

Logan River 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 Scheme is located in the Logan River Basin and supplies bulk raw water to water allocation holders in the nine zones that comprise the Scheme. The scheme stretches along a 101.4 km length of the Logan River and along 27 km of Burnett Creek. It was designed to supplement natural flows for the fertile alluvial areas along Burnett Creek and the Logan River.

The Scheme is regulated under the Logan Basin Resource Operations Plan (ROP) first issued in December 2009. The ROP was amended to include Wyaralong Dam as part of the Scheme in December 2012.

Note that the operational costs of Wyaralong Dam were not included in scheme costs but will be reviewed in the price review. A further amendment in March 2014 included Christmas Creek and Running Creek under the ROP. However, these two creeks, which are not supplemented by Seqwater's infrastructure, do not form part of the Scheme. The water year runs from 1 July to 30 June.

Our Customers

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

Table 1: Ownership of water allocations

Customer type	Number of customers	Medium priority volume (ML)	High priority volume (ML)
Irrigation	112	12,907	-
Non- irrigation	20	647.5	
HP Industrial	5	-	936
Seqwater	-	-	8,920
Totals	137	13,554.5	9,856

Source: Logan Resource Operations Plan June 2014; 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 statements (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 Service Targets

Service Targets help Seqwater better understand how our services meet our customers water needs. These have been based on consultation with our customers to develop these water supply arrangements to deliver water as efficiently as possible for our customers in the Logan River Water Supply Scheme. The table below shows the performance against the agreed Service Targets for the last two years.

Table 2: Service Targets 2019-20 and 2020-21

Notification	Target	Performance		
		2019-20	2020-21	
Planned	Shutdowns planned to exceed 2 weeks	8 weeks	Nil	Nil
	Shutdown to exceed 3 days < 2 weeks	2 weeks	Nil	Nil
	Shutdown < 3 days	5 days	Nil	1
Unplanned	Shutdowns will be fixed so at least partial supply can be resumed	48 hours	Nil	Nil
	Interruptions greater than above	> 48 hours	Nil	Nil
	Interruption to supply	Earlier of 24 hrs & end of 1 st business day	Nil	Nil
Planned & Unplanned	Interruptions to supply per water year	6 events	Nil	1
Meter Repairs	Faults causing restriction to supply after Seqwater has been notified	1 working day	Nil	Nil
Complaints	Initial response to complaints via post, email, or telephone.	5 working days	Nil	Nil
	Resolution or response to complaint on why it has not been or cannot be resolved within period of receiving complaint	21 days	Nil	Nil

Source: Seqwater (2021)

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 for both medium priority and high priority water allocations since 2007-08.

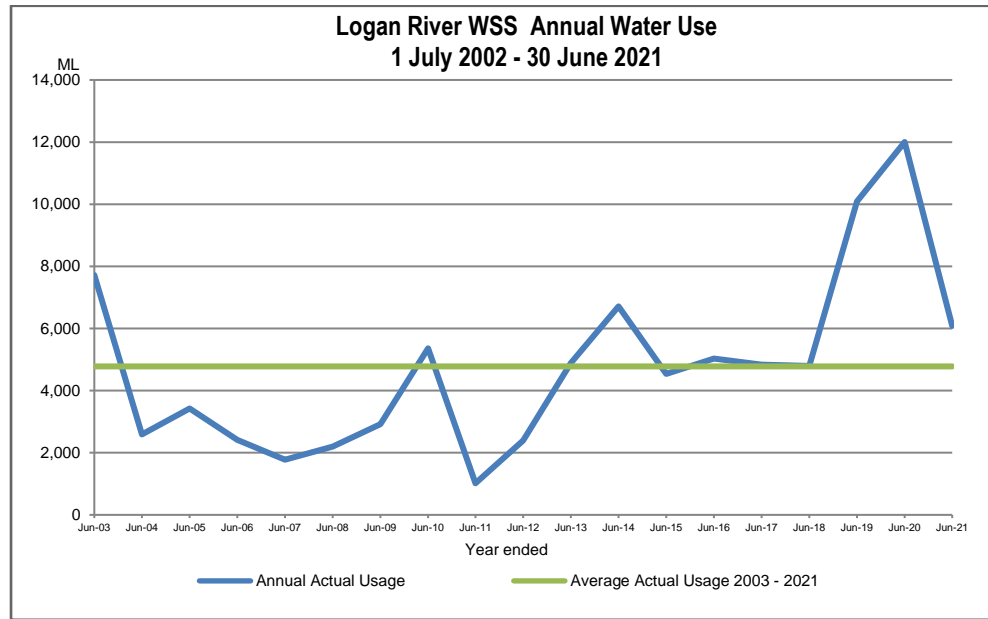
Table 3: Announced allocations history

Year	MP %	HP %	Year	MP %	HP %	Year	MP %	HP %
2007-08	0 - 90	0 - 100	2013-14	100	100	2019-20	100	100
2008-09	95 - 100	100	2014-15	100	100	2020-21	100	100
2009-10	100	100	2015-16	100	100	2021-22	100	100
2010-11	100	100	2016-17	100	100			
2011-12	100	100	2017-18	100	100			
2012-13	100	100	2018-19	100	100			

