Mary Valley WSS

Scheme Performance Report 2020-21

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:

1800 077 005

irrigators@seqwater.com.au

Seqwater
PO Box 328
IPSWICH QLD 4305

Our Scheme

The Mary Valley Water Supply Scheme was established to support irrigation in the sugar, dairy and horticulture sectors following construction of Borumba Dam in 1963. Water is released from Borumba Dam to supplement flows in the Mary River. The Pie Creek system is supplemented by channels and pipes distributing water diverted from the Mary River.

The Scheme is regulated under the Mary Basin Water Management Protocol and managed under the Mary Valley Water Supply Scheme Operations Manual. The water year runs from 1 July to 30 June. The Scheme consists of two tariff groups, "Mary Valley" and "Pie Creek".

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)	High priority (ML)
Mary Valley irrigators	139	16,226.6	-
Mary Valley Non-irrigators	39	1,360.4	-
Pie Creek irrigators	29	733	-
Pie Creek Non-irrigators	21	59	-
Gympie Regional Council	1	24	3,524
Industrial	1	-	60
Seqwater (amenities)	-	-	120
Seqwater (distribution losses)	-	426	60
Seqwater	-	3,000	-
Seqwater (urban supply)	-	-	6,500
Totals	**230**	**21,829**	**10,264**

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 Mary Valley Water Supply Scheme. The table below shows the performance against the agreed Service Targets for 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	1	Nil
	Shutdown < 3 days	5 days	Nil	1
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 (2021)

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 for the current year plus the historical position from 2007-08.

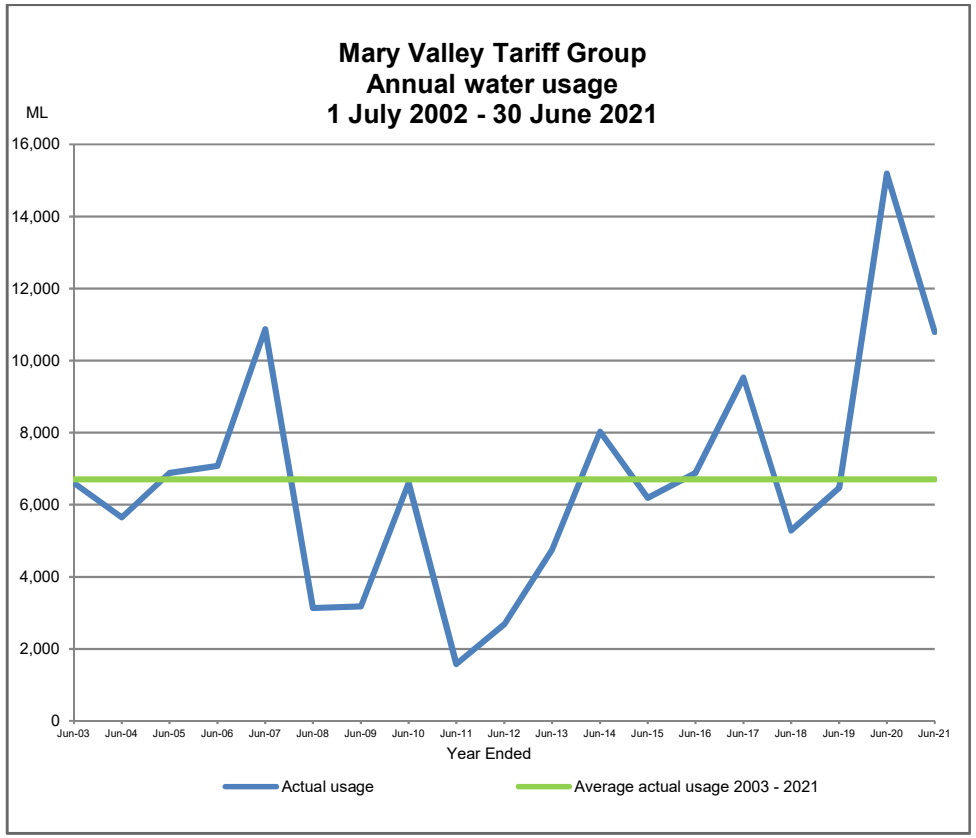
Table 3: Announced allocations history

Year	MP %	HP %	Year	MP %	HP %	Year	MP %	HP %
2007-08	14-100	100	2013-14	100	100	2019-20	100	100
2008-09	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			
2011-12	100	100	2017-18	82	100			
2012-13	100	100	2018-19	100	100			

Source: Seqwater (2021)

Figure 1 below shows the actual water usage per year from 2002-03 to 2019-20 for the Mary Valley tariff group. It also shows the average water usage over the 18-year period.

