

Cedar Pocket 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 Cedar Pocket Water Supply Scheme was established following the construction, in 1985, of the Cedar Pocket Dam to provide irrigation water for the local dairy industry.

The Scheme is regulated under the Cedar Pocket Water Supply Scheme Resource Operations Licence (ROL) and the Cedar Pocket Water Supply Scheme Operations Manual. The Scheme consists of bulk water supply assets only. The Scheme has no distribution systems, with all irrigators taking their water supply directly from the natural water courses. Releases from the Dam are made manually.

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 (ML)
Irrigators	12	490
Non-irrigators	1	5
Totals	13	495

Source: 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 statement (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 Cedar Pocket Water Supply Scheme. The table below shows that Seqwater met the agreed performance against the agreed Service Targets over 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	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 1 st business day	Nil	Nil
Planned & Unplanned	Interruptions to supply per water year	6 events	Nil	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	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. However, it should be noted that, under the Operations Manual, in a water year in which Cedar Pocket Dam overflows, customers may take up to 200% of their nominal allocations. Cedar Pocket Dam overflowed on the 5 April 2021 and then again on the 2 May 2021, allowing customers to access up to 200% of their nominal volumes.

The following table sets out the announced allocations for the current year plus the historical position since 2007-08.

Table 3: Announced allocations history

Year	MP %	Year	MP %	Year	MP %
2007-08	38-100	2012-13	100	2017-18	96
2008-09	100	2013-14	100	2018-19	100
2009-10	100	2014-15	99-100	2019-20	100
2010-11	100	2015-16	100	2020-21	84-100
2011-12	100	2016-17	100	2021-22	96-100

Source: Seqwater (2021)

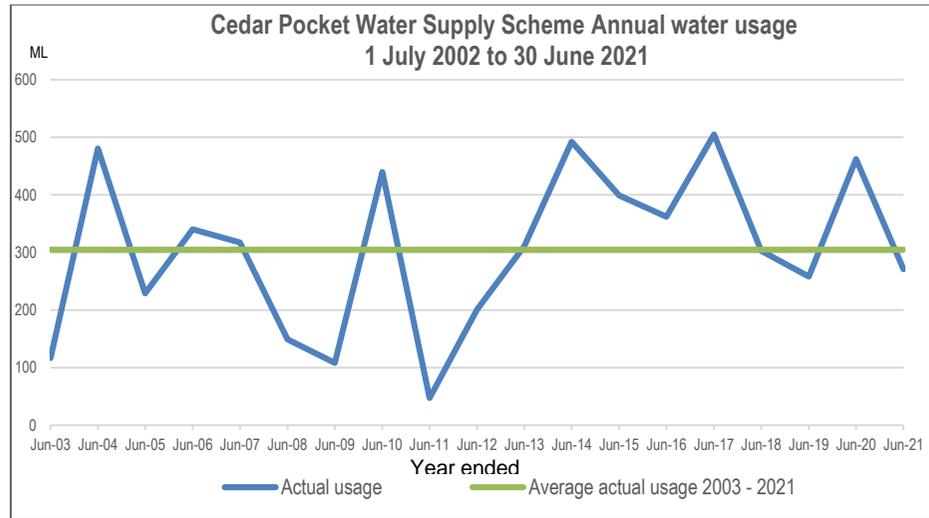
Cedar Pocket Dam



Source: Seqwater (2021)

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

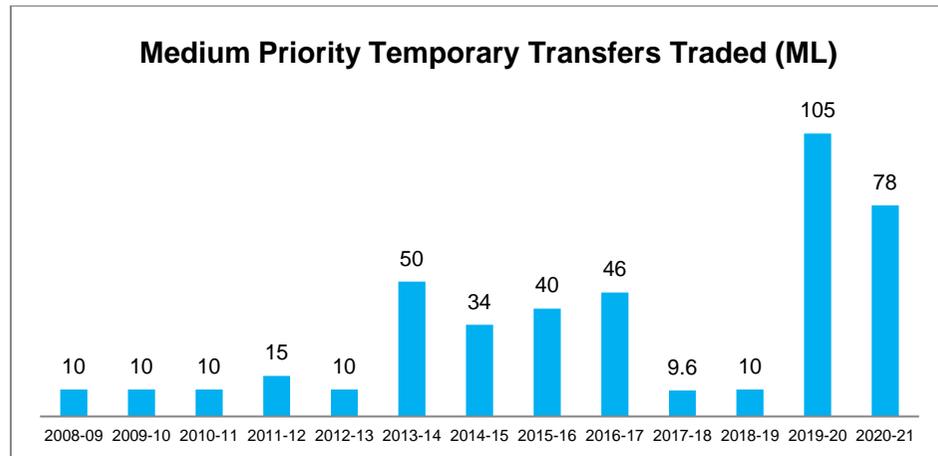
Figure 1: Annual Scheme water usage



Source: Seqwater (2021)

The following chart sets out the annual volumes of water traded in the Cedar Pocket WSS from the 2008-09 water year.

