

## **Logan River Water Supply Scheme**

### **Scheme submission to QCA 2025-2029**

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# 1. Introduction

## 1.1. Review context

Under a Referral Notice issued on the 10th of March 2023 by Treasurer and Minister for Trade and Investment, the Queensland Competition Authority (QCA) has been directed to recommend irrigation prices for the Logan River Water Supply Scheme (the Scheme) for the four-year regulatory period from 1 July 2025 to 30 June 2029. Prices are to recover the efficient operating, maintenance and administration costs, an annuity to recover renewals expenditure and if relevant, prudent and efficient augmentation capital expenditure.

# 2. Scheme Details

## 2.1 Scheme background and context

The Logan River Water Supply Scheme is located in the Logan River Basin and supplies bulk raw water to water allocation holders in the nine zones that comprise the Scheme. The Scheme stretches along a 101.4 km length of the Logan River and along 27 km of Burnett Creek. It was designed to supplement natural flows for the fertile alluvial areas along Burnett Creek and the Logan River.

The Scheme is regulated under the Logan River Water Supply Scheme Resource Operations Licence (ROL) first granted in December 2009 and amended on the 16 February 2023

The water year runs from 1 July to 30 June.

The Scheme consists of one tariff group, "Logan River".

### 2.1. 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
<ul style="list-style-type: none"> <li>Maroon Dam</li> <li>Wyaralong Dam</li> </ul>	<ul style="list-style-type: none"> <li>Cedar Grove Weir</li> <li>Bromelton Weir</li> <li>South Maclean Weir</li> </ul>	<ul style="list-style-type: none"> <li>Bromelton Off-Stream Storage</li> </ul>	<ul style="list-style-type: none"> <li>Gauging stations</li> <li>Customer water meters</li> </ul>

## 2.2 Customer service standards

Service standards for the Logan River Water Supply Scheme are attached in Appendix 1.

Seqwater publishes an annual Scheme Performance Report (SPR) for each scheme, including the Logan River WSS. This was previously known as the Network Service Report (NPR). Current and prior year SPRs and NPRs are published on Seqwater's website, with a separate webpage for each scheme. A report against the service standards has been included

in the SPR (and formerly the NPR) since 2020-21. Prior years' service target reports are published on the Logan River WSS scheme page in the Service Targets section.

## 2.2. Customers and water entitlements serviced

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

**Table 2 Ownership of water allocations**

Customer type	Number of customers	Medium priority volume (ML)	High priority volume (ML)
Irrigation	118	12,377	-
Non-Irrigation	17	1178	-
HP Industrial	5	-	936
Seqwater		-	45,920
<b>Totals</b>	<b>140</b>	<b>13,555</b>	<b>46,856</b>

Note: Not all existing Irrigation customers yet to be verified against the definition given in the Referral Notice

## 2.3 Water availability and use

### 2.2.1. Water availability

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 (MP) and high priority (HP) allocations for the current year plus historical announced allocated from 2007-08.

**Table 3 Announced allocations history**

Year	MP %	HP %	Year	MP %	HP %	Year	MP %	HP %
2007-08	0 - 90	0 - 100	2013-14	100	100	2019-20	100	100
2008-09	95 - 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	100	100	2023-24	100	100
2012-13	100	100	2018-19	100	100			

