

# PIONEER VALLEY WATER CO-OPERATIVE LTD

## MINUTES OF THE ANNUAL GENERAL MEETING HELD ON TUESDAY 21st NOVEMBER 2023 AT PIONEER VALLEY CLASSIC CAR CLUB, MIRANI

### MEETING OPENED AT 7.05PM

The Chairman welcomed all members to the 2022-2023 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 John Lucey, Steven Ford, and Sadeta Jakupovic.

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

### ATTENDANCE:

*Members: Joseph Borg, John Werner, Bryon Nicholson, Kevin Ross, David Said, Paul Wenger, Doug Mitchell, Greg Vassallo, Robbie Young, Fred Agius, Jeffrey Agius, Colin & Georgina Vassallo, Chris Punzell, James Bugeja, Steve Daniel, Warwick Hunn, Andrew Deguara, Steve McKeering, Ross Nicholson, David Capello, Colin Vassallo Jnr, Steven Barfield, Graham & Jordan Ward, Peter Mifsud, Peter Gibson, Lindsay Neilsen, Trent Condon, Philip Mifsud, Kalu Appo, Brent McKeering, Boyd Wichmann.*

*(32 Members)*

### APOLOGIES

Philip Zarb, Ron Reseck, Steve Battaia, Neville Young, Graham Fasanco, Justin Carena, Bevin Perkins, Rex Stroppiana, Richard Ross, Mick Deguara, Steve Barbella, Mick Galea, Charles Deguara, Jack Fordyce, Anthony Rostirolla, Keven Zarb, Marty & Margaret Muscat, Beau Browning, Ray Meaney, Stewart Green, Joe Vassallo, Paul McDougall, Gordon & Sue Rickertt, Bill Cooper, Darren Roberts, Harley Kruse.

*(28 Members)*

### AGENDA ITEM 1

#### MINUTES OF 2022 ANNUAL GENERAL MEETING

The General Manager also stated a motion to correct be noted for the 2020-2021 minutes. "The General Manager on page 7 of 9 stated that the Asset Replacement Fund was set by the Board to cover the replacement cost of the whole scheme, and it should have been 50% of the whole scheme."

*Moved* D Mitchell *seconded* L Neilson that the Minutes of the Annual General Meeting held on Tuesday 29<sup>th</sup> November 2022 be adopted.

*Carried*

## **AGENDA ITEM 2**

### **CHAIRMAN'S REPORT**

The Chairman addressed the meeting stating that Pioneer Valley Water celebrates its 25<sup>th</sup> Year of operation and he would like to recap on some of the issues that we have faced over that period. We began in 1997 with nothing, borrowed heavily, and established an irrigation water supply infrastructure.

We had all the systems operational by the end of 1998, but it was the beginning of a disastrous run for not only the irrigation scheme, but also for the sugar industry in general. Significant rain in August 1998, orange rot in 1999, and poor sugar prices beginning in 2000 took a significant toll on everyone associated with sugar cane in Mackay.

We were very encouraged by the scheme's performance in delivering very large volumes of water throughout the exceptionally dry years of 2002 and 2003. Our water supply was drastically reduced, with average allocations of 30% in 2002–04 and 0% in 2004–05 and 2005–06. Teemburra Dam reached its lowest point of 18.5%, or 27,400 megalitres, in 2006. We have had 100% allocation available since 2007–2008, and this year marks the sixteenth year in a row.

We have had inconsistent rain for much of the year for the past three years, and many water allocation holders have complained that they are holding allocation that they do not need. Our 2022/2023 water usage was only 2041 ML, or 4.3% of the allocated allocation. This was the scheme's third lowest annual utilisation since its inception in 1997. The years with the lowest use were 2010/2011 and 1998/1999, both with 1% of the total allocation. This is a strong instance of the seasonal variations where our maximum use was 93% of total allotment in 2004/2005. This high variability makes managing the system difficult at times.

We are all aware that an El Niño climate pattern in the Pacific Ocean is expected to affect our weather in the future years. Those of you who have been with the programme since its inception will recall the dry years between 2003 and 2008, and I am confident you will appreciate having access to it in the coming years.

Water allocations were originally considered as an asset; however, many now see them as a liability, and in many cases, an impediment to farm transfers. There is no doubt that irrigators who embrace irrigation and use their allocation to its full capacity benefit from increased production, particularly during this period of high sugar prices. Regrettably, poor mill performance is negating the benefits of this higher production.

