Central Lockyer Valley 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:

1300 737 928

irrigators@seqwater.com.au

Seqwater
PO Box 328
IPSWICH QLD 4305

Our Scheme

The Central Lockyer Valley Water Supply Scheme was established to support irrigation in dairy, vegetable and forage crops sectors following construction of various weirs from the 1940s to 1980s, Bill Gunn Dam and Lake Clarendon in 1988 and 1992 respectively and the Morton Vale Pipeline in 1995. Releases from the dams are made manually. The Scheme is also located in the Clarendon Sub-artesian Area which is a benefitted groundwater area.

The Scheme was regulated under the Interim Resource Operations Licence for the Central Lockyer Valley Water Supply Scheme until 31 March 2020 at which time the scheme transitioned to a Resource Operations Licence.

The *Water Plan (Moreton) (Supply Scheme Arrangements) Amendment Plan 2019* for the Central Lockyer Valley Water Supply Scheme was released on 13 December 2019. On 6 March 2020 the final water entitlement notice, water management protocol, operations manual and resource operations licence, which together implement the Water Plan were released.

Prior to the Water Plan the water year was from 1 July to 30 June, however, the Water Plan changes the water year to run from 1 January to 31 December.

The Scheme consists of two tariff groups, "Central Lockyer Valley" and "Morton Vale Pipeline".

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)	Low Priority (ML)	Medium priority (ML)	Morton Vale Pipeline MP (ML)	High priority (ML)
Irrigation – Ground water	166	-	18,505	9,260	-	-
Non-Irrigation – Ground water	13	-	366	149	-	-
Irrigation – Surface water	83	5057				
Non-Irrigation – Surface water	3	234				
Lockyer Valley Regional Council	1	13 SW	30	85 GW	-	-
Seqwater	–	-	-	-	3,507*	185
Totals	**266**	**5,304**	**18,901**	**9,494**	**3,507**	**185**

* 3420ML is contracted to 39 customers on the Morton Vale Pipeline

Source: 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 Central Lockyer 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 Central Lockyer WSS CRG are: Anthony Staatz, Troy Qualischefski, Brock Sutton, Tim Linnan, Brendon Clarke, Kerry Hauser, John Lester and Gordon Van Der Est.(Chair). 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.

In 2021 our annual customer forums returned after a couple of years absence due to Covid19. The Central Lockyer 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 Central Lockyer Valley 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 2021-2022

Notification		Target	Performance	
			2020-21	2021-22
Planned	Shutdowns planned to exceed 2 weeks	8 weeks	Nil	1 (BG)
	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	1 (MV5)
	Interruptions greater than above	> 48 hours	Nil	1 (BG)
	Interruption to supply	Earlier of 24 hrs & end of 1st business day	Nil	Nil
Planned & Unplanned	Interruptions to supply per water year	6 events	Nil	*2 (BG & MV5)
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	1	Nil
	Resolution or response to compliant on why it has not been or cannot be resolved within period of receiving complaint	21 days	1	Nil

Source: Seqwater (2022)

*BG – Bill Gunn inlet/outlet pipe leak and repair. No actual loss to supply as dam level reached 100% and creek flows-maintained supply. Unplanned shutdown which moved to planned works for repair.

*MV5 – Air valve leak and repair on the Moreton Vale pipeline, only short loss (hours) of supply during repair.

Our Water

The announced allocation determines the percentage of nominal water allocation volume that is available in each water year. Historical announced allocations determined under the Interim Resource Operations Licence can be found in the 2019-20 Scheme Performance Report.

Prior to the Water Plan, the water year was from 1 July to 30 June, however, the Water Plan changes the water year to now run from 1 January to 31 December.

The table below shows the announced allocations from 1 April 2020 until 31 December 2023.