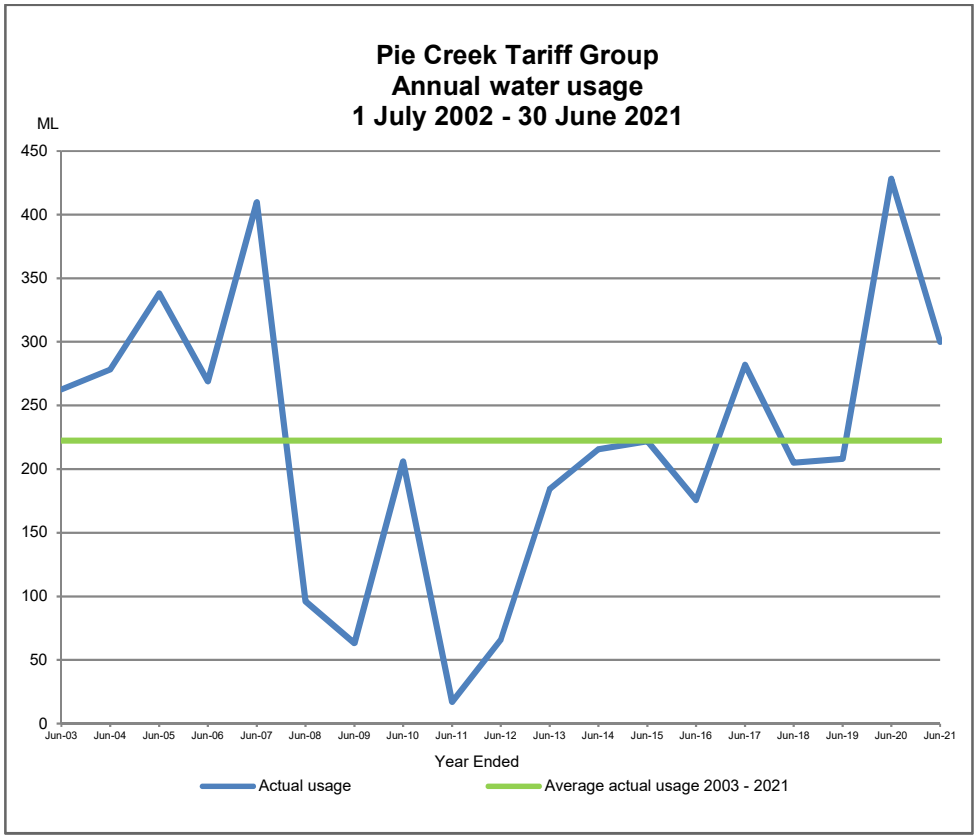
Figure 1: Mary Valley tariff group water usage for years ending 30 June 2003 to 30 June 2021



Source: Seqwater (2021)

Figure 2 below shows the water usage per year from 2002-03 to 2019-20 for the Pie Creek tariff group. It also shows the average water usage over the 18-year period.

