

Meeting Minutes

Date: Monday 11 June

Time: 9am

Location: Brookstead Hall

Attendees John Kelly, SunWater Area Manager, Goondiwindi
Lisa Welsh, SunWater, Water Pricing Manager, Brisbane
Gordon Delaney, Manager Environment and Water Planning, Brisbane
Darrell McKinlay, Senior Operator, Upper Condamine
David Towner, Operations Supervisor, SunWater, Goondiwindi
Lindsay Krieg, IAC Chair
Richard Jubb, IAC Member
Lyn Brazil, IAC Member
Johannes Roellgen, IAC Member
Graham Clapham, IAC Member

Apologies: Gary Cooper

Chair: Lindsay Krieg

Minutes: John Kelly

Item No.	Item	Presenter
1.	Welcome and Introductions	John Kelly
2.	Apologies	Chair
3.	Review of Previous Minutes	Chair
4.	Business arising from Previous Minutes	Chair
5.	Agenda Items	Chair
6.	Water Storage Update and Announced Allocations	John Kelly
7.	Water Sharing Rule Amendments	Gordon Delaney
8.	2019 QCA Price Review	Lisa Welsh
9.	Draft 2018/19 Network Service Plan	Lisa Welsh
10.	General Business	All

Agenda Item 1 - Welcome and Introductions

The Chair opened the meeting at 9:00am and welcomed the IAC members and thanked them for their time to attend the meeting.

Agenda Item 2 – Apologies

Gary Cooper

Agenda Item 3 – Review of Previous Minutes

The minutes from the previous meeting on 12 February 2018 were reviewed. It was moved that the minutes were a true and accurate record of the meeting by Johannes Roellgen and seconded Lyn Brazil.

Agenda Item 4 – Business arising from Previous Minutes

Nil

Agenda Item 6 – Water Storage Update and Announced Allocations

SunWater advised the IAC that given Leslie dam is below the 15,000ML cut-off level, the announced allocation for medium priority allocation holders would be 0% on 1 July 2018.

Agenda Item 7 – Water Sharing Rule Amendments

The IAC advised that Central Downs Irrigators Limited (CDIL) had prepared a submission to the Department on the current review of the Condamine Balonne Draft Water Plan and Draft Water Management Protocol 2018. A significant concern raised by the CDIL submission was the 15,000ML cutoff rule and their views regarding lack of consultation with water entitlement holders at the time of the Resource Operations Plan's development. The IAC advised that the irrigators were going to engage their own consultant to model the water sharing rules to demonstrate the impacts the rules have on medium priority allocation holders.

SunWater advised the IAC that it too had put in a submission to the draft Water Plan (Condamine and Balonne). The relevant sections of SunWater's submission are detailed in **Attachment I**. SunWater advised that it does not want to be in a position where it cannot deliver announced allocations and that SunWater's submission reflects this. SunWater has been working with the Department on the modelling of a rule similar to the water sharing rules in the Boyne River and Tarong Water Supply Scheme which allows for announced allocations to be made over shorter time frames than 12 months.

SunWater advised the IAC that in its discussions with the Department, there has been no indication from the Department for any change to be made to the 15,000ML volume. Therefore, SunWater's submission focusses on a better application of the announced allocation formula at low storage volumes. SunWater further advised that any changes to water sharing rules needed to be supported by the IQQM (Integrated Quality and Quantity Model) and that this is now being worked on by the Department as part of the Condamine and Balonne Water Plan review.

Agenda Item 8 & 9 - 2019 QCA Price Review and Draft 2018/19 Network Service Plan

SunWater confirmed its objectives through the pricing process were to recover its efficient costs, provide transparent consultation with customers and encourage the adoption of a light handed regulatory approach. Further, SunWater confirmed its understanding of its customer objectives, gained through consultation at the last round of IAC meetings, were as follows:

- More cost effective and better value for money services;
- More transparent costs – especially corporate costs;
- Continuing improvement of NSPs; and
- Simpler pricing.

SunWater advised that the Referral Notice was still not available however the working assumption is that 31 October 2018 will be the due date for SunWater's submission to the QCA. SunWater advised that it will advise customers when the referral notice is issued. SunWater also noted that the QCA will do some regional consultation sessions during the price review period.

SunWater provided a presentation to the IAC (shown as **Attachment II**) detailing SunWater's total actual and forecast expenditure in terms of direct routine, direct non-routine and indirect costs compared to the QCA allowance since 2012-13 to 2023-24. Points to note include:

- Expenditure slightly above QCA targets in each year – generally as a result of increased flood repair works (unpredictable), increasing insurance costs and electricity costs.
- Forecasting a decrease in routine and non-routine direct expenditure – broadly related to St George and Dawson transfer to Local Managed Entities (LME).
- Increases in non-direccts including:
 - more accurate attribution of local overhead rates rather than an average rate across the state,
 - increases in indirects due to IGEM (Inspector General Emergency Management) recommendations (downstream notifications, better information, improved hydrology and modelling, community education, emergency preparedness)
 - increases in corporate overheads partly to do with corporate systems upgrades.
- In total, SunWater spent \$95m over the QCA targets, noting that \$38m of this was corrective maintenance i.e. repairing flood damage.
- Electricity and insurance costs accounted for \$29m.
- \$20m renewals contractors – which is about what the QCA removed from SunWater's original forecast.

SunWater advised customers that it was seeking to change as little as possible and use as much from the recent QCA report on SEQWater to facilitate a low-cost price review.

1. Using 2018/19 budget for the starting point for routine costs
2. 0.2% annual cumulative productivity savings
3. Electricity – based on AEMO assumptions from SEQWater's
4. WACC – Weighted Average Cost of Capital (WACC) is used to discount the annuity payment stream and it is applied to annuity balances either as an interest cost or payment. Reduced from 7.49% to 5.9% and will be checked by QTC
5. Annuity – SunWater have included a 30 year annuity (increased from 20 years), more in line with other long-life infrastructure businesses.
6. DSIP (Dam Safety Improvement Project) – where relevant. 50% of the current costs if no detailed business case yet completed.
7. Recreation area costs excluded from 2020/21

8. Fixed/variable costs: we have simplified this and standardised across all service contracts.
 - a. Insurance and all non-routine costs are 100% fixed.
 - b. Electricity is allocated 100% to variable.
 - c. 10% of operations, revenue offsets and routine maintenance to variable.

SunWater noted that actual prices will be an output of the QCA review and the referral notice.

SunWater provided the IAC with further scheme specific detail in relation to forecast revenues and cost allocations from 2018-19 to 2023/24 including a graph comparing indicative medium priority prices to cost reflective prices.

SunWater provided the IAC members with a copy of the Draft NSP (**Attachment III**) for the scheme and encouraged members to provide any comments. SunWater advised that changes to the NSP's were made in response to feedback from customers which included:

- Keep the NSP's short
- Split out non-direct costs
- Include DSIP/cost table
- Provide 5 years of expenditure forecasts
- Provide cost/price reflectivity

SunWater advised the IAC that there may be some possible changes in the final NSP's as a result of:

- a. Review of corporate costs (review step changes down to overheads, allocation of labour to direct)
- b. Final update of renewals projects (minimal)
- c. Updated insurance costs based on market outcome
- d. Step change down in Brisbane rental costs
- e. QTC minor corrections to WACC.
- f. Potential adjustments to inefficient projects.
- g. Working with QCA to confirm entitlement and usage data for prices.

SunWater's submission may also change compared to the NSP, because of delays in the referral notice, as a result of:

- 2017/18 actuals – will affect annuity balances
- WACC market rates
- Ongoing review of renewals
- QCA costs if available
- The QCA review itself will impact on SunWater allowed costs and therefore prices.

SunWater advised the IAC that the Headworks Utilisation factor (HUF) methodology had been updated to more fully take the medium priority cut-off rule into consideration. This will tend to reduce the HUF (MP) from its current 11% to a lower figure. The exact figure will be confirmed through a review by the Queensland Competition Authority.

The IAC queried the water deliveries in 2016-17 as shown in Table 1 of the NSP (17,891ML delivered for irrigation) and in particular what portion of this was met by streamflows as opposed to releases from Leslie Dam.

Post meeting note: SunWater advises that releases from the dam in 2016-17 totalled 10,274ML and as such 7,617ML of water was delivered from streamflows.

Agenda Item 10 – General Business

Graham Clapham advised that this would be his last meeting as an IAC member and tender his resignation from the committee. The chair thanks Graham for all his hard work as a valuable committee member over many years of service. SunWater advised the IAC that it would commence the process of calling for nominations to find a replacement for Graham.

Meeting closed 11am



Contact Gordon Delaney
Direct Line (07) 3120 0143
Our ref: 08-002621/002 #2323193

SunWater Limited
PO Box 15536 City East
Brisbane Queensland 4002
www.sunwater.com.au
ACN 131 034 985

1 June 2018

The Chief Executive
(Attention- Jason Chavasse)
Department of Natural Resources and Mines
Water Services South Region

To: WPCondamineBalonne@dnrme.qld.gov.au

Dear Sir/ Madam,

SUNWATER SUBMISSION ON WATER PLAN (CONDAMINE AND BALONNE) 2019 AND SUPPORTING DOCUMENTS

Please accept this submission from SunWater Limited on the Draft Water Plan (Condamine and Balonne) 2019 ('Draft Plan') and supporting documents.

