

Central Brisbane WSS

Scheme Performance Report 2021-22



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Introduction

The Scheme Performance Report (SPR, formerly known as the Network Service Plan) is a key component of Seqwater’s consultation with its customers and is intended to provide useful and helpful information. It provides a wholistic overview of scheme performance including historical water usage, budgeted and actual operational expenditure, forecasting operational expenditure, renewals and annuity fund balances.

Seqwater encourages comments and suggestions on the content of this SPR as this forms a valuable part of the scheme’s operations and planning process. Customers may provide feedback via phone, email or post:



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Our Scheme

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.

Our Customers

Within the Scheme, Seqwater supplies raw water to 126 customers and holds an allocation to supply the water treatment plants to provide treated water to its customers.

The following table sets out the ownership of water allocations in the Scheme.

Table 1: Schedule of ownership of water allocations

Customer type	Number of customers	Medium priority volume (ML)	High priority volume (ML)
Irrigation	95	6,680	–
Non-irrigation	28	434	-
Ipswich City Council	1	65	–
Somerset Regional Council	1	15	–
Glamorgan Vale Water Board	1	–	250
Seqwater	–	–	278,597
Total	126	7,194	278,847

Source: Seqwater (2021)

Working Together

Seqwater is committed to customer engagement and working with our customers in understanding their needs to improve customer satisfaction. This past year we have increased our communications by providing more regular information especially on forecast announced allocations which assists our customers with planning for the new water year. We are now using text (SMS) messaging and email communications more and more as this type of communication is timelier and more cost effective than postage.

We have continued to work through what our customers have told us in the 2020 survey and some improvements that our customers would have already noticed include:

- Receiving invoices at more consistent intervals as we have improved our internal process and implemented a billing KPI
- Shortening of time between the end of quarter and when we issue water statement (showing your water balance (ML)) as we have implemented a KPI for the issuing of water statements
- Introduced “Customer Connect” online trading forum in March 2021.

The Customer Connect initiative came from listening to our customers and their need to be able to connect to other customers when they were wanting to buy or sell water, permanently or temporarily. Customer Connect is simple to use and free to our customers.

We are planning now for the 2021 customer survey which will be held later in the year, so we are looking forward to hearing from you then.

Once again due to Covid-19 we have not been able to hold the customer forums safely during the 2020-21 year, however, we are planning to bring the forums to you in October 2021, where we can catch up with our customers face to face.

We will continue to engage with our customers in many ways, including customer reference group meetings, customer forums, information bulletins, surveys, web-based information and listening to our customers.

Our Water

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 2014-15.

Table 2: Announced allocations history

Priority	2014-15 %	2015-16 %	2016-17 %	2017-18 %	2018-19 %	2019-20 %	2020-21 %	2021-22 %
Medium	100	100	100	100	100	85-100	70-100	70*

* as at 30 September 2021 Source: Seqwater (2021)

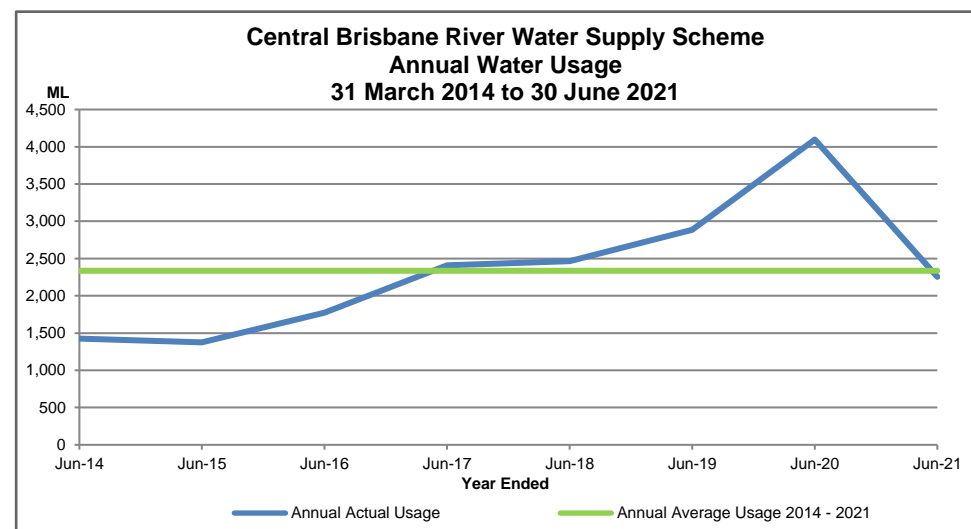
Wivenhoe Dam & Somerset Dam are currently operating under Temporary Full Supply Levels as part the Somerset Dam Improvement Project. Under the water sharing rules effective at the start of the water year (1 July 2020), the lowered water levels (from the Dam Improvement Project and the impacts of drought) effectively reduced the volume available to allocate to medium priority (MP) allocation holders.

To address this issue, Seqwater applied to the Department of Natural Resources Mine & Energy (now known as Department of Regional Development Manufacturing and Water) seeking approval to amend the water sharing rules.

