



Warrill Valley Water Supply Scheme

Annual Network Service Plan

2020-21

Published: September 2020



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1. Introduction

This Network Service Plan (NSP) is a key component of Seqwater’s ongoing 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 post or email at the following addresses:

Post: Seqwater
PO Box 328
IPSWICH QLD 4305

Email: irrigators@seqwater.com.au

2. Scheme Details

2.1 Scheme background and context

The Scheme was established following the construction of Moogerah Dam in 1961. The Scheme provides water for the irrigation of about 8,000 ha of farms as well as for urban and industrial water users.

The Scheme is regulated under the Moreton Water Management Protocol and managed under the Warrill Valley Water Supply Scheme Operations Manual.

The water year runs from 1 July to 30 June.

The Scheme consists of one tariff group, “Warrill Valley”.

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	Other bulk water assets
<ul style="list-style-type: none"> Moogerah Dam 	<ul style="list-style-type: none"> Upper Warrill Diversion Weir Kents Lagoon Diversion Weir Aratula Weir Warrill Creek Diversion Weir Waroolaba Creek Diversion Weir West Branch Warrill Diversion Weir Churchbank Weir Railway Weir 	<ul style="list-style-type: none"> Gauging stations Customer water meters Upper Warrill Creek Diversion Channel

Source: Seqwater (2020)

2.3 Customers and water entitlements serviced

The following table sets out the distribution of water allocations amongst classes of customers.

Table 2: Ownership of water allocations

Customer type	Number of customers	Medium priority volume (ML)	High priority volume (ML)
Irrigation	292	20,158.5	–
Urban	2	–	254
Seqwater	7	3,725	5,696
Totals	301	23,883.5	5,950

Source: Moreton Resource Operations Plan June 2014; 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 for the current year plus the historical position from 2007-08.

Table 3: Announced allocations

Year	HP %	MP %	Year	HP %	MP %	Year	HP %	MP %
2007-08	100	0	2013-14	100	100	2019-20	100	100
2008-09	100	5-71	2014-15	100	100	2020-21	100	19*
2009-10	100	30-72	2015-16	100	100			
2010-11	100	56-100	2016-17	100	100			
2011-12	100	100	2017-18	100	100			
2012-13	100	100	2018-19	100	100			

Source: Seqwater (2020)