Grounds for Submission

The submission is made on the grounds that SunWater is a water service provider and Resource Operations Licence ('ROL') holder for the following water supply schemes (WSS) in the Condamine and Balonne Basin:

- Upper Condamine WSS
- Chinchilla Weir WSS
- Maranoa WSS
- St George WSS

After reviewing the Draft Plan and supporting documents, SunWater wishes to make the following comments:

1. Water sharing rules in the Upper Condamine WSS

As a result of the dry condition experienced in the Upper Condamine WSS in recent years, both SunWater and the Department of Natural, Resources, Mines and Energy (DNRME) have received feedback from water allocations holders regarding concerns with the operation of the medium priority cut-off rule when Leslie Dam storage level reaches 460.35 m AHD (approximately 15,000 ML).

SunWater is preparing a submission to amend the Operations Manual for the Upper Condamine WSS to introduce similar rules to those found in the Chinchilla Weir WSS and the Boyne River and Tarong WSS in the Burnett Basin. The water sharing rules for these in effect provide an ability to make an announced allocation for period of less than 12 months. This type of water sharing rule has proven to be of great utility when a scheme is likely to be impacted by the operation of a cut-off rule, as has also been the case in the Boyne River and Tarong WSS.

SunWater have been progressing this matter with DNRME and recommend that the Department's hydrologic modelling underpinning the Water Plan takes the proposal outlined above into account.

2. Water Supply schemes and water supply scheme zones

SunWater recommend that the zone description schedule 2 for LBS-02 for the St George WSS be amended to the following:

Thuraggi Water, from the headworks on E J Beardmore Dam (AMTD 0.0km) downstream to AMTD 0.4km.

3. General measure that all water allocations are measured as directed by the chief executive

SunWater notes that s 23(1)(a) of the Draft Plan states that one measure contributing to plan outcomes is that all allocations are measured, as directed by the chief executive, by 31 December 2022. SunWater understands that the results of the independent DNRME review into water compliance announced in August 2017 are yet to be released. However, SunWater notes the Recommendation 1 in the Murray-Darling Basin Water Compliance Review November 2017. To deliver a 'no meter, no pump' policy, the MDBA recommended that state governments:

- (a) require that 95% of meterable take in each water resource area is metered using AS4747 compliant meters by 31 December 2022;
- (b) require that installation of telemetry for all entities with an average take of more than 100ML by 31 December 2022; and
- (c) require installed meters to be validated by the compliance agency and then checked every five years.

SunWater are committed to working closely with the DNRME to resolve potential implementation issues. However, an area of concern arises for SunWater due to the substantial number of meters within the Condamine and Balonne Basin that may not fully comply with the requirements of the AS4747 standard and the potential cost of replacing these in line the recommendations of the Murray-Darling Basin Water Compliance Review 2017. SunWater are concerned about the impact this will have on our customers as these costs are likely to be imposed on the water supply scheme.

4. General measure that a monitoring, evaluation and reporting strategy is developed by the chief executive

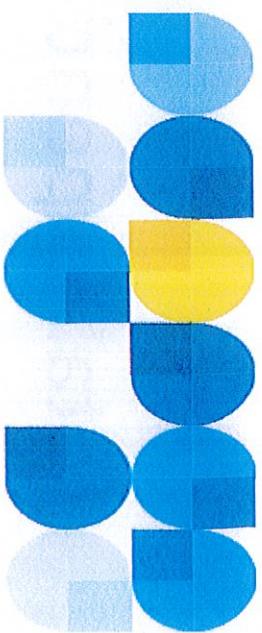
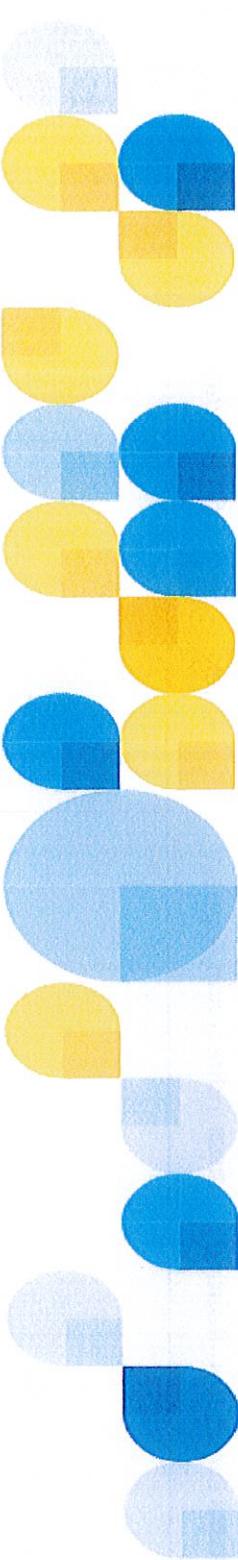
SunWater notes the recommendations made in the Environmental Assessment Report and the Review of Water Plan (Condamine and Balonne) 2004: Summary of Monitoring (Summary of Monitoring Report). SunWater provides the following comments:

a. Storage operating levels

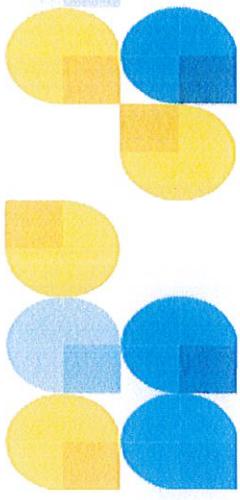
SunWater notes that the Environmental Assessments Reports states that only eight of the 13 storages within the Condamine and Balonne Basin currently require storage height monitoring and contains a recommendation that this discrepancy be rectified in a revised resource operations licence. SunWater would like to highlight that a river gauging site can be installed for upwards of \$30,000. An additional five sites would incur costs of greater than \$150,000 and this would be passed on to our customers in the form of increased water charges. Accordingly, SunWater suggestion that further consideration needs to be given to the cost benefit of imposing such a requirement in a future revision to the resource operations licence.