For the past six years, as we saw at the last AGM, we have attempted to keep the water charges at the same rates with only minor modifications each year; but this year we have incurred the same cost increases as you, with significant increases across the board. As you can see in the financial report for 2022–2023, we once again experienced a loss - albeit a lower loss than last year. Based on our operating expenditures, we had to raise our charges across the zones this year. As previously indicated, with an El Niño year ahead of us, we may be relieved that there is water available.

In these times of rising costs and uncertainty, exacerbated by a government out of touch with agriculture and, in particular irrigation schemes, it is critical that your Board remains focused on the need to balance the costs to irrigators for scheme infrastructure maintenance and renewal.

In-line with our Co-operative Vision to provide cost-effective and technologically sustainable infrastructure and water distribution service to our customers in the future, we recognise the need to replace and improve some assets that have outlived their usable performance life. Rather than imposing an additional levy every time we needed to update or replace an asset, we reviewed the value of our asset refurbishment fund (an annuity) for this purpose.

PVWater has strengthened its advocacy activities around energy and water pricing problems over the last 12 months. The Chairman would like to thank those irrigators who have accepted PVWater's ongoing invitation to join in direct approaches to local MPs as we all work to get the message of affordability across to decision makers.

In 2022-2023 PVWater has:

- Submitted information to seek meetings with extended invitations for scheme inspection to the relevant Ministers and other government entities at both state and federal levels.
- We have actively contributed to the very large numbers of submissions to various investigations prepared by the National Irrigators Council, Agriculture Industries Energy Taskforce, and Queensland Farmers Federation.
- Regarding suitable power tariff design for agriculture, we have conferred with the Australian Energy Regulator and government-owned enterprises at the level of the Queensland electrical network (Energy Queensland) and electricity retail (Ergon Energy).
- We were as astonished as anybody else in the Valley to learn one afternoon that the Pioneer Valley will be home to the world's largest pumped hydro system, and like most others, we worried how they would connect Teemburra and Kinchant Dams without infringing on a lot of farms and private land! We were equally relieved to learn that this was not the plan, but that three additional dams would be built at the Valley's head, with no influence on our water allocations. The Chairman believes that this initiative is more about the upcoming election than it is about creating electricity, but we'll see.
- This year, the Board and other staff members met with water allocation holders at various shed locations to talk about pressing concerns and how we may perform better. With resounding support, we launched a scheme to enable WA Holders to read their own metres. When Richard Faulkner departed, this made it possible for PVWater to continue with one fewer Field Service Officer. Water rates were lowered as a result of the related savings. Several allocation holders periodically received a charge for the entire year rather than for the quarter in which they really used water since they neglected to check their metres every quarter. Darren and Harley actually read the meters at the end of the financial year, it is definitely better to read the meters each quarter and send in the photos as they requested.

The Chairman thanked our small team who work well together and are very effective in their individual roles and his fellow Directors for their time and contribution throughout the year. The Chairman also thanked everyone for attending this year's AGM as members of PV Water and PV Mutual.

## **AGENDA ITEM 3**

### **OPERATIONS OVERVIEW**

#### **2022-2023 Operations Overview**

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

Throughout the fiscal year, PV Water completed a number of repairs and upgrades to all schemes. The region was also affected by a flood event in FY22, and we are pleased to report that no damage was done to our pump stations or facilities. Building on last year's goal of doing in-house repairs, Harley and Darren are now both poly welding and metre installation validation qualified. We still utilised subcontractors for some repairs when they were necessary.

Throughout the year, the asset register was updated with GHD. To complete this, we sent auditors to each scheme to visually evaluate all assets and infrastructure.

During this time, we performed pump checks on all schemes and pump stations and investigated upgrading options to reduce energy expenditures.

We held shed talks for each plan for the second year in a row, and it was encouraging to see more attendees than the prior year. The feedback has been mostly favourable, and we will continue to have the shed chat gatherings.

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

We repaired the PTC system five times last year compared to four times in FY22, one of which being a leak in one of the scour valves. We experienced continued issues when repairing a leak on lateral one, which took longer than expected. We conducted an after-action evaluation and recorded the lessons learned, which led to the revision of the standard operating procedures. Just as the repair was being done, we discovered a fresh leak on the same line about 600m away, which was repaired in three days using the new processes.

##### ***Septimus***

The FY22 plan had two repairs, resulting in around a 12-hour interruption to the water supply. We're currently examining our alternatives and pricing because the surge tanks need a few minor changes. We have quotes to investigate the possibility of replacing the pump station's drive with a variable speed drive. In order to save energy expenses, we are also analysing the data in SCADA and configuring the pumps to replenish the two storage facilities during shoulder and off-peak hours.