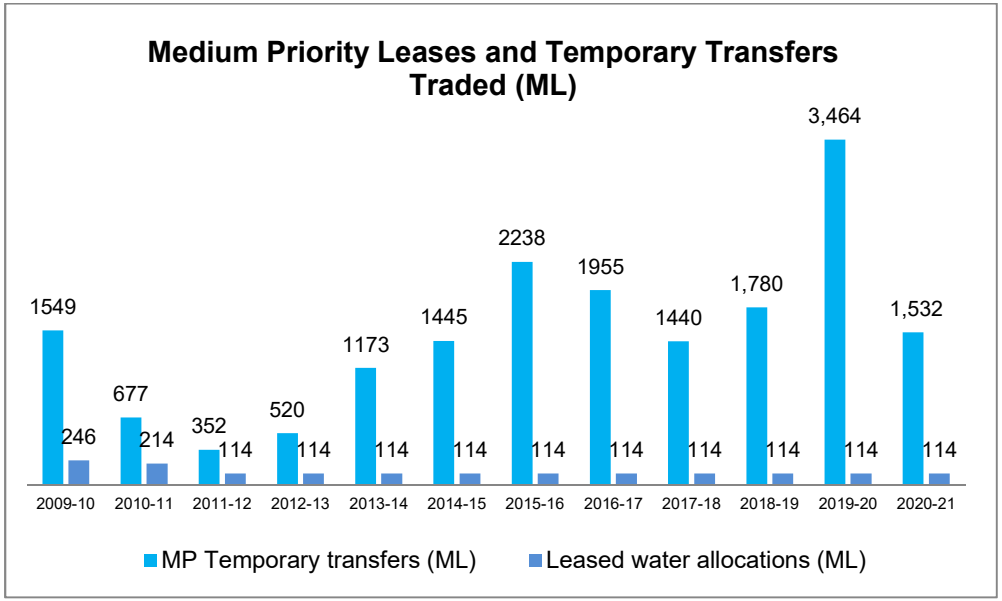
Figure 2: Pie Creek tariff group water usage for years ending 30 June 2003 to 30 June 2021



Source: Seqwater (2021)

Figure 3 sets out the volumes of temporary transfers and leases by year from 1July 2009.

Figure 3: Temporary trading 2009-21 (Mary Valley and Pie Creek)



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/ off-stream storages	Weirs	Other bulk water assets
• Borumba Dam	• Imbil Weir	• Pie Creek Pump Station • Gauging stations • Measuring weirs • Channels • Pipelines • Water meters

Source: Seqwater (2021)

Borumba Dam started the 2020-21 water year at 94.2% and this was the highest recorded for the water year. With small inflows received during the year, the volume held in storage at the end of the year was 79.9%, this was 14% lower than where it started at.

The Operations Team were kept busy during 2020-21 with not only the routine maintenance works, but there was a 5 yearly comprehensive dam inspection. This was undertaken between the 23-25 March 2021 and involved installing the bulkhead on the outlet pipe. The outlet conduit was emptied so engineers could inspect the inside of the pipe for any defects. The engineers were also required to cross Yabba Creek below the spillway and ascend up the left embankment to inspect the left-hand bank.

A small number of leaks were repaired on the Pie Creek pipeline, one being an old asbestos pipe which was completed during a planned shutdown. Also, a new gate was installed at the top end of the channel and 2-meter upgrades were undertaken in the Pie Creek scheme.

There were no unplanned shutdowns during the year in the Mary Valley scheme.

Below are some photos of the works completed by the Operations team in 2020-21.

Figure 4: 5 Yearly Inspection – Borumba outlet conduit, inside the outlet conduit and crossing Yabba Creek.

Figure 5: 5 Yearly Inspection continued –crossing Yabba Creek.

Figure 6 : Broken asbestos pipe and repair in Pie Creek, before and after.

Figure 7: New gate installation at top of channel

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 Mary Valley tariff group's discounted price that irrigators are paying (includes 15% discount), the QCA recommended prices (excluding discount), and the cost reflective prices. Because the regulated prices for 2020-21 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: Mary Valley Water prices (Nominal $/ML)

Tariff Group	Product	Your Price 2021-22 $	QCA Recommended 2021-22 $	Cost Reflective Price 2021-22 $
Mary Valley	Fixed (Part A)	**20.51**	24.13	14.51
	Volumetric (Part B)	**6.78**	7.98	8.16

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

As for the Pie Creek tariff group, 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 Pie Creek tariff group is not expected to fully recover the costs in 2021-22. The difference is covered by a Community Service Obligation (CSO) payment made by the Queensland Government.

