

Mary Valley WSS

Scheme Performance Report 2022-23



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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 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”.

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)	High priority (ML)
Mary Valley irrigators	132	16195.6	-
Mary Valley Non-irrigators	30	1361.4	-
Pie Creek irrigators	29	818	-
Pie Creek Non-irrigators	18	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	211	21,829	10,264

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 Mary Valley Water Supply Scheme (WSS). The CRG provides Mary Valley 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 Mary Valley WSS CRG are; Shane Templeton (Chair), Michael Sims, Blake Nicolle, Roger Bambling, Gary Rozynski, Tom Walker, Craig Nichols, Chris Leacy and Danny Attard. 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 Mary Valley 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 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 2020-21 and 2021-22

Notification	Target	Performance		
		2020-21	2021-22	
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	1	0
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 1 st business day	Nil	Nil
Planned & Unplanned	Interruptions to supply per water year	6 events	1	0
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 complaint on why it has not been or cannot be resolved within period of receiving complaint	21 days	Nil	Nil

Source: Seqwater (2022)

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

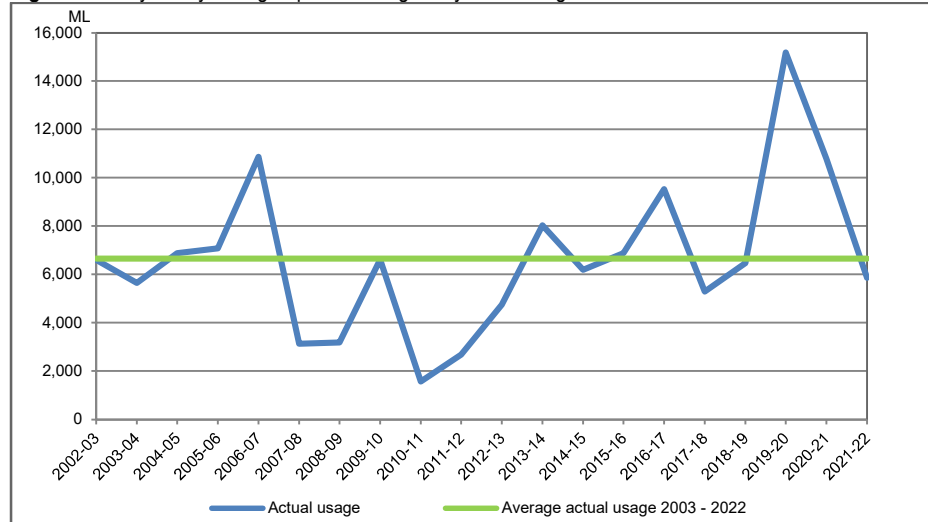
Year	MP %	HP %	Year	MP %	HP %	Year	MP %	HP %
2007-08	14-100	100	2013-14	100	100	2019-20	100	100
2008-09	100	100	2014-15	100	100	2020-21	100	100
2009-10	100	100	2015-16	100	100	2021-22	100	100
2010-11	100	100	2016-17	100	100	2022-23	100	100
2011-12	100	100	2017-18	82	100			
2012-13	100	100	2018-19	100	100			

Source: Seqwater (2022)

Water Usage (Mary Valley)

Figure 1 below shows the actual water usage per year from 2002-03 to 2021-2022 for the Mary Valley tariff group. It also shows the average water usage over the 19-year period.

Figure 1: Mary Valley tariff group water usage for years ending 30 June 2003 to 30 June 2022



Source: Seqwater (2022)

Figure 2: Control building sitting on top of island with river at 23 meters at Gympie

