seqwater
WATER FOR LIFE

Central Brisbane River Water Supply Scheme

Annual Network Service Plan

2020-21

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SOURCE STORE SUPPLY

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1. Introduction

This Network Service Plan (NSP) is a key component of Seqwater's consultation with its customers and is intended to provide useful and helpful information.

Seqwater invites comments and suggestions on the content of this NSP. Customers may provide feedback via email or post at the following addresses:

Email: irrigators@seqwater.com.au

Post: Seqwater
PO Box 328
IPSWICH QLD 4305

2. Scheme Details

2.1 Scheme background and context

The Central Brisbane River Water Supply Scheme (the Scheme) is located along the Brisbane River from Mt Crosby Weir up to and including Wivenhoe Dam. The Scheme was established in 1980 to enable irrigation of up to 1,000 ha within the area.

The Scheme is regulated under the Moreton Water Management Protocol (the Protocol) and managed under the Central Brisbane River Water Supply Scheme Operations Manual.

The water year runs from 1 July to 30 June.

The Scheme consists of one tariff group, "Central Brisbane River".

2.2 Infrastructure details

The table below sets out the bulk water assets, owned and operated by Seqwater, that comprise the scheme.

Table 1: Bulk water assets

Dams	Weirs	Off-stream storages	Other bulk water assets
Wivenhoe Dam, Somerset Dam	Mount Crosby Weir*	Nil	Wivenhoe Tail Water Weir Gauging stations

Source: Seqwater (2020)

* Although Mount Crosby Weir marks the end of the scheme, no costs associated with the weir are included for irrigation pricing purposes.

2.3 Customers and water entitlements serviced

Within the Scheme, Seqwater supplies raw water to 127 customers holding medium priority water allocations and one customer holding a high priority water allocation. Seqwater also holds an allocation which it uses for supply into its water treatment plants to provide treated water to its customers. The following table sets out the ownership of water allocations in the Scheme.

Table 2: Schedule of ownership of water allocations

Customer type	Number of customers	Medium priority volume (ML)	High priority volume (ML)
Irrigation	123	7,074	–
Ipswich City Council	1	65	–
Somerset Regional Council	1	15	–
Lowood and District Golf Club	1	40	–
Glamorgan Vale Water Board	1	–	250
Seqwater	–	–	278,617
Total	**127**	**7,194**	**278,867**

Source: Seqwater (2020)

2.4 Water availability and use

2.4.1 Water availability

The announced allocation determines the percentage of nominal water allocation volume that is available in each water year. The following table sets out the announced allocations since 2013-14.

Table 3: Announced allocations history

Priority	2013-14 %	2014-15 %	2015-16 %	2016-17 %	2017-18 %	2018-19 %	2019-20 %	2020-21
Medium	100	100	100	100	100	100	85-100	70*