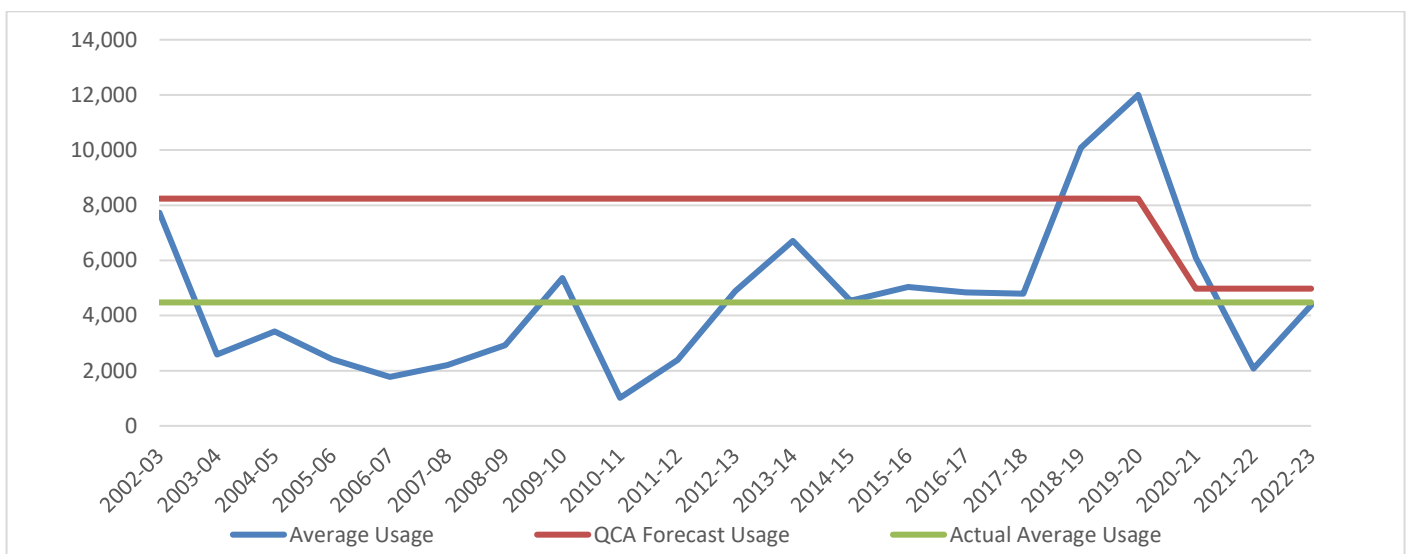
### 2.2.2. Water use

Figure 1 below shows the actual water usage per year from 2002-03 to 2022-23. Also shown is the usage assumption adopted by the QCA for the 2013-17 (extended to 2019) and 2020-24 price path periods, which was 8,238ML and 4,976ML (respectively). The QCA's usage assumption has been extrapolated to prior years for comparison purposes only. Also

shown is average actual water usage over 2003-04 through to 2022-23 (4,477ML), which is used to derive forecast of usage over the 2025-29 price path period. The usage forecast is subsequently used to calculate Logan River’s proposed variable Part B prices.

Customers of the Logan River scheme requested Seqwater to look at an alternative to the 20-year annual water usage as demand over the last five years’ average (6,927ML) has been higher than the 20-year average. The only potential impact to historical water entitlement availability was the full supply level of Maroon Dam being restricted below its original design level. However, this restriction was removed during 2004 and either way, it did not affect the water level as drought resulted in the level of Maroon Dam being far lower at that time. Given the Logan River Scheme has not been impacted by historical water entitlement availability Seqwater proposes to maintain the 20-year average.

**Figure 1 Annual Scheme water usage**



### 3. Irrigation Customer Consultation

Seqwater is committed to putting its customers first and providing quality experiences. Seqwater partners with its customers to deliver innovative and sustainable outcomes, creating value for customers and Southeast Queensland.

Seqwater recognises the importance of effective customer engagement across all aspects of providing irrigation services. It has sought to embed this into business-as-usual activities, which also means that a more targeted, meaningful engagement has been undertaken as part of this QCA price review.

For many years, Seqwater has held annual customer forums, where all customers are invited to hear about how Seqwater is managing the irrigation schemes, and to ask questions and provide feedback.

Since the last price review, Seqwater has also formally established Customer Reference Groups (CRGs) for each of its water supply schemes to provide a more formal framework building on the collaborative partnership that had already been established. The membership consists of a broad cross-section of customers within the scheme with the membership and functions of the CRG governed by the Terms of Reference. The CRG provides a forum for Seqwater to regularly consult with the small group with whom it can share matters of detail and seek feedback from the members on what matters most to them and how best to share information with the wider scheme customers.

### 3.1. Regular irrigation customer surveys

Seqwater has been inviting customers to participate in annual surveys since 2019. Over this time, it has seen an increase in engagement with more customers participating in the survey each year. It has also observed an increase in its Net Promoter Score (NPS)<sup>1</sup> as well as Satisfaction and Trust scores. Since 2020, Irrigation NPS has formed part of Seqwater's organisational Key Performance Indicators.

Across all schemes, the NPS for the current year, 2023, was 6, which is a significant increase from the first year (2019) when it was -81.

Over the years Seqwater has asked specific questions relating to pricing and satisfaction with current service levels. In 2020, following the 2020-24 price review customers were asked if they have any suggestions for Seqwater to improve ongoing engagement. The question asked was:

*"During the last price path period, Seqwater engaged and connected with our customers through forums, information bulletins (email & post) and held meetings with our Customer Information Working Groups in the various schemes.*

*The Qld Competition Authority recommended in their Final Report for the 2020-24 Irrigation Price Review that Seqwater look at improving our ongoing engagement with customers. Do you have any further suggestions for us?"*

Across all schemes, out of 36 responses received in total to this question, 11 customers responded "No suggestions" and the remainder of customers provided this feedback:

- "Keep up the communication"
- "Keep up the good work of servicing our few concerns"
- "Keep doing what you are doing"
- "Keep customer reference group meetings - twice per year"
- "Encourage more customers to attend yearly meetings of irrigators"
- "It's all working well"
- "Communications have improved over the last years".

Seqwater used this feedback to build on the foundations that it had already started to build and continued listening to customers and ensuring all communications are targeted, based on what customers need to know to make it easier for them to do business. This included ensuring the agendas for the annual forums include the information that the customers want, for example, temporary transfers, forecast storage balances and announced allocations, weather forecasts, usage statistics, capital projects and day to day operational challenges and successes. Customer feedback at these forums has been exceptional with customers saying they are informative sessions that are 'hitting the mark' based on what they are interested in hearing.

