy which will be the mechanism under which any proposed amendments to the Contract are to be progressed in the future.

There will need to be a revision of the Rules for Pioneer Valley Water Co-operative Ltd to adjust them in line with this new provision under the Water Act 2000 and the Distribution Arrangements and we will progress this with members of the Co-operative in the next few weeks.

What you need to do

We would ask that you take the time to read through the enclosed Distribution Arrangements and get back to us with any questions or comments that you may have. It would be of assistance if you could provide your comments in writing so that we can give them full consideration.

We would need to have any feedback by 20 March 2015 so that we can ensure that the process to convert the scheme to a co-operative does not suffer from any more substantial delays.


J R Palmer
MANAGER