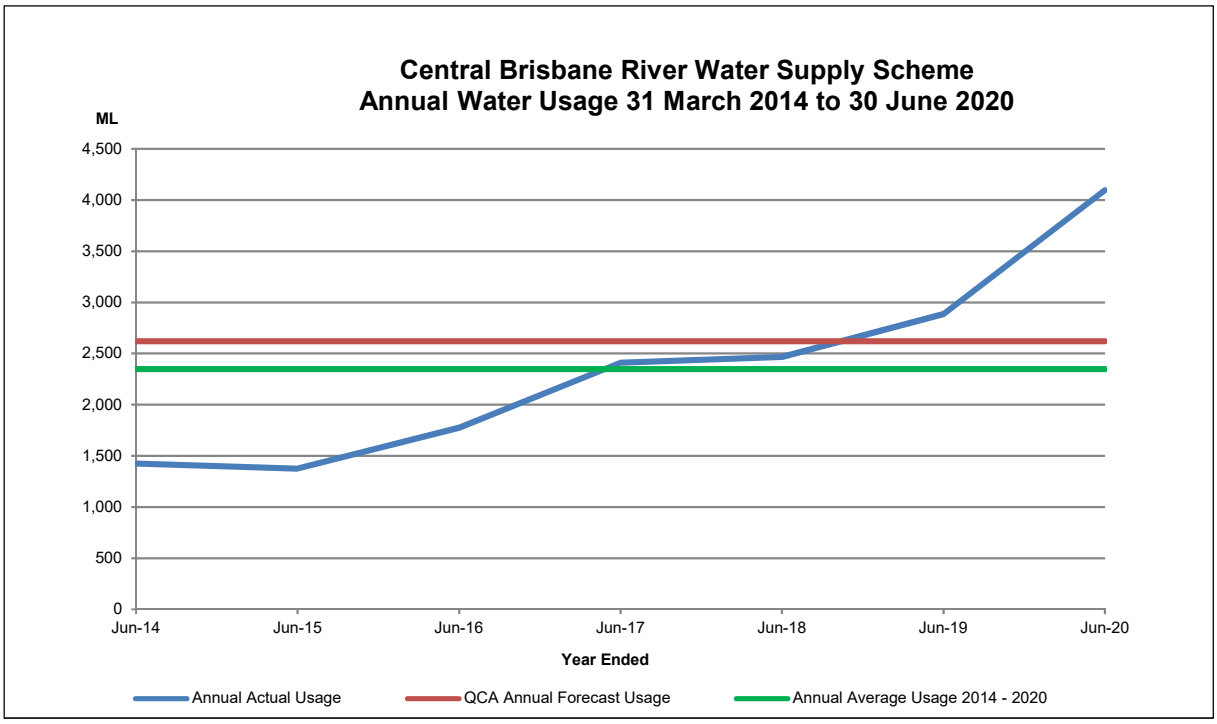
Source: Seqwater (2020)
* as at 30 September 2020

2.4.2 Water use

Figure 1 below shows the actual water usage per year from 2002-03 to 2019-20.

Also shown is the usage assumption adopted by the Queensland Competition Authority (QCA) for the 2013-17 price path (extended to 2019) which is 2.620 ML per annum. Average water usage over the period has also been included for comparison purposes.