This feedback also confirmed that the level of consultation with customers regarding past price reviews was meeting their expectations.

#### **How has Seqwater used feedback to improve customer experience?**

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<sup>1</sup> The Net Promoter Score is based on responses to the question "Taking everything into account, on a scale from 0 to 10 (0 being highly dissatisfied and 10 being highly satisfied), how likely are you to speak positively about Seqwater?" NPS is calculated by subtracting the percentage of detractors (scores 0-6) from the percentage of promoters (scores 9-10).

The addition of surveys and regular meetings with the CRGs to the Annual Forums ensures that Seqwater has multiple avenues to receive feedback from customers on how to improve customer experience. Improvements implemented since the last irrigation price review include:

- Customer Connect – a free online marketplace for buyers and sellers to interact
- Water Accounting Statements
- Self-Executing Contracts
- New Water Accounting System with Online Customer Portal (in development)
- Regular customer newsletters
- Agent Form (Act as an Authority)
- SMS messaging
- Implemented a suite of proactive messaging in relation to invoicing – look out for your invoice it has just been sent by email, reminder that your invoice is due.

### **3.2. Customer consultation to support the submission to the QCA**

In developing its submission Seqwater has worked collaboratively with its irrigation customers with a view to securing customer endorsement of proposed cost targets and price outcomes in accordance with the Referral Notice and policy constraints.

To achieve this outcome, Seqwater undertook a transparent and comprehensive three phase consultation process from which agreed actions from the engagement were directly fed into the development of the pricing proposal. The CRG has played a central role in this price review, and Seqwater has been grateful for the active participation of customers whose input has allowed it to test its pricing proposals, leading to a robust price submission. Many customers have expressed their appreciation for Seqwater's proactive approach and its commitment to keeping them informed and involved.

#### **Phase 1: Listen and Learn (March – May 2023)**

The first phase of the engagement process included:

- a customer forum held in February 2023 where all customers were invited;
- a survey, sent to customers via email, preceded by an SMS inviting them to participate in the survey; and
- a CRG meeting.

At the customer forum, Seqwater outlined how irrigation prices are set, how the pricing proposal was being developed and where customers could provide value and influence in the proposal. It also sought feedback from customers on the current level of service and what they wanted out of the price review.

During this first phase, customers in the Logan River WSS told Seqwater that they:

- were not interested in specific cost allocation and pricing methodologies
- are interested in bottom line prices
- want water security and efficiency
- are keen to understand drivers for any significant repair and maintenance works
- would like an online water accounting portal to manage their water allocations.

#### **Phase Two: Draft Costs and Prices (September 2023)**

Phase 2 of the engagement was sharing Seqwater's first draft of its proposed costs and prices. A key part of this engagement was sharing this information with customers in a simple, clear and accessible way, clearly articulating the key cost drivers, to ensure they were well equipped to provide meaningful feedback.

Seqwater met with the CRG first in September 2023, where it went through in detail all the components that make up the costs, including operational expenditure, historical water usage, capital expenditure, key cost drivers and the proposed prices, as well as reviewing actual expenditure in the current price path period to date.

The CRG asked for Seqwater to:

- look at an alternative to the 20-year annual water usage
- demonstrate the metering costs and are prudent and efficient
- confirm that the office building replacement project is required, and costs are prudent and efficient
- share the percentage increase of the Part A and Part B prices with customers at the forum

### **Phase 3: Respond to customer feedback and confirm final costs and prices (November 2023)**

The final phase of this price review was undertaken during October and November 2023. Seqwater provided responses and closed out the matters raised in Phase 2 with the CRG and at the Customer Forum. Seqwater shared the outcome of the investigation of each matter along with the final proposed costs and prices that will be included in its submission to the QCA to the CRG. One of the positive outcomes of our investigation into the matters raised by the CRG was the ability to reduce the overall metering spend allocated in the renewals allowance, by reducing the contingency. The Logan River CRG confirmed it was satisfied with the consultation process and had no objections to the proposed costs in the final submission even though they still had reservations about the costs of an individual replacement meter and associated works.

