



Pioneer Valley Water Co-operative Limited

NEWSLETTER

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In this Newsletter we cover the following areas:

- 2012/13 Budget and Water Charges
- Announced Allocation 2012/2013

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2012/13 BUDGET AND WATER CHARGES

Pioneer Valley Water has adopted the budget for 2012/2013 and set the water charges for the year. As part of the budget considerations this year we have had to include the outcomes of reviews by the Queensland Competition Authority of both SunWater pricing and electricity pricing. These reviews have been our major focus in setting this year's budget.

Electricity Pricing

In our April Newsletter we outlined the QCA proposed increases to electricity charges in their draft report and the significant rises in some of our pumping costs as a result. In their final report in May QCA allowed for 2012/13 to be a transitional year so that customers could adjust electricity consumption where possible and for energy authorities such as Ergon to examine their costs in regard to establishing a clear differential between peak and off peak costs to deliver electricity. The transitional period also allowed for many tariffs that were to be abolished to be retained for 2012/13.

The Board Chairman and Manager met with Energy Minister Mark McArdle and Member for Mirani Ted Malone in Brisbane on 20 June at which the impact of huge increases in electricity costs would have on Pioneer Valley irrigators and on the future viability of agriculture in the region were discussed in detail. While very sympathetic to our concerns the Minister stated that the critical financial situation in Queensland meant that the significant subsidy paid by Government to supply electricity to regional areas needed to be reduced. He also requested that we provide a comprehensive submission to the Interdepartmental Committee he has established to conduct a complete review of electricity costs over the next six months.

With the transitional arrangements provided in the QCA final report we have held extensive negotiations with Ergon to determine if there is a more appropriate tariff that we could operate under for 2012/13 while the Minister's review is underway. These negotiations have been beneficial and we have arranged to move our Palmyra and Septimus pump stations away from Tariff 22 for this year. This was based on extensive modelling of electricity costs that we undertook and from similar modelling work by Ergon. The modelling showed that Tariff 22 remained the best option for the Silver/McGregor pump station due to the historical split between pumping at peak and off peak times in that scheme.

Under these tariff arrangements for 2012/13 the increases to usage water charges due to electricity increases will be Palmyra \$2.42/ML, Silver/McGregor \$2.54/ML and Septimus \$4.06/ML. This is major relief for Septimus where the increase would have been around \$13.00/ML if it had remained on Tariff 22.



SunWater Irrigation Prices

The Government has now accepted in full the recommendations from QCA for irrigation water prices in SunWater schemes for the next price path (2012/13 to 2016/17). The bulk water charges that have been set for the Pioneer Scheme for 2012/13 are as detailed below.

	2011/12	2012/13
Part A Bulk Water	\$12.60/ML	\$12.46/ML
Part B Bulk Water	\$8.26/ML	\$2.62/ML
TOTAL	\$20.86/ML	\$15.08/ML

The reductions in bulk water charges reflect the significant input we provided to the QCA review over the last two years particularly in ensuring very close scrutiny by QCA of the major costs that SunWater were claiming for works such as the rectification of the Palm Tree Creek outlet from Teemburra Dam.

Budget Overview

The overall budget for 2012/13 is similar to last year’s with the reductions in bulk water offset by increases in electricity. In the Riparian and Palm Tree Creek areas where no electricity costs are involved, reductions in total water charges of around 10% have been possible.

Increases in Access Charges in pumped schemes are for the routine servicing of all pumps that is required this year. Access Charges in all areas increase by \$0.60/ML as the final increase in the asset renewal charge in accordance with our Asset Renewal Strategy.

The attached chart shows the major areas of change in your water charges for this year and the table below shows the 2012/13 for all areas.

Area	Access Charge \$/ML	Usage Charge \$/ML	Levy Charge \$/ML
Riparian	28.90	2.60	18.60
Palmyra	35.85	24.35	23.00
Silver/McGregor			
Pipeline	36.25	30.05	27.40
Creek	36.25	30.05	23.00
Septimus	45.05	39.35	27.40
Palm Tree Creek			
Pipeline	39.90	6.25	36.20
Cattle Creek	31.90	3.65	23.00

For Non-members of Pioneer Valley Water Co-operative enclosed with this Newsletter is the Schedule of Service Charges that will apply for 2012/2013. This is in accordance with the supply contract between the Co-operative and Non-members. The Service Charges do not apply to Co-operative members.

ANNOUNCED ALLOCATION 2012/2013

With Teemburra Dam at full supply level, Announced Allocation for the 2012/2013 Water Year has been set at 100% from 1st July. This means again that Streamflow Allocation Periods will not need to be declared during the 2012/2013 Water Year.