Source: Seqwater (2021)

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

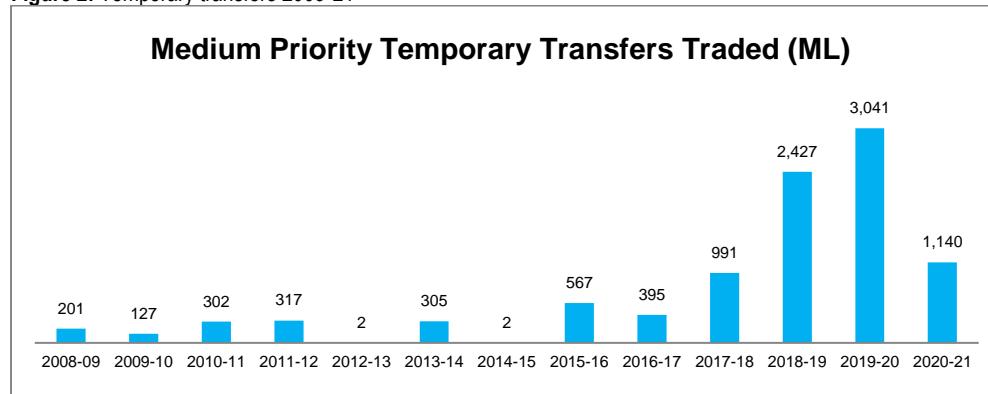
Figure 1: Annual Scheme water usage for years ending 30 June 2003 to 30 June 2021



Source: Seqwater (2021)

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

Figure 2: Temporary transfers 2009-21



Source: Seqwater (2021)

Our Operations

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

Table 4: Bulk water assets

Dams	Weirs	Off-stream storages	Other bulk water assets
<ul style="list-style-type: none"> • Maroon Dam • Wyaralong Dam* 	<ul style="list-style-type: none"> • Cedar Grove Weir • Bromelton Weir • South Maclean Weir 	<ul style="list-style-type: none"> • Bromelton Off-Stream Storage 	<ul style="list-style-type: none"> • Gauging stations • Customer water meters

Source: Seqwater (2021)

Maroon Dam had a turbulent water year and warmer than usual temperatures saw the dam drop to drought levels of 43.8% in December 2020. With such a gloomy start to the water year, it then jumped to nearly full supply of 99.7% after receiving 112.4 mm of the rain in one day at the end of March 2021 and the rain that continued through April 2021. This rain event brought much needed inflows into Maroon Dam and secured supply for the remainder of the 2020-21 water year.

The Operations Team kept busy during 2020-21 with many projects like the installation of the baulk and trash screen placement trail to Maroon Dam to decommission the pontoon. The pontoon had workplace health and safety issues with the constant maintenance and certification costs for the lifting equipment. In flood events, it required operations staff to un-attach the pontoon from the trailer and secure with ropes and re float back into the trailer. If the trial is effective, Seqwater will decommission the pontoon.

The river bank destabilisation at Bromelton Weir was also completed. And part of the Bromelton weir rehabilitation, new safety improvements were completed with the installation of a new outlet valve and hydraulic automation to alleviate access to the weir.

Fencing was also a focus this water year with the installation of new fencing to improve Cedar Grove weir security. The compound fence at Cedar Grove weir would regularly be damaged by flood waters, requiring rebuilding each time, consequently the decision was made to remove and upgrade the boundary security fence on higher ground. The Maroon Dam exclusion zone buoy line was also replaced.

Figure 3: Pontoon and crane setup for lifting baulk and screens into the water for the divers to insert.



Figure 4: Bromelton Weir before, during and after the project.



Figure 5: Maroon Dam exclusion zone buoy line replacement



Source: Seqwater 2021

Our Water Prices

Irrigation 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 (Queensland Competition Authority) 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) and the cost reflective prices. 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 is represented in the ARR account.

Table 5: Logan River WSS irrigation regulated prices and cost reflective prices (Nominal \$/ML)

Tariff Type	Your Price 2021-22 \$	QCA Recommended 2021-22 \$	Cost Reflective Price 2021-22 \$
Fixed – Part A	22.78	26.80	19.21
Volumetric – Part B	10.06	11.84	18.82

Source: *Seqwater Rural Water Pricing Direction Notice (No. 1) 2021* and Queensland Competition Authority, Final Report, Rural irrigation price review 2020–24 Part C: Seqwater, January 2020

Non-Irrigation water charges for 2021-22

Seqwater sets the non-irrigation water prices using the costs adopted by the QCA in their 2020-24 irrigation price review adding a return of capital and return on capital values.