## **4. Financial Performance**

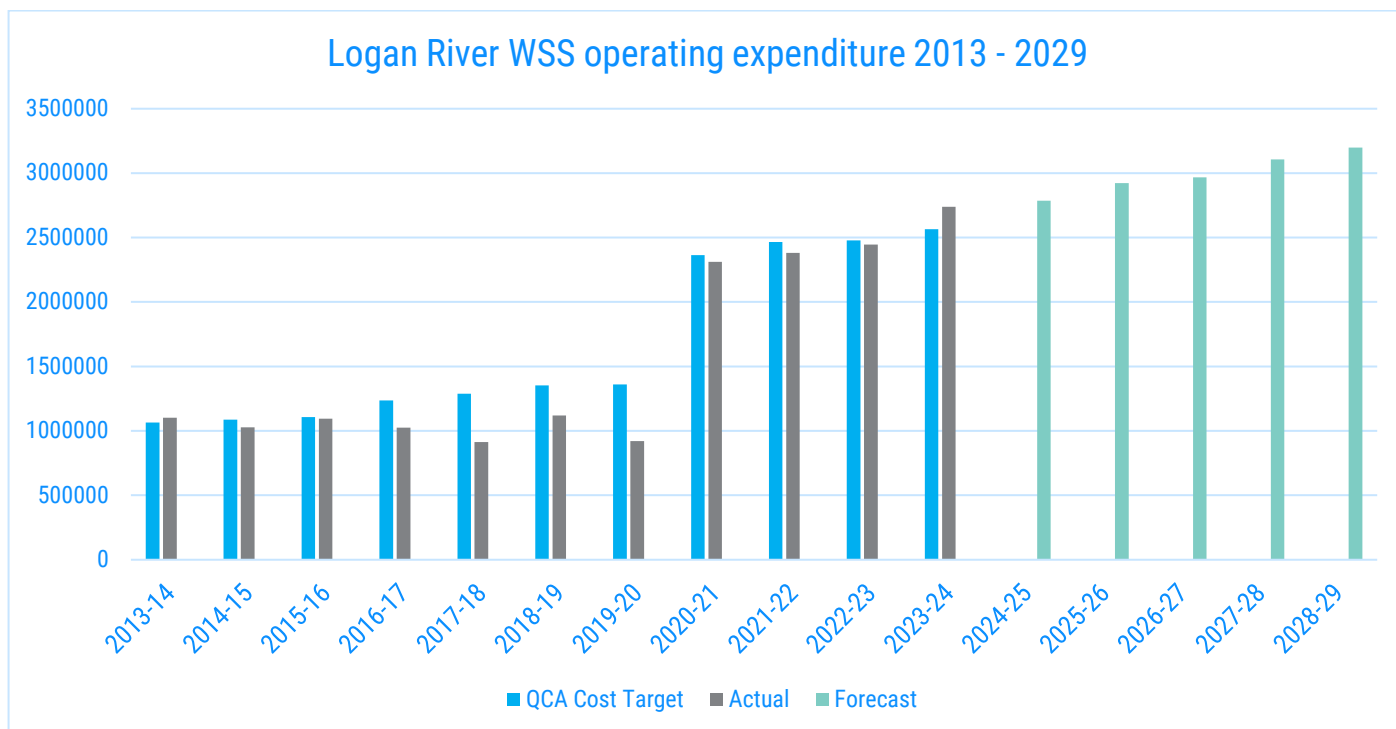
### **4.1. Operating expenditure**

#### **4.1.1. Overview**

Over the current price path (2020-21 to 2023-24), Seqwater's actual expenditure (2020-21 to 2022-23) has been broadly in line with the QCA's recommended operating expenditure allowance (2020-21 to 2022-23) in the Logan River scheme, with actual expenditure being around 2% lower. This cost reduction was primarily due to less than forecast spend on repairs and maintenance and other costs.

**Figure 2** Logan River operating expenditure - actual and QCA cost target: FY2014-FY2029 (\$ nominal)





Note Wyaralong Dam operating costs excluded from 2013-14 through to 2019-20.

#### 4.1.2. 2020-2023 extended price path cost/QCA cost target comparison

Table 4 compares actual costs against the forecast operating costs recommended as a cost target by the QCA for the 2020-24 price path period.

**Table 4 2020-24 operating expenditure QCA cost targets and actual costs (whole scheme, \$Nominal)**

Operating Cost Category	2020-21 QCA Cost Target	2020-21 Actual	2021-22 QCA Cost Target	2021-22 Actual	2022-23 QCA Cost Target	2022-23 Actual
<b>Direct Costs</b>						
Labour	314,355	410,727	322,214	368,634	331,075	253,944
Electricity Fixed	10,500	15,201	10,665	6,899	10,836	10,419
Repairs & Maintenance	299,639	213,573	306,734	240,233	314,832	322,751
Other	70,844	146,877	72,429	106,171	74,262	162,572
Local government rates	589,065	586,006	602,024	617,860	617,075	667,452
Dam safety inspection	0	0	49,147	49,147	0	21,340
Insurance	331,205	321,388	338,491	332,573	346,954	409,942
<b>Total Direct Costs</b>	<b>1,615,607</b>	<b>1,693,771</b>	<b>1,701,704</b>	<b>1,721,517</b>	<b>1,695,033</b>	<b>1,848,420</b>
<b>Indirect Costs</b>						
Operations	722,478	578,071	738,373	610,139	756,832	610,704
Non- infrastructure	25,884	38,801	26,453	49,948	27,114	36,407
<b>Total Indirect Costs</b>	<b>748,362</b>	<b>616,872</b>	<b>764,826</b>	<b>660,087</b>	<b>783,946</b>	<b>647,111</b>
<b>Total Operating Costs</b>	<b>2,363,969</b>	<b>2,310,643</b>	<b>2,466,529</b>	<b>2,381,604</b>	<b>2,478,979</b>	<b>2,495,531</b>

