



Pioneer Valley Water Co-operative Limited

NEWSLETTER

Issue 24

Newsletter Date June 2015

Update on Conversion to Co-operative Structure

With the amendment to the Water Act in February this year, we were hoping for the conversion to a co-operative to take place around 30 June. However, we have now become aware of yet another matter that requires resolution before we can proceed. This will delay it now until at least September 2015.

Transfer of the scheme from the Water Board to the co-operative would normally attract a significant sum of stamp duty with the scheme currently valued at around \$30 million. We had previously negotiated an exemption from stamp duty with Government for the transfer but were not advised until recently of the mechanism for the exemption to be applied. There is now a lengthy process to obtain formal advice from Government on the stamp duty exemption and we cannot proceed with conversion until we hold this advice.

2015/16 Budget and Water Charges

The Board has prepared a preliminary Budget for next year and is now waiting for the Queensland Competition Authority (QCA) to release its final determination on electricity prices for 2015/16 before finalisation.

Every effort is being made to limit water charges increases due to the difficult financial situation, but some areas are outside of the control of the Board. 2015/16 will unfortunately see increases in charges due to the price path increase for SunWater Bulk Water and electricity which the QCA draft determination proposed would increase by 5%. The other increase is for the regular servicing of the 11 submersible pumps in three of the schemes. This regular servicing occurs every 2 to 3 years and assists in obtaining lower premiums under our insurance policies for the scheme infrastructure. This has proven effective to date with insurers meeting the full costs for major pump works in the last few years.

The 2015/16 Budget will be finalised before 30 June and details of the charges provided to you in early July.

Water Meter Replacement—50% Subsidy to be provided

The Board thanks those many customers who provided feedback on the recent Circular that discussed the replacement of water meters in the scheme as we can no longer source parts for the existing propeller meters. The difficult financial circumstances at present are fully recognised and the Board has considered your feedback in finalising its position on meter replacement.

As discussed in the circular, it is proposed that the old meters only be replaced when they fail completely. The propeller meters we are using have proven to be very reliable and we are not experiencing large scale failure rates. Many of the current meters may well provide reliable service for many more years and not need to be replaced.

The other aspect of irrigation water meters is that the Commonwealth Government in association with State Governments has developed National Metering Standards to provide higher levels of accuracy of water use recording

In this Newsletter we cover the following areas:

- **Update on Conversion to Co-operative Structure**
- **2015/16 Budget and Water Charges**
- **Water Meter Replacement—50% Subsidy to be provided**
- **PVWater Policy on Water Meter Replacement**

Contacts:

Secretary:

John Palmer
Pioneer Valley Water
Level 1
Canegrowers Building
120 Wood Street
MACKAY QLD 4740

Phone: 4957 8481

Fax: 4957 8038

www.pvwater.com.au
pvwater@pvwater.com.au

Correspondence to:

PO Box 275
MACKAY QLD 4740

Continued.....

in the irrigation sector. These standards require that all meters that do not meet the accuracy level are to be replaced by July 2020. Our existing propeller meters do not meet these Standards.

We, along with other scheme operators voiced strong concerns to the Queensland Government on this and particularly that it would cost some \$3 to \$4 million to replace all of our meters by 2020. Our request for funds to replace all meters fell on very deaf Government ears.

However, the Queensland Government, in recognition of the major impost for irrigation schemes, has adopted a position to not mandate the adoption of the National Metering Standards. Further they have left it to scheme operators in consultation with customers to determine their approach to metering in their schemes.

This said, PVWater is still required under the Water Act 2000 and the Water Supply (Safety & Reliability) Act 2008 to meter water use by customers for recording under the Pioneer Valley Resource Operations Plan. Failure to record water use under your Water Allocation would be a breach of the legislation by both PVWater and you as a Water Allocation holder.

As the only income for the irrigation scheme is from customers and in view of the concerns raised over the cost to replace failed propeller meters, PVWater has adopted a policy to provide 50% subsidy from reserve funds within the scheme. The subsidy will apply to the cost of the Magflow meter and meter barrel modification or flanged pipe pieces as discussed in the circular. The full cost for modification of pipework to relocate any meters will still be with customers. For further assistance, if required, the customer 50% contribution will be able to be spread over four quarterly water charges invoices without any additional cost.

The Board's policy on meter replacement is summarised below and is to commence immediately. Full details of the subsidised payment required from customers for any meters to be replaced during 2015/16 will be advised with the 2015/16 Schedule of Water Charges in early July.

PVWater Policy on Water Meter Replacement

1. Existing propeller water meters throughout the scheme are to be replaced as they fail with Siemens Magflow meters
2. The cost of the Magflow meter and meter barrel modification or supply of flanged pipe pieces is to be met by customers with a 50% subsidy from PVWater.
3. Modification of meter barrels and supply of flanged pipe pieces is to be arranged by PVWater.
4. Customers are to meet their 50% share of the cost for meter replacement on delivery of the new meter with an option to spread the cost over four quarterly water charges invoices.
5. Individual customers are to meet the full cost of modification of on-farm pipework for any meter relocation required to address Workplace Health and Safety matters or other site concerns.
6. A Meter Replacement Charge will be set as part of annual water charges determinations based on Magflow meter costs and barrel modification/flanged pipe piece supply.