Supporting information to Draft NSPs

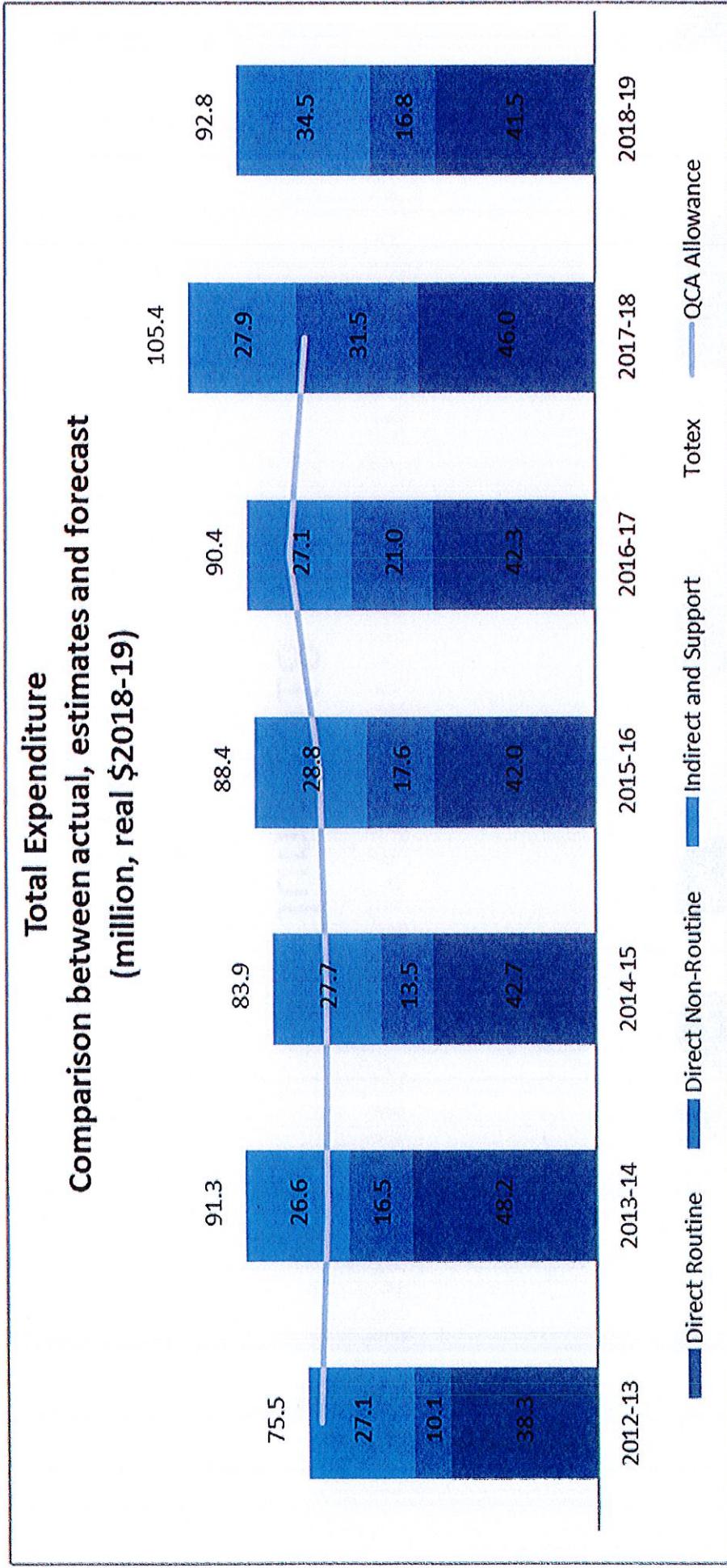
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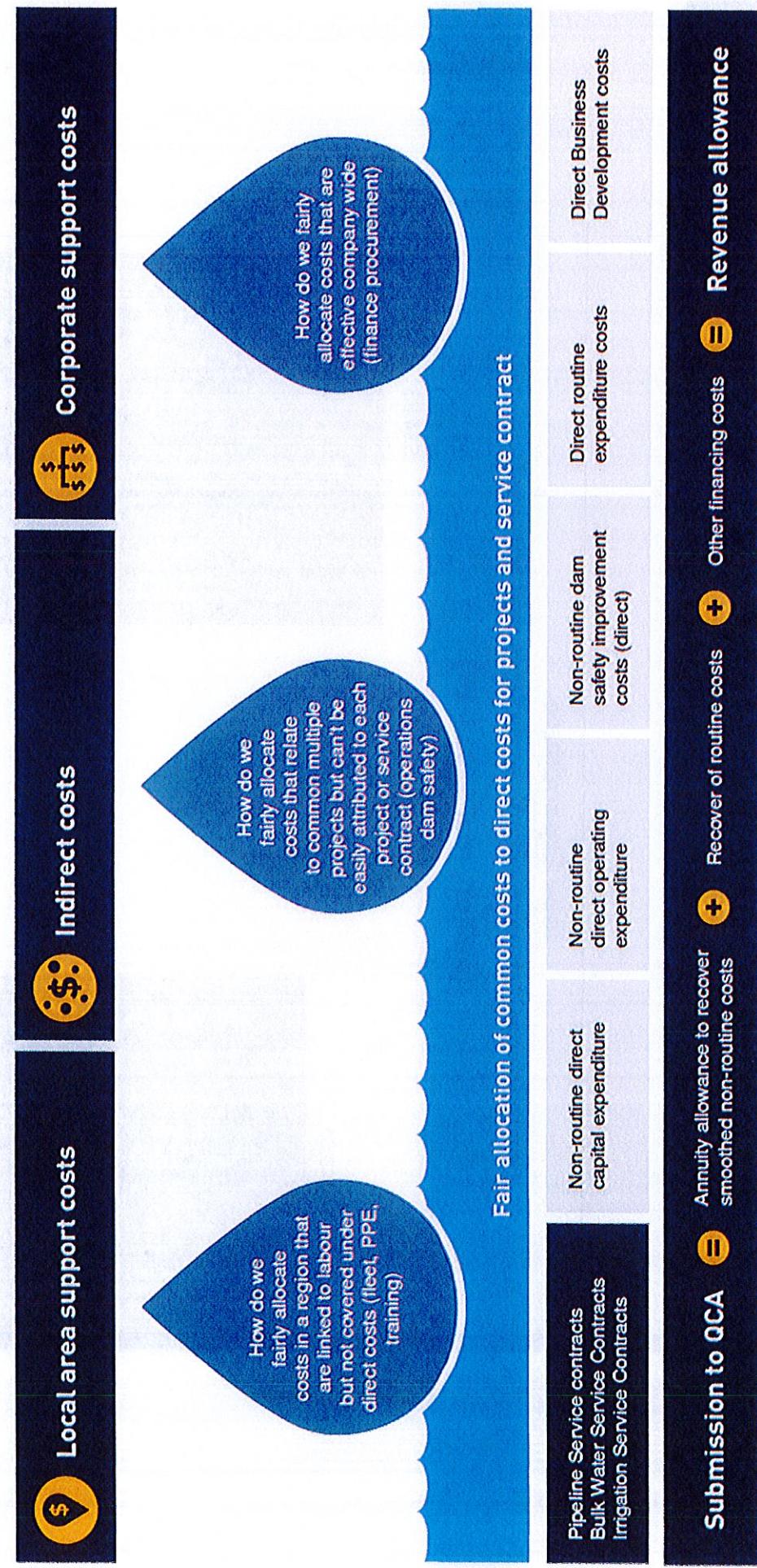
Total Expenditure Performance



Total Expenditure
Comparison between actual, estimates and forecast
(million, real \$2018-19)

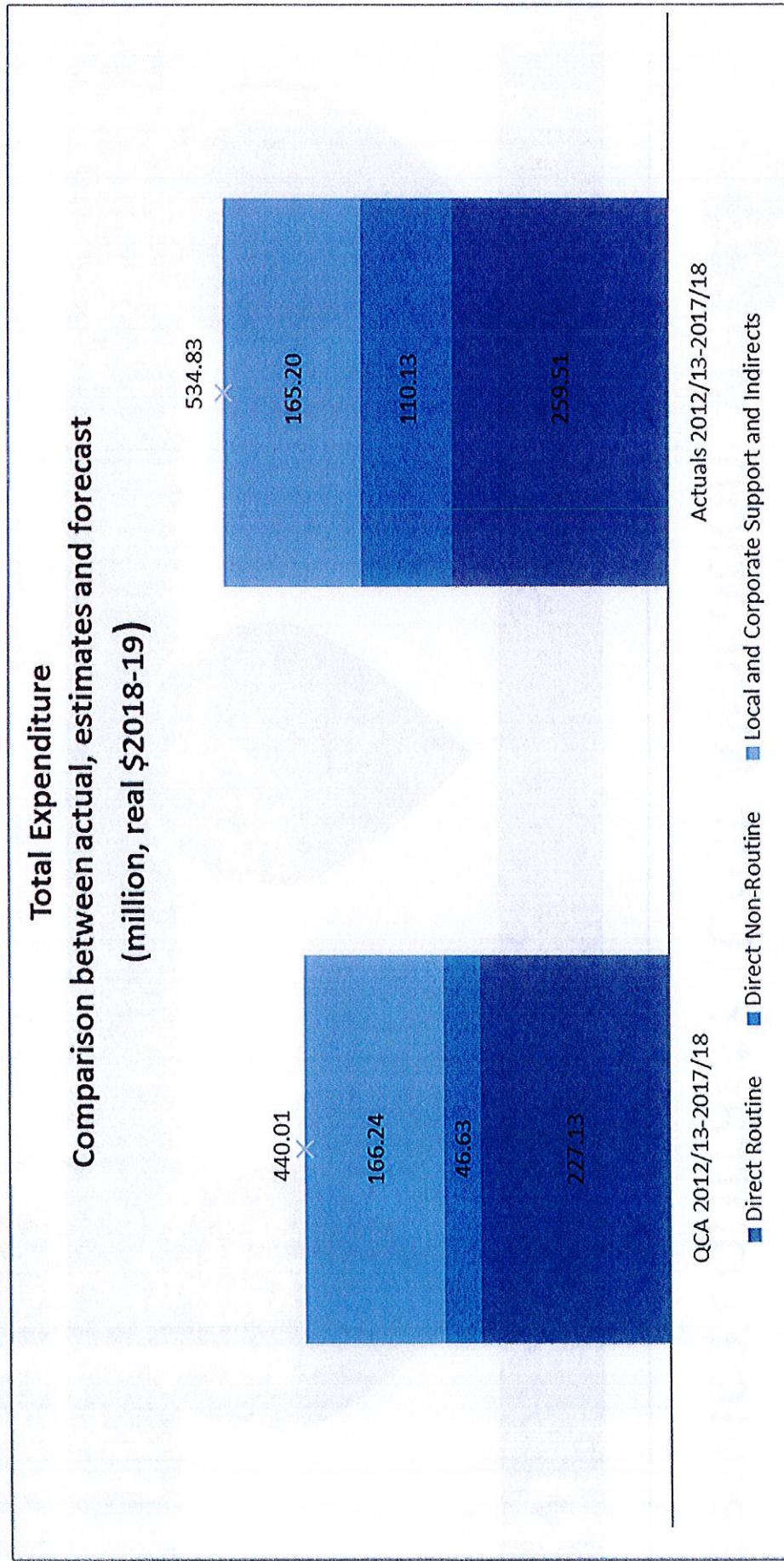


How are SunWater's costs allocated to each service contract? (Cost Allocation Methodology)