Variances between budget and actual expenditure have been explained in the annual SPRs, which are published on Seqwater’s website. Material variances relate to:

- additional internal labour was used due to wet weather events and to undertake maintenance, which resulted in a shift of costs between cost categories;
- repairs and maintenance costs were lower as maintenance tasks were undertaken by internal staff resulting in a shift of costs between cost categories and savings;
- other costs were higher than allowance mainly due to the above drivers and a shift of costs between cost categories.
- Local government rates were higher
- Dam safety inspections actuals is an estimate using the forecast assumption. Seqwater have improved their processes to capture Seqwater labour hours spent on dam safety inspections more accurately.

### 4.1.3. 2023-24 base year

Seqwater has adopted a base-step- trend approach to derive its proposed operating expenditure for the 2025-29 price path period. This is consistent with past practice and the QCA's Guideline for this review<sup>2</sup>. Also consistent with the approach applied in previous QCA price reviews, and as required under the terms of the Referral Notice, the QCA is to have regard to the findings of its most recent prudency and efficiency assessment of Seqwater's bulk water prices (the 2022-26 bulk water price review).

Seqwater's base year operating expenditure is 2023-24, derived by escalating actual 2022-23 operating expenditure by the RBA's forecast inflation rate for 2023-24, which is 3.5 per cent<sup>3</sup>, except for labour costs, which are based on the 2023-24 corporate budget. It has excluded costs for recreation activities as required by the Referral Notice.

Table 5 details the proposed 2023-24 base year expenditure as allocated to the Scheme.

**Table 5 Proposed 2023-24 base year operating expenditure compared to the QCA's recommended cost target 2023-24 – Logan River WSS (Whole of scheme - \$Nominal)**

Cost category	QCA Cost Allowance 2023-24	Seqwater base year 2023-24	Rationale for base year forecast
<b>Direct costs</b>			
Labour	340,113	304,733	Based on actual time allocation budget for 2023-24
Electricity	10,986	10,784	Average from previous three years (2019-20 to 2021-22) plus 3.5%
Repairs & Maintenance	323,108	334,048	2022-23 actual plus 3.5%
Other	76,139	160,469	2022-23 actual plus 3.5%
Rates	632,501	684,138	2022-23 actual plus 2.5%
Dam safety	23,775	65,065	5 Year comprehensive Maroon Dam & Annual deformation survey at Maroon & Wyaralong Dam as per dam safety inspection program.

<sup>2</sup> Queensland Competition Authority (2023). Guidelines for Pricing Proposals: Rural Irrigation Price Review 2025-29, March.

<sup>3</sup> RBA, *Statement on Monetary Policy*, August 2023, Chapter 5 Economic Outlook

Insurance	355,627	490,338	Seqwater allocates the overall insurance premium depending on the asset replacement costs.
<b>Total direct costs</b>	<b>1,762,251</b>	<b>2,049,573</b>	
<b>Indirect costs</b>			
Water Accounting System		2,842	Scheme share of annual licence fee for new water accounting system and customer online portal ( <i>total \$25,000</i> )
Operations	775,753	638,687	Indirect costs based on the indirect allocators.
Non-infrastructure	27,792	48,422	
<b>Total indirect costs</b>	<b>803,545</b>	<b>689,951</b>	
<b>Total proposed operating expenditure</b>	<b>2,565,795</b>	<b>2,739,525</b>	

#### 4.1.4. Step changes

The key step change that is proposed for the 2025-29 price path period is the forecast \$42,231 (real 2023-24 dollars) in costs associated with a five-yearly dam safety inspection, which is scheduled to occur in 2025-26 at Wyaralong Dam.

#### 4.1.5. 2025-29 budget forecast

In preparing these operating cost forecasts, Seqwater derived base year operating expenditure for 2023-24 in accordance with approach set out above. These costs were then escalated by CPI and projected forward to 2025-26 through to 2028-29. Consistent with the Referral Notice, costs associated with the management of recreation activities were removed.

Table 6 sets out the forecast operating costs for the scheme for 2025-26 to 2028-29.

