seqwater
WATER FOR LIFE

Central Brisbane River Water Supply Scheme

Annual Network Service Plan

December 2013

SOURCE STORE SUPPLY

Contents

1. Introduction

This Network Service Plan (NSP) is a key component of Seqwater's consultation with its customers and is intended to provide useful and helpful information.

Seqwater invites comments and suggestions on the content of this NSP. All submissions will be published on the Seqwater website along with Seqwater's responses. Customers can provide feedback via email or post at the following addresses:

Email: irrigators@seqwater.com.au

Post: NSP Comments
PO box 16146
City East QLD 4002

2. Scheme Details

2.1 Scheme background and context

The Central Brisbane River Water Supply Scheme (the Scheme) is located along the Brisbane River between Wivenhoe Dam and Mt Crosby Weir. The Scheme was established in 1980 to enable irrigation of up to 1,000 ha within the area.

The Scheme is regulated under the Moreton Resource Operations Plan (ROP) which was issued in December 2009.

The water year runs from 1 July to 30 June.

The Scheme consists of one tariff group, "Central Brisbane River".

2.2 Infrastructure details

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

Table 1: Bulk water assets

Dams	Weirs	Off-stream storages	Other bulk water assets
Wivenhoe Dam, Somerset Dam (included for water pricing purposes)	Mount Crosby Weir (not included in irrigation prices)	Nil	Wivenhoe Tail Water Weir Gauging stations

Source: Seqwater (2013)

2.3 Customers and water entitlements serviced

The Scheme supplies water to 130 customers holding both medium and high priority water access entitlements (WAE). The following table sets out the ownership of WAE in the Scheme.

Table 2: Schedule of ownership of WAE

WAE owner	Number of customers	Medium priority WAE (ML)	High priority WAE (ML)
Irrigators	126	6,771	-
Ipswich City Council	1	65	-
Somerset Regional Council	1	15	-
Lowood and District Golf Club	1	40	-
Glamorgan Vale Water Board	1	-	250
Seqwater	-	150	278,750
Total	**130**	**7,041**	**279,000**

Source: Seqwater (2013)

2.4 Water availability and use

The announced allocation determines the percentage of nominal WAE volume that is available in each water year. The following table sets out the announced allocations since 2010-11.

Table 3: Announced allocations history

Priority	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)
Medium	100	100	100	100

Source: Seqwater (2013)

No historical usage information is available. Historical usage information will be reported subsequent to water meters being installed.

2.5 Water trading

The following table sets out the annual volumes of temporary transfers between irrigation customers from 1July 2008 to 30 June 2013.

Table 4: Temporary transfers 2008-13

Priority	2008-09 (ML)	2009-10 (ML)	2010-11 (ML)	2011-12 (ML)	2012-13 (ML)
Medium	0	0	40	210	340

Source: Seqwater (2013)

It is important to note that, under the ROP, where two parties wish to enter into a temporary or seasonal transfer, both parties require a water meter unless the seller can demonstrate they have no active water usage or extraction.

2.6 Irrigation Customer Consultation

Seqwater is committed to consulting with its customers as required under its Statement of Obligations. Seqwater intends to publish the Scheme's annual network service plan on its website by 30 September of each year. Seqwater will hold customer consultation forums at least annually to consult on the network service plan and customer service standards as well as other Scheme issues that may arise from time to time. Attendance at customer consultation forums will be open to all irrigation customers of the Scheme and other stakeholders. Seqwater will convene additional consultation meetings at the request of the majority of attending customers.

After consulting on the basis of the network service plan and through customer consultation forums, Seqwater will publish on its website any customer or stakeholder submissions along with Seqwater's responses and decisions.

2.7 Customer service standards

No service standards have been developed for the Scheme. Seqwater intends to develop customer service standards in consultation with customers during 2013-14.

3. Financial Performance

3.1 Tariffs

The approved tariffs for the Scheme for the 2013-17 regulatory period are set out in Table 5.

Table 5: Water prices 2013-17 (Nominal $/ML)

Tariff	2013-14 ($)	2014-15 ($)	2015-16 ($)	2016-17 ($)
Fixed (Part A)	15.11	17.54	20.08	22.73
Variable (Part B)	10.14	10.40	10.65	10.92

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

It should be noted that the fixed Part A tariff is charged quarterly in advance and the variable Part B tariff is charged on actual usage at the end of each quarter. Until water meters are installed, customers are required to advise water usage by means of recording self-assessed usage on log sheets during each quarter and to submit the log sheets to Seqwater at the end of each quarter.

