

# PIONEER VALLEY WATER CO-OPERATIVE LTD

## MINUTES OF THE ANNUAL GENERAL MEETING HELD ON THURSDAY, 04 NOVEMBER 2021 AT THE WESTS TIGERS LEAGUES CLUB, WALKERSTON

### MEETING OPENED AT 7.40PM

The Chairman welcomed all members to the 2020-2021 Annual General Meeting of Pioneer Valley Water Co-operative Ltd (PVWater) and Pioneer Valley Water Mutual Co-operative Ltd (PVMutual). The Chairman confirmed the attendance met the Co-operatives quorum. He welcomed invited guests Kerry Latter, CEO of Canegrowers Mackay and Markus Reiners, Cane Productivity Manager of Mackay Sugar.

The Chairman asked everyone to stand and observe a minute's silence to pay their respect to the past and present members of PVWater who have passed away over the last year.

*The Manager read the Notice of Meeting and Agenda.*

### ATTENDANCE:

*PVWater Member Directors: J Borg, K Ross; B Nicholson;  
PVWater Independent Directors: D Said & B Cooper;  
PVWater Members: J Werner, P Walker, D Mitchell, R Nicholson, W Hunn, P Doyle and V Zarb;  
PVWater Staff: S Ford, R Faulkner, S Arnold, D Roberts and J Walsh;  
Non-Members: J Formosa and J Muscat;  
Invited Guests: M Reiners and K Latter*

### APOLOGIES

*J Gilbert - Member of Mackay, S Andrew – Member for Mirani, G Christensen – Member for Dawson, L Neilsen, R Davey and A & J Ferlazzo.*

### AGENDA ITEM 1

#### MINUTES OF 2020 ANNUAL GENERAL MEETING

*Moved* D Mitchell *seconded* V Zarb that the Minutes of the Annual General Meeting held on Thursday, 19 November 2020 be adopted. *carried*

### AGENDA ITEM 2

#### CHAIRMAN'S REPORT

The Chairman addressed the meeting stating the Announced Allocation percentage for irrigation supply in the Pioneer River Water Supply Scheme was set at 100% for the thirteenth consecutive year in 2020-2021. Although we had below average rainfall of 1295mm for the year, compared to the average of 1666mm, for most farmers the falls meant that they did not have to irrigate but it is clear that the majority of farmers do not view irrigation as an affordable tool for increased crop production. Only seven thousand, of the available forty-seven thousand

ML were used during the year. This equates to 15% usage for the year which is the lowest annual usage since 2017 when we used 11%.

In irrigation areas where PVWater relies on electricity to supply irrigation water (Palmyra, Septimus and Silver McGregor), state-controlled electricity costs have continued to increase at around 9.0% per annum since 2007-2008, contributing between 80% to 95% of the total increase in water usage charges for those areas over that period. Increases in electricity prices on a similar scale at the farm level have been equally damaging to irrigation affordability. For 2020-21 the cost of electricity, definitely pushed down the volume of water used by irrigators.

On the water supply front, across all irrigation allocations in the PVW Scheme, the State Government controlled, SunWater, froze the bulk water charge prices at the 2019-20 level.

Despite this, these ongoing significant price increases have been part of a strategy implemented by successive Queensland governments', to transition the agricultural sector towards "cost recovery" for electricity and water inputs. This strategy:

- disregards the fact that subsidising these input costs enables the productivity required by agricultural businesses to compete in a sector where commodity prices are dictated by world markets;
- fails to recognise that irrigation schemes, which were constructed to support the regional economy on the back of that increased productivity, were never intended to recover input costs,
- would not have proceeded at all on a cost recovery basis.

There can be no doubt at this point that governments' cost recovery model for the agricultural sector has failed water allocation holders in the Pioneer Valley, where, beyond the issue of reduced productivity outcomes, pricing increases have overseen the demise of the regional water market, with water allocations now seen as a deterrent to farm transfers. At the establishment of the scheme irrigators took on an allocation which was then viewed as an asset, now some view their allocation as a liability. However, irrigators who embrace irrigation and use their allocation to its potential are benefiting from higher production especially through this period of reasonable sugar prices.

Moving forward, the state government as part of the election promises in 2020 has given a 15% discount on bulk water prices for the 2021-22 Financial Year. Unfortunately, in PVWater's case this came after an 18% increase which meant a net increase of 3% on the previous years' prices.