**Table 6 Operating costs budget for 2025-26 to 2028-29 – Logan River WSS (whole scheme, \$Nominal)**

Operating costs	2025-26	2026-27	2027-28	2028-29
<b>Direct Costs</b>				
Labour	320,503	328,066	335,809	343,734
Electricity Fixed	11,285	11,545	11,811	12,082
Repairs & Maintenance	352,678	361,736	370,761	379,739
Other	170,116	174,868	179,486	183,952
Local government rates	725,802	746,366	766,270	785,426
Dam safety inspection	69,027	24,911	72,876	74,698
Insurance	540,597	567,627	596,009	625,809
<b>Total Direct Costs</b>	<b>2,190,009</b>	<b>2,215,119</b>	<b>2,333,020</b>	<b>2,405,440</b>
<b>Indirect Costs</b>				
Water Accounting System	3,015	3,101	3,183	3,263
Operations	677,583	696,781	715,362	733,246
Non- infrastructure	51,371	52,827	54,235	55,591
<b>Total Indirect Costs</b>	<b>731,969</b>	<b>752,709</b>	<b>772,781</b>	<b>792,100</b>
<b>Total Operating Costs</b>	<b>2,921,978</b>	<b>2,967,828</b>	<b>3,105,800</b>	<b>3,197,540</b>

#### 4.1.6. Headworks utilisation factor

The headworks utilisation factor (HUF) is a calculation that seeks to apportion the share of headworks costs of water supply schemes between high priority (HP) and medium priority (MP) water allocation holders. The HUF is effectively an allocation of costs between the irrigation and urban sectors. A MP HUF of 2% was calculated for the Maroon Dam and Wyaralong Dam headworks in the 2020-24 irrigation price review.

In preparation for the 2025-29 irrigation price review, Seqwater commissioned an independent review of the HUF inputs and calculations for the Logan River scheme. Results of the review has found a reduction of the MP HUF of 1%. The reduction in the MP HUF is attributable to the increased high priority water allocations (37,000ML) now included in the water sharing rules and supplied by the scheme. The medium priority headworks cost share is now 1%.

## 4.2. Renewals

### 4.2.1. Asset Restoration Reserve

The renewals annuity includes the calculation of an Asset Restoration Reserve (ARR), which acts like a notional bank account for the Scheme based on:

- actual renewals expenditure for the Scheme, compared to
- revenue received from the Scheme for the renewals annuity allowance that was used to set prices.

A 2017 quality assurance review by Indec of Seqwater's ARR methodology found that for customers in schemes that supplied both high priority urban and medium priority irrigation users, Seqwater's ARR balances had been confusing to interpret. For the 2025-29 price path period, Seqwater has continued the similar approach to 2020-24 to calculate and report the ARR for the irrigation share only. This is provided in the table below.

**Table 7 Logan River WSS Asset Restoration Reserve 2019-20 to 2024-25 (Medium Priority, \$Nominal)**

Asset Restoration Reserve	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Estimate	2024-25 Estimate
<b>Opening Balance 1 July</b>	<b>-360,810</b>	<b>-648,230</b>	<b>-836,381</b>	<b>-793,455</b>	<b>-850,849</b>	<b>-1,044,695</b>
Interest for year	-22,370	-28,342	-36,568	-34,691	-37,201	-45,676
Revenue for year	42,940	41,129	41,063	41,007	40,941	42,170
Revenue contribution above Cost reflective price		66,063	42,598	1,375	0	0
Expenditure for year - non-metering	-5,750	-21,582	-122	-34,097	-695	0
Expenditure for year - metering	-302,241	-245,418	-4,045	-30,987	-196,892	-853,689
<b>Closing Balance 30 June</b>	<b>-648,230</b>	<b>-836,381</b>	<b>-793,455</b>	<b>-850,849</b>	<b>-1,044,695</b>	<b>-1,901,891</b>

**Notes:**

- (1) The interest rate is the Queensland Competition Authority's recommended weighted average cost of capital (WACC) of 4.37% post-tax nominal.
- (2) The irrigation share of non-metering renewals expenditure for 2019-20 to 2023-24 was apportioned by the HUF percentage of 2% and thereafter by the revised HUF percentage of 1%.
- (3) Includes development costs of new water accounting system

## 4.3. Renewals expenditure

### 4.3.1. 2018 - 2023 renewals

The following table sets out the renewals projects that were undertaken from 2018-19 to 2022-23. Actual expenditure is shown against QCA's recommended renewals allowance for the Scheme<sup>4</sup>.

**Table 8 Renewals expenditure compared to budget 2018-19 to 2022-23 (whole scheme, \$Nominal)**

2018-19		2019-20		2020-21		2021-22		2022-23	
QCA ALW	Actual	QCA ALW	Actual	QCA ALW	Actual	QCA ALW	Actual	QCA ALW	Actual
398,000	296,624	357,000	615,822	226,251	1,324,534	198,348	6,111	10,872	155,524

In total, Seqwater's actual expenditure was \$1.2 million more than the QCA's recommended allowance. Non-metering spend was \$1.3 million greater and metering spend was \$43,428 lower. Seqwater's annual SPR contains details of the renewals expenditure, including explanations of variances from Seqwater's budget. This is published on Seqwater's website.

### 4.3.2. 2023 to 2025 forecast renewals expenditure

Forecast renewals expenditure for 2023-24 and 2024-25 is set out in the tables below.