##### ***Silver McGregor***

Similar to Septimus, both scheme's surge tanks require modest maintenance and repairs. In an effort to aid with the water flow, we also kept inspecting and maintaining the culverts along the river. Additionally, there was a pipeline leak that presented special challenges because a sizable block of concrete prevented access to the clamp for repair.

***Palmyra***

Spraying of the channel is ongoing and we also had the channel cleared with an excavator at the start of the channel and will continue to clear this over time section by section.

***Riparian***

A number of pumping pools required some maintenance after the flood event, and we also repaired a number of meters that had stopped working.

**AGENDA ITEM 4****2022-2023 ANNUAL REPORT AND FINANCIAL STATEMENTS****Review of Financial Statements**

The General Manager gave an overview of PVWater's financial position per previous AGM's.

“The summary of the combined **Statements of Financial Position for the year ended 30<sup>th</sup> June 2023** for PVWater and PVMutual showed that:

Combined total assets of \$38,491,884 and total liabilities of \$434,084 giving us combined net assets and total equity of \$38,057,800.

**Profit and Loss**

For the two Co-operatives PVWater and PVMutual we had a combined total revenue for the year of \$3,910,229 and combined Total Expenses of \$4,312,265.

The total expenses included \$960,606 depreciation expense.

This left PVWater and PVMutual with a combined Loss after depreciation of \$402,036. This compared favourably with a combined loss of \$594,175 the previous year.

*Moved* J Bugeja *seconded* D Mitchell that the 2022-2023 Annual Report and Financial Statements for Pioneer Valley Water Co-operative Limited be adopted.

*carried***AGENDA ITEM 5****ELECTION OF DIRECTORS**

Following a call for nominations in September, Joseph Borg (PVWater) indicated his willingness to re-stand as a Member Director. There being no further nominations, Joseph Borg is duly re-elected as a Member Director of PVWater and to ratify the re-election of Joseph Borg to the Board of PVWater..

*Moved* D Capello *seconded* K Ross

*carried*

**AGENDA ITEM 6****APPOINTMENT OF AUDITORS**

The Chairman stated SH Tait & Co be reappointed as the auditors for PVWater and PVMutual for the 2023-2024 financial year.

*Moved* D Mitchell *seconded* J Bugeja  
*carried*

**AGENDA ITEM 7****GUEST SPEAKER**

The Chairman introduced our guest speaker Mr John Lucey, the Business Customer Relationship Specialist from Ergon Energy Retail and gave an overview of his professional background.

John is an Electrical Fitter Mechanic by trade, who has worked within the Mining and Commercial Industries and Domestic Contracting and has been with Ergon Energy for nearly 36 years doing a variety of different roles – Business Customer Relationship Specialist, Energy Advisor, Energy Consultant, Works Planner and Sales Consultant.

As a Business Customer Relationship Specialist, John manages a portfolio of major customers from the Mining, Commercial and Manufacturing Industries, resorts, Shopping Centres, Schools, Ports, Hotel chains and Farming.

John specialises in Tariffs, Tariff Comparisons, Energy efficiency measures and providing a conduit between the customer and Ergon Energy.

John provided an overview of the different electricity tariffs.

- Tariff 22C could be even cheaper if you do not use electricity on weekdays, between 4pm and 9pm. Start pumping at 9pm and pump only until 4pm. On weekends peak rate is not charged. Shoulder rate is from 4pm to 0900
- Tariff 33 and Tariff 34 are controlled load tariffs and may be switched off for up to six hours per day.
- Tariff 24A and Tariff 24B are demand tariffs and the highest demand through a month will be charged for the whole month

Large User: Annual Usage >100MWh

Small User Tariffs:

- Tariff 20 - Single rate tariff (no contract term)  
Daily supply charge 156.4 cents per day  
General usage rate 37.75 cents per kWh
- Tariff 22B - Time of use tariff (no contract term)  
Daily supply charge 284.88 cents per day  
Off-peak rate (0900 to 1559) 30.06 cents per kWh  
Shoulder rate (2100 to 0859) 36.71 cents per kWh  
Peak rate (1600 to 2059) 50.15 cents per kWh

- Tariff 22C - Time of use tariff (no contract term)
  - Daily supply charge 284.88 cents per day
  - Off-peak rate (0600 to 1559) 11.96 cents per kWh
  - Shoulder rate (2100 to 0859) 28.20 cents per kWh
  - Peak rate (1600 to 2059) 70.22 cents per kWh

Ergon Energy want to have all Invernal Meters installed by 2030.