Table 3: Announced allocations

Year	Groundwater		Surface Water MP% (all zones)	MP % (Morton Vale Pipeline)
	LP%	MP%		
2020	60	80	0	0
2021	60	80	0	0
2022	100	100	100	100
2023	100	100	100	100

Source: Seqwater (2022)

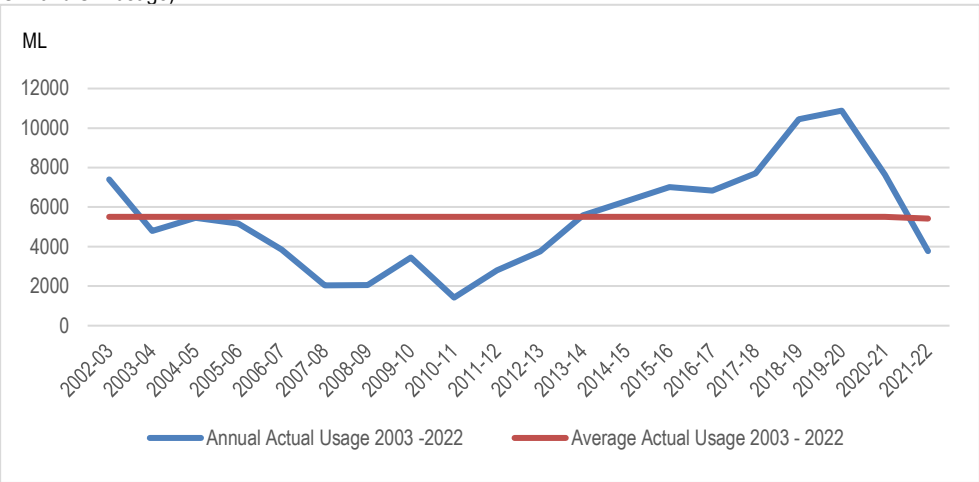
Figure 1: Clarendon Dam at full supply June 2022

Source: Seqwater (2022)

Water Usage

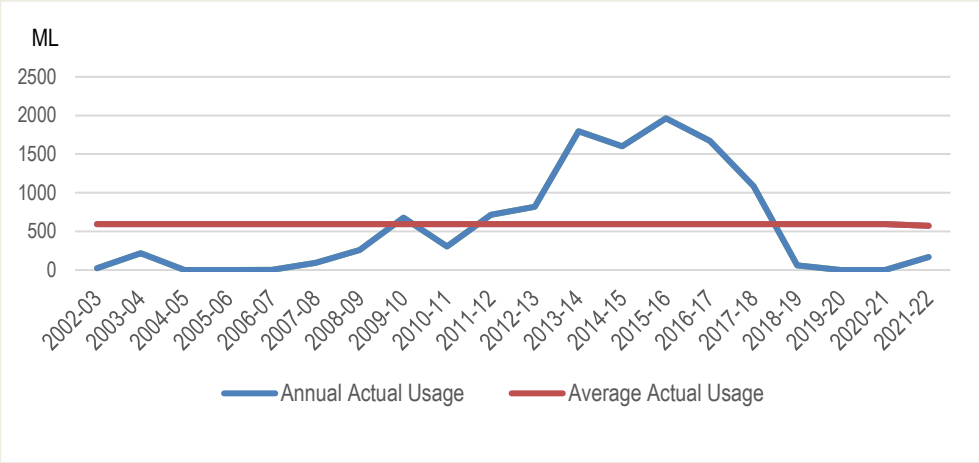
Figures 2 and 3 below show the actual water usage per year from the 2002-03 to the 30 June 2022 for both Central Lockyer Valley Water Supply Scheme (groundwater and surface water) and the Morton Vale Pipeline. It also shows the average water usage over the 19-year period.

Figure 2: Central Lockyer Valley annual water usage for years ending 30 June 2003 to 30 June 2022 (includes GW and SW usage)



Source: Seqwater (2022

Figure 3: Morton Vale Pipeline annual water usage for years ending 30 June 2003 to 30 June 2022



Source: Seqwater (2022)

Table 4: Annual water usage per priority for 2021 water year

Source	Usage (ML)				Total (ML)
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	
Morton Vale	0	0	0	43	**43**
Surface Water (MP)	24	62	20	13	**119**
Ground - Low Priority	1550	726	1595	643	**4514**
Ground - Medium Priority	0	14	155	173	**342**
EOY Totals (ML)	**1574**	**801**	**1770**	**871**	**5017**

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.

