seqwater
WATER FOR LIFE

Mary Valley WSS

Scheme Performance Report 2023-24

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1. 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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2. 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".

2.1. Our Customers

The following table sets out the distribution of water allocations amongst types of customers.

Table 1: Ownership of water allocations

Customer type	Number of customers	Medium priority (ML)	High priority (ML)
Mary Valley irrigators	156	16105.6	-
Mary Valley Non-irrigators	23	1451.4	-
Pie Creek irrigators	48	818	-
Pie Creek Non-irrigators	8	4	-
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	**237**	**21,829**	**10,264**

Source: Seqwater (2023)

2.2. Working Together

Seqwater is committed to customer centricity by implementing improvements for future efficiencies and by fostering a positive customer journey. Seqwater is committed to listening to its customers daily through engagement at Customer Irrigation Forums, meetings with Customer Reference Groups Representatives and via a yearly Customer Survey and information bulletins as necessary.

Seqwater has conducted the Customer Survey via SMS and email over the past three years. These surveys play a vital role in allowing all irrigation customers to provide feedback to Seqwater for any future initiatives and improvements for the scheme that may make it easier for our customers to do business with us.

The Irrigation Customer Forum was held in March 2023 and was well attended by irrigation customers. This forum was the start of Seqwater's engagement for the upcoming price review for the 2025-29 irrigation prices. Seqwater shared with customers how irrigation prices are set and heard from our customers what is important to them and what we need to reflect on when setting proposed costs for future pricing periods.

Future forums will be conducted in the months of October – November of each year. These forums allow Seqwater to share knowledge and information on the Irrigation scheme and its operations. The Forum covers different aspects of the business including an operations overview, costs, pricing and forecast storage capacity. This also allows irrigation customers to interact with Seqwater staff face to face, ask questions and offer their views for future scheme opportunities.

Customer Reference Group (CRG) meetings were held throughout the year with Seqwater engaging on the scheme's performance and operations and the upcoming

QCA Price Review. Meeting summaries are published on our website for more detail. Feedback from the members of the CRG's is that they are appreciative of Seqwater's openness and transparency at these meetings.

2.3. 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 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 2021-22 and 2022-23

Notification		Target	Performance	
			2021-22	2022-23
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 1st 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 compliant on why it has not been or cannot be resolved within period of receiving complaint	21 days	Nil	Nil

Source: Seqwater (2023)

2.4. 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	2022-23	100	100

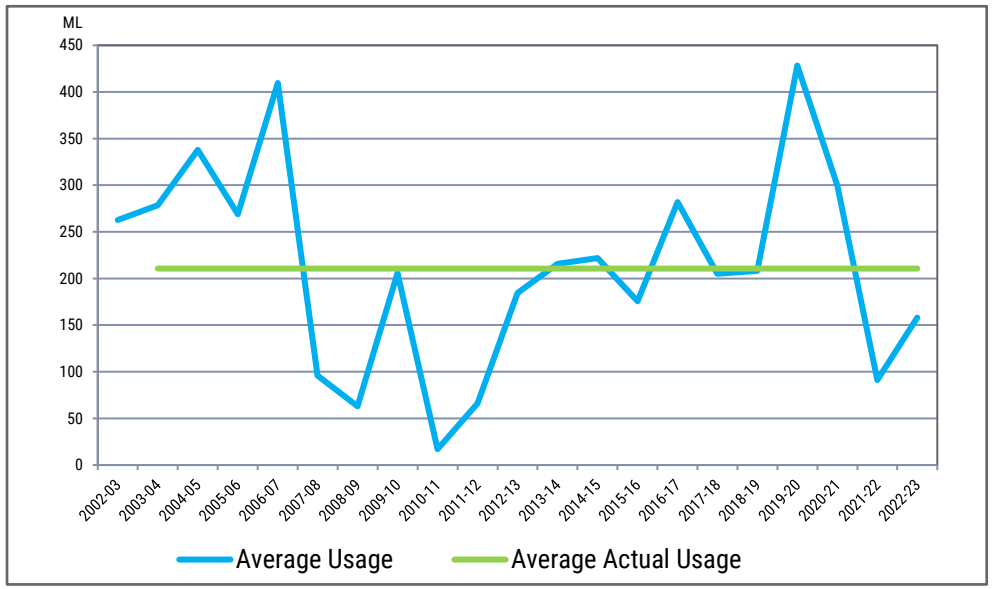
Year	MP %	HP %	Year	MP %	HP %	Year	MP %	HP %
2011-12	100	100	2017-18	82	100	2023-24	100	100
2012-13	100	100	2018-19	100	100			

Source: Seqwater (2023)

2.5. Water Usage (Mary Valley)

Figure 1 below shows the actual water usage per year from 2002-03 to 2021-2023 for the Mary Valley tariff group. It also shows the average water usage over the 20-year period.