Meanwhile, the State Government through Ergon removed the agricultural Tariff 62 with effect from June 30th 2021 and after strong submissions from PVWater, Canegrowers and Queensland Farmers Federation have implemented an Electrical Tariff Adjustment Scheme (ETAS) that limits the annual increase in kW prices to 5% compounding each year for up to nine years. This equates to a 63% increase in electricity costs over nine years assuming that we use the same amount of electricity each year. This does not take into account the demand-based charges that measure the largest amount of electricity used in a billing period (either monthly or quarterly) and charges that usage for every day of the billing period.

Over the last 12 months PVWater have increased advocacy efforts around energy and water pricing issues. The Chairman thank those irrigators who have taken up PVWater's on-going invitation to participate in direct approaches to local MP's as we all strive to get the affordability message across to decision makers.

Additionally in 2020-21, PVWater has:

- provided information to, sought meetings with and extended invitations for scheme inspection to the relevant Ministers and to government bodies at both the state and federal levels.
- actively contributed to the very large number of submissions made to various inquiries, prepared by the National Irrigators Council, Agriculture Industries Energy Taskforce and Queensland Farmers Federation;
- been on radio and TV!
- consulted with the Australian Energy Regulator, and with government owned corporations at both the Queensland electricity network (Energy Queensland), and electricity retail (Ergon Energy) level about appropriate electricity tariff design for agriculture;
- continued ongoing discussions with state government department representatives and with SunWater regarding the unaffordability of proposed increases in bulk water charges.
- continue to lobby for support for a micro-grid based on Mackay Sugar's CoGen unit.

PVWater met with and made submissions to both major parties regarding the present cost of water and electricity and we will continue to lobby the State and Federal governments on this. In-line with our Co-operative Vision to maintain a cost effective and technologically sustainable infrastructure and water distribution service for our customers into the future, we have completed a communications upgrade on all our pump stations to remove the out-dated Moscad radio controls and replaced these with 4G. This will decrease the risk of downtime of the pump stations due to control system failure. The original system was poorly supported by the vendors (Rubicon based in Victoria) with limited service and lack of spare parts.

The upgrade has given PVWater:

- Improved reliability and less downtime
- Improved remote monitoring and fault finding capability
- Access to spares with warranties
- A greater and local support base
- Reduced total cost of ownership.
- Removal of the need for Mt Blackwood repeater and radio licences

From 1st July 2021 PVWater has transferred its demand management to Tyeware's Telemex Smart Irrigation System. This new system allows allocation holders to better monitor their water usage and place water orders via a web portal.

The new system will:

- Improve water order visibility
- View remaining allocation based on previous usage and current orders.
- View current demand and remaining capacity on the whole distribution
- View the status of orders
- Improve the ability to cancel orders even if partially delivered.

PVWater are working on a future phone app development.

The dial up system of ordering will no longer be available although water orders will still be accepted by phoning the office during office hours.

Tyeware Telemex Smart Irrigation is locally developed and supported by skilled technicians based in Mackay. Combined with PVWater's control system upgrade and replacement done with the support of Logicamms, PVWater now have a leading edge system supported by companies and people based in the Mackay region.

The Chairman thanked PVWater staff; Steven Ford, Judy Walsh, Steve Arnold, Richard Faulkner and our new Water Services Officer, Darren Roberts, for the excellent way they perform in their individual areas of expertise and for their continuing dedication in responding to the challenges they confront with the operation of the Pioneer Valley Irrigation Scheme. PVWater has a small team who work well together and are very effective in their individual roles.

The Chairman also thanked everyone for attending this year's AGM as members of PV Water and PV Mutual. He hoped everyone was well aware of the 5% discount on water usage charges for members which he hopes will encourage more member participation. He also thanked his fellow Directors for their contribution throughout the year.

### **AGENDA ITEM 3**

#### **OPERATIONS OVERVIEW**

##### **2020-2021 Operations Overview**

The Operations Manager stated the NFF Microgrid Study commenced in November 2020 as part of an NFF initiative funded by the federal government. Growers in the lower Palmyra/Bakers Creek area were invited to participate in the study. Smart metering installation commenced in January to allow data gathering.

##### ***General***

The control system asset renewal was completed during FY21.

Following the receipt of one response to the request for proposal for the replacement of the asset control system and the Demand Management System, Logicamms was selected to replace the ageing control system partnered with Tyeware to replace the Rubicon Demand Management System.