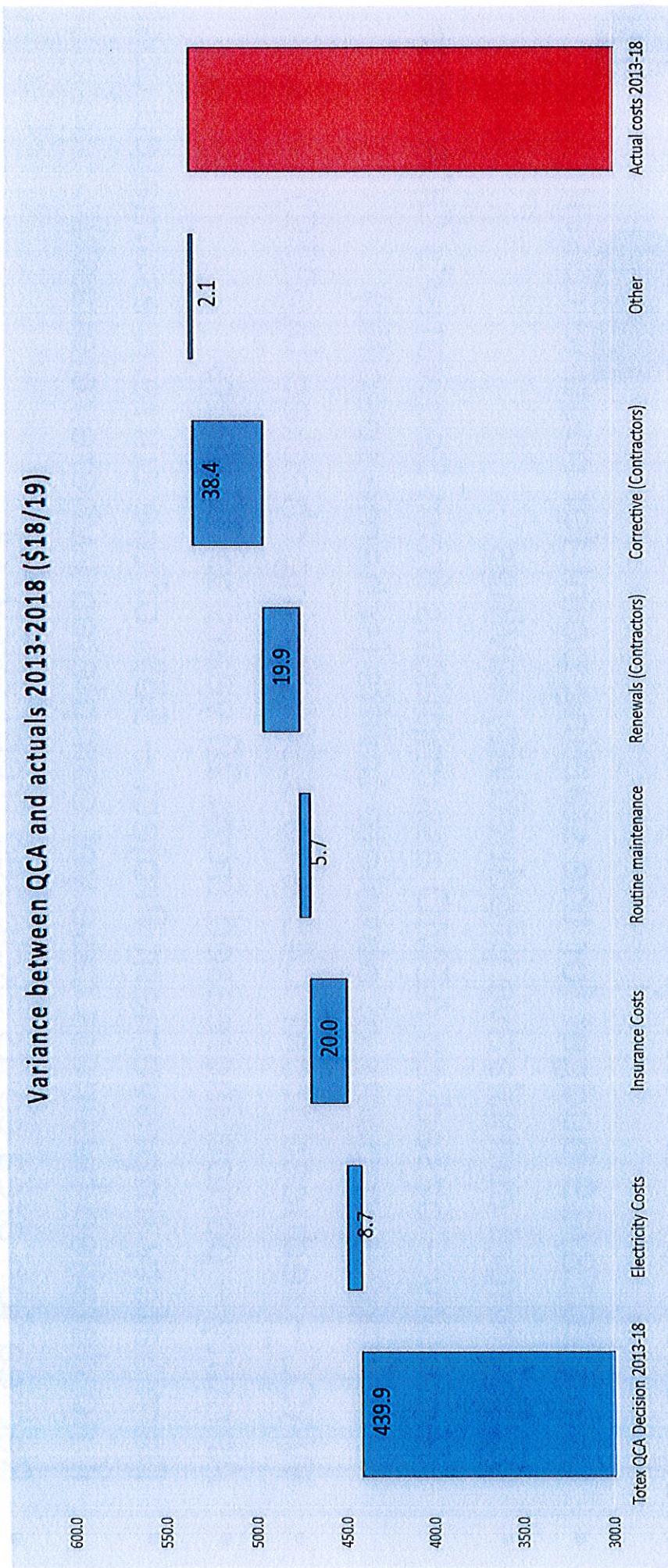
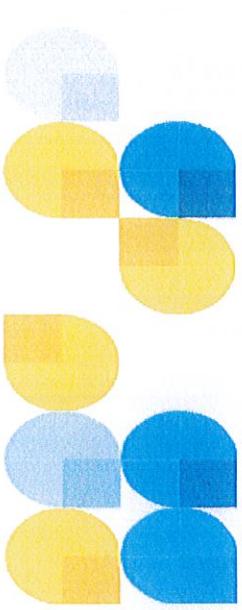


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Total Expenditure Comparison by cost type: Target/actual



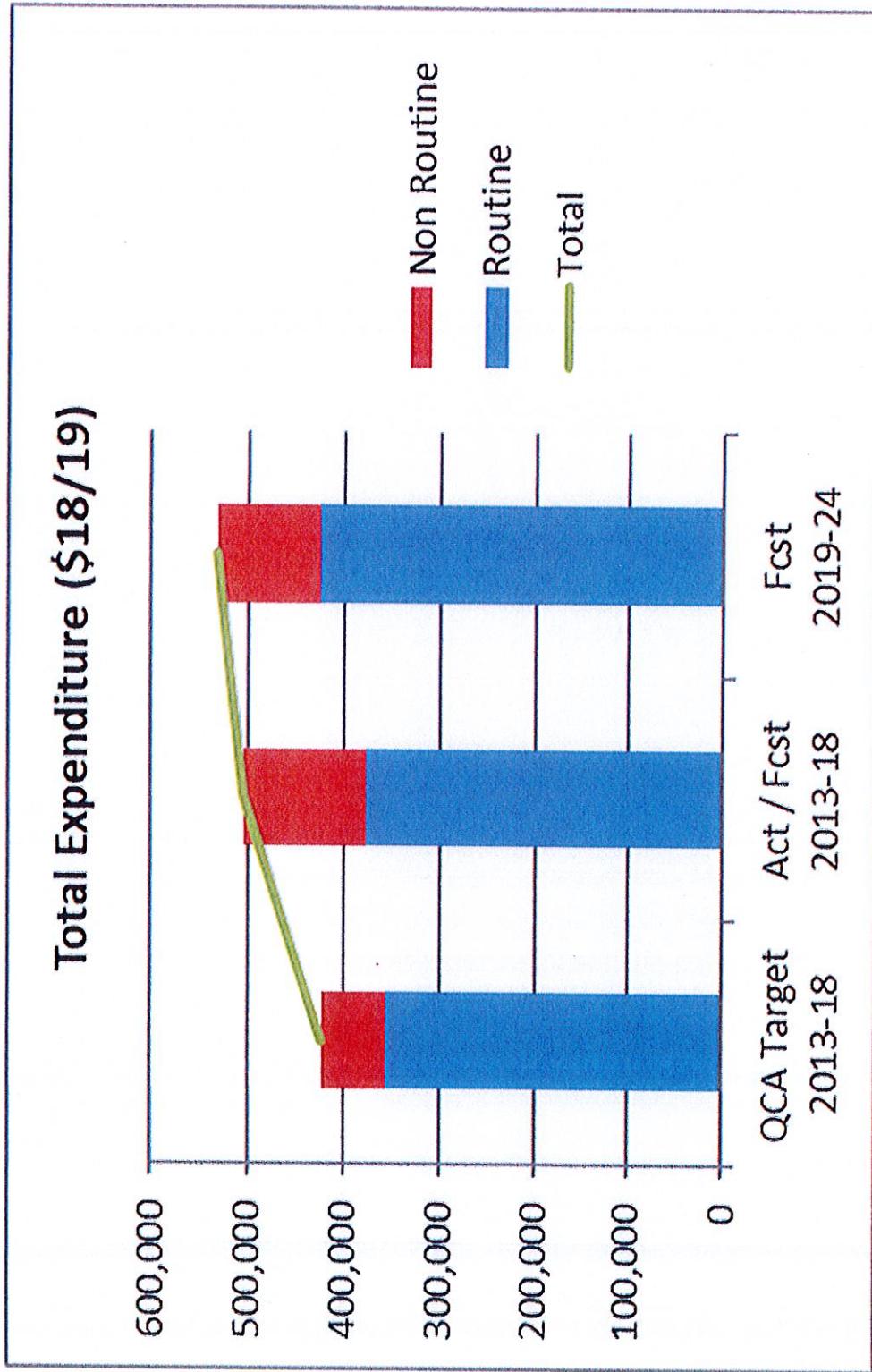
Variance from QCA targets 2013-18 by activity



Key Global Assumptions: Draft NSPs

- Using 2018/19 budget for the starting point for routine costs
- 0.2% annual cumulative productivity savings
- Electricity – based on AEMO assumptions from Seqwater's QCA price review, plus impacts of obsolete tariffs (scheme specific)
- WACC – reduced from 7.49% to 5.9% (being checked by QTC)
- Annuity – period increased from 20 years to 30 years
- Dam Safety Improvement Project – 50% of the current estimated costs if no detailed business case yet completed (where relevant)
- Recreation area costs excluded from 2020/21
- Standardisation of fixed/variable cost allocation across all schemes.
 - Insurance and all non-routine costs are 100% fixed.
 - Electricity is allocated 100% to variable
 - 10% of operations, revenue offsets and routine maintenance to variable.

Total Expenditure: target/actual/forecast



* Totals Excludes Dawson and St George Distribution for comparative purposes



2018/19 to 2023/24 Network Service Plan

Upper Condamine Bulk Water Service Contract

4 June 2018

Consultation Draft

www.sunwater.com.au

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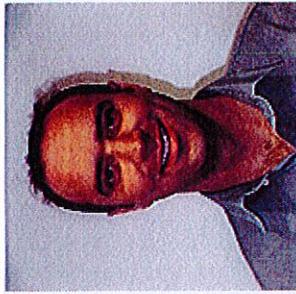
Our plan for Upper Condamine

- We're focused on reliability, efficiency and safety, ensuring through ongoing consultation that the Upper Condamine Bulk Water Service Contract continues to meet the needs and expectations of our diverse customer base.
- In this Network Service Plan (NSP) we outline a range of proposed immediate refurbishment and longer-term improvement projects, and provide a detailed breakdown of anticipated costs for review.

Our focus during the 2018/19 to 2023/24 NSP period will be on ensuring dam safety compliance is maintained and that refurbishment and corrective work identified through annual and 5 yearly comprehensive inspections at Leslie Dam are implemented safely, timely and efficiently. We will be continuing to replace customer meters on an as needs basis to ensure our customers have accurate water metering in place.

Works have also been scheduled to ensure the ongoing reliability of the Yarramalong pumps and re-profiling of the North Branch to ensure efficient water deliveries to customers in that part of the scheme. Together with continuing to implement an efficient and effective preventative maintenance program, we are focused on ensuring the Service Contract's assets continue to perform reliably.

It is important to us that our customers are consulted in making important decisions. We welcome and encourage your feedback on this NSP, and look forward to working with you to deliver the programs of work.



John Kelly

Area Operations Manager South

Disclaimer

This Network Service Plan (NSP) has been prepared by SunWater to provide indicative information to our customers for the purpose of consultation. It contains estimates and forecasts which are based upon a number of assumptions. The actual financial performance of the Service Contract to which this NSP relates, and the operations and activities actually undertaken by SunWater during the relevant periods, may vary materially from the information contained in this NSP. This NSP should not be relied upon beyond its purpose as a tool for consultation and you should not rely on the information contained in this NSP in making decisions about your circumstances. SunWater will not be responsible or liable for any loss (including consequential loss), claim or damage (including in tort) that is in any way connected with the use of this NSP or the information contained within it.