It is a requirement of the Water Act 2000 and the Central Lockyer Valley Water Supply Scheme that water allocation holders declare the sale price for each temporary transfer when seek approval and that Seqwater publish the sale price on our website monthly of all approved temporary transfer trades.

All temporary transfers traded since March 2020 have been zero ($0) trades as they have been between the same account holders, or the buyer and seller have been related or are associated. Seqwater's 74.8ML of spare/allocation water on the Morton Vale Pipeline was temporary traded via a live auction early February 2022 for $45.00 per ML. All temporary transfers are published on our website monthly.

Total Volume (ML) of water traded in the Central Lockyer Valley Water Supply since March 2020:

- 2020 water year (1 Apr to 31 Dec) – 339ML
- 2021 water year (1 Jan to 31 Dec) – 30ML

Our Infrastructure

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

Table:5 Bulk water assets

Dams/ off-stream storages	Weirs	Other bulk water assets	Distribution assets
Bill Gunn Dam (Lake Dyer), Clarendon Dam (Lake Clarendon)	Kentville Weir Jordan I & II Weirs Wilson Weir Clarendon Weir Glenore Grove Weir Laidley Creek Diversion Weir Showgrounds Weir Crowley Vale Weir	Redbank Creek Pump Station Clarendon Pump Station Clarendon Diversion Channels Gauging stations Customer water meters	Morton Vale Pipeline

Source: Seqwater (2022)

The last year has been defined by the three large rain events that have each impacted the Lockyer Valley. The Laidley Creek experienced significant flows following the rain event in December 2021, where water was diverted into Bill Gunn Dam, significantly increasing storage levels. Levels in the dam reached over 90% by early February 2022, at which time the diversion pipe experienced a leak and was offline for a period. During this time, we undertook a number of repairs to the pipeline, including replacement of the butterfly valve below the dam wall, which was in addition to the repair of the initial leak. Bill Gunn Dam reached 100% in early April 2022.

During the February/March 2022 rain event, record flows were experienced in the Lockyer Creek. While pumping into Lake Clarendon started during initial flows, the pump station experienced damage at the height of the flood, resulting in the loss of a pump. Fortunately, with continued flows we were able to fill Clarendon Dam by mid-May, and work is underway to replace the damaged pump.

While these events filled each of the storage Dams in the Lockyer to 100%, the scheme also

prioritised to ensure minimal impacts on supply, ensuring we can continue to deliver as required. Works within the Central Lockyer will initially focus on the Jordan's Weir area.

The operational team continued to focus on ongoing maintenance of the scheme throughout the wet weather, including Dam Surveillance activities, continued maintenance and upkeep of channels, and weed mitigation programs across all areas.

Figure 4: Bill Gunn inlet/outlet pipe repair

Source: Seqwater (2022)

Central Lockyer Groundwater Irrigation Modernisation Project

The Central Lockyer Groundwater Irrigation Modernisation (CLGIM) Project was a collaboration of the Lockyer Water Users Forum (FWUF), the Department of Natural Resources Mine & Energy (now known as Department of Regional Development Manufacturing and Water) and Seqwater. The project will modernise the scheme to support the sustainable management of the water resource.

The Commonwealth Government has agreed to provide funding for 49% of project costs up to $2.5M. The project includes the upgrading of all groundwater and surface water meters, equip the monitoring bores in the scheme with depth and water quality sensors (where required) and a telemetry system to collect data from the water meters and monitoring bores.

Project Milestones:

- The upgrade of 345 customer meters has been completed.
- Installation of monitoring equipment on 67 Observation bores – installations have commenced – to be completed by June 2023
- Telemetry and interface (customer dashboard) for customer meters – Go Live June 2023

Figure 5: Example of the monitoring equipment installed on the groundwater observation bores

Source: Seqwater (2022)

Our Water Prices

Irrigation charges for 2022-23

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 tables below show 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 Central Lockyer Valley Water Supply Scheme is not expected to fully recover the costs to run the scheme in 2022-23. The difference is covered by a Community Service Obligation (CSO) payment made by the Queensland Government