During the third quarter of the financial year systems were progressively upgraded with SCADAPack PLC's at all sites combining with the Schneider Clear SCADA control system. Works were successfully completed by Logicamms with Comlek doing on site electrical works.

Beta testing of the Tyeware Telemex demand management system commenced in February with cutover on 1<sup>st</sup> July 21. This system replaces the Rubicon Demand Management System.

In March 2021 Palmyra, Septimus River and Septimus Relift pump stations air-conditioning was installed (Silver McGregor pre-existing) as part of control system upgrade to improve equipment reliability.

During May 2021 PVWater commenced the migration of asset management and maintenance planning to another online system called Fiix to improve asset management and maintenance record keeping and compliance.

### ***Palm Tree Creek***

Operations staff reported the sound of leaking around the Tannalo guard valve seal which was then subsequently reported to SunWater. SunWater replaced the seal in June 2021. SunWater has had difficulties returning the line back into service at the time due to issues repressuring the Saddle Dam 2 to the Tannalo line. A major part of the issue repressuring the line was due to SunWater infrastructure that releases water into Palm Tree Creek still leaking water.

In August 2020 installation was completed of the Rural Fire Brigade outlet near the intersection of Mackay Eungella Road and Tannalo Galea Road.

### ***Palmyra***

Operations staff have continued the spraying of parthenium weed along the channel.

### ***Riparian***

Poor rivers flows during 2020/21 has resulted in an increased reporting of weed impeding the ability of allocation holders to extract water. Mackay Regional Council and the Pioneer River Improvement Trust have been monitoring the level of weed cover and controlling where appropriate.

### ***Septimus***

Continual issues with control system reliability was experienced during the first half of the financial year up until the control system replacement was completed.

A long term leak left in Septimus Lower rising main resulted in the leak becoming a major issue. Erosion over time created a hole in the concrete approximately 10cm in diameter. As a result, what would have normally been rectified by replacing the seal where the leak originated, a bell housing was required to seal the area.

### ***Silver McGregor***

During October 2020 PVWater were unable to supplement water via the SunWater Palm Tree Creek outlet that resulted in not being able to supply peak demand into the Silver McGregor scheme.

SunWater had blanked off the release valve and dismantled the valve with the intent of repairing it earlier in the year. SunWater was unable to secure the relevant item to repair the valve and put back in service prior to the peak irrigation period. Following representation by Pioneer Valley Water to SunWater the existing infrastructure was reinstated. To this date the valve has not been repaired and leaks water into Palm Tree Creek.

## ***Supply***

Pioneer River Water Supply Scheme announced allocation for 2020-2021 was 100%.

The 2020-2021 water year commenced the year with Teemburra Dam at 99% of full capacity and Mirani, Marian and Dumbleton weirs all overflowing. Closing levels for Teemburra Dam was 98% of full capacity.

At 1294mm, total annual rainfall was below the long-term mean of 1651mm.

## ***Demand***

Demand was at 16% of available allocation (previous year was 28.2%). Demand was low as a result of opportune rain during what would normally be the peak demand period. Rainfall during the September to December period was 25.4mm, 15.2mm, 134mm, 319mm respectively being 144% of mean during this period.

*Refer Table 2 – PVWater 2020-2021 Water Usage and Charges by irrigation area in the 2020-2021 Annual Report.*

## **AGENDA ITEM 4**

### **2020-2021 ANNUAL REPORT AND FINANCIAL STATEMENTS**

#### **Review of Financial Statements**

The Manager gave an overview of PVWater's/PVMutual's financial position and as per previous AGM's where the financial data is combined.

The summary of the combined **Statements of Comprehensive Income** for PVWater and PVMutual showed that:

- PVWater had an income of \$2,837,379 and Expenses of \$2,821,304 giving a Net Profit of \$16,075.
- PVMutual had an income of \$1,190,888 and Expenses of \$1,526,125 giving a Net Loss of \$335,237.

A summary of the combined **Statements of Financial Position at June 30<sup>th</sup> 2021 for PVWater and PVMutual shows:**

- PVWater has Total Assets of \$763,414 and Total Liabilities of \$356,153 giving a Total Equity of \$407,261
- PVMutual has Total Assets of \$32,863,869 and Total Liabilities of \$72,804 giving a Total Equity of \$32,791,065.