Figure 1: Mary Valley tariff group water usage for years ending 30 June 2003 to 30 June2023

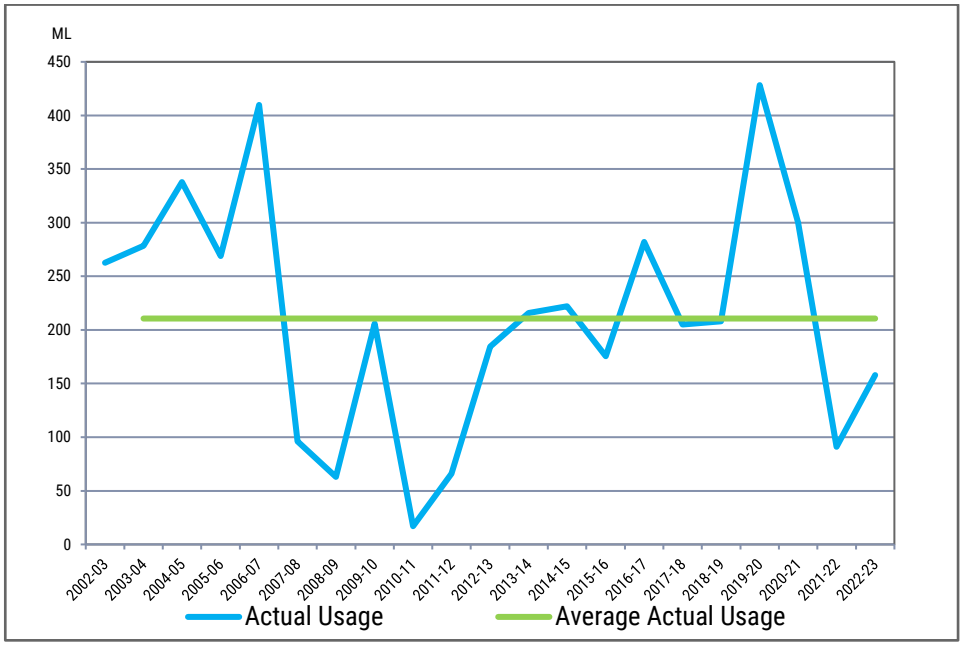


Source: Seqwater (2023)

2.6. Water Usage (Pie Creek)

Figure 2 below shows the water usage per year from 2002-03 to 2021-23 for the Pie Creek tariff group. It also shows the average water usage over the 20-year period.

Figure 2: Pie Creek tariff group water usage for years ending 30 June 2003 to 30 June 2023



Source: Seqwater (2023)

2.7. 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. The following chart sets out the volumes of temporary transfers by year from 1 July 2008 to 30 June 2023.

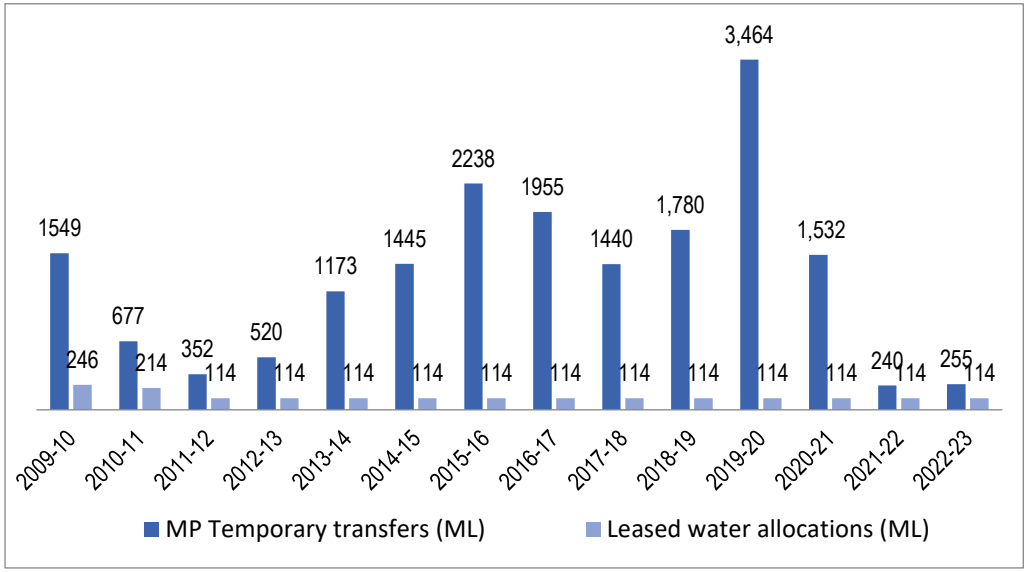
Since 1 July 2020 if customers in the Mary Valley Water Supply Scheme have declared the sale price of their temporary transfer at time of application, then Seqwater has published the price on its website.

