Logan River WSS

Scheme Performance Report 2022-23

Contents

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	115	12,672	-
Non- irrigation	21	882.5	
HP Industrial	5	-	936
Seqwater	-	-	8,920
Totals	**141**	**13,554.5**	**9,856**

Source: Logan Resource Operations Plan June 2014; 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 Logan River 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 Logan River WSS CRG are: Graeme Drynan, Lynn Davidson, Steve Struss, Mark Platell, David Coates, Sean Boyers, Ken Harvey, Tony Finch and James Kelmanson. 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. The CRG meetings have been a bit slow to start due to COVID 19 and weather events, however, these will get back on track during 2023.

In 2021 our annual customer forums returned after a couple of years absence due to Covid19. The Logan River 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 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 2020-21 and 2021-22

Notification		Target	Performance	
			2020-21	2021-22
Planned	Shutdowns planned to exceed 2 weeks	8 weeks	Nil	Nil
	Shutdown to exceed 3 days < 2 weeks	2 weeks	Nil	1
	Shutdown < 3 days	5 days	1	Nil
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 1st business day	Nil	Nil
Planned & Unplanned	Interruptions to supply per water year	6 events	1	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 compliant on why it has not been or cannot be resolved within period of receiving complaint	21 days	Nil	Nil

Source: Seqwater (2022)

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

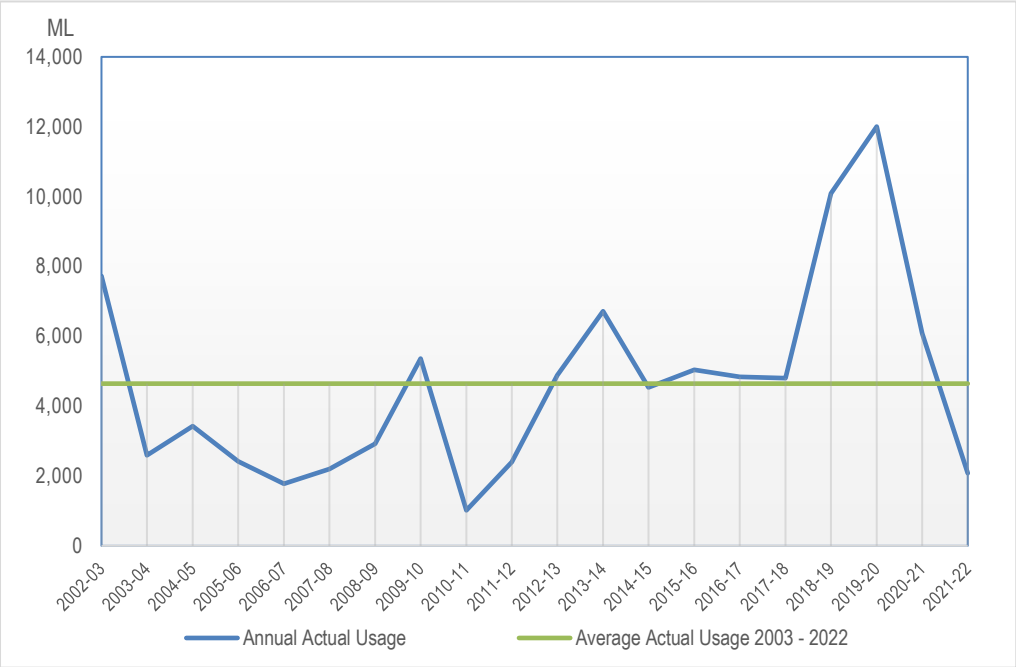
Year	MP %	HP %	Year	MP %	HP %	Year	MP %	HP %
2007-08	0 - 90	0 - 100	2013-14	100	100	2019-20	100	100
2008-09	95 - 100	100	2014-15	100	100	2020-21	100	100
2009-10	100	100	2015-16	100	100	2021-22	100	100
2010-11	100	100	2016-17	100	100	2022-23	100	100
2011-12	100	100	2017-18	100	100			
2012-13	100	100	2018-19	100	100			

Source: Seqwater (2022)

Water Usage

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 19-year period.

Figure 1: Annual Scheme water usage for years ending 30 June 2003 to 30 June 2022



Source: Seqwater (2022)

Seasonal Water Assignments (Temporary Transfers)

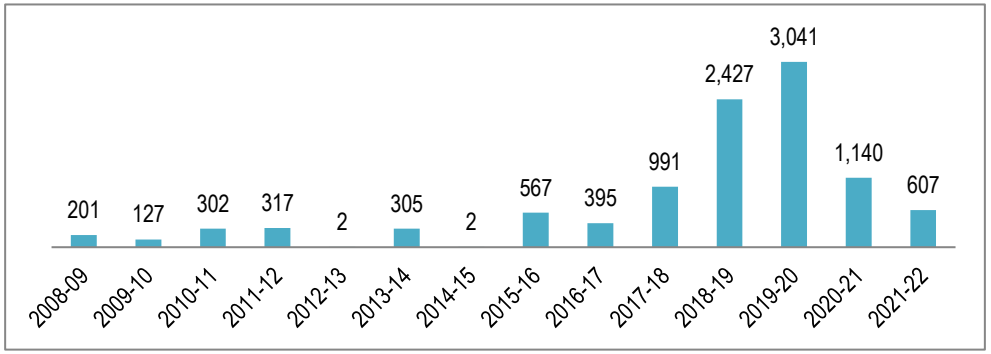
A seasonal water assignment (Temporary Transfer) allows two customers to transfer available water to each other within a water year. The following chart sets out the volumes of temporary transfers by year from 1 July 2008 to 30 June 2022.