The Manager stated he was asked after the AGM last year, why PVWater make a loss each year. Unlike a normal business, we try and budget to break even rather than making a profit so that

1. We are not subject to tax.
2. The irrigators do not pay more for your water than the bare minimum.

Generally we err on the side of making a loss and if we aim to make a profit and charge more for our water then the irrigators pay more. For the year ending 30<sup>th</sup> June 2021 PVWater actually reduced the water charges by around \$1\ML across the scheme. The Government Covid rebate was passed onto all of the irrigators as water allocation holders. The Manager stated if the water charges were left as is, PVWater would have made a bigger profit and then irrigators would not have benefited from your Board's decision to reduce the cost.

Alternatively PVWater endeavor to cut the operating and administration costs. As an example, a different insurance broker was engaged that saved PVWater around \$6000. Being more efficient saves money which is why there was an upgrade to the communications system for the whole scheme. This will give irrigators a better control of their water usage. It is hugely important that the water is not wasted. It is also hugely important that irrigators get the water they ordered when it is supposed to be there. Too often the operations staff are called in the middle of the night complaining about no water and regularly it is found that someone upstream has taken the water or started pumping before waiting for the full lag time for delivery. The Telemex system now allows irrigators to order water with the appropriate lead time, to see how much of their water allocation will be used and also allows to see how much allocation is still available. For PVWater we have the ability to see how much water will be required to fill all the orders, it allows the control of the start up of the pumps to minimize the power spikes each month as these drive up electricity bills and generally allows the management of the whole system. If the operations staff have maintenance work to do and see no orders in the system then a shutdown may occur. Irrigators who have not placed orders and are pumping water will be shutdown as the operations staff has no knowledge of their usage of water.

In Oman in the Middle East they have an irrigation system called the Falage which has been working successfully for over two thousand year but there if anyone takes water when it is not their correct time they cut off their right hand for stealing.

If everyone uses the Telemex ordering tools correctly then the water will be delivered when you want it and PVWater can better control the volume of water being pumped which will help reduce the costs.

D Mitchell inquired about the Asset Replacement amount. His question was "Where can he identify that amount in the financial statements"

The Manager stated it is incorporated in the current assets of PVMutual and that each year \$432,000 is collected for the Asset Replacement. It was set by the Board to cover replacement cost of the whole scheme by 2050.

P Doyle questioned is the Asset Replacement cost spread equally over all the irrigators as an amount per megalitre. The Manager advised it is calculated on a fixed amount of \$432,000 and the amount is different in each area as it depends on the infrastructure in that area.

D Mitchell advised in the financials in Note 11. Overall Risk to Operations – COVID 19. He believes the risk to PVWater is the lack of water usage not COVID 19 and would like to know how the Board is going to address the problem. The Chairman stated ultimately the overall schemes operation is through Part A water charges so low usage does not negatively impact on the financial position. If half of the irrigators stopped paying their account that would be the biggest risk but legal options would be engaged to counter that risk.

The Manager stated at the end of the day it is the decision of the irrigators to use water or not, the scheme operators can't make irrigators use water.

*Moved* D Mitchell *seconded* P Walker that the 2020-2021 Annual Report and Financial Statements for Pioneer Valley Water Co-operative Limited be adopted. *carried*

## **AGENDA ITEM 5**

### **APPOINTMENT OF AUDITORS**

The Chairman stated PVWater have appointed SH Tait & Co as auditors for Pioneer Valley Water Co-operative for the 2021/2022 financial year.

*Moved* B Nicholson *seconded* K Ross that SH Tait & Co be appointed as auditors for Pioneer Valley Water Co-operative Limited for the 2021/2022 Financial Year. *carried*

## **AGENDA ITEM 6**

### **ELECTION OF DIRECTORS**

The Chairman advised A Cappello resigned from his position due to selling his farm and B Nicholson was appointed in the interim until the AGM. Notices were sent out to irrigators for nominations for a director and B Nicholson was the only person to nominate for the position. The Chairman motioned to ratify the election to the Board of Byron Nicholson.

*Moved* W Hunn *seconded* D Mitchell that the election of Byron Nicholson to the Board of Pioneer Valley Water Co-operative Limited be ratified. *carried*

The Manager advised under Rule 35 the Boards confirmed the appointment of Joseph Borg as the common director of PVWater and PVMutual.