1. Introduction

A Network Service Plan details a range of proposed immediate and longer-term improvement projects, and provides a detailed breakdown of anticipated costs for review.

NSPs are an important part of our asset management framework, feeding into our strategic asset management and corporate strategic plans, as illustrated in [Appendix 1](#).

The purpose of this year's NSP is twofold:

1. to consult with customers on routine and non-routine expenditure throughout the coming financial year
2. to present to customers SunWater's projected efficient costs for the five year period from 2018/19 to 2023/24.

In particular, the NSP covers:

- past performance for routine and non-routine expenditure
- forecast routine and non-routine expenditure for 2018/19 to 2023/24
- the long-term outlook for material non-routine expenditure.

In this NSP, the focus of consultation is the draft budget figures for 2018/19 and thereafter. We have retained prior year actual results in [Appendix 2](#) for reference, as requested by customers.

Input from customers is a valuable part of SunWater's planning processes and ensures that we invest in areas which support the services we provide to customers. Figure 1 below shows how SunWater and customers work together in relation to NSPs. SunWater has consulted with the Irrigator Advisory Committee (IAC) on the draft NSP and feedback from the Committee has been considered and incorporated where appropriate.

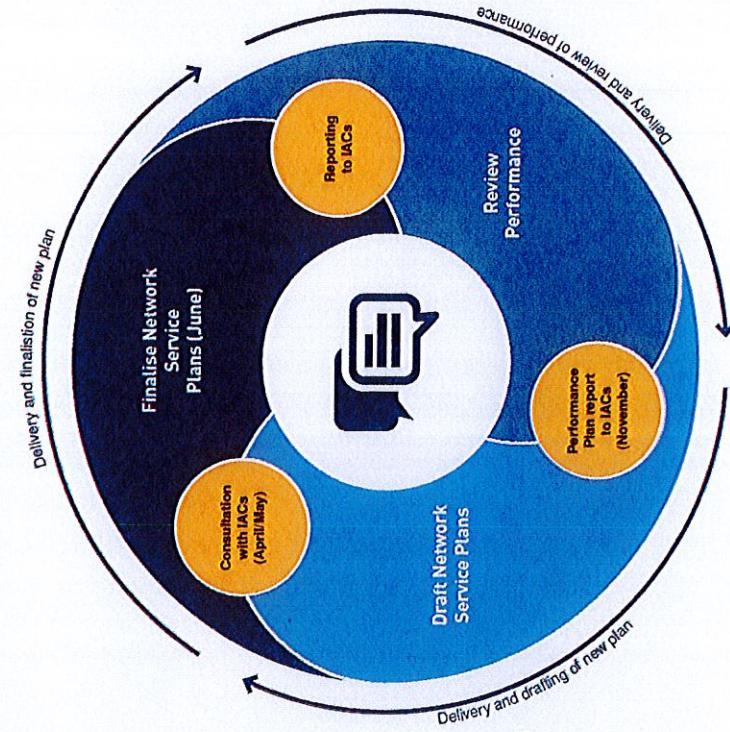
To have your say and shape future NSPs, please contact us via email or post:

Email: nsffeedback@sunwater.com.au

Post: NSP Feedback
PO Box 15536 City East
Brisbane Qld 4002

We consider and respond to all submissions, publishing all responses on our website.

Figure 1: Customer consultation and Network Service Plans



2. Delivering services to customers

At SunWater we are committed to working collaboratively with our customers to deliver value and fit-for-purpose water solutions. SunWater's Customer Service Commitment can be viewed at: www.sunwater.com.au

2.1 Our customers

The water entitlements for each customer segment are shown in Table 1.

The majority of our 92 customers in this Service Contract are irrigators who grow crops including cotton, sorghum, maize, soybean, sunflower, barley, oats, wheat and lucerne. Water is also supplied to the towns of Warwick and Cecil Plains.

Table 1: Water entitlement and usage data

Customer Segment	Total Water Entitlements (ML)	High-A Priority Water Entitlements (ML)	High-B Priority Water Entitlements (ML)	Medium Priority Water Entitlements (ML)	Risk-A Priority Water Entitlements (ML)	Risk-B Priority Water Entitlements (ML)	Water Deliveries 2016/17 (ML)
Irrigation	30,363	0	0	22,165	7320	878	17,891
Urban	3207	3207	0	0	0	0	1999
Industrial	0	0	0	0	0	0	0
SunWater (Excluding Distribution Loss)	365	30	125	163	0	47	275
SunWater Distribution Loss	25	25	0	0	0	0	0
Other	0	0	0	0	0	0	2
Total	33,960	3262	125	22,328	7320	925	20,167

The 2018/19 charges and cost per megalitre are shown in Table 2. Overall, the Upper Condamine Bulk Water Service Contract does not need additional subsidies to recover irrigation's share of future renewals, maintenance and operating costs. For the full suite of charges that apply, refer to SunWater's website.

Table 2: Irrigation charges for 2018/19

Product		2018/19 (\$/ML)	Cost (\$/ML) ¹	Subsidy (\$/ML)
Medium Priority Allocation Charge	Bulk water Charge – Part A (fixed charge based upon entitlement)	33.20	19.82	N/A
Medium Priority Allocation Water	Bulk Water Charge – Part B (variable charge based upon usage)	5.43	14.14	8.71

1. Costs reflect lower bound cost recovery ie recovery of future replacement and ongoing maintenance and operations. Charges do not allow for any returns on existing assets.

2.2 Service targets

SunWater and customers have agreed Water Supply Arrangements and Service Targets for the Upper Condamine Bulk Water Service Contract.

Table 3 below sets out our performance in 2016/17 against the service targets for: issuing notification of planned shutdowns; the duration of unplanned shutdowns; and the frequency of interruptions to supply.

In addition, SunWater will be setting targets for the time it takes to resolve complaints and will be able to report our performance against these targets in future NSPs.

Table 3: Service targets and performance

Service target	Target	Number of exceptions 2016/17
Planned shutdowns – notification	For shutdowns planned to exceed 2 weeks	8 weeks
	For shutdowns planned to exceed 3 days	0
	For shutdowns planned to be less than 3 days	2 weeks
Unplanned shutdowns – duration ¹	Unplanned shutdowns during Peak Demand Period	5 days
	Unplanned shutdowns outside Peak Demand Period	4 days
Maximum number of interruptions	Planned or unplanned interruptions per water year	6
		0

1. This is the number of times that the unplanned shutdown has exceeded the shortest of the peak/off peak periods.

3. Financial summary – revenue and expenditure

All financial figures in this report are presented in nominal dollars.

A high-level summary of the budgeted financial performance of the Upper Condamine Bulk Water Service Contract is presented in Table 4.

The revenue SunWater receives from urban and industrial customers is agreed by term contract. The revenue we receive from irrigation customers is determined by the Queensland Government based on recommendations made by the Queensland Competition Authority (QCA) as part of its review of irrigation charges and is intended to allow SunWater to recover its prudent and efficient costs of operating the Service Contract.

SunWater anticipates no material change in revenue for the Upper Condamine Bulk Water Service Contract in 2018/19.

In 2018/19, SunWater plans to increase routine and decrease non-routine expenditure for the Upper Condamine Bulk Water Service Contract, with a focus on projects that improve efficiency and performance, and allow us to deliver the best possible service to our customers. This will continue to be our focus throughout the upcoming price path period.

Further detail on the planned spend and annuity revenue is outlined on subsequent pages of this NSP and a further breakdown of expenditure by type can be found in [Appendix 2](#).

Table 4: Service contract financial summary¹

Upper Condamine Service Contract	2014/15 Actual \$'000	2015/16 Actual \$'000	2016/17 Actual \$'000	2017/18 Estimate \$'000	2018/19 ² Forecast \$'000
Revenue					
Irrigation	950.9	1039.8	1190.5	1080.8	1107.9
Community Service Obligation	-	-	-	-	-
Industrial ³	9.9	-	-	-	-
Urban ³	1127.8	1321.7	1538.4	1757.3	1801.2
Drainage	-	-	-	-	-
Other	76.5	1.5	-	2.0	2.0
Insurance proceeds – flood	-	-	-	-	-
Revenue Total	2165.1	2363.0	2728.9	2840.1	2911.1
Less – Routine expenditure	(976.1)	(1154.5)	(1321.0)	(1317.4)	(1581.5)
Less – Non-routine expenditure					
Annuity funded	(218.2)	(621.5)	(840.5)	(815.9)	(247.5)
Non annuity funded ⁴	-	-	-	(576.6)	(1205.7)
Surplus (deficit)	970.9	587.0	567.4	130.2	(123.7)

1. Totals may not add due to rounding.

2. SunWater's 2018/19 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.

3. Forecast revenues for industrial and urban customers are based on current contractual arrangements.

4. This is expenditure which has not been funded by irrigation customers. An example of this in the Upper Condamine Bulk Water Service Contract is the dam safety improvement program (DSIP).

As part of our commitment to transparency, Figure 2 and Figure 3 show a high-level breakdown of total Service Contract costs. The item 'Annuity Contribution' refers to the annualised renewals annuity component of the Service Contract's total costs.