Providing publicly available, meaningful and high-quality market activity information allows better business planning and risk management for water users in this scheme. The information published is generic information and all personal information is withheld.

You can find all the temporary trade information that Seqwater hold for your scheme here.

Figure 4 sets out the volumes of temporary transfers and leases by year from 1July 2009.

Figure 3: Temporary trading 2009-23 (Mary Valley and Pie Creek)



Source: Seqwater (2023)

2.8. 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	• Gympie Weir • Measuring flume (downstream of Borumba spillway) • Imbil Weir	• Pie Creek Pump Station • Gauging stations • Measuring weirs • Channels • Pipelines • Water meters

Source: Seqwater (2023)

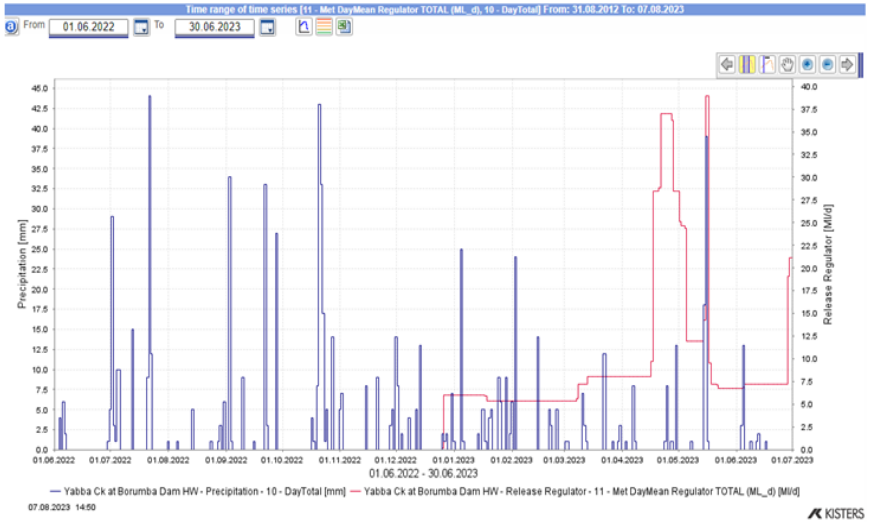
Borumba Dam started the water year at 100.6% on 1 July 2022, however, with small inflows received during Borumba Dam storage levels remained at 100% capacity until 7 February 2023. Borumba Dam finished the water year sitting at 94.5% capacity.

With a wet start to the water year the Operations team were not required to make a great deal of releases during the first 6 months. This allowed for an increase in routine maintenance works and upgrades. During the last few months of the year releases from Borumba Dam increased along with water usage in the Pie Creek Scheme.

Figure 4: Borumba Weir (Measuring) after clean.

Source: Seqwater (2023)

Figure 5: Borumba Dam daily release and rainfall 2022-23 water year.



Source: Seqwater (2023)

Figure 6: Material build up in the Mary River.

Source: Seqwater (2023)

Figure 7: Pie Creek pump back to normal operation.

Source: Seqwater (2023)

Figure 8: Pie Creek Channel

Source: Seqwater (2023)

Figure 9: Emergency repair to Pie Creek pipeline

Source: Seqwater (2023)

Figure 10: Repairing cross drains – Pie Creek

Source: Seqwater (2023)

2.9. Our Water Price

2.9.1. Irrigation water charges for 2023-24

Seqwater's responsible Ministers issued the Seqwater Rural Water Pricing Direction Notice (No. 1) 2023 which sets the rural irrigation water prices and associated fees Seqwater must charge from 1 July 2023 to 30 June 2025.