## **AGENDA ITEM 7**

### **GENERAL BUSINESS**

#### **Electricity and Water**

The Manager stated despite the fact that we have some of the world's best coal resources on our doorstep, and despite the fact that Mackay Sugar's CoGen unit could provide reciprocal cheap power to all canegrowers and irrigators including PVWater, our State Government has chosen to give Queensland some of the highest electricity prices in the world.

PVWater has spent a lot of time this year talking with politicians from both sides of government both State and Federal, with government bureaucrats and with Ergon, Energy Queensland and the Australian Energy Regulator about setting up a microgrid based on Mackay Sugar's CoGen unit and utilizing the existing network to provide cheaper power to all our members and water allocation holders. The poles and wires are already there and even if we had to pay a user charge for the network and a fixed rate for electricity from the CoGen unit it would be cheaper than the current rates.



PVWater have been working with Qld Farmers Federation, National Irrigators Council and Canegrowers to lobby the government through the Minister to come out with a Food and Fibre Tariff that limits the cost for agriculture to 8 cents per kW for supply and 8 cents per kW for distribution but to date we have been unsuccessful.

Because the Agricultural Tariff – T62 was made obsolete in July this year, we were forced to change to a demand tariff – T44. PVWater was looking at an 80% increase in electricity charges for this year but with some serious lobbying from our management, supported by Qld Farmers Federation, Canegrowers and National Irrigators we were able to get the government to implement the Electricity Tariff Adjustment Scheme which caps the increase per kW to 5% per year. Unfortunately this does not cap the demand charge as we discovered when we started three pumps on our Septimus scheme and incurred a huge spike in our demand which Ergon charged PVWater for every day of the billing period.

### Water

The Manager commented as you are all aware the government committed to a 15% reduction in water costs for broad acre irrigation and a 50% reduction for horticulture. As the Distribution Operations Licence Holder, PVWater received the 15% reduction from SunWater at the same time as they increased their bulk water charge by 18%. PVWater have minimised the increases for the current year and as a further incentive to use more water we have offered a 5% discount in usage charges for members.

For sometime we have been prosecuting the case for all irrigators to put their orders into the system. The Manager highlighted that for twenty years irrigators in the pipeline scheme have taken water when they wanted it but in order to control the demand for our pump stations and avoid massive spikes which drive up our electricity charges and which ultimately end up being passed onto irrigators they now need to order their water. If the operations staff know in advance all the water orders then they can soft start a pump and slowly bring it up to the necessary rate, which means we use a lower pump speed for a longer period so that we avoid the high demand spike. For those irrigators on the Tannalo Pipeline we often have SunWater request us to shutdown due to problems at Saddle Dam 2 or on their section of that pipeline and if we don't have any orders in the system we have to assume that no one is taking water and it is reasonable to close the pipeline.

With the new Telemex system in place and especially once the phone App is ready and working then it is a simple matter to place orders. At the end of the day if we can better control the flow of water then we can minimize our costs which can then be passed onto irrigators.

The Telemex system which PVWater has implemented as part of the communications upgrade is now in operation. Irrigators who are using the system will know that it will not let you order water without conforming to the correct lag times. There are irrigators who see water going past and decide to irrigate without having placed an order. This is not just about taking the water – it all goes through the meter and is charged for, but it means that someone below you who has done the right thing and ordered water may not get it. It is important to observe the lag times when you order water. PVWater are doing what we can to keep operating costs reasonable so it is important that irrigators follow the guidelines to prevent unsolicited power spikes and wasted water.

Several questions were asked by irrigators that were answered by the Operations Manager and the Manager.

**Questions with Notice**

The Manager informed the meeting that one question was raised with notice.

The question was “At the last election the Government promised a 15% reduction in water charges. Has this been delivered and if so how and when?”

The Manager responded stating “The government reduced the cost of bulk water from SunWater by 15% on the 1<sup>st</sup> July but this reduction corresponded with an 18% increase from SunWater, giving us a net increase over last years prices. PVWater have minimized the increase in water charges for this year and provided a 5% discount for members usage and we will continue to operate as efficiently as we can to reduce operating costs so that these savings can be passed on to our members.

Discussions took place regarding different scenarios (eg. time/venue) that could possibly attract more irrigators to attend AGM’s.

The Chairman closed the meeting by thanking the irrigators present for their time and hoped to see more irrigators next year.

This being all the business, the meeting closed at 9.04pm.

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Chairman