

Lower Lockyer Valley 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 Lower Lockyer Valley Water Supply Scheme is located west of Lowood in the Lockyer Valley in South East Queensland and centres around Atkinson Dam. The Scheme was designed to supply surface water for irrigation.

The Scheme is regulated under the Moreton Water Management Protocol and managed under the Lower Lockyer Valley Water Supply Scheme Operations Manual. The water year runs from 1 July to 30 June.

Our Customers

The following table sets out the ownership of water allocations by class of owner.

Table 1: Ownership of water allocations

Customer type	Number of customers	Medium priority Volume (ML)
Irrigation	120	11,056
Non-irrigation	13	54
Seqwater	-	1,510
Totals	133	12,620

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 a 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 Lower 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 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	1
	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	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	2
	Resolution or response to complaint on why it has not been or cannot be resolved within period of receiving complaint	21 days	Nil	2

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 since 2007-08.

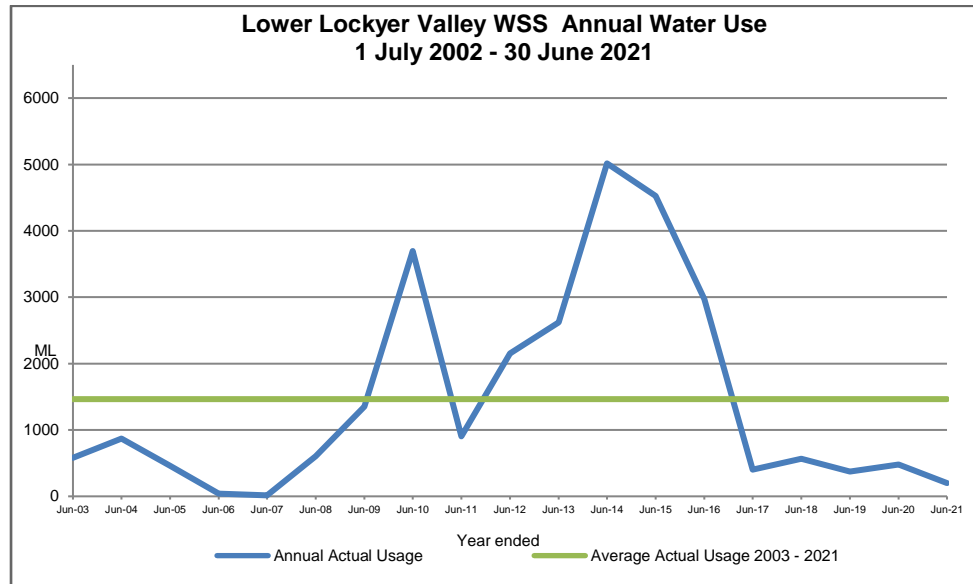
Table 3: Announced allocations history

Year	MP %	Year	MP %	Year	MP %
2007-08	0–16	2013-14	100	2019-20	0
2008-09	13–63	2014-15	81	2020-21	0
2009-10	27–100	2015-16	31	2021-22	0
2010-11	100	2016-17	0–10		
2011-12	100	2017-18	0–17		
2012-13	100	2018-19	0		

Source: Seqwater (2021)

Figure 1 below shows the actual water usage per year from 2002-03 to 2019-21. It also shows the average water usage for the 18-year period.

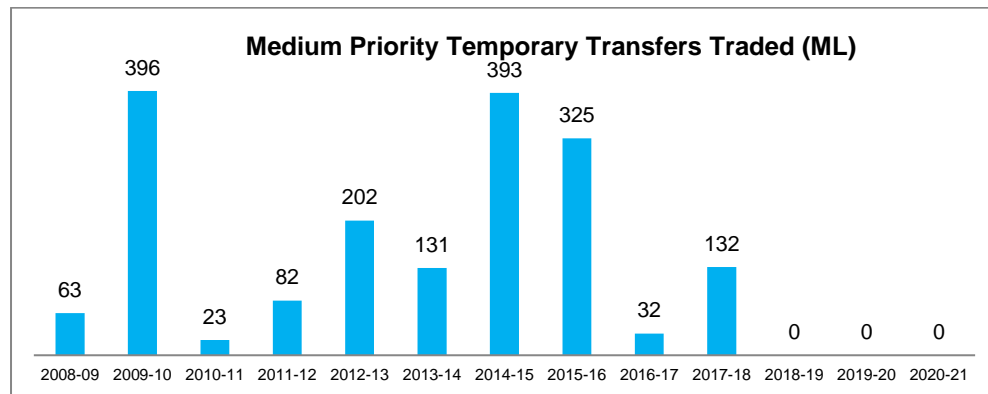
Figure 1: Annual Scheme water usage for years ending 30 June 2003 to 30 June 2021



Source: Seqwater (2021)

Figure 2 sets out the volumes of temporary transfers by year from 1 July 2008.