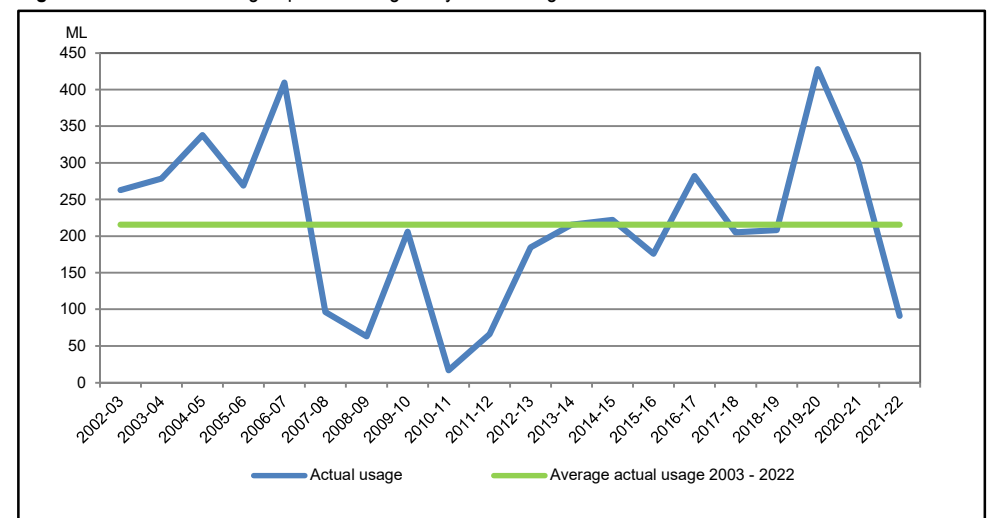


Source: Seqwater (2022)

Water Usage (Pie Creek)

Figure 2 below shows the water usage per year from 2002-03 to 2021-22 for the Pie Creek tariff group. It also shows the average water usage over the 19-year period.

Figure 3: Pie Creek tariff group water usage for years ending 30 June 2003 to 30 June 2022



Source: Seqwater (2022)

Seasonal Water Assignments (Temporary Transfers)

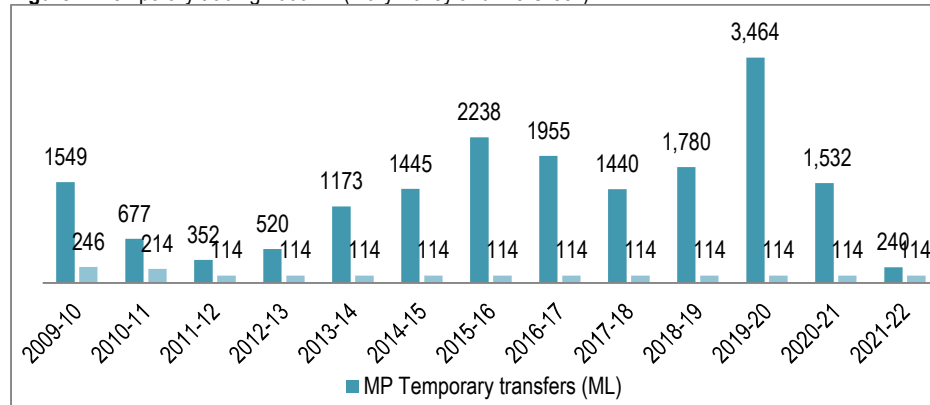
A seasonal water assignment (Temporary Transfer) allows two customers to transfer available water to each other within a water year. The following chart sets out the volumes of temporary transfers by year from 1 July 2008 to 30 June 2022.

Since 1 July 2020 if customers in the Logan River Water Supply Scheme have declared the sale price of their temporary transfer at time of application, then Seqwater have been publishing the price on their 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.

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

Figure 4: Temporary trading 2009-22 (Mary Valley and Pie Creek)



Source: Seqwater (2022)

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
<ul style="list-style-type: none"> Borumba Dam 	<ul style="list-style-type: none"> Imbil Weir 	<ul style="list-style-type: none"> Pie Creek Pump Station Gauging stations Measuring weirs Channels Pipelines Water meters

Source: Seqwater (2022)

The 2021-22 was off to a dry start with Borumba Dam sitting at 80% on 1 July 2021, however, with small inflows received during the first 5 months of the year, Borumba Dam storage levels remained at 74.6%. Then the wet season hit and from 1 December 2021 through to the 30 June 2022, the dam was at 100% capacity. During the February rain event, Borumba Dam peaked at 127% on the 25 February, 2022.

Due to the dry start of the water year, the Operations Team was busy in the early half of 2022 year with daily releases to satisfy irrigation needs. This added to the routine maintenance works. However, this all changed in the second half of the water year with considerable work

involved in flood operations across all of the region's Dams. Access to meter and pump infrastructure was limited for much of that period.