Figure 1: Annual irrigation water usage

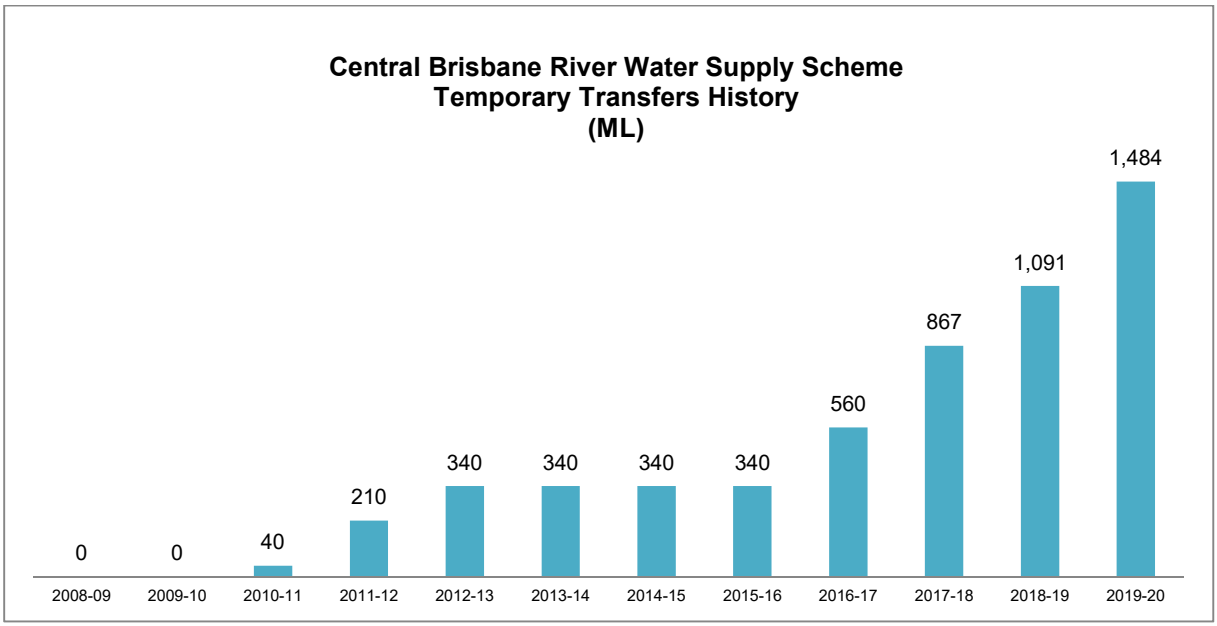


Source: Seqwater (2020)

2.5 Water trading

Figure 2 sets out the annual volumes of temporary transfers between irrigation customers from 1 July 2008.

Figure 2: Temporary transfers 2008-2020



Source: Seqwater (2020)

It is important to note that, under the Protocol, where two parties wish to enter into a temporary or seasonal transfer, both parties require a water meter. The requirement may be waived for the transferor if they are able to demonstrate that they have no ability to take water (e.g. no pumping equipment installed). However, the transferee must have a water meter installed at each location where water is taken.

2.6 Customer Consultation

Seqwater is committed to customer engagement and working with our customers in understanding their needs to improve customer satisfaction. Customer engagement at Seqwater occurs in many ways, and includes customer reference group meetings, customer forums, information bulletins, surveys, web-based information and listening to our customers. Unfortunately, this year, the customer forums didn't go ahead as a result of the Covid-19 restrictions. However, additional information bulletins were sent in place of the forums and we intend to bring the forums back as soon as it is deemed safe to do so.

Our second annual customer survey was completed in July. The survey helps us understand our customers' experience and what we can do to improve this experience.

The 2020 survey feedback showed a definite improvement with customer satisfaction; however, we still have a lot of work to do. The survey also confirmed support for the initiatives on which we are already working, which we hope will translate to ongoing improvements in customer satisfaction. These include:

- Quarterly water account statements showing customers water balance (ML) after quarterly meter reads and includes any temporary transfers that have occurred during the previous quarter.
- A formalised Customer Reference Group (CRG) to provide input and advice on scheme operations for each Scheme, will be established by December 2020. Ideally, every CRG will have representation from each scheme zone and across the various industry types in the scheme.
- Customer Connect which is an on-line virtual forum where potential buyers and sellers of temporary and permanent water are able to list their offers to sell or interest to buy water. Once connected, the buyer and seller will complete the temporary trade or permanent trade offline in the usual manner.

3. Financial Performance

3.1 Irrigation charges for 2020-21

Due to the State-wide impacts of long-running drought and the COVID-19 pandemic, the Queensland Government announced a freeze on irrigation water prices for the 2020-21 year except in areas were the Queensland Competition Authority (QCA) recommended price decreases. Following this announcement, in June 2020, Seqwater's responsible Ministers issued the *Seqwater Rural Water Pricing Direction Notice (No. 1) 2020* which sets out the rural irrigation water prices and associated fees Seqwater must charge from 1 July 2020 to 30 June

2021. No prices have been set beyond the 2020-21 year as government continues to monitor conditions during the year.

The charges for 2020-21 are set out in the table below.

Table 4: Water prices 2020-21 (Nominal $/ML)

Tariff	2020-21 ($)
Fixed (Part A)	6.27
Volumetric (Part B)	2.55

Source: *Seqwater Rural Water Pricing Direction Notice (No. 1) 2020*

The fixed Part A tariff continues to be charged quarterly in advance and the variable Part B tariff is charged on actual usage at the end of each quarter. Customers who have not yet installed water meters are required to continue to advise water usage by means of recording self-assessed usage on log sheets during each quarter and to submit the log sheets to Seqwater at the end of each quarter. Seqwater will continue engaging with customers with regard to the requirements for meter installations which are required for most customers.