Table 6: Central Lockyer Valley tariff group irrigation water prices 2022-23 (Nominal $/ML)

Tariff Group	Tariff	Your Price ($/ML)	Cost Reflective Price ($/ML)	Subsidised ($/ML)
Central Lockyer Valley	Fixed (Part A)	35.61	62.26[1]	26.65
	Volumetric (Part B)	9.57	11.51	1.94

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

(1) Applies to medium priority groundwater and surface water only

Table 7: Morton Vale Pipeline tariff group water prices 2022-23 (Nominal $/ML)

Tariff Group	Tariff	Your Price ($/ML)	Cost Reflective Price ($/ML)	Subsidised ($/ML)
Morton Vale Pipeline	Fixed (Part A)	35.61		
	Volumetric (Part B)	6.97		
	Fixed (Part C)	9.19		
	Volumetric (Part D)	6.53		
Morton Vale Pipeline (Bundled)	Fixed (Part A + Part C)	44.80	72.17	27.37
	Volumetric (Part B + Part D)	13.50	19.19	5.69

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 8: Non-irrigation prices 2022-23(Nominal $/ML)

Tariff Group	Tariff Type	Medium Priority 2022-23 $/ML
Central Lockyer Valley	Fixed (Part A)	371.28
	Volumetric (Part B)	11.51
Morton Vale Pipeline	Fixed Bundle (Part A & Part C)	392.08
	Volumetric Bundle (Part B & D)	19.36

Source: Seqwater (2022)

Our Expenditure

Seqwater's costs are subject to review by the QCA. The following table sets out Seqwater's detailed actual expenditure compared to the 2021-22 target budget which was extrapolated from the expenditure recommended by the QCA in the 2020-24 price review. Also shown is the detailed expenditure recommended by the QCA for 2022-23. Explanations of material variations are set out in the table below.

Table 9: Central Lockyer Valley tariff group operating expenditure for 2021-22 and operating budget 2022-23 ($Nominal)

Operating cost Item	2021-22 Budget ($)	2021-22 Actual ($)	2022-23 Budget ($)
Direct operating costs			
Labour	127,318	199,046 (1)	130,820
Electricity	11,296	165,893 (2)	11,477
Other	43,244	56,934 (3)	44,353
Repairs and maintenance	178,136	112,822 (4)	182,839
Rates	584	586	599
Dam safety inspections	26,517	25,987	8,617
Total direct operating costs	**387,095**	**558,459**	**387,095**
Non-direct costs (indicative)			
Operations	220,008	239,324 (5)	225,508
Non-infrastructure	7,882	19,249 (5)	8,079
Insurance	149,427	141,618	153,163
Total non-direct costs	**377,317**	**400,191**	**386,750**
Total operating costs	**764,412**	**958,651**	**765,455**

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

Notes:

(1) Additional internal labour was used to undertake maintenance resulting in a shift of costs between cost categories and because of the wet weather events.
(2) Pumping costs to divert water into storage. Additional electricity costs can be claimed back at next price path.
(3) A shift of costs between cost categories and includes hire costs to try and solve pump issue at Clarendon Dam.
(4) Scheduled repairs and maintenance were lower and fewer unscheduled repairs were required due to wet weather and flood repairs. And as per (1) above, any maintenance was mainly undertaken by internal staff resulting in a shift of costs between cost categories.
(5) Higher direct operating costs results in a higher allocation of indirect costs.

Table 10: Morton Vale Pipeline tariff group operating expenditure for 2021-22 and operating budget 2022-23 ($Nominal)

Expenditure Item	2021-22 Budget ($)	2021-22 Actual ($)	2022-23 Budget ($)
Direct operating costs			
Labour	12,732	7,458 (1)	13,082
Other	9,809	12,346 (2)	10,054
Repairs and maintenance	5,341	785 (2)	5,482
Total direct operating costs	**27,882**	**20,590**	**28,618**
Non-direct costs (indicative)			
Operations	14,473	9,206 (3)	14,835
Non-infrastructure	519	740	531
Insurance	2,361	11,426 (4)	2,420
Total non-direct costs	**17,353**	**21,372**	**17,786**
Total operating costs	**45,235**	**41,963**	**46,404**

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

Notes:

(1) Labour costs were less than budget because no repair and maintenance was carried out and staff were required only for reading water meters and surveillance.
(2) A shift of costs between categories
(3) Lower direct operating costs resulted in a lower allocation of indirect costs.
(4) Change in methodology for calculation of insurance premiums apportionment resulted in higher allocation to the pipeline.