Since 1 July 2020 if customers in the Logan River Water Supply Scheme have declared the sale price of their temporary transfer at time of application, then Seqwater have been publishing the price on their website.

Providing publicly available, meaningful and high-quality market activity information allows better business planning and risk management for water users in this scheme. The information published is generic information and all personal information is withheld.

You can find all the temporary trade information that Seqwater hold for your scheme here. Figure 2 sets out the volumes of temporary transfers by year from 1July 2008.

Figure 2: Logan River WSS Medium Priority Temporary transfers (NL) traded 2009-22



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	Off-stream storages	Other bulk water assets
• Maroon Dam • Wyaralong Dam*	• Cedar Grove Weir • Bromelton Weir • South Maclean Weir	• Bromelton Off-Stream Storage	• Gauging stations • Customer water meters

Source: Seqwater (2022)

Maroon Dam started the year at 99.4% and finished at 100.2% on the 30 June, 2022. The Dam volume stayed stable throughout the year with the lowest volume sitting at 84.8% on the 23 September, 2022. After some heavy rainfall (134mm) the Dam capacity reached 115.5% on the 14 May, 2022, with total storage at 51,273ML or 6,954ML above full supply. During 2021/22 water year releases made for water allocations were 456ML, environmental releases 1,391ML and flood mitigation (overflows) 72,001ML.

Figure 3: Maroon Dam conduit concrete spalling

Source: Seqwater 2022

Figure 4: Maroon Dam over full supply and flood releasing.

Source: Seqwater 2022

Figure 5: Cedar Grove Weir (Logan River in Flood)
5.1 Normal River Level

Source: Seqwater 2022

5.2 In flood

Source: Seqwater 2022

5.3 Another flood photo

Source: Seqwater 2022

Figure 6: Cedar Grove Weir (Flood Debris in Fish Lock)

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) and the cost reflective prices. Because the regulated prices for 2022-23 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 2022-23 $	Cost Reflective Price 2022-23 $
Fixed – Part A	22.78	19.64
Volumetric – Part B	10.29	19.24

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 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 2022-23 (Nominal $/ML)

Tariff Type	Medium Priority 2022-23 $/ML	High Priority 2022-23 $/ML
Fixed (Part A)	38.75	314.40
Volumetric (Part B)	19.24	19.24

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 2021-22 ($Nominal)

Operating cost Item	2021-22		20212-23
	Budget ($)	Actual ($)	Budget ($)
Direct operating costs			
Labour	322,214	368,634 (1)	331,075
Electricity	10,665	6,899	10,836
Other	72,429	106,171 (2)	74,262
Repairs and maintenance	306,734	240,234 (3)	314,832
Rates	602,024	617,860	617,075
Dam safety inspections	49,147	49,147	-
Total direct operating costs	**1,363,212**	**1,388,945**	**1,348,079**
Non-direct operating costs			
Operations	738,373	610,139 (4)	756,832
Non-infrastructure	26,453	49,948 (5)	27,114
Insurance	338,491	332,573 (4)	346,954
Total non-direct costs	**1,103,317**	**992,660**	**1,130,900**
Total operating costs	**2,466,529**	**2,381,605**	**2,478,979**

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

Notes:

(1) 3 flood events in the first half of this year have impacted operations BAU activities
(2) Significant repairs to Cedar Grove Fish loch occurred, bubbler sensor replacement and hydraulic repairs, SCADA engineering changes. NB: Ongoing work still required.
(3) Maintenance was mainly undertaken by internal staff resulting in a shift of costs between cost categories and savings. It was a very wet season, with a 3rd La Nina event, and some projects and operational works delayed or postponed.
(4) Direct operating costs resulted in a lower indicative allocation of indirect costs to the scheme.
(5) Costs higher resulting in a higher allocation of share across all schemes.

Our Cost Outlook

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

Table 8: Recommended forecast operating costs for 2023-24 ($Nominal)

Operating cost item	2023-24 ($)
Direct operations	427,238
Repairs and maintenance	323,108
Dam safety	23,775
Rates	632,501
Non-direct costs	1,159,172
Total operating costs	**2,565,795**

Source: Seqwater (2022)

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	-525,478
Interest for year*	-22,963
Revenue – irrigation	41,063
Revenue contribution above cost reflective price	42,598
Expenditure for year – non-metering	-327
Expenditure for year – metering	0
Closing Balance 30 June	-465,107

* 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 (2022)

Our Renewals

2021-22 renewals

There were no scheduled works for the 2021-22 year in the Logan River Water Supply Scheme. There were some costs from a project that carried over from the 2020-21 year at Bromelton Weir. The following table sets out this expenditure, please note that the irrigation shares of renewals excluding meter costs is 2%.

Table 10: Renewals projects for 2021-22

Asset	Project scope	Budget ($'000)	Actual ($'000)
Bromelton Weir	Repair riverbank erosion (carryover)		6 (1)

Source: Seqwater (2022)

Notes:

(1) Completion of project carried over from 2020-21 to address cattle and erosion issues.

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)
Logan River	Replace fencing	2024/25	111
Meters	Upgrade flow meters	2022/23	11
		2023/24	1,177 (1)
Maroon Dam	Access and Grid Mesh Repairs (been pushed out)	2024/25	21
		2025/26	138
	Renew Building Repair Work	2022/23	5
		2023/24	312
	Outlet Works Riparian Valve	2026/27	232
Wyaralong Dam	Refurbish Baulks	2022/23	11
		2023/24	109
	Recoat Dewatering Valve and Assemble	2022/23	11
		2023/24	219
	Replace Office Building	2025/26	22
		2026/27	448

Source: Seqwater (2022)

Notes: Ensuring meters meet Seqwater metering standard and improve measurement accuracy.