Figure 2: Breakdown of total service contract costs – 2018/19 forecast

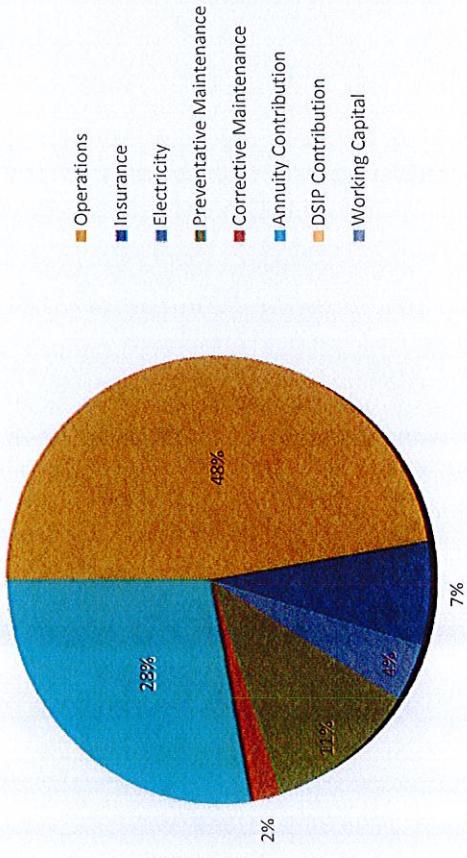
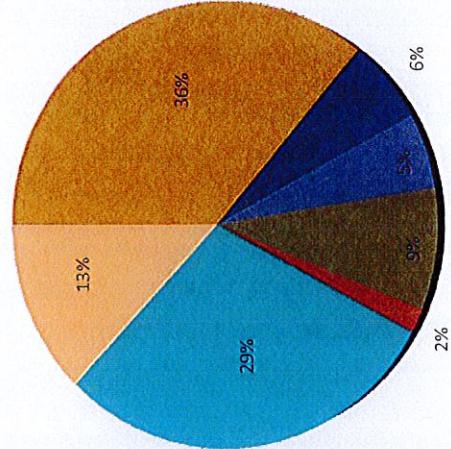


Figure 3: Breakdown of total service contract costs – 2019/20 to 2023/24 forecasts



4. Cost of delivering services – routine expenditure

Routine (or annual) expenditure includes funds for operations activities (operations, electricity and insurance), preventative maintenance and corrective maintenance.

SunWater has budgeted an increase in Upper Condamine Bulk Water Service Contract's routine operating expenditure in 2018/19 (refer to Table 5). SunWater's proposed budgets for routine operating expenditure for 2019/20 to

Table 5: Routine operating expenditure^{1,2}

Upper Condamine Service Contract	2016/17			2017/18 ³			2018/19 ³			2019/20			2020/21			2021/22			2022/23		
	SunWater Actual \$'000	QCA Recommended \$'000	Variance \$'000	SunWater Estimate \$'000	2016/17 QCA Recommended (adjusted) \$'000	SunWater Forecast \$'000	2016/17 QCA Recommended (adjusted) \$'000	SunWater Forecast \$'000	2016/17 QCA Recommended (adjusted) \$'000	SunWater Forecast \$'000	2016/17 QCA Recommended (adjusted) \$'000	SunWater Forecast \$'000	2016/17 QCA Recommended (adjusted) \$'000	SunWater Forecast \$'000	2016/17 QCA Recommended (adjusted) \$'000	SunWater Forecast \$'000	2016/17 QCA Recommended (adjusted) \$'000	SunWater Forecast \$'000	2016/17 QCA Recommended (adjusted) \$'000	SunWater Forecast \$'000	
Electricity	164.1	84.9	79.2	150.5	87.0	90.0	89.2	151.7	151.0	156.0	160.0	157.0									
Insurance	132.8	74.1	58.7	132.8	75.9	159.0	77.8	162.7	166.4	170.2	174.2	178.2									
Operations	739.8	667.9	71.9	773.2	684.6	1039.3	701.7	992.0	1018.3	1045.3	1073.0	1101.4									
Operations Total	1036.6	826.8	209.8	1056.5	847.5	1288.4	868.7	1306.4	1335.7	1371.5	1407.2	1436.6									
Preventative maintenance	222.9	182.6	40.2	182.2	187.2	244.2	191.9	233.1	239.3	245.7	252.3	259.0									
Corrective maintenance	61.5	77.2	(15.7)	78.8	79.1	49.0	81.1	46.6	47.7	48.9	50.0	51.2									
Routine Total	1321.0	1086.7	234.4	1317.4	1113.8	1581.5	1141.7	1586.2	1622.8	1666.1	1709.5	1746.8									

- Totals may not add due to rounding.
- SunWater's 2018/19 to 2023/24 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
- For 2017/18 and 2018/19 SunWater has included and reported against the 2016/17 QCA recommended costs adjusted for inflation which was assumed to be 2.5%.

4.1 Operations

Upper Condamine Bulk Water Service Contract's total operations budget in 2018/19 is 48.31 per cent above the QCA's recommended costs (adjusted for inflation). This variance is largely driven by insurance and overheads, which include costs associated with the Inspector General Emergency Management (IGEM) Review recommendations. For further detail on what is included in operations expenditure, refer to [Appendix 3](#).

Electricity

One of the key challenges for SunWater is managing the cost of electricity. SunWater is therefore targeting several initiatives over the next 24 months to help manage these costs, including:

- annual tariff reviews to match electricity usage with the best electricity tariff
- testing the contestable market for potential savings
- ensuring our assets are operating as efficiently as possible
- operational management of usage to reduce the impact of demand charges.

coverage is currently being tested with the insurance market and will be revised based on the outcome of this process before the 2018/19 NSPs are finalised.

4.2 Preventative maintenance

Preventative maintenance underpins the ongoing operational performance and service capacity of Upper Condamine Bulk Water Service Contract's physical assets.

Preventative maintenance is cyclical in nature with a typical interval of 12 months or less, however, the intervals can be longer. Upper Condamine Bulk Water Service Contract's preventative maintenance for 2018/19 is budgeted to be 27.25 per cent above the QCA's recommended costs (adjusted for inflation). This variance is largely driven by higher overheads.

For more information on what is included as preventative maintenance, refer to [Appendix 3](#).

4.3 Corrective maintenance

Corrective maintenance is identified in several ways including:

- through the performance of preventative maintenance
- operation of assets and equipment
- operational inspections where defects are identified
- through continuous monitoring by control systems, hazard inspections, safety audits and from incident and accident investigation outcomes.

Corrective maintenance includes activities to correct unexpected failures or to return an asset to an acceptable level of performance or condition. While these are difficult to forecast with accuracy, history has shown that such events can be expected and need to be factored into expenditure forecasts. SunWater conducts two types of corrective maintenance: scheduled and emergency.

Corrective maintenance expenditure forecasts include provision for labour, materials and plant hire, but do not include costs of damage arising from major unexpected events, such as floods. These costs are categorised as non-routine corrective maintenance, which is discussed in the following section.

Upper Condamine Bulk Water Service Contract's corrective maintenance for 2018/19 is budgeted to be 39.58 per cent below the QCA's recommended costs (adjusted for inflation). This variance is due to no labour costs being included in corrective maintenance as they have been allocated to Operations.

Scheduled corrective maintenance

Scheduled corrective maintenance is maintenance that can be planned and scheduled. For a list of what this typically includes, refer to [Appendix 3](#). This

work is managed on a risk and priority basis with as much forward planning as possible to cater for pricing cycles.

Emergency corrective maintenance

Emergency corrective maintenance (or breakdown maintenance) includes works required to restore system supply and capacity or equipment operation after an unplanned event. It is carried out immediately to restore normal operation or supply to customers or to meet regulatory obligations (eg rectify a safety hazard). For a list of what this typically includes, refer to [Appendix 3](#).

5. Cost of delivering services – non-routine expenditure

SunWater's approach to managing non-routine expenditure is underpinned by the concept of 'optimised life cycle cost', which seeks to optimise capital outlays and ongoing maintenance spend.

Our whole-of-life asset replacement and maintenance strategy looks at the risk and condition of each asset and uses this information to estimate the future work required to ensure it will continue to provide the required level of service into the future.

Having up-to-date knowledge of asset conditions is essential to this process. Information from our continuous program of asset inspections and condition assessments feeds into the annual review of the renewals program.

Non-routine expenditure is funded via an annuity. This expenditure could be capital or operating expenditure. The annuity approach acknowledges a long-term view of renewals spend and seeks to reduce the burden on future generations of water users.

The QCA applied a 20 year planning period for the purpose of calculating the 2012/13 to 2016/17 renewals annuity. For 2018/19 to 2023/24, SunWater is proposing to adopt a 30 year planning period. Our forecast annuity funded non-routine expenditure presented in Table 7 and elsewhere in this NSP reflects this proposal.

While the immediate program for the 2018/19 budget is well defined, estimates become more uncertain further into the planning timeline. As such, the program of works is not a specific forecast of when individual projects are expected to be executed, but rather a portfolio-level estimate based on the best-available risk and condition information for the Service Contract as a whole.

At SunWater, we focus on ensuring our assets are maintained to the required standard at the lowest cost. Our review of the renewals profiles also extends to considering the key asset replacement assumptions so that the profile better reflects likely spend each year and moves away from assuming assets are replaced at end of standard life, based on their replacement costs.

Table 7 sets out our non-routine annuity and non-annuity funded expenditure. Details of the major non-routine projects planned for the period from 2018/19 to 2023/24 are set out in *Appendix 4*.

5.1 Dam safety improvement program

Under current Queensland Government policy, expenditure for the dam safety improvement program (DSIP) is not recovered from customers. Table 6 shows forecast DSIP expenditure, as well as the return on and of assets. This expenditure is non annuity funded.