Table 6: Non-irrigation prices 2021-22 (Nominal \$/ML)

Tariff Type	Medium Priority 2021-22 \$/ML	High Priority 2021-22 \$/ML
Fixed (Part A)	37.90	307.51
Volumetric (Part B)	18.82	18.82

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

Operating cost item	2020-21		2021-22
	Budget (\$)	Actual (\$)	Budget (\$)
Direct operating costs			
Labour	314,355	410,727 ⁽¹⁾	322,214
Electricity	10,500	23,676 ⁽²⁾	10,665
Other	70,844	146,877 ⁽³⁾	72,429
Repairs and maintenance	299,639	213,573 ⁽³⁾	306,734
Rates	589,065	586,006 ⁽⁴⁾	602,024
Dam safety inspections	-	-	49,147
Total direct operating costs	1,284,403	1,380,858	1,363,212
Non-direct operating costs			
Operations	722,478	581,544 ⁽⁵⁾	738,373
Non-infrastructure	25,884	39,093	26,453
Insurance	331,205	321,388 ⁽⁵⁾	338,491
Total non-direct costs	1,079,567	941,973	1,103,317
Total operating costs	2,363,970	2,322,831	2,466,529

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

Notes:

- (1) Additional internal labour was due to additional regular travel to end of scheme for the Cedar Grove fishway works and some shift of costs between cost categories.
- (2) Higher electricity costs with the inclusion of Wyaralong dam operations.
- (3) As per (1) above, maintenance was mainly undertaken by internal staff resulting in a shift of costs between cost categories.
- (4) Wyaralong Dam now included.
- (5) Indirect operating costs resulted in a lower indicative allocation of costs to the scheme.

Our Cost Outlook

The tables below set out the forecast efficient costs as recommended by the QCA.

Table 8: Recommended forecast operating costs for 2020-21 to 2023-24 (\$Nominal)

Operating cost item	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)
Direct operations	405,307	416,172	427,238
Repairs and maintenance	306,734	314,832	323,108
Dam safety	49,147	-	23,775
Rates	602,024	617,075	632,501
Non-direct costs	1,103,317	1,130,900	1,159,172
Total operating costs	2,466,529	2,478,979	2,565,795

Source: Seqwater (2021)

Our Annuity

The balance of the renewal annuity funds is recorded in the Asset Restoration Reserve (ARR). The ARR account for 2020-21 for this scheme, prepared on an irrigation-only basis, is presented below.

Table 9: Logan River WSS Asset Restoration Reserve – Irrigation only (\$Nominal)

Asset Restoration Reserve – Irrigation only	2020-21
	(\$)
Opening Balance 1 July	-352,034
Interest for year*	-15,384
Revenue – irrigation	41,129
Revenue contribution above cost reflective price	67,866
Expenditure for year – non-metering	-21,636
Expenditure for year – metering	-245,418
Closing Balance 30 June	-525,478

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

Source: Seqwater (2021)

Our Renewals

2020-21 renewals

The following table sets out the renewals projects that were undertaken in 2020-21. The irrigation share of renewals excluding meter is 2%.

Table 10: Renewals projects for 2020-21

Asset	Project scope	Budget (\$'000)	Actual (\$'000)
Logan River	Replace Fencing	60	74 ⁽¹⁾
Meters	Replace water meters (carryover)	100	245
Bromelton Weir	Repair riverbank erosion (carryover)	885	1,000
Maroon Dam	Renew Building Repair Work	-	7 ⁽²⁾
Scheme	Carryover of 19/20 works – Fishway sensor & erosion works. Replace reticulation pipework, main building switchboard, & upgrade valve access.	-	1 ⁽³⁾

Source: Seqwater (2020)

Notes:

- (1) Additional project due to address cattle and erosion issues.
- (2) Due to safety concerns emitted repairs were completed, additional repairs are planned in 2023-24
- (3) Design work carried out in 2020-21 but delivery of project was delayed.

2021-22 forecast renewals

There are no renewals scheduled for 2021-22 for the Logan River Water Supply Scheme in 2021-22.

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.

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

Table 11: Rolling 5-year renewals forecast (\$Nominal)

Asset	Project scope	Year	Forecast (\$'000)
Bromelton Weir	Upgrade Valve Access	2022/23	104
Logan River	Replace fencing	2024/25	109
Meters	Upgrade flow meters	2025/26	1,051 (1)
Maroon Dam	Replace Main Building Switchboard	2022/23	37
	Access and Grid Mesh Repairs	2023/24	131
	Renew Building Repair Work	2023/24	312
	Outlet Works Riparian Valve	2026/27	224
Wyaralong Dam	Refurbish Baulks	2023/24	84
	Recoat Dewatering Valve and Assemble	2023/24	158

Source: Seqwater (2021)

Notes:

- (1) Ensuring meters meet Seqwater metering standard and improve measurement accuracy.