



Lower Lockyer Valley WSS
Scheme Performance Report 2022-23

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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 Lower Lockyer Valley Water Supply Scheme is located west of Lowood in the Lockyer Valley in South East Queensland and centres around Atkinson Dam. The Scheme was designed to supply surface water for irrigation.

The Scheme is regulated under the Moreton Water Management Protocol and managed under the Lower Lockyer Valley Water Supply Scheme Operations Manual. The water year runs from 1 July to 30 June.

Our Customers

The following table sets out the ownership of water allocations by class of owner.

Table 1: Ownership of water allocations

| Customer type | Number of customers | Medium priority Volume (ML) |
|----------------|---------------------|-----------------------------|
| Irrigation | 117 | 10,932 |
| Non-irrigation | 11 | 32 |
| Commercial | 6 | 146 |
| Seqwater | - | 1,510 |
| Totals | 134 | 12,620 |

Source: Seqwater (2022)

Working Together

Seqwater's customers are at the heart of everything we do. We are committed to improving our understanding of our customer's needs and implementing improvements in the services we provide to our customers. Recent improvements have included: Customer Connect, water accounting statements and publishing of prices for temporary transfer trades.

This past year we have established a Customer Reference Group (CRG) for the Lower Lockyer Water Supply Scheme (WSS). The CRG provides a formal framework building on our collaborative partnership establishing long term value for both customers and Seqwater through active engagement and transparent communications. Members of the Lower Lockyer WSS CRG are: Greg Banff, Stephanie Gray, Mark Jendra, David Simon, Ray Mayne, Errol Gerber, Andrew Jackwitz and Peter Blanch. The CRG members play an important role in the operational aspects of your scheme and their contribution will help strengthen the collaborative partnership between Seqwater and customers. The members represent scheme customers at meetings by raising and discussing customer issues, ideas and concerns on a broad number of topics relevant to the overall performance of the scheme. If you have any issues or concerns you would like raised, please feel free to discuss these with your customer representatives, who will then table them at the next CRG meeting.

In 2021 our annual customer forums returned after several years absence due to Covid19. The Lower Lockyer WSS customer forum was held in October 2021 and was well attended. The forums are an opportunity for Seqwater to share with our customers the challenges and successes from the previous year in relation to all aspects of the scheme operations including an operations overview, costs, pricing, forecast storage capacity and weather outlook.

The CRG, the annual forums, customer surveys and information bulletins will continue as our way of sharing and connecting with our customers that provide opportunity for Seqwater to engage and listen to what is important to you, our customer.

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 Lower Lockyer Valley Water Supply Scheme. The table below shows the performance against the agreed Service Targets for the last two years.

Table 2: Service Targets 2020-21 and 2021-22

| Notification | Target | Performance | | |
|--------------------------------|---|---|---------|-----|
| | | 2020-1 | 2021-22 | |
| 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 | Nil |
| Unplanned | Shutdowns will be fixed so at least partial supply can be resumed | 48 hours | Nil | Nil |
| | Interruptions greater than above | > 48 hours | 1 | 2* |
| | 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 | 1 | Nil |
| 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 | 2 | Nil |
| | Resolution or response to complaint on why it has not been or cannot be resolved within period of receiving complaint | 21 days | 2 | Nil |

*Flood damage to Brightview Channel and BR1 Channel. No actual loss of supply due to continued creek flow.

Source: (Seqwater 2022)

Our Water

A water allocation is an authority that entitles the holder to a percentage of the water held in storage (dams and weirs) in their water supply scheme. Depending on the water that is held in storage, the percentage of water allocation available can be as high as 100% or as low as 0%, depending on the level of water storages.

At the start of the 2021-22 water year the announced allocation for medium priority water allocation holders in the Lower Lockyer Valley WSS was set at 0%. However, the start of the rain events in November 2021 resulted in some small inflows into Atkinson and the first announced allocation for four years of 20% was announced on the 1 December 2021. The announced allocation continued to increase at the start of each month, until the 100% announcement was made on the 1 March 2022.

Table 3: Announced allocations since 2007-08

| Year | MP % | Year | MP % | Year | MP % |
|---------|--------|---------|------|---------|-------|
| 2007-08 | 0–16 | 2013-14 | 100 | 2019-20 | 0 |
| 2008-09 | 13–63 | 2014-15 | 81 | 2020-21 | 0 |
| 2009-10 | 27–100 | 2015-16 | 31 | 2021-22 | 0-100 |
| 2010-11 | 100 | 2016-17 | 0-10 | 2022-23 | 100 |
| 2011-12 | 100 | 2017-18 | 0-17 | | |
| 2012-13 | 100 | 2018-19 | 0 | | |

Source: Seqwater (2022)