3.2 Operating expenditure

Seqwater's costs are subject to review by the QCA at the end of each price-path. The 2019-20 year was the final year of the previous extended price-path. The new price-path commenced on 1 July 2020 for four years to 2024. The tables below set out the forecast efficient costs as recommended by the QCA for the whole of scheme and the irrigation only.

Table 5a: Recommended forecast whole of scheme operating costs for 2020-21 to 2023-24 ($Nominal)

Operating cost item	2020-21 ($)	2021-22 ($)	2022-23 ($)	2023-24 ($)
Direct operations	2,691,089	2,754,536	2,826,362	2,899,298
Repairs and maintenance	125,558	128,531	131,924	135,392
Dam safety	79,214	–	28,621	–
Rates	1,134,757	1,159,722	1,188,715	1,218,433
Non-direct costs	2,791,645	2,853,061	2,924,387	2,997,497
Total operating costs	**6,822,262**	**6,895,849**	**7,100,008**	**7,250,620**

Source: QCA Final Report, Seqwater Irrigation Price Review 2020-24 (February 2020)

Table 5b: Recommended forecast irrigation share of scheme operating costs for 2020-21 to 2023-24 ($Nominal)

Operating cost item	2020-21 ($)	2021-22 ($)	2022-23 ($)	2023-24 ($)
Direct operations	23,962	24,535	25,184	25,845
Repairs and maintenance	552	566	580	596
Dam safety	792	–	286	–
Rates	4,993	5,103	5,230	5,361
Non-direct costs	24,663	25,205	25,836	26,481
Total operating costs	**54,963**	**55,408**	**57,117**	**58,283**

Source: QCA Final Report, Seqwater Irrigation Price Review 2020-24 (February 2020)

The following table sets out Seqwater's detailed actual expenditure compared to the 2019-20 target budget which was extrapolated from the budgets recommended by the QCA in the 2013-17 price review. Also shown is the detailed budget recommended by the QCA for 2020-21.

Explanations of material variations are set out in the table below.

Table 6: Operating expenditure for 2019-20 and operating budget 2020-21 ($Nominal)

Operating cost item	2019-20			2020-21	
	Scheme budget (QCA) ($)	Actual expenditure		Scheme budget	
		Scheme ($)	Irrigation ($)	Scheme ($)	Irrigation ($)
Direct					
Electricity	208,753	1,843,510	32,673	1,084,114	10,841
Labour	3,572,453	124,861 (1)	879	177,756	782
Other direct operations	2,242,837	1,223,749 (2)	18,206	1,429,219	12,339
Repairs and maintenance	2,253,725	1,172,420 (3)	8,358	125,558	552
Dam safety	–	–	–	79,214	792
Rates	1,127,208	1,147,670	8,080	1,134,757	4,993
Consultation costs	8,321	–	–	-	-
Total direct costs	**9,413,297**	**5,512,210**	**68,195**	**4,030,618**	**30,300**
Non-direct (indicative)					
Operations	3,853,905	2,387,932 (4)	38,207	2,134,177	21,342
Non-infrastructure	380,157	147,699	2,363	76,459	765
Insurance	821,887	435,391 (5)	3,065	581,008	2,556
Total non-direct costs	5,055,949	2,971,023	**43,635**	**2,791,644**	**24,663**
Total operating costs	14,469,246	8,483,232	**111,831**	**6,822,262**	**54,963**

Source: Seqwater (2020); QCA Final Report, Seqwater Irrigation Price Review 2020-24 (February 2020)

Notes:

(1) Labour costs were below budget mainly because more efficient operating practices have reduced the labour costs previously required to operate the scheme.

(2) Costs are lower because of more efficient operating practices.

(3) Repairs and maintenance costs were less than budget because no major repairs or maintenance work was required to be undertaken during the year.