Table 6: Dam safety improvement program

Upper Condamine Service Contract	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
DSIP Expenditure	3610	8635	828	-	-
DSIP Contribution	-	245	518	550	559
DSIP Contribution - % of Total Costs	0.0%	8.9%	16.9%	17.3%	17.2%

Table 7: Non-routine expenditure¹

	Upper Condamine Service Contract	2016/17		2017/18 ²		2018/19 ²		2019/20		2020/21		2021/22		2022/23		2023/24	
		SunWater Actual \$'000	QCA Recommended \$'000	Variance \$'000	SunWater Estimate \$'000	QCA Forecast \$'000	SunWater Forecast \$'000	QCA Forecast \$'000	SunWater Forecast \$'000	QCA Forecast \$'000	SunWater Forecast \$'000	QCA Forecast \$'000	SunWater Forecast \$'000	QCA Forecast \$'000	SunWater Forecast \$'000	QCA Forecast \$'000	SunWater Forecast \$'000
Annuity funded																	
Operations	34.3	-	34.3	9.6	-	28.9	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective maintenance (flood)	3.4	-	3.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Renewals	802.8	860.7	(57.9)	806.3	40.4	218.5	-	204.9	209.3	318.2	270.0	723.5	-	-	-	-	-
Non-routine total	840.5	860.7	(20.2)	815.9	40.4	247.5	-	204.9	209.3	318.2	270.0	723.5	-	-	-	-	-
Non annuity funded																	
Non annuity funded	-			576.6		1205.7		6649.2	19,883.8	801.2	-	9.8					

1. Totals may not add due to rounding.

2. The QCA Forecast for 2017/18 and 2018/19 are based upon the modelling undertaken by the QCA as part of the 2012 irrigation pricing review.

6. Annuity balance

Annuities are managed by SunWater on behalf of each Service Contract. They allow for customer charges to reflect a constant amount necessary to recover the costs of refurbishment/rehabilitation of the assets over a pre-determined period of time. The forecast annuity balances, and the impacts of budgeted non-routine spend, are shown in Table 8 below.

Table 8: Annuity balance¹

Upper Condamine Service Contract	2016/17 Actual \$'000	2017/18 Estimate \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
Annuity								
Opening balance ²	(593.2)	(894.6)	(1179.5)	(902.3)	99.0	764.2	1373.6	2098.2
Spend	(840.5)	(815.9)	(247.5)	(204.9)	(209.3)	(318.2)	(270.0)	(723.5)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution ¹	583.5	598.1	613.0	628.3	868.7	882.5	913.6	943.0
Interest/financing costs	(44.4)	(67.0)	(88.3)	(67.6)	5.8	45.1	81.0	123.8
SunWater – Closing Balance	(894.6)	(1179.5)	(902.3)	(546.4)	764.2	1373.6	2098.2	2441.5
QCA – Closing Balance	(984.7)	(500.8)	74.8					
Difference	90.0	(678.8)	(977.1)					

1. Totals may not add due to rounding.

2. The difference in the closing balance for 2019/20 and the opening balance for 2020/21 relates primarily to expenditure incurred prior to the start of the 2012 price path. For example, flood repairs associated with an insurance claim that was still outstanding in 2012. These amounts have been carried forward to 2020/21 so that they can be considered as part of the QCA's review of expenditure for the new irrigation price review.

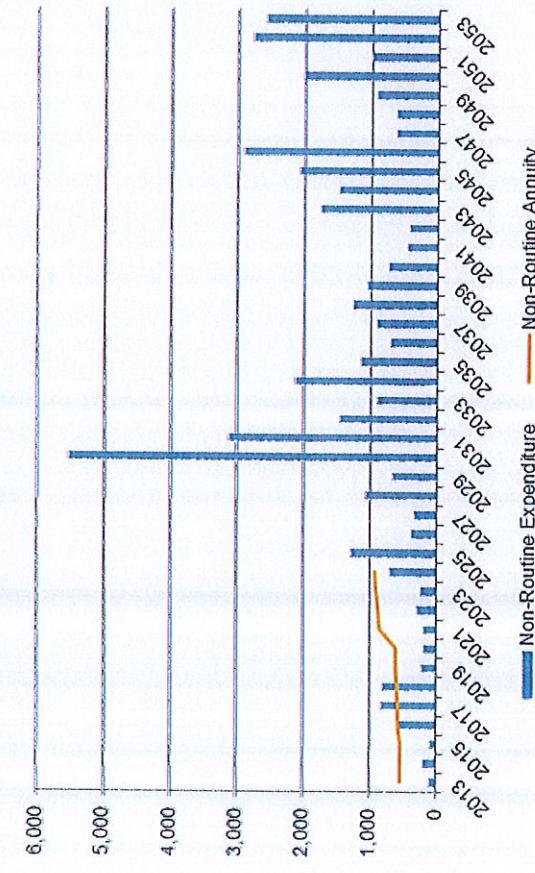
3. The annuity contribution is included in the prices paid by customers. It was set by the QCA for 2012–2017 and is rolled forward with CPI for 2017/18, 2018/19 and 2019/20. Thereafter the annuity contribution is based upon SunWater's forecast and will be included as part of SunWater's submission to the QCA for the upcoming price review.

The QCA and SunWater closing balances will differ due to differences in the expenditure profile allowed by the QCA in 2012 and actual expenditure incurred by SunWater between 2012/13 and 2018/19. For example, in 2017, one of the seals on the hydraulic gate cylinder failed and we replaced all of the seals at a cost of \$122,000. In addition, SunWater incurred unexpected costs to rectify flood damage from the 2010/11 and 2012/13 flood events.

6.1 Overview of annuity-funded, non-routine projects to 2052/53

The estimated renewals expenditure out to 2052/53 is shown in Figure 4 below.

Figure 4: Annuity expenditure to 2052/53 (\$'000)



6.2 Options assessment

SunWater is committed to maintaining assets that are fit for service with the lowest possible lifecycle cost.

In response to a recommendation from the QCA in 2012, SunWater has been preparing options analyses for all material renewals projects within the planning period. SunWater now has the benefit of learnings, having applied this approach for number of years, and has reflected and considered whether it is the most efficient approach or whether there is another way to approach this which provides customers with reassurance that SunWater's renewals expenditure is prudent and justified.

Following consultation with IACs, SunWater has decided to implement a new procedure for options assessments.

SunWater will continue to prepare an options analysis and supporting investigation where:

- there is no obvious solution
- the current maintenance strategy is changing
- technology has changed significantly, or
- there is a high risk in the project execution.

For less complex (more routine) renewals projects with fewer practical outcomes, SunWater will use its engineering knowledge and experience to determine the optimum solution.

This approach takes the emphasis off the value of the renewals project and focuses on solutions and risk. It ensures that SunWater invests resources appropriately in those projects that would benefit from an options analysis.

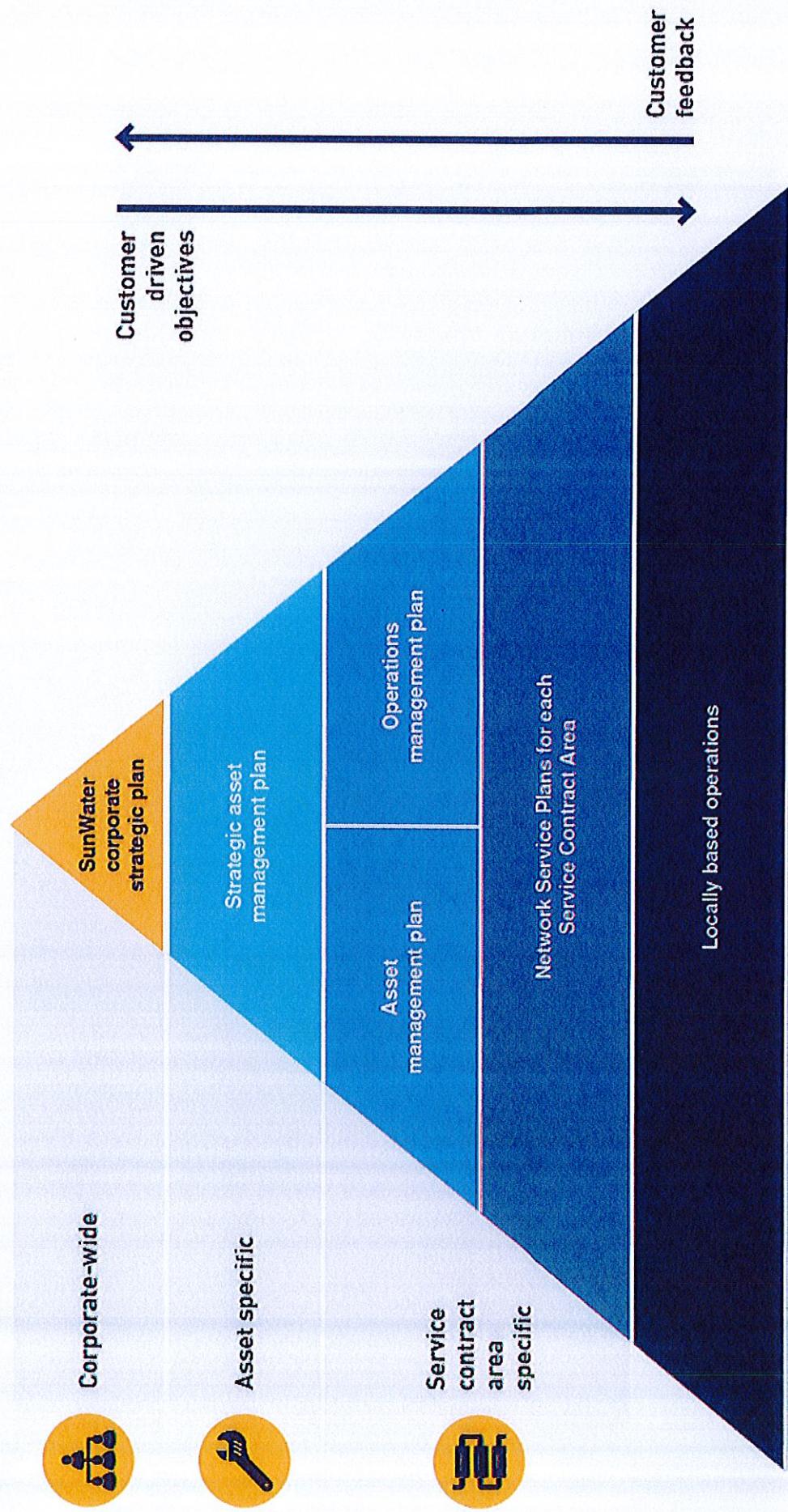
To be transparent and to ensure that customers have input into projects likely to impact the renewals annuity, SunWater identifies material renewals projects in the NSPs.

