Lower Burdekin Water

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Lower Burdekin Ratepayers

BY EMAIL

Dear Ratepayers

WARREN'S GULLY SYSTEM CAPACITY UPGRADE

We write to provide you with an update on the Warrens Gully System Capacity Upgrade Project ("**the Project**").

The analysis and planning phases for the Project have been ongoing for approximately eight years and LBW is pleased to advise that works are now commencing on this long-awaited capacity upgrade of its infrastructure in the Southern Division.

Warren's Gully System – Historical need

The existing Warrens Gully pump station has been in service since its construction in 1966 and major components of the existing pump station have reached or are approaching the end of their useful life. In 2009, the then South Burdekin Water Board ("**SBWB**") due to an inability to meet peak irrigation demands, commissioned professional engineers to review the capacity constraints within its entire system and provide recommendations to address the issue. SBWB continued to investigate options for increasing supply to existing ratepayers until 2015 when the Boards amalgamated. Following amalgamation LBW continued to investigate methods of improving capacity in the Southern Division.

The outcome of the review, further capacity studies and option analysis carried out by LBW in conjunction with professional engineers provided guidance on the most appropriate infrastructure upgrades within the Southern Division. As a result of the review and studies, SBWB and LBW both determined to upgrade the Southern Division systems in two stages. In 2014, the first stage, being the doubling of the capacity of the Down River pump station, was completed.

The Project is the second phase and is to be carried out in two parts, it will address the existing system capacity constraints of the Southern Division and provide for immediate and future expansion of the serviced area if an increase in demand requires it.

The Project

Part 1 of the Project involves the design, construction and commissioning of a new two cell pump station, and the replacement of existing culverts and the inverted siphon with larger units. A new pump with a 140 ML per day capacity will be fitted to one of the cells in the new pump station. The new pump station will be located adjacent to the existing Warrens Gully pump station and will become the new base load pump station for the Warrens Gully system. The capacity of the existing Warrens Gully pump station is 140 ML per day and will be operated in tandem with the new pump station during the peak irrigations demand periods, giving a maximum capacity of 280ML per day in that system once Part 1 of the Project has been completed.

Completion of Part 1 will immediately increase LBW's peak river pumping capacity within the Southern Division from 450ML per day to 590 ML per day and provide an ability to further increase to an ultimate capacity of 690 ML per day in the future.

Part 2 of the Project will be carried out if and when required and will consist of the purchase and installation of a new pump into the second cell of the new pump station plus the replacement of the existing pumping units of the original pump station. This will enable the life of the existing pump station to be extended into the future.

While the new pump station will be constructed adjacent to the existing Warrens Gully pump station, the additional capacity will benefit all three major systems within the Southern Division.

Currently, LBW diverts 70 ML per day from the Central system across to Warrens Gully system during peak periods of irrigation to meet demand in that system. LBW also reduces or halts aquifer recharge activities during peak irrigation periods due to capacity constraints. Once the new pump station is completed, the rerouting of water from the Central system across to Warrens Gully will cease. This will improve the water service delivery to the Central and Down River systems. LBW will also have the ability to continue its aquifer recharge activities during peak irrigation periods which will improve the reliability of groundwater within the Southern division in its entirety.

Improvement in ability to meet demand and the apportionment of headworks charges

The increased river pumping capacity will allow LBW to better meet the water demands of existing ratepayers, who are routinely subject to rostering and restriction during peak irrigation demand periods. This means better service delivery to existing ratepayers. The increased capacity will also allow LBW to continue its aquifer recharge services during peak irrigation demand periods, improving services and protecting the aquifer's condition. Accordingly, headworks charges will be applied to all existing Southern Division ratepayers on a proportional basis based on the additional water supply provided by the Project. These charges will be incorporated into Southern Divisions rates and charges.

The additional pumping capacity will benefit existing irrigated agricultural land outside the authority area with improved frequency in supply and also allow expansion in irrigated agriculture adjacent to and within the

Southern Division of LBW's authority area. The capital and financing costs associated with the water supplied by the Project will be proportionately factored into water charges levied upon:

(a) customers and ratepayers within the authority area bringing new irrigated agricultural land or other into production;

(b) customers outside the authority area utilising water supplied by the Project.

The headworks charges have been calculated on a cost recovery basis to recover LBW's capital contribution and financing costs for the Project. Once the capital and financing costs for this Project have been repaid the headworks charge component of the rates and charges will be removed.

Pursuant to s569 (3) of the Water Act 2000 (Qld) LBW is required to ensure that water activities carried out outside of its authority area do not:

(a) limit the authority's ability to perform its main function; or

(b) financially prejudice the authority or its ratepayers or customers.

LBW will ensure it complies with its obligations.

LBW has analysed its historic water use data and sufficiency of its water allocations. The expected increase in water use arising from the increase in capacity to supply has been added to the existing water usage data. Based on this analysis LBW does not believe it will need to purchase additional permanent water allocation as it is not required regularly enough to justify the capital expenditure and instead will rely on the temporary water market to maintain the existing level of supply. LBW has calculated appropriate charges which are factored into the water pricing structure for non-ratepaying customers so as to accumulate sufficient funds to source additional water allocations if and when required. LBW will continue to monitor its usage, water allocations and future projects such as the Raising of the Burdekin Falls Dam which will generate additional water allocations.

LBW will continue to keep you informed of the progress of the Project during its construction. If you have any specific questions regarding the Project, we encourage you to contact LBW.

Yours sincerely

David Sartori
Executive Officer
Lower Burdekin Water