Figure 2: Temporary transfer (seasonal assignment) history



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

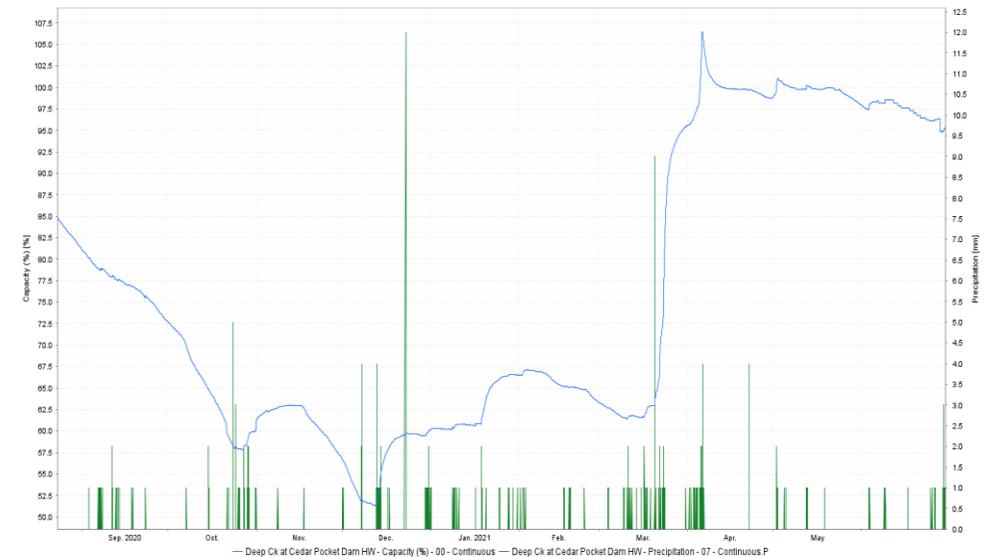
Dams	Weirs	Off-stream storages	Other bulk water assets
Cedar Pocket Dam	Nil	Nil	Downstream measuring flume, customer water meters

Source: Seqwater (2021)

Cedar Pocket Dam started the 2020-21 water year at 83.4% (612 ML) and finished at 95.9% (705 ML). After a long dry summer, the dam recorded its lowest level on 11 December 2020 at 51.5% (380 ML). Then after some much-needed rain, the dam spilled on the 5 April 2021 peaking at 105.3% capacity as a result of that rain event. The last time Cedar Pocket Dam was at full supply level was 13 April 2020.

During 2020-21 water year, the Operations Team kept up with routine maintenance works and weed control. There were no planned or unplanned shutdowns during the water year.

Figure 3: Cedar Pocket Dam levels 2020-21



Source: Seqwater (2021)

Our Water Prices

Irrigation water charges for 2021-22

Seqwater's responsible Ministers issued the *Seqwater Rural Water Pricing Direction Notice (No. 1) 2021* which sets 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), 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 Cedar Pocket Water Supply Scheme is not expected to fully recover the costs to run the scheme in 2021-22. The difference is covered by a Community Service Obligation (CSO) payment made by the Queensland Government.

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

Tariff Type	Your Price 2021-22 \$/ML	QCA Recommended Price 2021-22 \$/ML	Cost Reflective Price 2021-22 \$/ML	Subsidised 2021-22 (%)
Fixed (Part A)	21.45	25.24	351.03	92
Volumetric (Part B)	37.23	43.80	72.72	39

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 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 2021-22 \$/ML
Fixed (Part A)	880.58
Volumetric (Part B)	72.72

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 6: Operating costs budget and actuals for 2020-21 and operating costs budget 2021-22 (\$Nominal)

Operating cost Item	2020-21		2021-22
	Budget (\$)	Actual (\$)	Budget (\$)
Direct operating costs			
Labour	63,733	55,135	65,327
Electricity	376	560	382
Other	26,658	12,960 (1)	27,264
Repairs and maintenance	15,115	7,251 (2)	15,473
Rates	6,928	23,433 (3)	7,080
Dam Safety	-	-	29,169
Total direct operating costs	112,810	99,339	144,695
Non-direct operating costs			
Operations	57,977	41,835 (4)	59,253
Non-infrastructure	2,077	2,809	2,123
Insurance	7,008	6,797	7,162
Total non-direct costs	67,062	51,442	68,538
Total operating costs	179,872	150,781	213,233

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

Notes:

- (1) Further efficiency savings has driven down costs.
- (2) Repairs and maintenance costs were lower than budget because no major maintenance projects were required to be undertaken.
- (3) Increased rates due to the differential rate classification by the council.
- (4) Corporate operating cost share was less than budget because lower direct costs attracted a lower cost share.

Our Cost Outlook

The table below sets out the forecast efficient costs for the remainder of the current price path as recommended by the QCA.

Table 7: Recommended forecast operating costs for 2021-22 to 2023-24 (\$Nominal)

Operating cost item	2021-22	2022-23	2023-24
	(\$)	(\$)	(\$)
Direct operations	92,973	95,474	98,027
Repairs and maintenance	15,473	15,882	16,299
Dam safety	29,169	-	2,786
Rates	7,080	7,257	7,439
Non-direct costs	68,538	70,251	72,008
Total operating costs	213,233	188,864	196,559

Source: Seqwater (2021); 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). These funds are reserved for renewals projects in the Cedar Pocket Water Supply Scheme. The ARR accounts for 2020-21 for this scheme is presented below.

Table 8: Cedar Pocket WSS ARR (\$Nominal)

Asset Restoration Reserve	2019-20 (\$)
Opening Balance 1 July	107,766
Interest for year*	4,709
Revenue for year- irrigation	4,869
Expenditure for year	-10,404
Closing Balance 30 June	106,940

Source: Seqwater (2020)

* 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 2020-21 renewals

The following table sets out Seqwater's renewals projects that were undertaken in 2020-21.

Table 9: Renewals projects for 2020-21

Asset	Project Scope	Budget 2020-21 (\$'000)	Cost 2020-21 (\$'000)
Cedar Pocket Dam	Metering Panel Replacement	-	10 ⁽¹⁾

Notes:

(1) Additional Project

2021-22 forecast renewals

There are no renewals scheduled for Cedar Pocket 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.

At this time, there are no renewal projects forecast for the next 5 years. This forecast is updated each year.