**Table 9 Forecast renewals expenditure: 2023-24 and 2024-25 (whole scheme, \$Nominal)**

2023-24 renewals budget		2024-25 renewals budget	
Metering	Non-metering	Metering	Non-metering
196,892	34,768	853,689	-

Proposed expenditure over 2023-25 includes:

- the replacement and installation of a new office building at Wyaralong Dam \$448,000 (real 2023-24 dollars).
- refurbishment of baulks at Wyaralong Dam \$280,000 (real 2023-24 dollars).

### 4.3.3. 2025-29 forecast renewals

Forecast renewals expenditure for the next price path period of 2025-26 to 2028-29 is set out below.

**Table 10 Forecast renewals expenditure for 2025-26 to 2028-29 (whole scheme, \$Nominal)**

2025-26		2026-27		2027-28		2028-29	
Metering	Non-metering	Metering	Non-metering	Metering	Non-metering	Metering	Non-metering
84,969	10,609	45,086	-	-	112,005	-	377,709

Seqwater is proposing a 30-year rolling annuity. Each year, the 30-year forecast rolls forward one year so that there is constantly a 30-year forecast of costs in the annuity calculation.

<sup>4</sup> Sourced from the QCA pricing model.

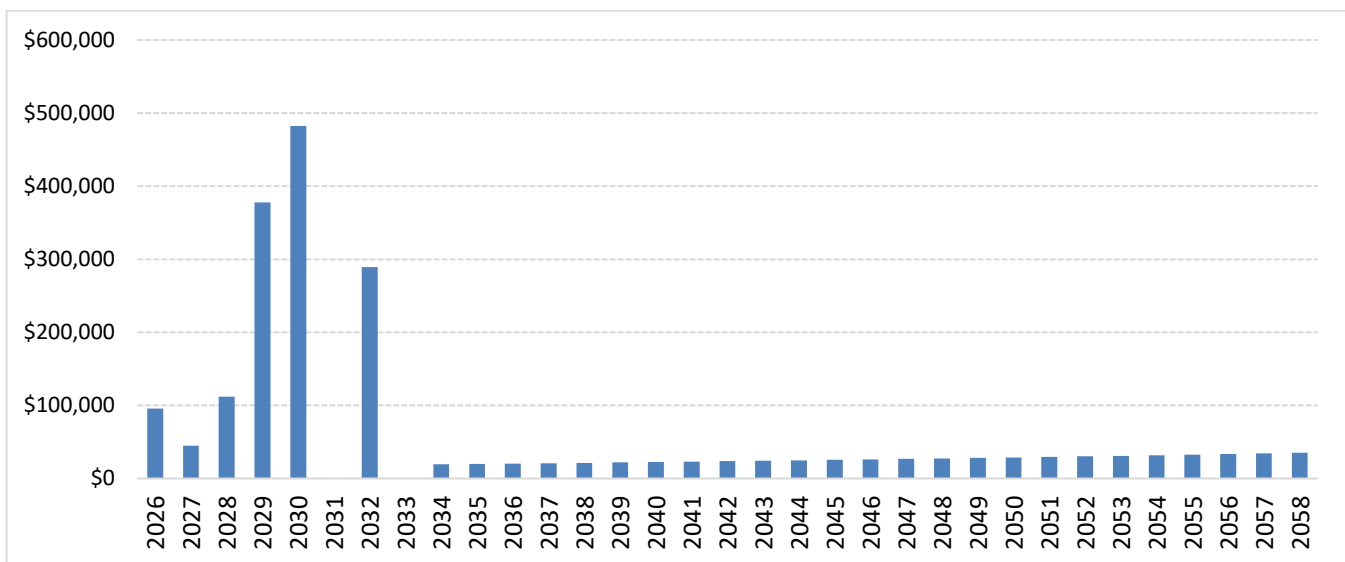
Seqwater considers that its proposed renewals expenditure is prudent and efficient as it has been developed under the same framework that is applied in planning and delivering its entire capital program, which was recently assessed by the QCA as prudent and efficient in the 2022-26 bulk water price review. Seqwater’s approach is consistent with the terms of the Referral Notice and the QCA’s Guideline and where appropriate, has also involved consultation with relevant customers in each scheme.

Proposed expenditure over the period 2025-26 to 2057-58 for the Logan River WSS is shown in Figure 3 below. The following capital projects totalling are due to be commissioned for Logan River WSS from 2025-26 through to 2032-33:

- replacement of fencing \$234,000 (real 2023-24 dollars).
- replacement of a riparian valve and installation of a new actuator at Maroon Dam \$460,000 (real 2023-24 dollars).
- refurbishment and assembly of a dewatering vane at Wyaralong Dam \$379,000 (real 2023-24 dollars).

A provision of \$662,759 million in total has been allowed for capital projects between 2033-34 through to 2057-58.

