



Pioneer Valley Water Co-operative Ltd

NEWSLETTER

Issue 31

July 2019

2019-2020 Announced Allocation

With Teemurra Dam at just over 100% of full capacity, Announced Allocations for the 2019-20 Water Year for both High Priority A (urban and industrial) supply and High Priority B (irrigation) supply have been set at 100% from July 01, 2019. This is the eleventh consecutive year with full allocation being available for irrigation. With Announced Allocation at 100%, PVWater customers are reminded that Stream Flow Periods will not be announced for the 2019-20 Water Year.

2019-2020 Budget and Water Charges

Pioneer Valley Water has adopted the Budget and set water charges for the 2019-20 Water Year:

Major contributors to upwards pressure on water charges this year include; an increase in the SunWater *Bulk Water Charge* (average +\$0.46/Ml), and restoration to the operating budget of last year's discounts in *Salaries* (average +\$1.69/Ml), and *Maintenance* (average +\$1.27/Ml) components. The *Electricity* component of the *Usage Charge* is affected by delivery efficiency adjustments in the Palmyra (+\$0.34/Ml), Septimus (+\$0.08/Ml), and Silver McGregor (+\$0.26/Ml) schemes.

Offsetting these increases are reductions across a number of *Administration* expense components (total average -\$0.37/Ml); removal of last year's allowance for *Maintenance* costs associated with servicing for large centrifugal pumps in the Palmyra (+\$1.93/Ml), Septimus (+\$4.90/Ml) and Silver McGregor (+\$2.26/Ml) schemes; and a 24% reduction in the *Annuity* component following revaluation of irrigation infrastructure and review of renewals requirements.

These adjustments impact our various irrigation areas to differing extents dependent on level of service provision, and on historic operations and maintenance cost averages. The outcome sees a reduction in the *Access Charge* compared with 2018-2019, (ranging from -\$0.08/Ml in the Palm Tree Creek - Cattle Creek Area to -\$2.33/Ml in the Silver McGregor - Pipeline Area), and an increase in the *Usage Charge* (ranging from +\$0.09/Ml in the Riparian Area to to +\$0.39/Ml in the Palmyra Area): as shown in the following table:

Irrigation Area	2018/19 Charges		2019/20 Charges	
	Access \$/MI (p.a.)	Usage \$/MI (p.a.)	Access \$/MI (p.a.)	Usage \$/MI (p.a.)
Palm Tree Creek—Cattle Creek	41.88	4.18	41.80	4.30
Palm Tree Creek—Pipeline	62.62	7.35	61.20	7.54
Palmyra	52.01	33.46	50.51	33.85
Riparian	37.84	3.04	37.40	3.13
Septimus	60.22	54.55	58.13	54.72
Silver McGregor—Creeks	49.70	43.29	48.18	43.58
Silver McGregor—Pipeline	53.00	43.29	50.67	43.58

Director Election/Appointment Outcomes

Re-election of Andrew Cappello, and Joseph Borg to the Board of PVWater and also of Andrew Cappello to the Board of PVMutual, was ratified by Members at the 2018 AGMs.

Thank you to Andrew, Joseph and all of our Directors for continuing to advocate and contribute to local management of irrigation in the Pioneer Valley!

*In this Newsletter
we cover the
following areas:*

- **2019-2020 Announced Allocation**
- **2019- 2020 Budget and Water Charges**
- **Director Election/ Appointment Outcomes**
- **Electricity & Water Pricing**
- **Staff Changes**

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Electricity and Water Pricing

Development of local irrigation schemes originally proceeded on the basis of the state government underpinning ongoing costs to ensure affordability. This strategy was *absolutely* warranted by the economic benefits envisaged to flow to the Mackay regional community from productivity gains made by farmers through irrigation.

These gains were certainly realised initially. Subsequently however, successive state governments have progressively implemented an alternate strategy of moving to "cost-recovery" through electrici-

ty and irrigation water pricing policies. This strategy;

- i) shifts, from government to the local irrigation community, the *financial burden* for envisaged economic benefits to the Mackay regional community; and
- ii) changes the net regional economic outcome from positive to *negative*, as that financial burden not only restricts farmers' capacity to afford to utilise additional allocation taken on under local irrigation schemes, but increasingly erodes their capacity to stay in business.

The state government has simplistically identified the irrigation community's inability to fund this financial burden, as a risk to state revenue requirements. Inexplicably, through directions handed down to their corporations (Ergon Energy and SunWater) via the Queensland Competition Authority, they now seek to reduce that risk by further increasing water and electricity charges, and by shifting charges collection from a variable to a fixed base. To date, they seem otherwise unable or unwilling to recognise that their cost-recovery strategy is failing everyone, including the Mackay regional community, and Queensland's bottom-line.

Farmers are already operating below their own cost recovery for irrigation as they struggle to fund the state's up-front "revenue requirement". They are increasingly withdrawing from irrigation for productivity, leaving water allocations underutilised, ... and *far* from simply preventing the realisation of envisaged productivity gains, the state government's strategy is now contributing to a net reduction of disposable income into the regional community.

PVWater continues to be heavily involved in advocating for irrigators through peak bodies QFF and NIC, and also directly with state and federal governments at both statutory and political levels. Outcomes are not particularly transparent, but can be seen in pressure being brought to bear through national regulators ACCC (numerous recommendations relating to electricity pricing, including write down of Ergon's Regulated Asset Base) and the AER (facilitating and encouraging more inclusive discussions around practical and affordable electricity tariff development). The recent 12-month extension of transitional electricity tariff arrangements indicates that advocates at least have the state government's attention, at present.

There remains much to be done in both electricity and water pricing policy to achieve an outcome which will once again facilitate productivity outcomes, and a positive regional economic impact.

Staff Changes

Last year at this time we advised that Scott Johnston had joined PVWater in the role of Operations Officer. Scott has now returned to the mining sector, with the position being filled by our Water Service Officer, Warwick Allen (pictured right). Warwick came to PVWater in 2018 after 17 years working in operations in the energy and chemical recovery area of a pulp and paper mill near Tumut in NSW. Previous to this he worked in the agricultural irrigation industry as a designer, operator, installer and maintainer. Warwick is already proving to be a valuable addition to the PVWater team, and is finding Mackay's winter climate to his liking.

Warwick's promotion to Operations Officer leaves the position of Water Services Officer vacant and PVWater is currently engaged in the recruitment process to back-fill this role. Recruitment is also underway to fill the role of General Manager, following Greg Dawes recently signaling his intention to leave the organisation. Greg will remain on deck for a short period to facilitate a smooth transition in management, and to bed down some ongoing administrative and operational matters.