3.2 Operating expenditure

Seqwater's forecast operating costs for the 2013-17 regulatory period are set out in the table below. These costs include both fixed and variable operating costs.

Table 6: Forecast operating costs for 2013-17 ($Nominal)

Operating cost item	2013-14 ($)	2014-15 ($)	2015-16 ($)	2016-17 ($)
Direct operations	5,152,207	5,249,586	5,347,676	5,446,403
Repairs and maintenance	1,866,419	1,911,517	1,957,235	2,003,553
Dam safety	-	-	48,850	-
Rates	706,434	724,095	742,197	760,752
Consultation costs	7,175	7,354	7,538	7,727
Non-direct costs	4,424,474	4,495,352	4,566,528	4,637,955
Total operating costs	**12,156,709**	**12,387,904**	**12,670,024**	**12,856,930**

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

By way of comparison, the following table sets out Seqwater's budgeted and actual expenditure for 2012-13

Operating cost item	2012-13	
	Budget ($)	Actual ($)
Direct operations	5,199,800	5,047,132
Repairs and maintenance	2,135,300	1,623,298
Dam safety	-	-
Rates	689,200	924,334
Consultation costs	-	-
Non-direct costs	7,083,800	7,634,625
Total operating costs	**15,108,100**	**15,229,389**

Repairs and maintenance expenditure was less than budget because less unplanned maintenance occurred than anticipated. Rates budget did not include all of the rateable properties thus understating the budget compared to actual expenditure. In non-direct costs, the higher actual costs are attributable to higher than expected insurance premium renewal costs and increased systems costs incurred subsequent to the merger of Seqwater with LinkWater. Overall however, total operating costs were within 1% of the budget forecast.

3.3 Renewals

3.3.1 Asset Restoration Reserve

Prior to 1 July 2013, the Scheme did not have an Asset Restoration Reserve (ARR). Consequently, the opening balance as at 1 July 2013 is nil. The forecast ARR balances for the period of the 2013-17 price path are set out in Table 8 below.

Table 8: Central Brisbane WSS Asset Restoration Reserve ($Nominal)

Asset Restoration Reserve	2013-14 ($)	2014-15 ($)	2015-16 ($)	2016-17 ($)
Opening Balance 1 July	-	900,168	1,721,875	2,609,554
Revenue – irrigation	7,404	7,329	7,931	11,007
Revenue – other	1,044,362	1,033,749	1,118,656	1,552,426
Expenditure – all sectors	-151,598	-219,371	-238,908	-168,056
Closing Balance 30 June	900,168	1,721,875	2,609,554	4,004,931

Source: Seqwater (2013); QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

3.3.2 Renewals expenditure

3.3.2.1 Prior year renewals

As the Scheme did not have an ARR prior to 1 July 2013, no detailed renewals expenditures have been reported for 2012-13 however, renewals expenditure of $1.180m was incurred.

3.3.2.2 Regulatory period renewals

Forecast significant renewals projects (>$50,000) for the regulatory period (2013-17) is provided in table 9 below. All forecasts are nominal amounts assuming an average inflation rate of 2.5%.

Table 9: Significant renewals projects for 2013-17 ($Nominal)

Asset	Project scope	Year	Forecast cost ($'000)
Wivenhoe Dam	Repaint 2 radial gates	2013-14	150
Wivenhoe Dam	Replace baulk seals on winches	2014-15	91
Somerset Dam	Refurbish regulator 12 and 13 outlet cone valves	2014-15	100
Somerset Dam	Repaint crane	2014-15	150
Somerset Dam	Reinforce bases of sluice and crest gate winch pedestals	2014-15	50

Table 9: Significant renewals projects for 2013-17 ($Nominal) – *continued*

Asset	Project scope	Year	Forecast cost ($'000)
Wivenhoe Dam	Repainting of trash screens	2015-16	75
Somerset Dam	Replacement of electric winch motor and brake – spillway crest gates	2016-17	58

Source: Seqwater (2013)

3.3.2.3 Material planning period renewals

Material renewals projects expected to be undertaken in the outer years of the renewals planning time frame (2017-37) are set out in table 10 below. A material renewal project is defined as one which accounts for 10% or more in present value terms of the total forecast renewals expenditure for the 20 year planning period. The 10% threshold is $2.15 million with the base year being 2017-18. One project exceeded the threshold. Seqwater will consult with irrigators to establish whether there is a need for, and the nature of, any high level options analysis for this project.

Table 10: Major projects 2017-36 ($Nominal)

Asset	Project scope	Year	Forecast cost ($'000)
Somerset Dam	Replace structural walls, columns and beans – inlet screens and trash racks	2025-26	4,482

Source: Seqwater (2013)