* As at 30 September 2020

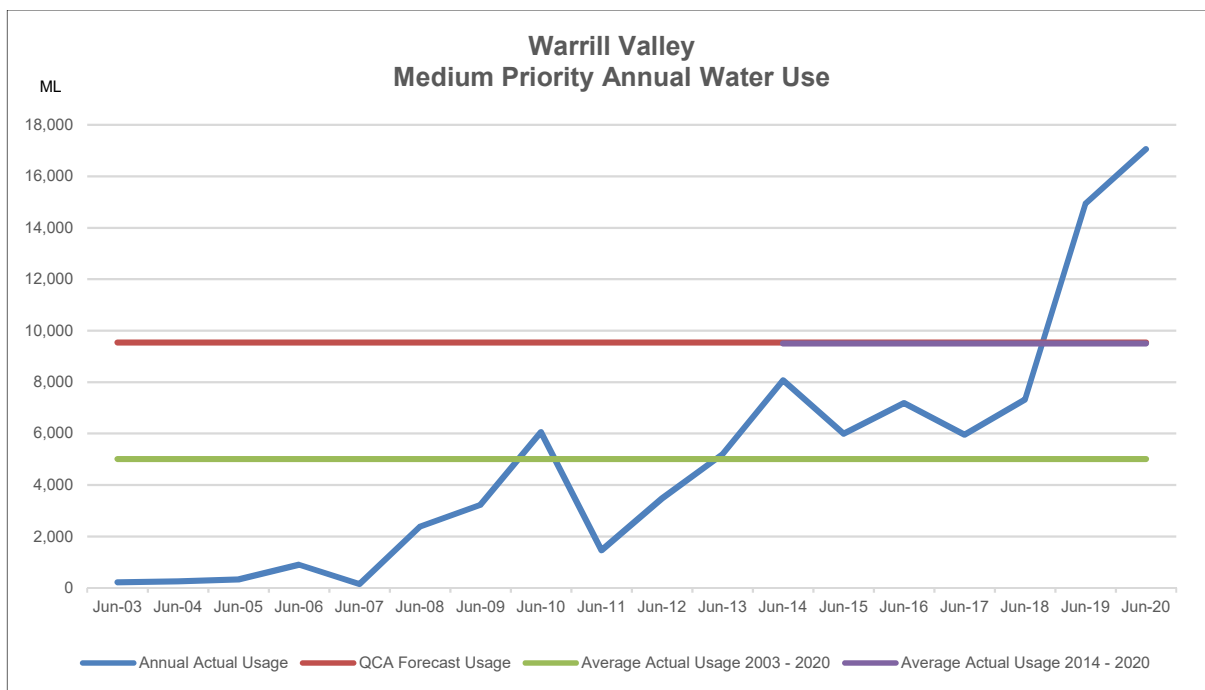
2.4.2 Water use

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 9,541 ML or 47% of the nominal volume. The QCA usage assumption has been extrapolated to prior years for comparison purposes only. Average water usage over the period has also been included for comparison purposes. This year, the average water usage from 2014 – 20 has been added. As can be seen on the

graph below (purple line), the actual average water usage from this period is the same as the QCA usage assumption for the 2013 – 2017 price path.

Figure 1: Annual Scheme water usage for years ending 30 June 2003 to 30 June 2020

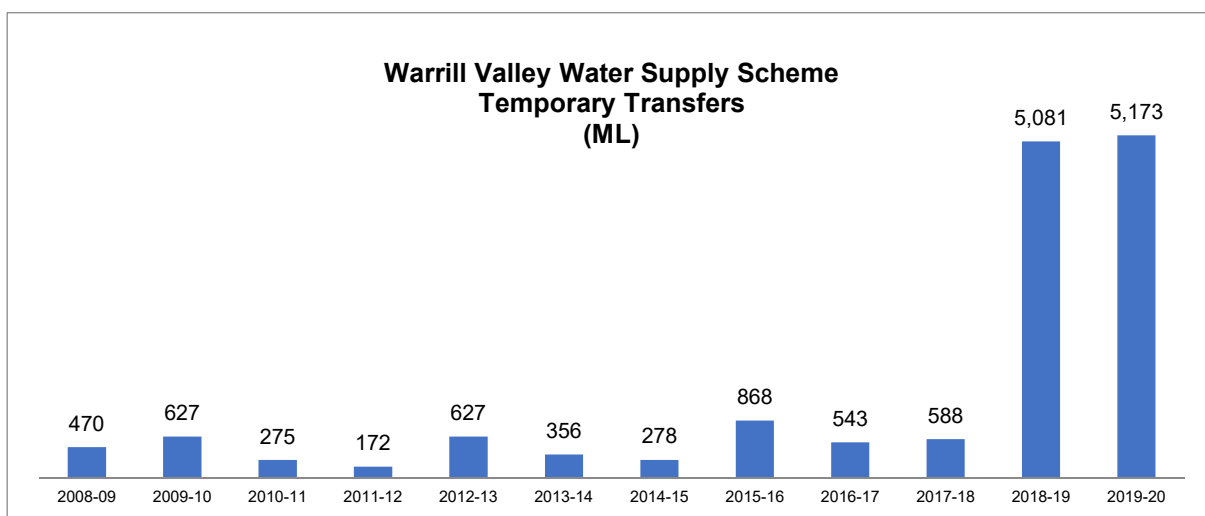


Source: Seqwater (2020)

2.5 Water trading

Figure 2 below sets out the annual volumes of temporary transfers by year from 1 July 2008.

Figure 2: Warrill Valley temporary transfers from 2008 to 2020



Source: Seqwater (2020)

2.6 Irrigation 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.

2.7 Customer service standards

The service standards are published on the Warrill Valley WSS page on Seqwater's website.

In 2019-20 Seqwater met all its service targets. The performance report was published on the Warrill Valley WSS page on Seqwater's website.

2.8 Scheme Operations

Moogerah Dam Storage Level:

Moogerah Dam started the 2019-20 water year with a volume of 48,352ML. By February 2020, after a hot dry summer, Moogerah Dam reached a low of 23,689ML. This raised concerns about the capability of the dam to supply demand for the remainder of the water year. However, mid-February rains brought inflows of approximately 9,000ML into Moogerah Dam. This event secured supply for the remainder of the 2019-20 water year.

The year that was from your Operations Team:

Your Operations Team were kept busy during 2019-20 with routine maintenance works. They also welcomed a new Trainee Dam & Irrigation Operator to the Scenic Rim team in April 2020. Here are some photos of the team at work.

1. 5 yearly testing of the Moogerah dam post-tension anchor was successfully carried out. The photos below show the work being carried out.