Figure 1: Atkinson Dam spilling March 2022

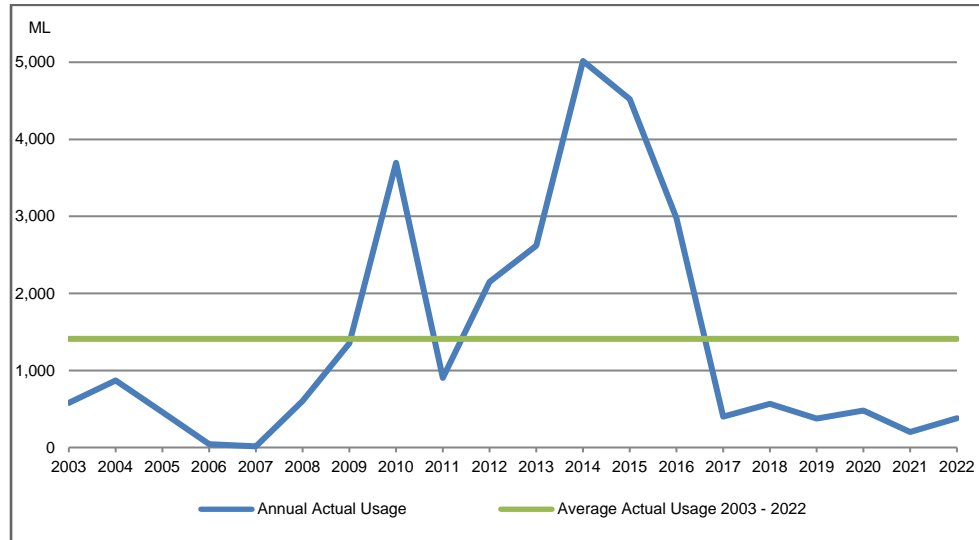


Source: Seqwater (2022)

Water Usage

The below chart shows the actual water usage per year from 2002-03 to 2021-22. It also shows the average water usage for the 19-year period.

Figure 2: Annual Scheme water usage for years ending 30 June 2003 to 30 June 2022

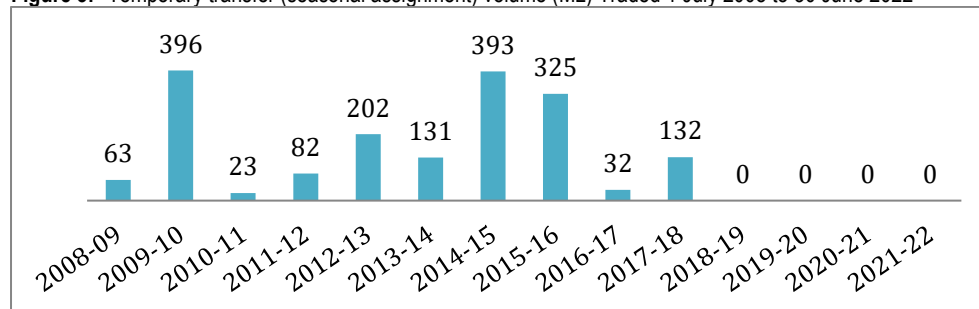


Source: Seqwater (2022)

Seasonal Water Assignments (Temporary Transfers)

The following chart sets out the annual volumes (ML) of water traded from the 2008-09 water year.

Figure 3: Temporary transfer (seasonal assignment) volume (ML) Traded 1 July 2008 to 30 June 2022



Source: Seqwater (2022)

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 | Other bulk water assets |
|--------------|---|---|
| Atkinson Dam | Buaraba Creek Diversion Weir Brightview Weir Sippels Weir Potters Weir O'Reillys Weir | Gauging stations Buaraba Creek Diversion Channel Buaraba Creek Supply Channel Seven Mile Lagoon Diversion Channel Atkinson Pump Station Atkinson Low Level Pump Station Brightview Weir Supply Channel Customer water meters |

Source: Seqwater (2022)

The last year has been defined by the three large rain events that have each impacted the Lockyer Valley WSS. Starting with the rain event in November 2021 when the first lot of water was diverted into Atkinson Dam for a number of years, resulted in an initial increase in storage levels. This was followed by the February/March 2022 rain event that saw Atkinson Dam fill in under 48 hours and register a flood of record for the Dam. This in turn was followed by the May 2022 event which again saw significant falls and flows across the valley.

While these events filled all of the storages in the Lockyer Valley WSS to 100%, the infrastructure also suffered damage as a result. Required works have been assessed and prioritised to ensure minimal impacts on supply, and both planning, and delivery works are already underway. Works within the Lower Lockyer WSS have been focussed on the Brightview Channel to ensure it is operational for future water deliveries.

The operational team continued to focus on ongoing maintenance of the scheme throughout this wet weather, including Dam Surveillance activities, maintenance and upkeep of channels, and weed mitigation programs across all areas.