An amendment to the full supply levels and volumes for Wivenhoe and Somerset Dam was approved by the Department in November 2020. An announced allocation review for MP allocation holders was undertaken as soon as the amendments were approved increasing the MP announced allocation from 70% to 100%.

Figure 1 shows the actual water usage per year from 2002-03 to 2020-21. It also shows the average water usage over the 18-year period.

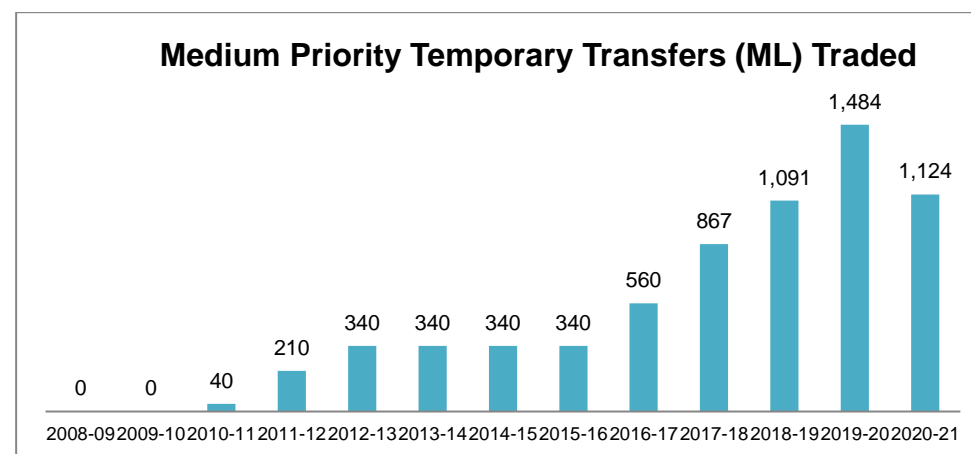
Figure 1: Annual irrigation water usage



Source: Seqwater (2021)

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

Figure 2: Temporary transfers 2008-2021



Source: Seqwater (2021)

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.

Our Infrastructure

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

Table 3: 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

* Although Mount Crosby Weir marks the end of the scheme, no costs associated with the weir are included for irrigation pricing purposes. Source: Seqwater (2021)

Our Water Prices

Irrigation water charges for 2021-22

Seqwater's responsible Ministers issued the *Seqwater Rural Water Pricing Direction Notice (No. 1) 2021* which sets out the rural irrigation water prices and associated fees Seqwater must charge from 1 July 2021 to 30 June 2024. The 2021-22 base price for Part A & B fees is the 2020-21 QCA recommended price with a 15% discount applied.

The table below shows the discounted price that irrigators are paying (includes 15% discount), the QCA recommended price (excluding discount), the cost reflective prices and the percentage the scheme is subsidised by the Queensland Government.

The cost-reflective prices represent the price required to recover the annual costs assessed as efficient by the QCA. The Central Brisbane River Water Supply Scheme is not expected to fully recover the costs to run the scheme in 2021-22. The difference is covered by a Community Service Obligation (CSO) payment made by the Queensland Government.

Table 4: Water prices 2021-22 (Nominal \$/ML)

Tariff	Your Price 2021-22 (\$)	QCA Recommended 2021-22 (\$)	Cost Reflective Price 2021-22 (\$)	Subsidised 2021-21 %
Fixed (Part A)	5.33	6.27	6.41	2
Volumetric (Part B)	2.17	2.55	2.60	2

Source: *Seqwater Rural Water Pricing Direction Notice (No. 1) 2021*

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.

Non-Irrigation water charges for 2021-22

Seqwater sets the non-irrigation water price using the costs adopted by the QCA in their 2021-24 irrigation price review adding a return of capital and return on capital values.

Table 6: Non-irrigation process (Nominal \$/ML)

Tariff Type	Non-irrigation Price	
	MP 2021-22 \$/ML	HP 2021-22 \$/ML
Fixed (Part A)	33.18	87.32
Volumetric (Part B)	2.60	2.60

Source: Seqwater (2021)

Our Expenditure

Seqwater's costs are subject to review by the QCA at the end of each price-path which commenced on 1 July 2020 for four years to 2024.

The following table sets out Seqwater's detailed actual expenditure compared to the 2020-21 target budget which was extrapolated from the budgets recommended by the QCA in the 2020-24 price review. Also shown is the detailed budget recommended by the QCA for 2021-22. Explanations of material variations are set out in the table below.

