

Customer Reference Group – Meeting Summary

Date and Time	12 September 2023 10:00am
Location	Lovett Cafe' Kalbar
Attendees	Seqwater – Petrina Douglas, Wendy Scott, Cameron Stewart, Michael Brady CRG Members – Ross McInnes, Rob Hinrichsen, Bevin Shard and Morris McInnes
Apologies	David Armstrong, Mitchell Moffatt, Ed Windley
Purpose	First look at draft proposal cost and pricing 2025-2029

Welcome & introductions

Seqwater introduced members of the Operations and Irrigation Team and provided an overview of the agenda.

Purpose of the meeting was to share Seqwater's first look at draft proposal cost and pricing for the 2025-29 pricing period.

Agenda items:

- Election of Chair
- (Phase 2) First look at draft proposal of irrigation costs and pricing for 2025-29
- Upcoming Customer Irrigation Forum – Tuesday 17 October, 2023
- Field trip to be organized in future

QCA (Queensland Competition Authority) price review

- The Queensland Government issued a referral notice to the QCA directing them to undertake a review of the irrigation pricing practices of Seqwater and Sunwater.
- Purpose of review is to recommend irrigation pricing for the period 1 July 2025 – 30 June 2029.
- Seqwater will work with customers to agree prices from 1 July 2025.
- Submission to QCA is due 30 November 2023.

Seqwater customer engagement strategy

Seqwater's customer engagement strategy has three phases and we currently are in "phase 2".

- Phase 1 – Engage/Feedback (March-May 2023). Complete
- Phase 2 – Consult/Feedback (August – September 2023) Current
- Phase 3 – Circle back final proposal (October – November 2023)

Draft Cost and Pricing Proposals

Draft costs and pricing proposal is reflective of a challenging operating environment and a desire for meaningful engagement with customers as Seqwater develop prices for the next period.

Key themes impacting our operating environment:

- Global events such as COVID19 – inflation, availability of goods and services (including labour)
- Natural disasters – both here and overseas – insurance premiums continue to rise
- Higher energy prices
- Rising interest rates have increased cost of debt
- Council Rate increases
- Aging assets requiring continued monitoring and maintenance
- Asset maintenance program review underway – potential changes to Seqwater’s current asset maintenance programs
- Increased regulation – Metering
- Flood costs are excluded

Our customers voice – what they are telling us!

- Engagement with our Customer Reference Groups during Phase 1 of our engagement plan identified what matters most to our customers and what they want taken into consideration for the next price period.
 - Price stability
 - Scheme efficiencies
 - Customers interested in bottom line prices. Engage on expenditure/service trade off’s
 - Customers keen to understand drivers for any significant repair and maintenance works proposed for the next price path period
 - Water reliability/security
 - Customers happy with current service standards
 - Customers would like an online account to manage their water allocations (like Sunwater)
 - Regulatory costs of price reviews minimised
 - When water is available, customers want reliability of supply, if there is an interruption to supply they want it fixed asap
 - Wanting to understand if Seqwater have any plans to grow our business (meaning more water allocations)
 - Community Service Obligations to be continued

What’s new in the next price path?

Water Accounting System and Customer Portal

A new cost effective water accounting system will replace the antiquated manual spreadsheets that are currently used to undertake customer water accounting.

The new system will provide transparency to our customers as they will be able to access their water balances and enter meter reads 24 hours a day/7 days week. This is a cost effective solution for our irrigation customers with the total implementation costs of the system being \$737,272 of which \$135,000 has been received from Water Start as an innovation grant. The ongoing annual license fee will be \$25,000. The costs of the system and the ongoing costs will be shared amongst Seqwater’s 7 irrigation schemes apportioned by customer numbers.

The Warrill Valley WSS share of the once off cost is \$138,602 and the annual fee for 2023/24 is \$5,753.

Metering Regulations

- Seqwater is upgrading all active customer meters to align with the Qld interim non-urban water meter standard over the next few years.
- Having an upgraded fleet of meters will improve measurement accuracy and reduce maintenance costs.

- Seqwater’s meter of choice “Krohne” has an expected 30 year life span.

Cost Drivers in the Warrill Valley WSS

- HUF review resulted in a HUF decreasing from 10% to 9%. Reduction in MP HUF is attributable to inclusion of a new cut off rule plus a change to HP reserve term in the water sharing rules.
- Decrease in Part A tariff caused by forecast decreases in direct and indirect costs more than offsetting forecast increase in metering spend.
- Decrease in Part B tariff caused by forecast decrease in allocated direct costs.

Feedback from Customers on proposed costs and prices!

- Members asked whether there were any activities Seqwater could undertake to keep prices constant as opposed to reducing costs; to provide a buffer to potential drivers of price hikes in the future.
- Customers advised not to go in this much detail at the customer forums, we need to keep the pricing session at a high level otherwise we will lose our audience.

Actions

- A future meeting to discuss the operational performance of scheme, to understand whether there is any scope to improve the scheme performance through works on the upper catchment (noting any potential works would require a discussion with Government).
- Seqwater to determine a way to keep prices constant as opposed to reducing, to provide a buffer to potential drivers of price hikes in the future. Seqwater to investigate if additional revenue could be accrued within the schemes non-metering annuity as an option to keep scheme prices constant.
- Seqwater provide a projection of the Moogerah Dam level for next year.
- Seqwater to remove refurbishment of Haigh Park Access Road (186K) from forecast.
- Seqwater to confirm whether Normandy Gully Diversion (\$240k) is needed within forecast.
- Election of Chair for Warrill Valley Water Supply Scheme and Terms of Reference to be deferred until next meeting.
- Seqwater to organise a CRG Tour of the Dam and Weir with CRG members between the month of February
- Seqwater to provide an update where the Water Plan amendment is at?

Next Forum

- Customer Irrigation Forum will be held on Tuesday, 17 October 2023 at Harrisville School of Arts.

Meeting closed at 12:15pm