## **AGENDA ITEM 8**

### **GENERAL BUSINESS**

#### **Notice of Motion**

The Chairman addressed a Notice of motion, “moved by D Mitchell and seconded by G Broome.” That the PVWater Meter Replacement Policy (currently revision 3) be amended to remove the requirement for Customers to fund 50% of the replacement costs and full costs of meter replacement be borne by PVW/PWM. Modification to customers pipework shall still be borne by the customer.

#### **Discussion of Motion**

The Chairman invited Mr Mitchell to speak to the motion:

Mr Mitchell stated that in March 2015, PVW released a circular stating that the Board was developing a policy for replacing water meters throughout the irrigation plan. Parts for the current turbine meters were no longer accessible, and the Queensland Government had issued a notice that all water meters must be AS4747 compliant by 2020.

PVW indicated in July 2016 that the "Asset Renewal Charge" (referred to as the Infrastructure Renewal Charge) was insufficient, and the Board(s) were now considering options to determine the most cost-effective and realistic way to fund renewals moving forward. As previously advised, an adjustment to water charges would be made for renewals funding beginning in the second quarter.

In the second quarter of the 2016/2017 Water Year, the final levy component of the "construction" loan was paid out, and the quarterly Access Charge was changed to include an amount to compensate PVW customers' "Asset Replacement Cost" contribution.

Mr Mitchell referred to the questions that were submitted at that time.

1. Are water meters part of the PV Mutual asset?

Yes.

2. Are water meters included in the asset replacement strategy?

Yes

Changes in government policies across Australia have resulted in a substantial shift in the replacement profile for meters. Replacement meters must now comply with AS4747, which means a tripling of the original replacement cost and a halving of the expected useful life. This effectively means that the cost of replacing meters is six times what was provided for in prior renewal rates.

The Queensland state government expected receiving federal government assistance to help with the implementation of a scheme requiring the replacement of ALL meters by 2020. When federal

government funds failed to materialise, the Queensland state government devised an interim policy that allowed asset owners to ignore the 2020 sunset provision while still requiring all new/replacement meters to comply with AS4747.

Pioneer Valley Water's meter replacement policy was designed to address the net deficit in asset renewal funds created by the changes in government policy. Meters are changed on a "as fails" basis, with the annuity subsidising the initial meter replacement at 50% of the cost.

*ARGUMENT(S) in support of the Motion.*

D Mitchell: The water meters are a PVM asset that is included in the scheme's overall cost, with the Asset Charge covering the cost of maintenance and asset replacement. I do not own the meter as an individual item that I can take with me when I sell my farm and water allotment; it belongs to the plan to which I am levied a "Asset Renewal Charge"

If the PVW isolation valve at a customer's offtake fails, they are not required to contribute towards its replacement. If a PVM pump that provides water to an irrigation channel breaks, PVW bears the repair/replacement costs, which are not passed on to people who use the channel.

When the Meter Replacement Policy was first implemented in 2015, it was determined that the "Infrastructure Replacement Charges" as part of the "Allocation Charges" were insufficient. Since then, following the repayment of the "Construction" loan, the "Allocation Charges" have been set to a level sufficient to allow for the complete asset replacement by 2050 (as per page 7 of 2021 AGM minutes, but later verbally advised as 50% by PVW Manager), based on the most recent GHD assessment of asset value.

The requirement for a customer contribution to replace meters was established in 2015, prior to the significant step increase in the "Allocation Charge" in 2016/2017. In future updates of the Water Meter Replacement Policy, I believe the Board erred by failing to evaluate the basic assumption for policy implementation and subsequent choices, i.e.

1. Insufficient funding and revenue in 2015 for widespread replacement.
2. The "Asset Renewal Charge" step increased in 2016/2017.
3. The Queensland Government reversed its attitude on meter replacement.
4. The decision to solely replace meters upon failure.

Part of the "Asset Renewal Charge" includes meter replacements; therefore, after contributing to asset renewal, why should a customer (in the event of your meter failing) have to pay a further 50% contribution towards the costs, effectively paying for one and a half meters?

A meter replacement costs a lot of money for the consumer, and in my case, it would be about half of my annual bill. I've been told that PVW has replaced 1 to 2 meters per year for the last 5 years. This is a significant cost for the individual customer, but it is a small part of the "Asset Renewal" fund to which you routinely contribute.