Our Cost Outlook

The table below sets out the forecast efficient costs as recommended by the QCA.

Table 11: Recommended forecast operating costs Central Lockyer tariff group for 2023-24 ($Nominal)

Operating cost item	2023-24 ($)
Direct operations	191,515
Repairs and maintenance	187,645
Dam safety	–
Rates	614
Non-direct costs	396,419
Total operating costs	**776,193**

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

Table 12: Recommended forecast operating costs Morton Vale Pipeline for 2023-24 ($Nominal)

Operating cost item	2023-24 ($)
Direct operations	23,744
Repairs and maintenance	5,627
Non-direct costs	18,231
Total operating costs	**47,602**

Source: 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 2021-22 for Central Lockyer and Morton Vale Pipeline are presented below.

Table 13: Central Lockyer Valley tariff group ARR for 2021-22 ($Nominal)

Asset Restoration Reserve	2021-22 ($)
Opening Balance 1 July	-4,126,913
Interest for year*	-180,346
Revenue – irrigation	328,708
Expenditure for year – non-metering	-1,024,398
Expenditure for year – metering	-447,650
Closing Balance 30 June	-5,450,599

Source: Seqwater (2022)

* The interest rate is based on the Queensland Competition Authority's recommended weighted average cost of capital (WACC) of 4.37% post-tax nominal.

Table 14: Morton Vale Pipeline tariff group ARR for 2021-22 ($Nominal)

Asset Restoration Reserve	2021-22 ($)
Opening Balance 1 July	563,662
Interest for year*	24,632
Revenue for year	5,498
Expenditure for year	0
Closing Balance 30 June	593,791

Source: Seqwater (2022)

* 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

2021-22 renewals

The renewals expenditure for 2021-22 for the Central Lockyer Valley tariff group are provided below.

Table 15: Central Lockyer Valley tariff group renewals projects for 2021-22 ($Nominal)

Asset	Project Scope	Budget ($'000)	Actual ($'000)	
Clarendon Weir	Hydrometric Monitoring Network	308	115	(1)
Clarendon Dam	Crest Seal Embankment	-	29	(2)
Water meters	Replace flow meters under CLGIM project*	-	448	(3)
Kentville Weir	Hydrometric Monitoring Network	255	109	(1)
Redbank Creek WPS	Refurbishment of RW Pump 3	-	40	(4)
Laidley Creek Diversion Weir	Replace gate valve and hydraulic Ac	-	5	(5)
Scheme	Irrigation & Bore Hole Telemetry & Observation bore monitoring equipment (CLGIM Project)*	-	718	(3)

Source: Seqwater (2022)
* Federal Government funding of $2.5m of the total proposed cost of modernisation program ~$5m

Notes:
(1) Install of hydrometric hut and equipment for weir level monitoring to improve water distribution
(2) Dam Safety recommendation which is being delivered in 2022/23.
(3) CLGIM = Central Lockyer Groundwater Irrigation Modernisation Project
(4) Pump refurbishment was carried out in mid-late 2021 – flood damage followed this and will be captured as separate item
(5) In planning stages

There were no renewals projects in the Morton Vale Pipeline for 2021-22.

2022-23 renewals

Forecast renewals expenditure for 2022-23 for the Central Lockyer Valley tariff group are provided below.

Table 16: Central Lockyer Valley tariff group renewals projects for 2022-23 ($Nominal)

Asset	Project description	Forecast cost ($'000)
Scheme	Groundwater irrigation modernisation project (includes last of meter upgrades, telemetry and bore monitoring)	559
Kentville Weir	Upgrade hydrometric monitoring network (carryover)	65
Clarendon Weir	Upgrade hydrometric monitoring network (carryover)	128
Laidley Creek Diversion Weir	Weir Valve Replacement	12
Bill Gunn Dam	Provide Crest Seal	430
Clarendon Dam	Crest Seal Embankment	988

Source: Seqwater (2021)

There are no renewals projects for the Morton Vale Pipeline in 2022-23.