Table 5: Operating expenditure for 2020-21 and operating budget 2021-22 (\$Nominal) for irrigation

Operating cost item	2020-21		2021-22
	Irrigation budget (QCA) (\$)	Actual expenditure (\$)	Irrigation budget (QCA) (\$)
Direct			
Labour	10,841	21,088 (1)	11,112
Electricity	782	635	794
Other direct operations	12,339	8,107 (2)	12,628
Repairs and maintenance	552	3,424 (3)	566
Dam safety	792	776	-
Rates	4,993	5,056	5,103
Total direct costs	30,300	39,086	30,203
Non-direct (indicative)			
Operations	21,342	21,125 (4)	21,811
Non-infrastructure	765	1,418 (5)	781
Insurance	2,556	2,486	2,613
Total non-direct costs	24,663	25,029	25,205
Total operating costs	54,963	64,116	55,408

Source: Seqwater (2021); QCA Final Report, Seqwater Irrigation Price Review 2020-24 (February 2020)

Notes:

- (1) Labour costs were more than budget due to increased repairs and maintenance performed in the scheme.
- (2) Costs are lower because of more efficient operating practices.
- (3) Repairs and maintenance costs were more than budget due to increased repairs or maintenance work undertaken during the year.
- (4) Lower direct operating costs attracted a lower share of indirect operating costs.
- (5) Increase corporate costs resulted in increased share of non-infrastructure costs.

Our Cost Outlook

The tables below set out the forecast efficient costs as recommended by the QCA for the whole of scheme and the irrigation only.

Table 6: Recommended forecast operating costs for 2021-22 to 2023-24 for Irrigation (\$Nominal)

Operating cost item	Irrigation share		
	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)
Direct operations	24,535	25,184	25,845
Repairs and maintenance	566	580	596
Dam safety	-	286	-
Rates	5,103	5,230	5,361
Non-direct costs	25,205	25,836	26,481
Total operating costs	55,408	57,117	58,283

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

Table 7: Recommended forecast operating costs for 2021-22 to 2023-24 for Whole Scheme (\$Nominal)

Operating cost item	Whole Scheme		
	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)
Direct operations	2,754,536	2,826,362	2,899,298
Repairs and maintenance	128,531	131,924	135,392
Dam safety	-	28,621	-
Rates	1,159,722	1,188,715	1,218,433
Non-direct costs	2,853,061	2,924,387	2,997,497
Total operating costs	6,895,849	7,100,008	7,250,620

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

Our Annuity

The balance of the renewal annuity funds is recorded in the Asset Restoration Reserve (ARR). The ARR accounts for 2020-21 for this scheme is presented below.

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

Asset Restoration Reserve (irrigation share only)	2020-21
	(\$)
Opening Balance 1 July	20,177
Interest for year*	882
Revenue – irrigation	7,058
Expenditure for year	-1,883
Closing Balance 30 June	26,284

Source: Seqwater (2021)

* The interest rate is based on the Queensland Competition Authority's recommended weighted average cost of capital (WACC) of 4.37% post-tax nominal.

Our Renewals

2020-21 renewals

The following table sets out Seqwater's renewals projects that were undertaken in 2020-21. The irrigation share of renewals is 1%.

Table 8: Renewals projects 2020-21

Asset	Project scope	Budget 2020-21 (\$)	Actual 2020-21 (\$)	Irrigation share (\$)
Wivenhoe Dam	New fuel storage facility	386,900	97,929	430.89
	Renew 79T Crane Load Cell	-	27,284 (1)	120.05
	Replace Hydraulic Diesel Pump	-	89,138 (2)	392.21
	Renew Selective Baulk System	-	2,740 (3)	12.06
	79T Crane Refurbish Switchboards	-	1,800 (2)	7.92
	Carryover of 19/20 works – Repl Crane hyd motor Swgears, Replace main switch board, Upgrade toe drains & Replace generator load bank	-	2,307 (4)	10.15
Somerset Dam	Refurbish sluice gates	169,144	193,478 (4)	851.30
	Refurbish Paint a set of Trash Racks	-	1,763 (4)	7.76
	Carryover of 19/20 works – Refurb the Spit Entrance Road	-	48.9 (5)	0.22

Source: Seqwater (2021)

Notes:

- (1) Project was brought forward from 2021-22.
- (2) Additional project.
- (3) Some planning work carried out, project due to be completed in 2021-22.
- (4) Some planning work carried out, but projects were delayed.
- (5) Residual costs from project completion in 2019-20.

2021-22 forecast renewals

Renewals projects scheduled for delivery in 2021-22 are provided in the table below.

Table 9: Renewals projects for 2021-22 (\$Nominal)

Asset	Project scope	Scheme Budget 2020-21 (\$)	Irrigation Share Budget 2020-21 (\$)
Wivenhoe Dam	Renew 79T Crane Load Cell	73,000	321
	Renew Selective Bulk System	615,000	2,706

Source: Seqwater (2021)

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 were found to be prudent and efficient.

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 2022-27 (\$Nominal)

Asset	Project scope	Year	Scheme Forecast (\$)	Irrigation Share (\$)
Wivenhoe Dam	Replace Hydraulic Diesel Pump	2023-24	248,000	1,091
	Upgrade DS Toe Drains	2023-24	310,000	1,364
	Replace Generator Load Bank	2023-24	91,000	400
	Renew Passenger Lift	2023-24	862,000	3,793
	Switchboard renewals holistic approach	2023-24	398,000	1,751
Somerset Dam	Paint a set of trash racks	2023-24	104,000	458
	Refurbish Sluice Gates	2023-24	841,000	3,700

Source: Seqwater (2021)