



Central Brisbane River Water Supply Scheme

Annual Network Service Plan

2016-17

Published: September 2016



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1. Introduction

This Network Service Plan (NSP) is a key component of Seqwater’s consultation with its customers and is intended to provide useful and helpful information.

Seqwater invites comments and suggestions on the content of this NSP. All submissions will be published on the Seqwater website along with Seqwater’s responses. Customers may provide feedback via email or post at the following addresses:

Email: irrigators@seqwater.com.au

Post: NSP Comments
 Seqwater
 PO Box 16146
 City East QLD 4002

2. Scheme Details

2.1 Scheme background and context

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 Resource Operations Plan (ROP) which was issued in December 2009.

The water year runs from 1 July to 30 June.

The Scheme consists of one tariff group, “Central Brisbane River”.

2.2 Infrastructure details

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

Table 1: Bulk water assets

Dams	Weirs	Off-stream storages	Other bulk water assets
Wivenhoe Dam, Somerset Dam (included for water pricing purposes)	Mount Crosby Weir (not included in irrigation prices)	Nil	Wivenhoe Tail Water Weir Gauging stations

Source: Seqwater (2014)

2.3 Customers and water entitlements serviced

Within the Scheme, Seqwater supplies raw water to 128 customers holding medium priority water allocations and one customer holding a high priority water allocation. Seqwater also holds an allocation which it uses for supply into its water treatment plants to provide treated water to its customers. The following table sets out the ownership of water allocations in the Scheme.

Table 2: Schedule of ownership of water allocations

Water allocation owner	Number of customers	Medium priority volume (ML)	High priority volume (ML)
Irrigators	124	7,074	-
Ipswich City Council	1	65	-
Somerset Regional Council	1	15	-
Lowood and District Golf Club	1	40	-
Glamorgan Vale Water Board	1	-	250
Seqwater	-	-	278,597
Total	128	7,194	278,847

Source: Seqwater (2016)

2.4 Water availability and use

2.4.1 Water availability

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 2010-11.

Table 3: Announced allocations history

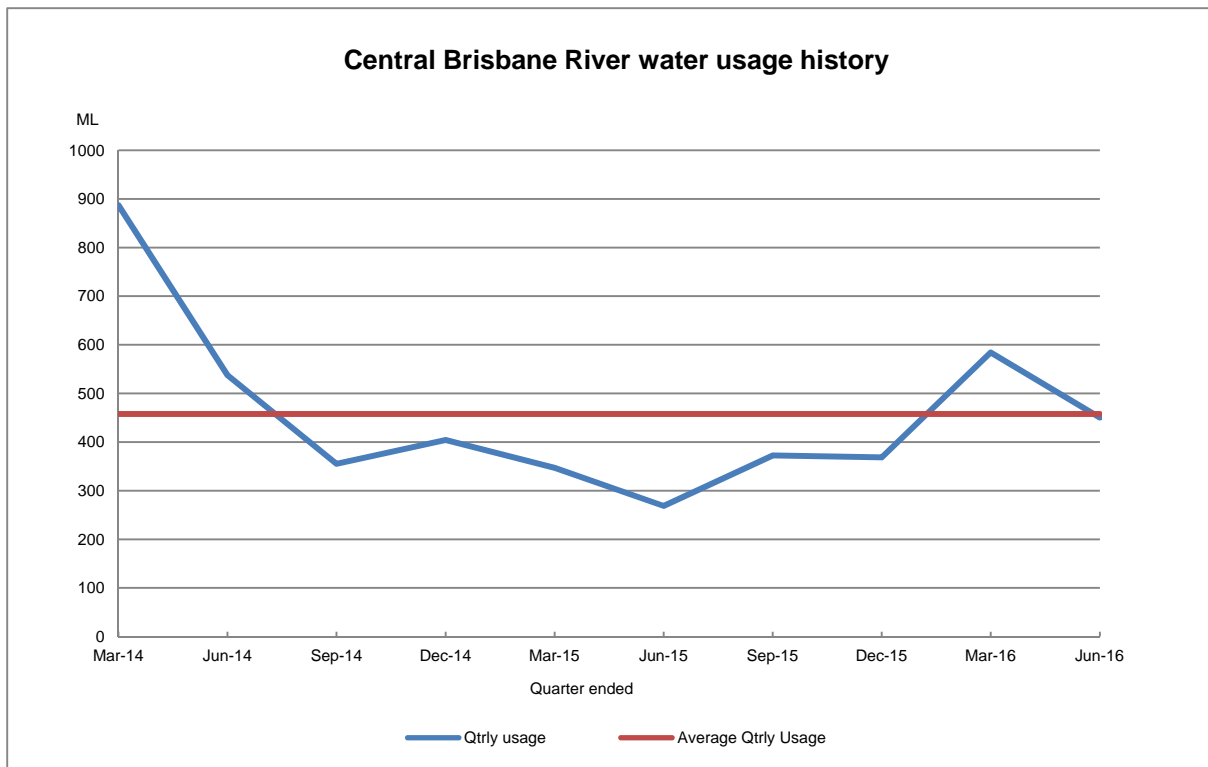
Priority	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)	2014-15 (%)	2015-16 (%)	2016-17 (%)
Medium	100	100	100	100	100	100	100