Table 6: Pie Creek Water prices (Nominal $/ML)

Tariff Group	Product	Your Price 2021-22 $	QCA Recommended 2021-22 $	Cost Reflective Price 2021-22 $	Subsidised 2021-22 %
Pie Creek	Fixed (Part A)	12.07	14.20	418.97	86
	Fixed (Part C)	37.15	43.70		
	Volumetric (Part B)	6.78	7.98	263.29	64
	Volumetric (Part D)	72.80	85.65		
	Termination Fee	518.32	518.32		

Source: Seqwater 2021, Rural Water Pricing Direction Notice (No. 1) 2021 and Queensland Competition Authority, Final Report, Rural irrigation price review 2020–24 Part C: Seqwater.

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 7: Mary Valley tariff group non-irrigation process (Nominal $/ML)

Tariff Type	Non-irrigation Price 2021-22	
	MP $/ML	HP $/ML
Fixed (Part A)	27.46	299.70
Volumetric (Part B)	8.16	8.16

Source: Seqwater (2021)

Table 8: Pie Creek tariff group non-irrigation process (Nominal $/ML)

Tariff Type	Non-irrigation Price 2021-22 $/ML
Fixed Bundle (Part A & Part C)	646.15
Volumetric Bundle (Part B & part D)	263.29

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 tables set out, for both the Mary Valley and Pie Creek tariff groups, 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 9: Mary Valley tariff group operating expenditure for 2020-21 and budget 2021-22 ($Nominal)

Operating cost item	2020-21		2021-22
	Budget ($)	Actual ($)	Budget ($)
Direct operating costs			
Labour	204,754	215,857 (1)	209,872
Electricity	7,642	5,041	7,762
Other	107,852	87,985 (2)	110,379
Repairs and maintenance	121,977	53,412 (3)	124,865
Rates	9,893	29,096 (4)	10,110
Dam safety inspection	25,946	25,427	3,712
Total direct operating costs	**478,064**	**416,818**	**466,700**
Non-direct operating costs (indicative)			
Operations	251,857	164,833 (5)	257,398
Non-infrastructure	9,023	11,066	9,222
Insurance	108,917	101,727 (5)	111,313
Total non-direct costs	**369,797**	**277,626**	**377,933**
Total operating costs	**847,861**	**694,444**	**844,633**

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

Notes:

(1) Labour costs were slightly more than budget due to additional labour for the 5 yearly dam inspection.

(2) Other costs were less than budget due to less scheduled repairs and maintenance completed in the scheme.

(3) Repairs and maintenance costs were less than budget because no major maintenance projects were required to be undertaken during the year.

(4) Increased rates due to the differential rate classification by the council.

(5) Lower direct operating costs attracted a lower share of indirect costs.

Table 10: Pie Creek tariff group operating expenditure for 2020-21 and budget 2021-22 ($Nominal)

Operating cost item	2020-21 Budget ($)	2020-21 Actual ($)	2021-22 Budget ($)
Direct operating costs			
Labour	61,613	125,242 (1)	63,153
Electricity – Fixed	468	584	20,069
Electricity – Variable	19,291	29,348 (2)	
Other	18,986	40,888 (1)	19,404
Repairs and maintenance	84,529	108,327 (3)	86,530
Rates	3,271	8,094	3,343
Total direct operating costs	**188,158**	**312,482**	**192,500**
Non-direct operating costs (indicative)			
Operations	95,898	131,981 (4)	98,008
Non-infrastructure	3,436	8,818 (4)	3,511
Insurance	5,488	10,025 (5)	5,609
Total non-direct costs	**104,822**	**150,824**	**107,128**
Total operating costs	**292,980**	**463,306**	**299,627**

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

Notes:

(1) Additional labour costs were incurred because multiple repairs were undertaken during the year at different sections along the pipeline.

(2) Higher electricity costs for pumping.

(3) Repairs and maintenance costs were higher than budget multiple repairs were undertaken during the year at different sections along the pipeline.

(4) Increased corporate costs results in a higher share of indirect costs

(5) Insurance has increased due to higher premiums and revaluation of some assets in the scheme.

Our Cost Outlook

The tables below set out the forecast efficient costs as recommended by the QCA for both the Mary Valley and Pie Creek tariff groups.