The table below shows the Mary Valley tariff group's discounted price that irrigators are paying (includes 15% discount), and the QCA approved cost reflective prices.

Table 5: Mary Valley Water prices (Nominal $/ML)

Tariff Group	Product	Your Price 2023-24 $	Cost Reflective Price 2023-24 $
Mary Valley	Fixed (Part A)	**12.89**	15.17
	Volumetric (Part B)	**7.09**	8.53

Source: Seqwater 2023, Rural Water Pricing Direction Notice (No. 1) 2023 and Queensland Competition Authority, Final Report, Rural irrigation price review 2020–24 Part C: Seqwater, January 2020

For the Pie Creek tariff group, the table below shows the discounted price that irrigators are paying (includes 15% discount), the QCA approved 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.

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

Tariff Group	Product	Your Price 2023-24 $	Cost Reflective Price 2023-24 $	Subsidy 2023-24 %
Pie Creek	**Fixed (Part A)**	**12.61**	437.95	87
	Fixed (Part C)	**43.05**		
	Volumetric (Part B)	**7.09**	275.22	69
	Volumetric (Part D)	**76.10**		
	Termination Fee	**597.74**		

Source: Seqwater 2023, Rural Water Pricing Direction Notice (No. 1) 2023 and Queensland Competition Authority, Final Report, Rural irrigation price review 2020–24 Part C: Seqwater.

2.9.2. Non-Irrigation water charges for 2023-24

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 2023-24	
	MP $/ML	HP $/ML
Fixed (Part A)	**28.70**	313.28
Volumetric (Part B)	**8.53**	8.53

Source: Seqwater (2023)

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

Tariff Type	Non-irrigation Price 2023-24 $/ML
Fixed Bundle (Part A & Part C)	**675.43**
Volumetric Bundle (Part B & part D)	**275.22**

Source: Seqwater (2023)

3. 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 actual expenditure for the 2022-23 year compared to the 2020-21 QCA target costs which were extrapolated from the expenditure recommended by the QCA in the 2020-24 price review.

Also shown is the expenditure recommended by the QCA for 2023-24. As the current price path has been extended by government for 1 year, we have included the target costs for the 2024-25 year as well. These are the 2023-24 costs with a CPI % applied. Explanations of material variations are set out in the table below.

Table 9: Mary Valley tariff group operating expenditure for 2022-23 and QCA Target Costs 2023-24, 2024-25 ($Nominal)

Expenditure Item	2022-23 QCA Target ($)	2022-23 Actual ($)		2023-24 QCA Target ($)	2024-25 QCA Extended
Direct operating costs					
Labour	215,643	193,173	(1)	221,529	228,395
Electricity	7,887	15,052	(2)	7,996	8,150
Repairs and maintenance	113,269	74,024	(4)	131,531	135,261
Other	128,162	54,451	(3)	116,225	119,462
Rates	10,363	28,136	(5)	10,622	10,888
Dam safety inspection	0	13,125	(6)	3,900	0
Total Direct operating costs	**475,324**	**377,961**		**491,803**	**502,156**
Non-direct operating costs					
Operations	263,833	160,295	(7)	270,429	277,190
Non-infrastructure	9,452	9,566		9,688	9,931
Insurance	114,096	105,267		116,949	119,872
Total non-direct costs	**387,381**	**275,129**		**397,066**	**406,992**
Total operating costs	**862,705**	**653,090**		**888,869**	**909,149**

Source: Seqwater (2023); QCA Final Report, Seqwater Irrigation Price Review 2020-24 (February 2020)

Notes:

(1) Labour costs were below budget due to lower than forecast operational requirements on the scheme.

(2) Electricity costs higher due to increased electricity charges from supplier, Seqwater investigating with provider.

(3) Other costs were below budget due to lower than forecast operational requirements on the scheme.

(4) Repairs and maintenance costs were less than anticipated due to less asset failure.

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

(6) Dam safety inspection completed by contractor, not internal staff due to change of Dam Safety Legislation.