Flood damage

Figure 4: Washout damage on Brightview Channel



Source: Seqwater (2022)

Figure 5: Repair works on washout Brightview Channel



Source: Seqwater (2022)

Figure 6: Post flood cleaning and repair works on Brightview Channel



Source: Seqwater (2022)

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 2022-23 base price for Part A & B fees is the 2021-22 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), 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 Lower Lockyer Valley Water Supply Scheme is not expected to fully recover the costs to run the scheme in 2022-23. The difference is covered by a Community Service Obligation (CSO) payment made by the Queensland Government.

Table 5: Lower Lockyer Valley WSS irrigation regulated and cost reflective prices 2022-23(Nominal \$/ML)

| Tariff Type | Your Price 2022-23 \$ | Cost Reflective Price 2022-23 \$ | Subsidised 2022-23 % |
|---------------------|-----------------------------|---|----------------------------|
| Fixed (Part A) | 46.37 | 105.21 | 58.56 |
| Volumetric (Part B) | 22.92 | 34.75 | 11.34 |

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 2022-23

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 2022-23 \$/ML |
|---------------------|--|
| Fixed (Part A) | 231.12 |
| Volumetric (Part B) | 34.75 |

Source: Seqwater (2022)

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 2021-22 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 2022-23. Explanations of material variations are set out in the table below.

Table 7: Operating expenditure for 2021-22 and operating budget 2022-23 (\$Nominal)

| Operating cost item | 2021-22 | | 2022-23 |
|--|----------------|----------------|----------------|
| | Budget (\$) | Actual (\$) | Budget (\$) |
| Direct operating costs | | | |
| Labour | 162,331 | 180,216 | 166,795 |
| Electricity | 45,318 | 18,763 (1) | 46,045 |
| Other | 112,962 | 35,302 (2) | 113,016 |
| Repairs and maintenance | 110,156 | 123,654 (2) | 115,874 |
| Rates | 54,021 | 60,796 | 55,371 |
| Dam safety inspection | - | 49,270 (3) | 3,854 |
| Total direct operating costs | 484,788 | 468,001 | 500,955 |
| Non-direct operating costs (indicative) | | | |
| Operations | 273,365 | 209,243 (4) | 280,199 |
| Non-infrastructure | 9,794 | 16,830 | 10,038 |
| Insurance | 61,088 | 65,360 | 62,615 |
| Total non-direct costs | 344,247 | 291,433 | 352,853 |
| Total operating costs | 829,034 | 759,434 | 853,808 |

Source: Seqwater (2022); QCA Final Report, Seqwater Irrigation Price Review 2020-24 (February 2020)

Notes:

- (1) Electricity costs were lower due to drought at start of water year and no releases required from Atkinson Dam.
- (2) A shift of costs between cost categories.
- (3) Atkinson Dam Failure Impact Assessment as per dam safety legislation.
- (4) Lower direct operating costs attracted a lower share of indirect costs.

Our Cost Outlook

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

Table 8: Recommended forecast operating costs for 2022-23 to 2023-24 (\$Nominal)

| Operating cost item | 2023-24 (\$) |
|------------------------------|-----------------|
| Direct operations | 336,883 |
| Repairs and maintenance | 115,942 |
| Dam safety | 27,859 |
| Rates | 56,755 |
| Non-direct costs | 361,674 |
| Total operating costs | 899,114 |

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 account for 2021-22 for this scheme is presented below.

Table 9: Lower Lockyer Valley WSS Asset Restoration Reserve (\$Nominal)

| Asset Restoration Reserve | 2021-22 (\$) |
|---------------------------|-----------------|
| Opening Balance 1 July | -1,575,473 |
| Interest for year* | -68,848 |
| Revenue for year | 488,745 |
| Expenditure for year | -1,891 |
| Closing Balance 30 June | -1,157,467 |

Source: Seqwater (2022)

* 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

2021-22 renewals

The following table sets out the renewals projects that were undertaken in 2021-22.

Table 10: Renewals projects 2021-22

| Asset | Project scope | Budget (\$'000) | Actual (\$'000) |
|--------|----------------------|--------------------|--------------------|
| Meters | Upgrade water meters | - | 2 |

Source: Seqwater (2022)

2022-23 renewals

There are no renewals scheduled for Lower Lockyer Water Supply Scheme in 2022-23.

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.

A rolling 5-year renewals forecast is set out in the table below. This forecast is updated each year.

Table 11: 5-year rolling renewals projects forecast 2022-27 (\$Nominal)

| Asset | Project scope | Year | Forecast (\$'000) |
|-----------------|------------------------------------|---------|----------------------|
| Brightview Weir | Replace boundary fencing & channel | 2023-24 | 160 |
| Atkinson Dam | Replace Crane hoist | 2023-24 | 32 |
| Scheme | Replace fencing | 2024-25 | 111 |
| Meters | Upgrade flow meters | 2024-25 | 1,205 (1) |

Source: Seqwater (2023)

Notes:

(1) Final metering costs to bring meters to Seqwater's metering standard and to improve measurement accuracy.