Source: Seqwater (2016)

2.4.2 Water use

Figure 1 below shows the quarterly water usage from the quarter ended 31 March 2014. Usage is based primarily on customer estimates of usage recorded on log sheets.

Figure 1: Quarterly irrigation water usage

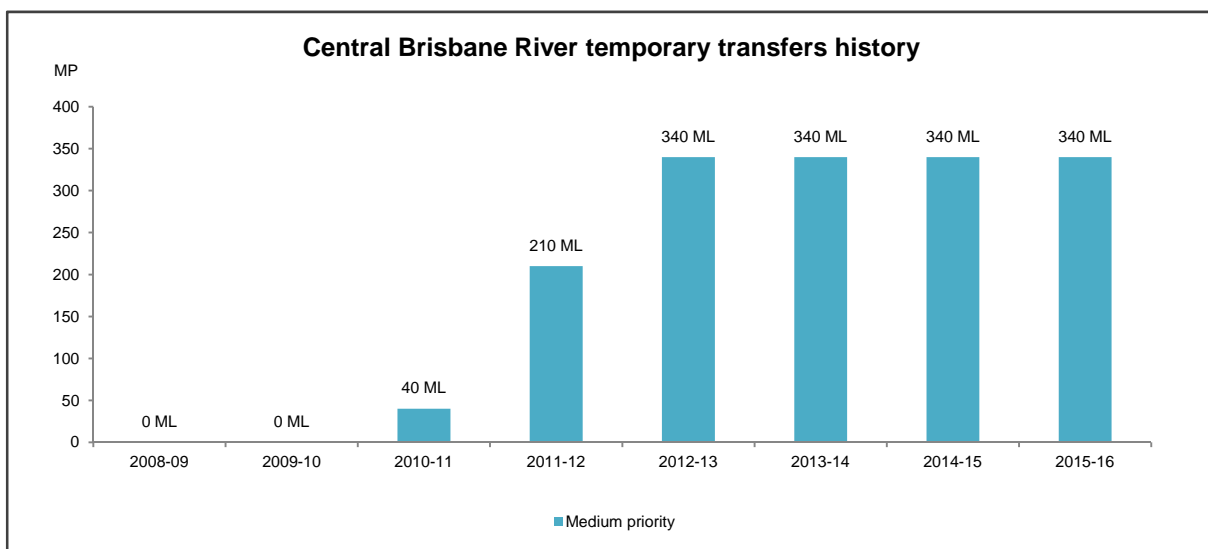


Source: Seqwater (2016)

2.5 Water trading

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

Figure 2: Temporary transfers 2008-16



Source: Seqwater (2016)

It is important to note that, under the ROP, 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.

2.6 Irrigation Customer Consultation

Seqwater is committed to customer engagement as required under its Statement of Obligations. Customer engagement includes customer forums and web-based information.

Seqwater intends to continue to hold information forums for irrigation customers on an annual basis. Topics are usually about the network service plan and operational matters. Attendance at customer forums is open to all irrigation customers of the Scheme as well as other stakeholders. Seqwater may convene additional meetings on a needs basis.