The Pie Creek pumps both suffered damage from the flooding, requiring maintenance when the river finally allowed access to remove them. The rising main suffered damage due to the wet conditions and flooding separating at one of the socket joints. This required considerable maintenance repairs.

Below are some photos of the works completed by the Operations team in 2021-22

Figure 5: Rising main where the pipeline had slipped out of socket joint.



Source: Seqwater (2022)

Figure 6: Repair joint.



Source: Seqwater (2022)

Our Water Prices

Irrigation water charges for 2022-23

Seqwater's responsible Ministers issued the *Seqwater Rural Water Pricing Direction Notice (No. 1) 2021* which sets 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 table below shows the Mary Valley tariff group's discounted price that irrigators are paying (includes 15% discount), the QCA recommended prices (excluding discount), and the cost reflective prices. Because the regulated prices for 2021-22 are higher than the cost-reflective prices, Seqwater has undertaken to transfer the surplus revenue into the Asset Revaluation Reserve (ARR) at the end of the financial year. This is represented in the ARR account.

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

Tariff Group	Product	Your Price 2022-23 \$	Cost Reflective Price 2022-23 \$
Mary Valley	Fixed (Part A)	20.51	14.84
	Volumetric (Part B)	6.94	8.34

Source: Seqwater 2022, 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

For the Pie Creek tariff group, 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 Pie Creek tariff group is not expected to fully recover the costs in 2021-22. The difference is covered by a Community Service Obligation (CSO) payment made by the Queensland Government.

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

Tariff Group	Product	Your Price 2022-23 \$	Cost Reflective Price 2022-23 \$	Subsidised 2022-23 %
Pie Creek	Fixed (Part A)	12.33	413.52	87
	Fixed (Part C)	40.05		
	Volumetric (Part B)	6.94	260.85	71
	Volumetric (Part D)	74.43		
	Termination Fee	557.15		

Source: Seqwater 2022, Rural Water Pricing Direction Notice (No. 1) 2021 and Queensland Competition Authority, Final Report, Rural irrigation price review 2020–24 Part C: Seqwater.

Non-Irrigation water charges for 2022-23

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 2022-23	
	MP \$/ML	HP \$/ML
Fixed (Part A)	28.07	306.41
Volumetric (Part B)	8.34	8.34

Source: Seqwater (2022)

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

Tariff Type	Non-irrigation Price 2022-23 \$/ML
Fixed Bundle (Part A & Part C)	660.63
Volumetric Bundle (Part B & part D)	269.19

Source: Seqwater (2022)

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 detailed actual expenditure compared to the 2020-21 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 2021-22. Explanations of material variations are set out in the table below.

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

Operating cost item	2021-22		2022-23
	Budget (\$)	Actual (\$)	Budget (\$)
Direct operating costs			
Labour	204,754	173,692 ⁽¹⁾	215,643
Electricity	7,642	5,483	7,887
Other	107,852	54,975 ⁽²⁾	113,269
Repairs and maintenance	121,977	29,861 ⁽³⁾	128,162
Rates	9,893	29,186 ⁽⁴⁾	10,363
Dam safety inspection	25,946	20,887	0
Total direct operating costs	466,700	314,083	475,324
Non-direct operating costs (indicative)			
Operations	257,398	137,971 ⁽⁵⁾	263,833
Non-infrastructure	9,222	11,295	9,452
Insurance	111,313	105,267 ⁽⁵⁾	114,096
Total non-direct costs	377,933	254,533	387,381
Total operating costs	844,633	568,616	862,705

Source: Seqwater (2022); 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) Other costs were below budget due to lower than forecast operational requirements on the scheme.
- (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) Dam safety inspection completed by contractor, not internal staff due to change of Dam Safety Legislation.
- (6) Lower direct operating costs attracted a lower share of indirect costs.
- (7) Costs higher resulting in a higher allocation of share across all schemes.