2. Kent's Lagoon bank stability using rip-rap rock work to minimise erosion during a flood event. Before and after photographs are below.



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 where the Queensland Competition Authority 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 2020-21 prices are shown in Table 4 below. For comparison purposes, the cost-reflective prices recommended by the QCA have also been shown. The cost-reflective prices represent the price required to recover the annual costs assessed as efficient by the QCA. Because the regulated prices for 2020-21 are higher than the cost-reflective prices, Seqwater has undertaken to transfer the surplus revenue into the Asset Revaluation Reserve (ARR) at the end of the financial year. This will be reported in the ARR account in the next NSP.

Table 4: Warrill Valley water prices 2020-21 (Nominal \$/ML)

Tariff Type	2020-21 Regulated Prices \$/ML	2020-21 Cost reflective prices \$/ML
Part A – Fixed (based on water allocation entitlement)	25.41	18.82
Part B – Volumetric (based on usage)	8.48	11.90

Source: *Seqwater Rural Water Pricing Direction Notice (No. 1) 2020* and Queensland Competition Authority, Final Report, Rural irrigation price review 2020–24 Part C: Seqwater, January 2020

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 table below sets out the forecast efficient costs as recommended by the QCA.

Table 5: Recommended forecast operating costs for 2020-21 to 2023-24 (\$Nominal)

Operating cost item	2020-21 (\$)	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)
Direct operations	375,487	384,521	394,761	405,197
Repairs and maintenance	237,220	242,701	248,992	255,427
Dam safety	–	7,334	27,180	7,705
Rates	104,903	107,211	109,891	112,639
Non-direct costs	427,161	436,558	447,472	458,659
Total operating costs	1,144,771	1,178,324	1,228,296	1,239,627

Source: Seqwater (2020); 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 budget 2020-21 (\$Nominal)

Operating cost Item	2019-20		2020-21
	Budget (\$)	Actual (\$)	Budget (\$)
Direct operating costs			
Labour	385,851	475,186 (1)	271,714
Electricity	13,544	4,353	8,817
Other	347,520	274,864 (2)	94,956
Repairs and maintenance	357,720	242,429 (3)	237,220
Rates	94,940	105,731	104,903
Consultation costs	8,321	– (4)	–
Total direct operating costs	1,207,896	1,102,563	717,610
Non-direct operating costs			
Operations	482,846	477,639	369,615
Non-infrastructure	47,629	29,543	13,242
Insurance	44,465	34,808 (5)	44,304
Total non-direct costs	574,940	541,990	427,161
Total operating costs	1,782,836	1,644,553	1,144,771

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

Notes:

- (1) Additional internal labour was used to undertake maintenance resulting in a shift of costs between cost categories.
- (2) Further efficiency savings has driven down costs.
- (3) As per (1) above, maintenance was mainly undertaken by internal staff resulting in a shift of costs between cost categories.
- (4) Consultation costs are included in non-direct operations and are not accounted for separately.
- (5) Seqwater negotiated lower insurance premiums in 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 account for 2019-20 for this scheme, prepared on an irrigation-only basis, is presented below.

Table 7: Warrill Valley WSS Asset Restoration Reserve irrigation share only(\$Nominal)

Asset Restoration Reserve	2019-20
	(\$)
Opening Balance 1 July	-859,499
Interest for year	-53,289
Revenue – irrigation	72,830
Expenditure for year	-77,407
Closing Balance 30 June	-917,365

Source: Seqwater (2020)

* The interest rate is based on the Queensland Competition Authority'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% (previously 6.22%).

3.3.2 Renewals expenditure

3.3.2.1 2019-20 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 (\$'000)	Actual (\$'000)
Water meters	Carryover from 2018-19	–	88
Water meters	Replace customer water meters	297	346
Railway Weir	Install hydraulic actuator for the outlet works valve	120	– (1)
Fencing	Replace Fencing	60	– (1)
Moogerah Dam	Outlet works safety	–	90 (2)
Kent's Lagoon	Kent's Lagoon bank stability to minimise erosion during flood events	–	250 (3)

Source: Seqwater (2020)

Notes:

- (1) Projects were postponed in 2019-20
- (2) Additional projects
- (3) Rehabilitation work to minimise erosion during flood events

3.3.2.2 2020-21 forecast renewals

There are no renewals scheduled for Warrill Valley Water Supply Scheme in 2020-21.

3.3.2.3 Asset management plan

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

At this time there are no renewal projects forecast for the next 5 years.