Seqwater will publish the annual network service plan on its website by 30 September of each year. All customer or stakeholder submissions in relation to the network service plan will be published on Seqwater's website along with Seqwater's responses and decisions.

2.7 Customer service standards

No service standards (i.e. targets) have been developed for the Scheme. Seqwater intends to develop appropriate customer service targets in consultation with customers.

3. Financial Performance

3.1 Tariffs

The tariffs recommended to the government by the Queensland Competition Authority (QCA) for the scheme and approved under the *Rural Water Pricing Direction Notice (No 1) 2013* are set out in the following table.

Table 4: Water prices 2013-17 (Nominal \$/ML)

Tariff	2013-14 (\$)	2014-15 (\$)	2015-16 (\$)	2016-17 (\$)
Fixed (Part A)	15.11	17.54	20.08	22.73
Variable (Part B)	10.14	10.40	10.65	10.92

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

It should be noted that the fixed Part A tariff is charged quarterly in advance and the variable Part B tariff is charged on actual usage at the end of each quarter. Until water meters are installed, customers are required 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.

3.2 Operating expenditure

Forecast operating costs set as a target by the QCA for the 2013-17 regulatory period are set out in the table below. These costs include both fixed and variable operating costs.

Table 5: Forecast operating costs for 2013-17 (\$Nominal)

Operating cost item	2013-14 (\$)	2014-15 (\$)	2015-16 (\$)	2016-17 (\$)
Direct operations	5,152,207	5,249,586	5,347,676	5,446,403
Repairs and maintenance	1,866,419	1,911,517	1,957,235	2,003,553
Dam safety	—	—	48,850	—
Rates	706,434	724,095	742,197	760,752
Consultation costs	7,175	7,354	7,538	7,727
Non-direct costs	4,424,474	4,495,352	4,566,528	4,637,955
Total operating costs	12,156,709	12,387,904	12,670,024	12,856,930

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

By way of comparison, the following table sets out Seqwater's budgeted and actual expenditure for 2015-16. The irrigation share of scheme costs, calculated in accordance with the Queensland Competition Authority's (QCA) *Final Report, Seqwater Irrigation Price Review 2013-17, Volume 2, Central Brisbane River Water Supply Scheme*, have also been set out.

Table 6: Operating expenditure for 2015-16 and operating budget 2016-17 (\$Nominal)

Operating cost item	2015-16			2016-17	
	Scheme budget (QCA) (\$)	Actual expenditure		Scheme budget (QCA)	
		Scheme (\$)	Irrigation (\$)	Scheme (\$)	Irrigation (\$)
Direct operating costs					
Electricity	189,120	141,518 (1)	2,264	193,848	3,102
Labour	3,150,671	2,353,439 (2)	37,655	3,212,826	51,405
Other direct operations	2,007,885	1,318,270 (3)	21,092	2,039,729	32,636
Repairs and maintenance	1,957,235	836,093 (4)	13,377	2,003,553	32,057
Dam safety	48,850	30,590	489	-	-
Rates	742,197	1,024,890 (5)	16,398	760,752	12,172
Consultation costs	7,538	- (6)	-	7,727	124
Total operating costs	8,103,496	5,704,800	91,277	8,218,435	131,496

Table 6: Operating expenditure for 2015-16 and operating budget 2016-17 (\$Nominal) – (continued)

Operating cost item	2015-16			2016-17	
	Scheme budget (QCA) (\$)	Actual expenditure		Scheme budget (QCA)	
		Scheme (\$)	Irrigation (\$)	Scheme (\$)	Irrigation (\$)
Non-direct operating costs					
Operations	3,472,039	3,783,647 (7)	60,583	3,521,738	56,348
Non-infrastructure	349,900	380,141 (7)	6,082	353,014	5,648
Insurance	744,589	452,501 (8)	7,240	763,203	12,211
Total non-direct costs	4,566,528	4,616,289	73,860	4,637,955	74,207
Total operating costs	12,670,024	10,321,089	165,137	12,856,390	205,703

Source: Seqwater (2016); QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

Notes:

- (1) Reduced electricity costs resulted from more efficient operations of plant.
- (2) Labour costs were below budget mainly as a result of staff being directed to other activities for which the scheme does not incur the costs.
- (3) Other direct operations costs were less than budget because savings were made in planning, in water sampling and testing and in plant and vehicle usage.
- (4) Repairs and maintenance costs were less than budget because no major repairs or maintenance work was required to be undertaken during the year.
- (5) Includes rates previously accounted for in indirect costs but which are now being reported separately.
- (6) Consultation costs are included in non-direct operations and are not accounted for separately.
- (7) Implementation of a more regionally focussed structure resulted in a greater share of indirect costs.
- (8) Seqwater negotiated lower insurance premiums in 2015-16 resulting in savings in insurance costs for the Scheme.

3.3 Renewals

3.3.1 Asset Restoration Reserve

Prior to 1 July 2013, the Scheme did not have an Asset Restoration Reserve (ARR). Consequently, the opening balance as at 1 July 2013 is nil. The actual and forecast ARR balances for the period of the 2013-17 price path, on an irrigation share only basis, are set out in Table 7 below. In calculating the expenditure for each year, renewals expenditure was reduced by 56% for the flood mitigation component of the dams in accordance with the QCA's recommendation on page 51 of the *Final Report, Seqwater Irrigation Price Review 2013-17, Volume 2, Central Brisbane River Water Supply Scheme*. The head works utilization factor of 1.6% was then applied to the reduced amount.

Due to ongoing discussions about the meter installation program, costs of \$76,944 incurred in 2014-15 have been removed and no meter installation costs have been included in 2015-16. The asset restoration reserve has been restated in full to account for these changes.

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

Asset Restoration Reserve	2013-14 Actual (\$)	2014-15 Actual (\$)	2015-16 Actual (\$)
Opening Balance 1 July	-	3,254	3,923
Revenue – irrigation	3,715	7,329	7,931
Expenditure for year	-664	-6,904	-9,997
Interest for year*	203	244	123
Closing Balance 30 June	3,254	3,923	1,980

Source: Seqwater (2016)

* The interest rate is based on the Queensland Competition Authority's recommended weighted average cost of capital (WACC) of 6.2% post-tax nominal. Seqwater has adopted the equivalent pre-tax nominal WACC rate of 6.64%. Interest has been applied to the balance at 30 June 2016.

3.3.2 Renewals expenditure

3.3.2.1 2015-16 renewals

The following table sets out the renewals projects that were undertaken in 2015-16. Note that amounts less than \$500 have been excluded. Consequently the total differs marginally to the total expended in table 7 above.

Table 8: Renewals projects 2015-16

Asset	Project scope	Budget (\$)	Actual (\$)	Irrigation share* (\$)
Somerset Dam	Refurbish tunnels P and I	212,000	12,139 (1)	85
	Rewire external lighting	36,000	73,029 (2)	514
	Rock embankment stabilisation	-	150,060 (3)	1,056
	Design and rebuild access road	-	1,389	10
Wivenhoe Dam	Repaint radial gate	600,000	- (4)	-
	Overhaul right and left winch for gates 1, 2, 4, 5	288,000	214,795 (5)	1,512
	Recertification of baulk head gate crane	310,000	797,871 (6)	5,617
	Recertify and paint 3.2 tonne crane	156,000	81,685 (7)	575
	Refurbish the bulkhead gate including all rubber and seals	96,000	4,077 (8)	29
	Renew crane control system	80,000	- (9)	-
	Re-open Billies Bay recreation area	460,000	70,866 (10)	499
	New rest areas for boat users	-	2,904	20

Table 8: Renewals projects 2015-16 – (continued)

Asset	Project scope	Budget (\$)	Actual (\$)	Irrigation share* (\$)
Wivenhoe recreation water treatment plant	Electrical, instrumentation and control system renewals	-	918	6
Kirkleagh waste water treatment plant	Upgrade Raw Sewage Screen system	-	9,976	70
Kirkleagh water treatment plant	Install sump pump high level alarm	12,000	-	-
Water supply scheme	Install customer water meters	550,000	188,094 (11)	-
	Riverbank stabilisation	-	243,764	-
Totals		2,800,000	1,851,569	9,993

Source: Seqwater (2016)

* Amounts less than \$500 have been excluded. Consequently, the total differs marginally to "Expenditure for year" in table 7 above.