Table 11: Forecast QCA budget Mary Valley tariff group operating costs for 2021-22 to 2023-24 ($Nominal)

Operating cost item	2021-22 ($)	2022-23 ($)	2023-24 ($)
Direct operations	328,013	336,799	345,750
Repairs and maintenance	124,865	128,162	131,531
Dam safety	3,712	–	3,900
Rates	10,110	10,363	10,622
Non-direct costs	377,933	387,381	397,066
Total operating costs	**844,634**	**862,705**	**888,869**

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

Table 12: Forecast QCA budget Pie Creek tariff group operating costs for 2021-22 to 2023-24 ($Nominal)

Operating cost item	2021-22 ($)	2022-23 ($)	2023-24 ($)
Direct operations	83,032	85,261	87,537
Repairs and maintenance	86,530	88,815	91,150
Rates	3,343	3,427	3,513
Non-direct costs	19,594	19,908	20,183
Total operating costs	**299,627**	**307,217**	**314,933**

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). The ARR account for 2020-21 for this scheme, prepared on an irrigation-only basis, is presented below.

Table 13: Mary Valley Tariff Group Asset Restoration Reserve (irrigation only)

Asset Restoration Reserve	2020-21 ($)
Opening Balance 1 July	129,771
Interest for year*	5,671
Revenue – irrigation	74,956
Revenue contribution above cost reflective price	176,113
Expenditure for year – non-metering	-19
Expenditure for year - metering	-1,682
Closing Balance 30 June	384,810

* 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 (2021)

Table 14: Pie Creek Tariff Group Asset Restoration Reserve

Asset Restoration Reserve	2020-21 ($)
Opening Balance 1 July	405,974
Interest for year*	17,741
Revenue – irrigation	30,048
Expenditure for year – non-metering	-6,749
Expenditure for year - metering	-346
Closing Balance 30 June	446,668

* 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 (2021)

Our Renewals

2020-21 renewals

The following table sets the renewals that were undertaken in 2020-21. The irrigation share of renewals excluding meters is 11%.

Table 15: Mary Valley Tariff Group Renewals 2020-21

Asset	Project Scope	Budget ($'000)	Actual ($'000)
Scheme	Renew power poles (1) Replace outlet valves (2)	-	0.2
Meters	Upgrade water meters (1)	-	1.7

Source: Seqwater (2021)

Notes:

(1) Carryover of 2019-20 works

(2) Some planning work carried out, but project was delayed.

Table 16: Pie Creek Tariff Group Renewals 2020-21

Asset	Project Scope	Budget ($'000)	Actual ($'000)
Pie Creek Pump Station	Replace Water Pump cables	-	6 (1)
	Upgrade pumping system Replace switchboard	-	0.7 (1)
Meters	Replace water meter	-	0.3 (2)

Source: Seqwater (2021)

Notes:

(1) Carryover of 2019-20 project, some planning work carried out, but projects were delayed.

(2) Residual costs from finalising 2019-20 project.

2021-22 forecast renewals

There are no renewals scheduled for the Mary Valley and Pie Creek tariff groups 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.

The renewal projects forecast for the next 5 years for Mary Valley and Pie Creek Tariff groups are shown below. This forecast is updated each year.

Table 17: Mary Valley tariff group rolling 5-year renewals forecast projects 2022-27 ($Nominal)

Asset	Project scope	Year	Forecast cost $'000
Borumba Dam	Replace Outlet Valves	2023-24	520
	Replace Gabions	2023-24	208
	Renew Lookout Distribution Board	2023-24	263
	Renew Main Switchboard	2023-24	263
	Renew Valve House Distribution Board	2023-24	263
	Refurb the Access Road	2023-24	260
Meters	Upgrade flow meters	2023-24	1,051 (1)

Source: Seqwater (2021)

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

Table 18: Pie Creek tariff group rolling 5-year renewals forecast projects 2022-27 ($Nominal)

Asset	Project scope	Year	Forecast cost $'000
Pie Creek Pipeline	Replace Fencing	2023/24	107
	Refurbish Calico Creek Pipeline outlet	2024-25	109
Pie Creek Pump Station	Replace water pump cables	2022-23	105
	Upgrade pumping system	2024-25	442
	Replace switchboard	2025-26	1,086

Source: Seqwater (2021)