**Figure 3 Logan River renewals expenditure 2026-58 (whole scheme, \$ nominal)**



## 5. Total costs and proposed prices

The cost recovery target for irrigation prices includes the components of a lower bound cost target such as the costs of operations, administration, maintenance and renewals. Each of these components have been discussed in the sections above. Together they form the cost recovery target for irrigation prices.

The total Maximum Allowable Revenue (MAR) for medium priority water allocations is shown below.

**Table 11 Total forecast medium priority Maximum Allowable Revenue (medium priority, \$Nominal)**

Cost type	2025-26	2026-27	2027-28	2028-29
Direct operating costs	248,352	254,565	261,640	268,181
Indirect operating costs	88,439	90,945	93,370	95,704
Rolling Annuity	92,656	93,325	94,000	94,679
Revenue Offset	(4,870)	(5,008)	(5,141)	(5,270)
<b>Maximum Allowable Revenue</b>	<b>424,577</b>	<b>433,827</b>	<b>443,868</b>	<b>453,294</b>

Most of Seqwater's costs do not vary with water use and consequently the majority of costs are recovered through the fixed charge. Seqwater has calculated the prices needed to recover these costs over the price path period, assuming price smoothing to avoid unnecessary price volatility.

**Table 12 Logan River proposed cost reflective water prices 2025-29 (Nominal \$/ML)**

Actual price		Proposed cost reflective price	Proposed Prices			
Tariff	2024-25		2025-26	2025-27	2027-28	2028-29
Part A	20.53	23.78	23.70	24.43	25.10	25.79
Part B	15.19	24.10	15.61	18.64	21.91	25.35

## Appendix 1: Logan River WSS service targets

These service targets were agreed at the Logan River Water Supply Scheme consultation forum held on 8 May 2014.

### Planned shutdowns

**Definition:** A planned shutdown occurs when customers' supply is interrupted or restricted due to the performance of work by Seqwater that is planned in advance.

In managing planned shutdowns, Seqwater recognises that the following are important service issues:

That you will be notified about a shutdown so that you can plan ahead;

The timing of the shutdown should suit most customers;

The duration of the shutdown should minimise the impact on customers while enabling Seqwater to perform maintenance on the Scheme.

#### Planned shutdowns – timing target

The timing of all planned shutdowns will be set following consultation with the Irrigation Consultation Forum (for a shutdown affecting a large part of the scheme) or customer groups or individuals (for shutdowns effecting small areas).

#### Planned shutdowns – duration target

Seqwater will complete all planned shutdowns within the period notified to customers unless later varied by agreement with the groups originally consulted, or unless circumstances arise that are beyond Seqwater's control, such as adverse weather conditions.

#### Planned shutdowns – notice target

For shutdowns planned to exceed 2 weeks, 8 weeks written notice will be provided to each customer affected by the shutdown. A reminder notice will be sent 2 weeks before the commencement of the shutdown.

For shutdowns planned to exceed 3 days but are less than 2 weeks, at least 2 weeks written notice by letter, fax, telephone, text, email or verbal advice will be provided to each customer affected by the shutdown unless the shutdown is opportunistic in which case less than 2 weeks' notice may be given.

For shutdowns planned to be less than 3 days, at least 5 days' notice will be provided at least verbally to each customer affected.

Each notice will state the start date, and anticipated shutdown duration.

**Note:** A courtesy reminder may be placed in the local newspaper one week before the planned shutdowns commence.



## Unplanned shutdowns

**Definition:** An unplanned shutdown is an unforeseen or unplanned failure of Seqwater's water delivery infrastructure that stops or restricts the supply of water to a customer for more than 2 hours (including emergency repairs). It does not include events that are beyond Seqwater's control (e.g. power failure, or storm) and does not include interruptions to supply caused by errors in estimating water demand and releases, or the taking of water without authorisation.

### Unplanned shutdown – duration targets

Unplanned Shutdowns will be fixed so that at least partial supply can be resumed to those customers requiring water within 48 hours of Seqwater being notified of the event.

Some events may interrupt supply greater than the above standard and are excluded from these targets. Seqwater will publish these events from time to time.

### Unplanned shutdown – notice target

Seqwater will notify all affected customers requiring water verbally or by email, text, telephone, radio announcement or fax of the likely duration of the interruption to supply within 24 hours of learning of the event, or by the end of the first business day following the event, whichever is the earlier.

### Unplanned shutdown – meter repairs target

Faults causing restrictions to supply will be repaired within one working day of Seqwater being notified.

## Frequency of interruptions to supply

No customer will experience more than 6 planned or unplanned interruptions per water year (as defined above).

## Complaints

Seqwater will provide an initial response to all complaints in writing, including email, or by telephone within 5 working days of receiving a complaint by the customer:

Seqwater will either resolve a customer's complaint or provide a written response providing reasons why the complaint has not or cannot be resolved within 21 days of receiving the complaint.