



Pioneer Valley Water Co-operative Limited

NEWSLETTER

Issue 23

Newsletter Date July 2014

2014/15 Budget and Water Charges

In this Newsletter we cover the following areas:

- **2014/15 Budget and Water Charges**
- **Update on move to a Co-operative**
- **Local Management for the Eton Scheme**
- **Announced Allocation for 2014/15 is 100%**
- **Should you irrigate with high water and electricity costs?**

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The Board met on 22 June and adopted the budget for 2014/2015. They also set the water charges for the year. The overall budget for this year is an increase on last year's due mainly to another 15% increase in electricity charges. We also have increased costs associated with the employment of an additional staff person to ensure a smooth transition when John Palmer commences leave mid next year leading to his retirement in 2016.

As advised previously we have also introduced an additional maintenance levy to start work on Bakers Creek Channel in the Palmyra Scheme.

We have again closely scrutinised all costs involved with operating the irrigation scheme and are very aware of the difficulties being experienced in most agricultural sectors. We have actively participated in the annual process for determination of electricity charges and are dismayed at the apparent lack of recognition by Government of the severe impact high electricity costs are having particularly in sugar cane areas.

We urge you to take the matter of spiralling electricity costs and the impact on your business up with your local member.

The table below shows the 2014/15 charges for all areas.

Area	Access Charge \$/ML	Usage Charge \$/ML	Loan Levy Charge \$/ML
Riparian	32.58	2.75	18.60
Palmyra	41.08	29.65	23.00
Silver/McGregor			
Pipeline	39.03	37.40	27.40
Creek	39.03	37.40	23.00
Septimus	46.13	48.05	27.40
Palm Tree Creek			
Pipeline	44.83	6.60	36.20
Cattle Creek	35.93	3.85	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 2014/2015. 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.

Pioneer Valley Water Co-operative

As we advised late last year we did not proceed with the abolishment of Pioneer Valley Water Board for conversion to the dual co-operative as we became aware that further legislation changes were necessary. The amended legislation is necessary to clearly set down the existing operating arrangement for the scheme under the Water Board so that the arrangement can seamlessly shift across to the co-operatives.

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During negotiations with the Department of Natural Resources and Mines on the amendment we were informed that a major review of the Water Act 2000 was to take place during 2014. The amendment to the Act required for our co-operative structure is being incorporated into this major review. The Department has advised that the Water Act review legislation is proposed to go before Parliament in October 2014 and our move to the co-operative will take place following passing of the new Act later this year.

Eton Scheme Local Management Update

The Interim Board established to examine local management for the Eton Scheme has finalised the Business Proposal and submitted it the Local Management Project Team. The Proposal suggests that local management can work at Eton subject to obtaining financial support during the early years while the scheme fully transitions to local ownership.

The Interim Board presented the Proposal to Eton customers and received a very high level of support from them for it to be put forward to Government for consideration. The Project Team Report covering all eight SunWater channel schemes is schedule to go to Government this month.

As advised previously we will monitor developments with this particularly if opportunities arise to examine potential efficiencies for us from a merger of our scheme with Eton. We will keep you fully informed on this and would stress that any proposal to merge with Eton would require approval by 75% of our members in a special postal ballot under the Rules of our Co-operative.

Announced Allocation 2014/2015

With Teemburra Dam at full supply level, Announced Allocation for the 2014/2015 Water Year has been set at 100% from 1 July. This means again that Streamflow Allocation Periods will not need to be declared during the 2014/2015 Water Year.

Is irrigating sugar cane profitable?

During last year we experienced a particularly dry period during December and January. Overall water use in the scheme was much lower than expected with many comments around the high cost of water and electricity resulting in decisions not to irrigate. However, based on our information some members did irrigate heavily during that period. That cane crop is now being harvested and there are reports of some very high yields from crops that were irrigated during that dry period. There are also reports of very low yields from unirrigated crops.

As the harvest progresses there will be information available on the gross margins that were achieved from irrigation last year and we would urge you to consider this as we move into the normal dry season for Mackay. Increasing production through irrigating when the crop requires water is vital in ensuring that your business and ours remain viable for the long term.

The budget for Pioneer Valley Water is structured around a high fixed component of water charges. This is necessary due to uncertainty as to seasonal conditions for the year ahead and has been exacerbated in recent years by declining total water use even during extended dry periods.

Increased water use in the scheme would allow the Board to develop more flexible arrangements between fixed and usage components of the water charges which would provide some benefits. However there must be some assured level of annual water use for this to be implemented.