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 4 years for the Central Lockyer Valley tariff group are shown in the tables below. This forecast is updated each year.

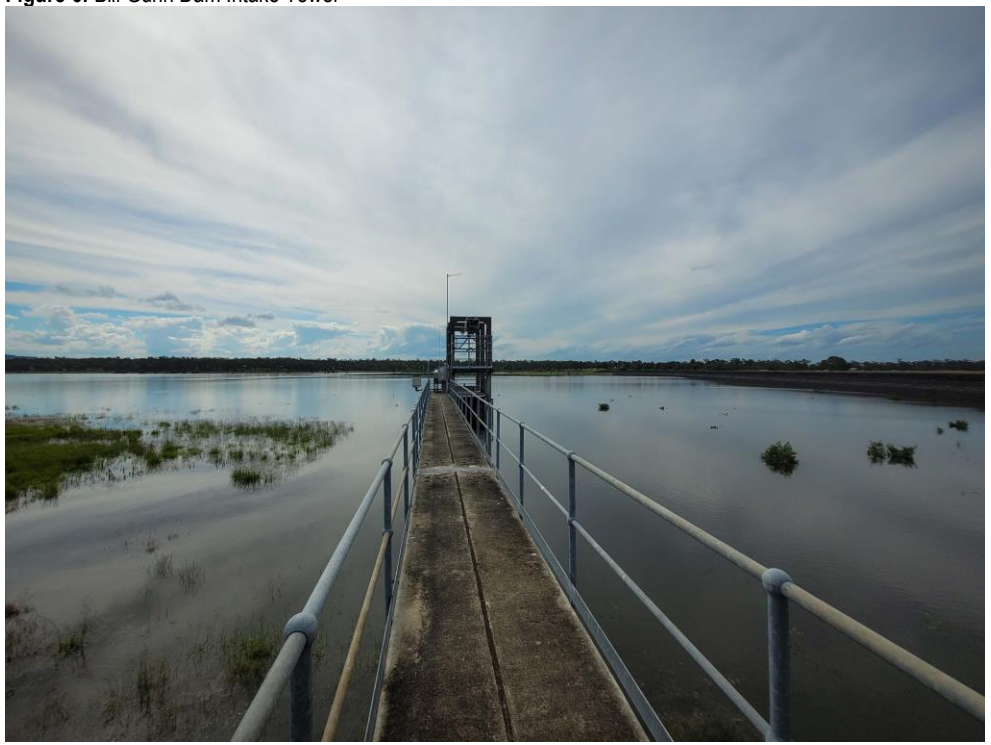
Table 17: Central Lockyer Valley tariff group rolling 4-year renewals forecast 2023-2027 ($Nominal)

Asset	Project description	Year	Forecast cost ($'000)
Scheme	Groundwater irrigation modernisation project	2023-24	127
Redbank Creek WPS	Upgrade RWPS Flow Measurement	2024-25	135
Bill Gunn Dam	Replace Crane Hoist	2023-24	33
	Provide Crest Seal (continuation from 22/23)	2023-24	60
Clarendon Dam	Replace Crane Hoist	2023-24	33
	Crest Seal Embankment	2023-24	134
	Renew Outlet Works Baulk Paint	2024-25	21
	Renew Outlet Works Trash Rack Paint	2024-25	21
	Renew Outlet Works Baulk Paint	2025-26	109
	Renew Outlet Works Trash Rack Paint	2025-26	109
Clarendon Weir	Refurb Inlet Bulkhead Gate	2023-24	21
	Refurb Inlet Bulkhead Gate	2024-25	213
Laidley Creek Diversion Weir	Weir Valve Replacement	2023-24	378

Source: Seqwater (2022)

At this time, there are no renewal projects forecast for the next 4 years for the Morton Vale Pipeline.

Figure 6: Bill Gunn Dam Intake Tower



Source: Seqwater (2022)