

Customer Reference Group – Meeting Summary

Date and Time	12 September 2023 2:00pm
Location	Wyaralong Dam – Operators Office
Attendees	Seqwater – Petrina Douglas, Wendy Scott, Cameron Stewart, Nick Skewes CRG Members – Graham Drynan (Chair), David Coates, Ken Harvey, Lynn Davidson, David Kassulke, Mark Platell and Warren; Tony Finch and Warren Drynan
Apologies	Steve Struss and James Kelmanson
Purpose	First look at draft proposal - costs and irrigation pricing 2025-2029

Welcome & Introductions

Seqwater introduced members of the Operations and Irrigation Team and provided an overview of the agenda.

Purpose of the meeting was to share Seqwater’s first look at draft proposal of costs and pricing for the 2025-2029 pricing period.

Agenda items:

- First look at draft proposal costs and pricing 2025-2029
- Upcoming Customer Irrigation Forum – Thursday 12 October, 2023

QCA (Queensland Competition Authority) price review

- The Queensland Government issued a referral notice to the QCA directing them to undertake a review of the irrigation pricing practices of Seqwater and Sunwater.
- Purpose of review is to recommend irrigation pricing for the period 1 July 2025 – 30 June 2029.
- Seqwater will work with customers to agree prices from 1 July 2025.
- Submission to QCA is due 30 November 2023.

Seqwater customer engagement strategy

Seqwater’s customer engagement strategy has three phases and we currently are in “phase 2”.

- Phase 1 – Engage/Feedback (March-May 2023). Complete
- Phase 2 – Consult/Feedback (August – September 2023) Current
- Phase 3 – Circle back final proposal (October – November 2023)

Draft Cost and Pricing Proposals

Draft costs and pricing proposal is reflective of a challenging operating environment and a desire for meaningful engagement with customers as Seqwater develop prices for the next period.

Key themes impacting our operating environment:

- Global events such as COVID19 – inflation, availability of goods and services (including labour)
- Natural disasters – both here and overseas – insurance premiums continue to rise
- Higher energy prices
- Rising interest rates have increased cost of debt
- Council Rate increases
- Aging assets requiring continued monitoring and maintenance
- Asset maintenance program review underway – potential changes to Seqwater’s current asset maintenance programs
- Increased regulation – Metering
- Flood costs are excluded

Our customers voice – what they are telling us!

- Engagement with our Customer Reference Groups during Phase 1 of our engagement plan identified what matters most to our customers and what they want taken into consideration for the next price period.
 - Price stability
 - Scheme efficiencies
 - Customers interested in bottom line prices. Engage on expenditure/service trade off’s
 - Customers keen to understand drivers for any significant repair and maintenance works proposed for the next price path period
 - Water reliability/security
 - Customers happy with current service standards
 - Customers would like an online account to manage their water allocations (like Sunwater)
 - Regulatory costs of price reviews minimised
 - When water is available, customers want reliability of supply, if there is an interruption to supply they want it fixed asap
 - Wanting to understand if Seqwater have any plans to grow our business (meaning more water allocations)
 - Community Service Obligations to be continued

What’s new in the next price path?

Water Accounting System and Customer Portal

A new cost effective water accounting system will replace the antiquated manual spreadsheets that are currently used to undertake customer water accounting.

The new system will provide transparency to our customers as they will be able to access their water balances and enter meter reads 24 hours a day/7 days week. This is a cost effective solution for our irrigation customers with the total implementation costs of the system being \$737,272 of which \$135,000 has been received from Water Start as an innovation grant. The ongoing annual license fee will be \$25,000. The costs of the system and the ongoing costs will be shared amongst Seqwater’s 7 irrigation schemes apportioned by customer numbers.

The Logan River WSS share of the once off cost is \$69,800 and the annual fee for 2023/24 is \$2,897.

Metering Regulations

- Seqwater is upgrading all active customer meters to align with the Qld interim non-urban water meter standard over the next few years.
- Having an upgraded fleet of meters will improve measurement accuracy and reduce maintenance costs.
- Seqwater’s meter of choice “Krohne” has an expected 30 year life span.

Cost Drivers in the Logan River WSS

- HUF review resulted in a HUF decreasing from 2% to 1%
- Increase in Part B tariff predominately caused by decrease in usage (average 20 year usage dropped from last review of 2,274ML to 1,465ML)
- Increase in Part A tariff predominately caused by forecast metering spend of \$1.4 million in 2024–25 (causing an increase to the metering annuity to be recovered)

Feedback from Customers on proposed costs and prices!

- Customers asked the question of ‘what Seqwater’s expansion plan to enable irrigators to expand?’, to be added to their issues raised through the engagement process. Seqwater responded that there was not a strong driver for expansion given average annual usage (ML) of the scheme’s available water is well below total water availability for the scheme over the previous 20 years.
- Customers asked whether unutilised meters that come online after the upgrade program is finalised will be at customers expense as opposed to the scheme.
- Customers considered \$1.9 million of the projected metering upgrade spend (this includes upgrade to customers’ existing works as well as a new meter) to be excessive, given that when divided by 120 customers the unit cost equates to nearly \$16,000 per meter. Seqwater to seek validation of projected costs.
- Customers advised not to go in this much detail at the customer forums, we need to keep the pricing session at a high level otherwise we will loose our audience.
- Good visibility, appreciating the openness and transparency, great conversations.

Actions

- Send CRG a link to the water entitlements website
- Customers would like Seqwater to look at an alternative to the 20-year annual water usage
- Seqwater need to demonstrate the metering costs are prudent and efficient
- Renewal Project – Office building replace – demonstrate costs are prudent and efficient
- Seqwater to confirm how currently unused meters will be funded in the future Seqwater response: New works to be funded by customer, upgrade to meter size to be funded by customer, inactive metered works not upgraded as part of the current replacement program will be provided a meter by Seqwater (funded by renewal metering program) however the before and after’s that will need to be upgraded to align with the new standards will be funded by the customer.
- Advise customers the % increase of the Part A & Part B prices

Next Forum

The next Customer Forum will be held on Thursday, 12th October at 6.00pm, at The Centre, Beaudesert.

Meeting closed at 4:20pm