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

Table 10: Pie Creek tariff group operating expenditure for 2022-23 and QCA Target Costs 2023-24, 2024-25 ($Nominal)

Expenditure Item	2022-23 QCA Forecast ($)	2022-23 Actual ($)		2023-24 QCA Target ($)	2024-25 QCA Extended
Direct operating costs					
Labour	64,890	87,157	(1)	66,661	70,209
Electricity	483	1,246	(2)	490	31,330
Variable Electricity	19,908	11,618		20,183	94,427
Repairs and maintenance	19,889	94,595	(3)	91,150	21,163
Other	88,815	57,473		20,386	3,675
Rates	3,427	8,045	(4)	3,513	-
Total Direct operating costs	**197,411**	**260,134**		**202,382**	**220,804**
Non-direct operating costs					
Operations	100,458	110,324	(5)	102,970	101,589
Non-infrastructure	3,599	6,584		3,689	4,053
Insurance	5,749	10,374	(6)	5,893	2,915
Total non-direct costs	**109,806**	**127,281**		**112,551**	**108,557**
Total operating costs	**307,217**	**387,415**		**314,933**	**329,360**

Source: Seqwater (2023); QCA Final Report, Seqwater Irrigation Price Review 2020-24 (February 2020)

Notes:

(1) Additional labour costs were incurred due to increased operational requirements on the scheme.

(2) Electricity costs were lower than budget due to variations in consumption estimates.

(3) Repairs and maintenance costs were less than anticipated due to less asset failure.

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

(5) Costs higher resulting in a higher allocation of share across all schemes

(6) Insurance has increased due to higher premiums

3.1. Our Annuity

The balance of the renewal annuity funds is recorded in the Asset Restoration Reserve (ARR). The ARR account for 2022-23 for this scheme, prepared on an irrigation-only basis, is presented below.

Table 11: Mary Valley Tariff Group Asset Restoration Reserve (irrigation only)

Asset Restoration Reserve	2022-23 ($)
Opening Balance 1 July	573,405
Interest for year*	25,058
Revenue – irrigation	74,718
Revenue contribution above cost reflective price	90,015
Expenditure for year – non-metering**	-6,244
Expenditure for year - metering	-30,641
Closing Balance 30 June	**726,311**

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

**Irrigation share of non-metering renewals, which is 11% of total non-metering expenditure.

Source: Seqwater (2023)

Table 12: Pie Creek Tariff Group Asset Restoration Reserve

Asset Restoration Reserve	2022-23 ($)
Opening Balance 1 July	473,100
Interest for year*	20,674
Revenue – irrigation	30,370
Expenditure for year – non-metering	-71,925
Expenditure for year - metering	-1,880
Closing Balance 30 June	**452,220**

* 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 (2023)

4. Our Renewals

4.1. 2022-23 renewals

Renewals completed for the Mary Valley and Pie Creek tariff groups during 2022-23 are listed in the tables below.

Table 13: Mary Valley Tariff Group Renewals 2022-23

Asset	Project Scope	Budget ($'000)	Actual ($'000)
Borumba Dam	Electrical Switchboard Replacement	93	20 (1)
Scheme	Development of new water accounting system and customer online portal	-	36

Table 14: Pie Creek Tariff Group Renewals 2022-23

Asset	Project Scope	Budget ($'000)	Actual ($'000)
Pie Creek Pump Station	Replace Water Pump cables	205	30 (1)
	Refurbishment of Pump 2	458	31 (1)
Scheme	Development of new water accounting system and customer online portal	-	11

Source: Seqwater (2023)
Notes: (1) Project to continue to 2023/24

4.2. 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 rolling forecast is updated each year based on priorities.

Table 15: Mary Valley tariff group rolling 5-year renewals forecast projects 2023 - 2028($Nominal)

Asset	Project scope	Year	Forecast cost $'000
Borumba Dam	Replace Outlet Valves	2027-28	50
		2028-29	160
	Renew Lookout Distribution Board	2026-27	360
	Refurb the Access Road	2027-28	50
		2029-30	537
Meters	Upgrade flow meters	2023-24	159 (1)
		2024-25 & 2025-26	1,552 (1)

Source: Seqwater (2023)

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

Table 16: Pie Creek tariff group rolling 5-year renewals forecast projects 2023-2028($Nominal)

Asset	Project scope	Year	Forecast cost $'000
Pie Creek Pump Station	Refurbish Calico Creek Pipeline outlet	2028-29	180
	Replace water pump cables	2022-23	197
	Upgrade pumping system	2027-28	750
	Replace switchboard	2026-27	625

Source: Seqwater (2023)