Figure 2: Temporary transfers 2008-21



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	Other bulk water assets
Atkinson Dam	Buaraba Creek Diversion Weir Brightview Weir Sippels Weir Potters Weir O'Reillys Weir	Gauging stations Buaraba Creek Diversion Channel Buaraba Creek Supply Channel Seven Mile Lagoon Diversion Channel Atkinson Pump Station Atkinson Low Level Pump Station Brightview Weir Supply Channel Customer water meters

Source: Seqwater (2021)

Over the past year, the Lower Lockyer scheme has seen continued desilting works on the Brightview Channel and 7 Mile Lagoon diversion channel, this ensures these channels continue to operate efficiently. Berm drain maintenance was completed on both channels this year.

This water year we have experienced a wetter season, with the rain event in March 2021 bringing inflows right down the Lockyer Creek. Both the Potters and Sippels Weirs saw water over them in this rain event, and both performed well following the refurbishment last year.

Although we did experience an issue with the Brightview Weir valve, this valve has since been repaired. A review of all other hydraulic valves in the scheme were undertaken as a result.

During this year, a continued improvement occurred with the upgrade of drop board structures. This not only improves the scheme operation, but the safety of our operators. The operational team continued to focus on ongoing maintenance of the scheme, including dam surveillance activities, continued maintenance and upkeep of channels, and weed mitigation programs across all areas.

Figure 1: Water passing over O'Reillys Weir in March rains



Figure 2: Replacement of Old Drop Board Structures on channels – before and after



Figure 3: Berm maintenance on Brightview Channel



Source: Seqwater (2021)

Our Water Prices

Irrigation charges for 2021-22

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 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 Lower Lockyer Valley 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: Lower Lockyer Valley WSS irrigation regulated and cost reflective prices 2020-21 (Nominal \$/ML)

Tariff Type	Your Price 2021-22 \$	QCA Recommended 2021-22 \$	Cost Reflective Price 2020-21 \$	Subsidised 2021-22 %
Fixed (Part A)	43.32	50.97	102.91	50
Volumetric (Part B)	22.42	26.38	33.99	22

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)	226.05
Volumetric (Part B)	33.99

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 expenditure for 2020-21 and operating budget 2021-22 (\$Nominal)

Operating cost item	2020-21		2021-22
	Budget (\$)	Actual (\$)	Budget (\$)
Direct operating costs			
Labour	158,372	154,358	162,331
Electricity	44,618	7,090 (1)	45,318
Other	110,430	59,679 (2)	112,962
Repairs and maintenance	107,662	81,909 (3)	110,156
Rates	52,858	63,111	54,021
Dam safety inspection	3,679	3,605	-
Total direct operating costs	477,619	369,753	484,787
Non-direct operating costs (indicative)			
Operations	267,481	154,202 (4)	273,365
Non-infrastructure	9,583	10,352	9,794
Insurance	59,773	63,162	61,088
Total non-direct costs	336,837	227,716	344,247
Total operating costs	814,456	597,469	829,034

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

Notes:

- (1) Electricity costs were lower because the pump could not function when the water level fell below the intake.
- (2) Other costs were less because activity on the scheme was reduced.
- (3) Repairs and maintenance costs were less than budget because scheduled maintenance tasks were lower during the year and there were less unscheduled repairs undertaken.
- (4) Lower direct operating costs attracted a lower share of indirect costs.

Our Cost Outlook

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

Table 7: Recommended forecast operating costs for 2020-21 to 2023-24 (\$Nominal)

Operating cost item	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)
Direct operations	320,611	328,713	336,883
Repairs and maintenance	110,156	113,016	115,942
Dam safety	-	3,854	27,859
Rates	54,021	55,371	56,755
Non-direct costs	344,247	352,853	361,674
Total operating costs	829,034	853,808	899,114

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 2020-21 for this scheme is presented below.

Table 8: Lower Lockyer Valley WSS Asset Restoration Reserve (\$Nominal)

Asset Restoration Reserve	2020-21 (\$)
Opening Balance 1 July	-1,017,488
Interest for year*	-44,464
Revenue for year	132,438
Expenditure for year	-645,959
Closing Balance 30 June	-1,575,473

Source: Seqwater (2021)

* 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 the renewals projects that were undertaken in 2020-21.

Table 9: Renewals projects 2010-21

Asset	Project scope	Budget (\$'000)	Actual (\$'000)
Atkinson Dam	Safety Improvements – intake structure platform	114	161
Potter & Sippels Weir	Refurb works (Carryover of 2019-20)	-	483
Scheme	Internal office refurb (Carryover of 2019-20) & Piping repair	-	1 (1)
Meters	Update water meters (Carryover of 2019/20)	-	1

Source: Seqwater (2021)

Notes:

(1) Piping repair had some planning work carried out, but project was delayed.

2021-22 renewals

There are no renewals scheduled for Lower Lockyer 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.

A rolling 5-year renewals forecast is set out in the table below. This forecast is updated each year.

Table 10: 5-year rolling renewals projects forecast 2022-27 (\$Nominal)

Asset	Project scope	Year	Forecast (\$'000)
Brightview Weir	Replace boundary fencing & channel	2023-24	160
Atkinson Dam	Replace Crane hoist	2023-24	32
Scheme	Replace fencing	2024-25	60
Meters	Upgrade flow meters	2024-25	1,051 (1)

Source: Seqwater (2021)

Notes:

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