Table 10: Pie Creek tariff group operating expenditure for 2020-21 and budget 2021-22 (\$Nominal)

Operating cost item	2020-21		2021-22
	Budget (\$)	Actual (\$)	Budget (\$)
Direct operating costs			
Labour	63,153	79,270 ⁽¹⁾	64,890
Electricity – Fixed	475	553	483
Electricity – Variable	19,594	11,592 ⁽²⁾	19,908
Other	19,404	22,329 ⁽¹⁾	19,889
Repairs and maintenance	86,530	20,428 ⁽³⁾	88,815
Rates	3,343	8,182	3,427
Total direct operating costs	192,500	142,354	197,411
Non-direct operating costs (indicative)			
Operations	98,008	62,534 ⁽⁴⁾	100,458
Non-infrastructure	3,511	5,119 ⁽⁴⁾	3,599
Insurance	5,609	10,374 ⁽⁵⁾	5,749
Total non-direct costs	107,128	78,026	109,806
Total operating costs	299,627	220,380	307,217

Source: Seqwater (2022); 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) Lower direct operating costs attracted a lower share of indirect costs.
- (6) Costs higher resulting in a higher allocation of share across all schemes
- (7) Insurance has increased due to higher premiums

Our Cost Outlook

The tables below set out the forecast efficient costs as recommended by the QCA for both the Mary Valley and Pie Creek tariff groups.

Table 11: Forecast QCA budget Mary Valley tariff group operating costs for 2021-22 to 2023-24 (\$Nominal)

Operating cost item	2023-24
	(\$)
Direct operations	345,750
Repairs and maintenance	131,531
Dam safety	3,900
Rates	10,622
Non-direct costs	397,066
Total operating costs	888,869

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

Table 12: Forecast QCA budget Pie Creek tariff group operating costs for 2021-22 to 2023-24 (\$Nominal)

Operating cost item	2023-24
	(\$)
Direct operations	87,537
Repairs and maintenance	91,150
Rates	3,513
Non-direct costs	20,183
Total operating costs	314,933

Source: Seqwater (2022); 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, prepared on an irrigation-only basis, is presented below.

Table 13: Mary Valley Tariff Group Asset Restoration Reserve (irrigation only)

Asset Restoration Reserve	2021-22 (\$)
Opening Balance 1 July	384,810
Interest for year*	16,816
Revenue – irrigation	74,837
Revenue contribution above cost reflective price	99,168
Expenditure for year – non-metering	0
Expenditure for year - metering	0
Closing Balance 30 June	575,631

* 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 (2022)

Table 14: Pie Creek Tariff Group Asset Restoration Reserve

Asset Restoration Reserve	2021-22 (\$)
Opening Balance 1 July	446,668
Interest for year*	19,519
Revenue – irrigation	30,208
Expenditure for year – non-metering	21,085
Expenditure for year - metering	0
Closing Balance 30 June	517,480

* 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 (2022)

Our Renewals

2021-22 renewals

There were no renewals scheduled for the Mary Valley and Pie Creek tariff groups for 2021-22. However, there were some residual costs from a prior year project in Pie Creek, the following table sets out this expenditure. The irrigation share of renewals for the Mary Valley tariff group excluding meters is 11%.

Table 15: Pie Creek Tariff Group Renewals 2021-22

Asset	Project Scope	Budget (\$'000)	Actual (\$'000)
Pie Creek Pump Station	Replace Water Pump cables	-	21 ⁽¹⁾

Source: Seqwater (2022)

Notes:

(1) Residual costs from a prior year project.

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 forecast is updated each year.

Table 16: Mary Valley tariff group rolling 5-year renewals forecast projects 2022-27 (\$Nominal)

Asset	Project scope	Year	Forecast cost \$'000
Borumba Dam	Replace Outlet Valves	2022-23	12
		2023-24	542
	Replace Gabions	2023-24	21
		2024-25	213
	Renew Lookout Distribution Board	2022-23	93
	Refurb the Access Road	2023-24	21
2024-25		267	
Meters	Upgrade flow meters	2023-24	547 ⁽¹⁾
		2024-25	617

Source: Seqwater (2022)

Notes:

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

Table 17: Pie Creek tariff group rolling 5-year renewals forecast projects 2022-27 (\$Nominal)

Asset	Project scope	Year	Forecast cost \$'000
Pie Creek Pipeline	Replace Fencing	2023-24	107
		2024-25	53
	Refurbish Calico Creek Pipeline outlet	2024-25	111
Pie Creek Pump Station	Replace water pump cables	2022-23	205
	Upgrade pumping system	2023-24	10
		2024-25	448
	Replace switchboard	2024-25	27
		2025-26	601

Source: Seqwater (2022)