Notes:

- (1) Expenditure is less than budget because the project was not completed and will be carried over into 2016-17.
- (2) Expenditure exceeded budget because unexpected additional work was required to complete the project.
- (3) This project was added to the 2015-16 program as a result of adverse safety findings.
- (4) This project has been deferred until the overhaul of the right and left winches for gates 1, 2, 4 and 5 is completed.
- (5) Expenditure is less than budget because the project was not completed and will be carried over into 2016-17.
- (6) Expenditure exceeded budget because the scope of works had to be expanded as the project proceeded.
- (7) Expenditure is less than budget because the project was not completed and will be carried over into 2016-17.
- (8) Expenditure is less than budget because the project was not completed and will be carried over into 2016-17.
- (9) Expenditure is less than budget because the project was not completed and will be carried over into 2016-17.
- (10) Purchases of materials only was possible in 2015-16 as the site was not accessible until May, 2016.
- (11) Due to ongoing discussions about the meter installation program, the costs incurred in 2015-16 have not been included in the irrigation share of scheme costs.

3.3.2.2 2016-17 forecast renewals

Renewals projects scheduled for delivery in 2016-17 are provided in the table below.

Table 9: Renewals projects for 2016-17 (\$Nominal)

Asset	Project scope	Budget (\$'000)	Irrigation share (\$'000)
Wivenhoe Dam	Re-open Billies Bay recreation area	400	3
	Replace four gantry crane hydraulic motor switchgears	153	1
	Refurbish the bulkhead gate	156	1
	Overhaul right and left winch for gates 1, 2, 4, 5	647	5
	Recertify and paint 3.2 tonne crane	340	2
	Install air conditioner in main switch room	13	*
	Relocate uninterrupted power supply out of high voltage room	12	*
Somerset Dam	Refurbish tunnels P and I	175	1
	Overhaul 7.5 HP winch motor and install heater strips	25	*
	Refurbish coaster gate	164	1
	Upgrade Westvale Road boat ramp	50	*
	Flood defence short term risk reduction	475	3
Kirkleagh waste water treatment plant	Distribution board upgrade to prevent input output dropout	46	*
Water supply scheme	Installation of water flow meters	-	-

Source: Seqwater (2016)

* Value is less than \$500

Note: Due to ongoing discussions about the meter installation program, planned expenditure of \$297,000 has not been included at this time.

3.3.2.3 Asset management plan

In June 2014, Seqwater finalised a ten year asset management plan for the Scheme's assets. An expanded thirty year asset management plan is expected to be finalised in 2016. For the purposes of this network service plan, renewals estimates for the period of the ten year asset management plan ending in June 2024 have been used to replace the estimates previously provided to the Queensland Competition Authority (QCA) in April, 2012 for its review of the 2013-17 irrigation prices. Renewals estimates from July 2024 to June 2037 previously provided to the QCA have been retained until the twenty year asset management plan has been finalised at which time all future renewals estimates will then be based on a rolling 20 year plan.

3.3.2.4 Material planning period renewals

All future renewals projects in excess of \$2 million forecast to be undertaken in the planning period which is 2017-36 have been set out in table 10 below.

Table 10: Major projects exceeding \$2M for 2017-36 (\$Nominal)

Asset	Project scope	Year	Forecast cost (\$'000)
Wivenhoe Dam	Replace seismic monitoring instrumentation	2029-30	2,174
	Replace control building hydraulic pack	2034-35	2,254
	Replace high voltage power reticulation	2035-36	2,100
Somerset Dam	Replace structural walls, columns and beams – inlet screens and trash racks	2025-26	4,482
	Replace gantry crane steel superstructure	2025-26	3,579
	Replace precast concrete – inlet screens and trash racks	2025-26	2,996
	Replace bridge beams on service bridge	2035-36	3,918
	Replace bridge deck on service bridge	2035-36	2,146

Source: Seqwater (2016)