As irrigators, we are frequently reminded that we own the "Asset" which is handled on our behalf by PVW. Why should each individual customer pay a 50% contribution for a replacement meter when we own the "asset"? There is no data on the causes of meter failure (worn out from excessive use, failed due to age, or seized due to insufficient use). When a consumer has no say in the meter that was installed, why should they be punished if it fails? The spectre of AS4747 compatible meters is frequently highlighted. The PVW Boards have decided to solely replace meters on a "as fails" basis. Customers on a fully supplemented plan are not obliged to have AS4747-compliant meters. I support the Board's decision to upgrade all meters to AS4747 without requiring a 50% payment from



customers.

The 'NO' argument against this motion may throw in a few red herrings, such as 'What if a client purposefully destroys their meter just so they can acquire a new one - how can PVW attend to this without some commercial impost on the customer"

If a meter is physically damaged by impact or inundation, the irrigator/customer should have enough insurance coverage for this circumstance. Prior to my purchase of the property, one of my meters was damaged by a car that ran off the road, and I am unsure of how the damage repairs were handled by the relevant parties, namely PVW, the property owner, the vehicle owner, and each party's associated insurer.

Several members spoke against the motion.

A member informed D Mitchell that he had raised some legitimate concerns about who owned the meters and who didn't. He was concerned about placing the cost back on the water board because if it was owned by someone else, no one would look after them.

When asked how much it would cost to replace the meters, the Chairman stated that 370 x \$3,000 a piece would cost approx. around \$1 million.

There was a speaker in favour of Mr Mitchells motion, who stated that if the meters are part of the program, growers should not be required to pay for them.

Another member opposed the proposal, stating that the growers must pay for them regardless, and that perhaps 50% of the cost is not that bad and reduces the scheme's burden.

The Chairman asked for a show of hands for those in favour of the motion (9) and those against the motion (17)

The Chairman therefore declared the motion was defeated.

### Questions

Regarding the email from the previous meeting regarding metre reads, D Mitchell reported that PVWater had distributed a flyer noting that Darren and Harley were reading the meters and that in the event that they were not accessible, PVWater will estimate the usage by utilising the highest usage during the preceding ten years.

Mr Mitchell asked under what law or policy "PVWater Policy permits them to bill the highest reading for the previous ten years in the event that they are unable to read the metre."

On November 9, 2022, legislation pertaining to unjust contract conditions was introduced and is currently a statute. Does this imply that the Co-operative is bound by the terms of their contract as well as the laws? Certain clauses allow you to be appointed power of attorney over matters that would not be upheld in court. For what reason is this part of the document?

Mr Mitchell then encouraged the Board to evaluate all the documents related to the unfair terms and to take action by the end of the following year, if no action is taken by then, he will forward the matter to the ACCC.

Mr Mitchell asked about monthly invoicing instead of quarterly, and the GM advised anyone to come and talk with us so that we could come up with a payment plan or whatever works best for the client. This would result in increased administrative expenditures associated with monthly billing.

Mr Mitchell highlighted the subject of how many irrigators are not PVWater members and why they are not, whether it is because they are unaware or do not want to be. It has been recommended to provide membership forms when invoices are sent out. The Chairman responded with advising we have been pushing Memberships since the last AGM and we have been receiving 1-2 applications per month, there are now 175 Members and 70 Non-Members.

Mr Mitchell reported that Harley wrote an item in the last newsletter about how to utilise Telemex, which focused on the ordering side and notifications on how to view the flow. Mr Mitchell felt it wasn't described well enough and proposed that the next newsletter be more understandable.

There is 2000 ML on the PVWater Sales Register, which in Mr Mitchell's opinion reflects that water is becoming more expensive, as a result of rising electricity prices and bulk water charges.

The question was raised: is there any way for producers to offload their water allocations? There are numerous limits, and the government's standards prohibit them from trading water outside of the plan. You can't take Septimus' water out of Riparian, and with so many restrictions, we can only do what we can and follow the guidelines given by the government.

Water allocations cannot be relinquished. There is a long procedure that you would need to go through and there are many roadblocks, but at the end of the day the allocation can be sold only if there is a buyer.

Discussions took place regarding different scenarios for the next AGM (e.g., time/venue) that could possibly attract more irrigators to attend AGM's. It was agreed that Mirani was a good location.

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 8.30 pm.

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Chairman