Notes: (*continued from Table 6*)

(4) Lower direct operating costs attracted a lower share of indirect operating costs.

(5) Seqwater negotiated lower insurance premiums in 2019-20 resulting in savings in insurance costs for the Scheme.

3.3 Renewals

3.3.1 Asset Restoration Reserve

The balance of the renewal annuity funds is recorded in the Asset Restoration Reserve (ARR). The ARR accounts for 2019-20 for this scheme is presented below.

Table 7: Asset Restoration Reserve – irrigation share only ($Nominal)

Asset Restoration Reserve	2019-20 ($)
Opening Balance 1 July	9,098
Interest for year*	564
Revenue – irrigation	11,398
Expenditure for year	-883
Closing Balance 30 June	20,177

Source: Seqwater (20120)

* The interest rate is based on the QCA's recommended weighted average cost of capital (WACC) of 6.2% post-tax nominal. Seqwater has adopted the equivalent pre-tax nominal WACC rate of 6.64%.

3.3.2 Renewals expenditure

3.3.2.1 2018-19 renewals

The following table sets out the renewals projects that were undertaken in 2019-20.

Table 8: Renewals projects 2019-20

Asset	Project scope	Budget 2019-20 ($)	Actual 2019-20 ($)	Irrigation share ($)
Wivenhoe Dam	Replace gantry crane hydraulic motor switchgears	349,000	34,839 (1)	245
	Upgrade downstream toe drains	–	15,352 (2)	108
	Replace main switch board	56,000	11,460 (3)	81
	Recertify and Paint 3.2 Tonne Crane	–	8,490 (4)	60
	Renew 79 crane load cell	–	5,631 (4)	40
	Replace Generator Load Bank	–	5,135 (4)	36

Table 8: Renewals projects 2019-20 (*continued*)

Asset	Project scope	Budget 2019-20 ($)	Actual 2019-20 ($)	Irrigation share ($)
Somerset Dam	Winch Compliance	416,00	1,733 (4)	12
	Install safety improvements to the sluice gate shaft hatches	525,000	39,473 (5)	278
	Refurb the Spit Entrance Road	–	2,853 (4)	20

Source: Seqwater (2020)

Notes:

(1) Design work carried out in 2019-20 but delivery of project was delayed.

(2) Emergent works identified to improved drainage on downstream of dam and some preliminary planning was undertaken.

(3) Work carried out in 2019-20 but delivery of project was delayed.

(4) Some planning work carried out, but project was delayed.

3.3.2.2 2020-21 forecast renewals

Renewals projects scheduled for delivery in 2020-21 are provided in the table below.

Table 9: Renewals projects for 2020-21 ($Nominal)

Asset	Project scope	Scheme Budget 2020-21	Irrigation Share Budget 2020-21 ($'000)
Wivenhoe Dam	New fuel storage facility	386,900	744
Somerset Dam	Refurbish sluice gates	169,144	471
	Refurbish coaster gate	107,000	1,702

Source: Seqwater (2020)

3.3.2.3 Asset planning

Seqwater has an Asset Portfolio Master Plan (APMP). The renewals projects for irrigation schemes in the APMP were reviewed by the QCA during the 2020-24 price review and found to be prudent and efficient.

3.3.2.4 Rolling 5-year renewals forecast

The renewal projects forecast for the next 5 years are shown below. This forecast is updated each year.

Table 10: 5-year rolling renewals projects forecast 2021-25 ($Nominal)

Asset	Project scope	Year	Scheme Forecast ($)	Irrigation Share ($)
Somerset Dam	Paint a set of trash racks	2021-22	24,000	106
Wivenhoe Dam	Decommission gates control panel	2021-22	240,000	1,056
	Replace Generator Load Bank	2021-22	180,000	792
	Upgrade Down Stream Toe Drains	2021-22	96,000	422
	Renew 79T Crane Load Cell	2021-22	30,000	132

Source: Seqwater (2020)