A project is currently considered 'material' when its value is greater than 10 per cent of the value of the Service Contract over the five year price path period.

Material renewals projects are listed in [Appendix 5](#).

Appendix 1: SunWater's asset management framework

Figure 5: SunWater's asset management framework



Appendix 2: Total expenditure by expense type

Table 9: Expenditure for activity by type¹

Upper Condamine Service Contract	2014/15		2015/16		2016/17		2017/18		2018/19		2016/17 QCA Reconnoitred (Adjusted)		2019/20		2020/21		2021/22		2022/23		2023/24	
	SunWater Actual \$'000	Variance \$'000	SunWater Actual \$'000	Variance \$'000	QCA Reconnoitred \$'000	SunWater Actual \$'000	Variance \$'000	QCA Reconnoitred \$'000	SunWater Estimate \$'000	SunWater Forecast \$'000	QCA Reconnoitred \$'000	SunWater Forecast \$'000	SunWater Forecast \$'000	QCA Reconnoitred \$'000	SunWater Forecast \$'000	SunWater Forecast \$'000	QCA Reconnoitred \$'000	SunWater Forecast \$'000	SunWater Forecast \$'000	QCA Reconnoitred \$'000	SunWater Forecast \$'000	
Routine spend																						
Operations																						
Labour	148.4	192.3	43.9	198.8	(0.3)	219.9	204.8	(15.1)	229.0	209.9	231.9	215.2	221.9	228.3	234.9	241.8	241.8	241.8	241.8	241.8	241.8	
Contractors	27.6	18.6	(9.1)	22.1	19.2	(2.9)	12.2	19.5	7.3	20.0	20.5	14.3	14.6	15.0	15.3	15.3	15.3	15.3	15.3	15.3	15.3	
Materials	3.4	9.3	5.9	3.8	9.6	5.8	3.1	9.7	6.7	10.0	10.2	10.0	10.2	9.5	9.7	10.0	10.2	10.2	10.2	10.4	10.4	
Electricity	78.6	73.4	(5.2)	81.4	79.3	(2.0)	164.1	84.9	(79.2)	150.5	87.0	90.0	89.2	151.7	151.0	156.0	160.0	160.0	160.0	160.0	160.0	
Insurance	166.0	71.6	(94.4)	149.3	72.8	(76.5)	132.8	74.1	(58.7)	132.8	75.9	159.0	77.8	166.4	162.7	174.2	174.2	174.2	174.2	178.2	178.2	
Other	25.2	35.5	10.3	37.8	36.3	(1.5)	72.6	36.9	(35.7)	80.5	37.8	39.0	38.8	37.1	37.9	38.8	39.7	39.7	40.6	40.6	40.6	
Local area support costs	111.4	-	(111.4)	170.7	-	(170.7)	189.1	-	(189.1)	178.6	-	296.8	-	283.1	290.5	298.0	305.8	305.8	313.7	313.7	313.7	
Corporate support costs	61.8	194.9	133.1	66.2	191.6	125.4	72.6	195.8	123.2	108.9	200.7	150.7	205.7	143.8	147.5	151.4	155.3	155.3	159.3	159.3	159.3	
Indirect costs	112.0	216.0	104.0	192.0	207.4	15.3	170.3	201.2	30.9	146.1	206.2	296.0	211.4	282.3	289.7	297.2	304.9	304.9	312.9	312.9	312.9	
Preventative maintenance																						
Labour	64.4	59.0	(5.4)	55.6	60.9	5.3	73.5	62.8	(10.7)	63.7	64.4	65.4	66.0	62.6	64.4	66.2	68.2	68.2	70.1	70.1	70.1	
Contractors	8.7	1.1	(7.6)	8.9	1.1	(7.8)	14.3	1.1	(13.2)	13.0	1.2	10.0	1.2	9.5	9.7	10.0	10.2	10.2	10.5	10.5	10.5	
Materials	6.9	3.3	(3.7)	2.4	3.4	1.0	1.5	3.4	2.0	4.0	3.5	2.0	3.6	1.9	1.9	2.0	2.0	2.0	2.1	2.1	2.1	
Other	11.4	-	(11.4)	2.3	-	(2.3)	6.9	-	(6.9)	4.0	-	2.0	-	1.9	1.9	2.0	2.0	2.0	2.1	2.1	2.1	
Local area support costs	47.6	-	(47.6)	47.8	-	(47.8)	62.2	-	(62.2)	49.7	-	83.7	-	79.8	81.9	84.0	86.2	88.5	88.5	88.5	88.5	
Corporate support costs	23.5	57.8	34.3	16.2	56.7	40.5	21.4	57.9	36.5	28.0	59.4	42.5	60.9	40.5	41.6	42.7	43.8	44.9	44.9	44.9	44.9	
Indirect costs	48.7	62.7	13.9	50.5	59.5	9.0	43.0	57.3	14.3	19.9	58.7	38.7	60.2	36.9	37.8	38.8	39.8	39.8	40.9	40.9	40.9	
Corrective maintenance																						
Labour	6.6	16.4	9.8	2.1	16.9	14.8	9.2	17.4	8.3	-	17.9	-	18.3	-	-	-	-	-	-	-	-	
Contractors	5.1	10.9	5.8	26.1	11.3	(14.8)	17.8	11.5	(6.4)	51.0	11.7	35.0	12.0	11.7	33.3	34.1	34.9	35.8	36.6	36.6	36.6	
Materials	5.4	10.9	5.5	13.6	11.3	(2.3)	16.0	11.5	(4.5)	20.0	11.7	12.0	12.0	11.7	11.7	11.7	11.9	12.2	12.5	12.5	12.5	
Other	0.6	3.3	2.6	0.7	3.4	2.7	1.4	3.4	2.0	4.0	3.5	2.0	3.6	1.9	1.9	2.0	2.0	2.0	2.1	2.1	2.1	
Local area support costs	5.0	-	(5.0)	1.8	-	(1.8)	7.3	-	(7.3)	-	-	-	-	-	-	-	-	-	-	-	-	
Corporate support costs	2.8	17.3	14.5	2.6	17.1	14.5	4.3	17.5	13.1	3.8	17.9	-	18.3	-	-	-	-	-	-	-	-	
Indirect costs	4.9	17.4	12.5	2.0	16.5	14.6	5.5	15.9	10.5	-	16.3	-	16.7	-	-	-	-	-	-	-	-	
Route total	976.1	1071.6	95.5	1154.5	1072.5	1321.0	1086.7	(234.4)	1317.4	1113.8	1141.7	1141.7	1141.7	1141.7	1141.7	1141.7	1141.7	1141.7	1141.7	1141.7	1141.7	
Non-routine spend																						
Labour	42.3	52.5	10.3	99.1	97.5	(1.6)	87.0	144.0	57.0	182.5	6.3	43.1	-	18.0	10.2	35.3	37.2	117.9	117.9	117.9	117.9	
Contractors	59.3	53.7	(5.6)	231.5	131.7	(99.8)	538.6	150.2	(388.5)	268.8	7.8	69.0	-	46.0	102.5	151.8	61.1	158.8	158.8	158.8	158.8	
Materials	33.0	59.2	26.2	22.1	116.8	94.7	11.7	160.1	148.4	47.6	7.4	35.3	-	31.6	46.6	36.8	61.9	115.9	115.9	115.9	115.9	
Other	1.0	56.5	55.5	52.4	51.3	(1.1)	23.4	81.9	53.5	23.5	3.4	3.2	-	64.7	26.7	7.7	18.6	49.9	49.9	49.9	49.9	
Local area support costs	18.4	-	(18.4)	42.6	-	(42.6)	53.1	-	(53.1)	109.7	-	28.0	-	15.3	8.7	30.0	31.6	100.5	100.5	100.5	100.5	
Corporate support costs	33.5	70.1	36.5	84.7	122.7	38.0	74.9	175.1	100.2	126.8	8.1	43.4	-	21.4	9.9	41.4	44.2	127.0	127.0	127.0	127.0	
Indirect costs	30.7	64.7	34.0	89.0	109.4	20.4	51.7	149.4	97.7	57.0	7.3	25.5	-	7.8	4.7	15.3	53.4	53.4	53.4	53.4	53.4	
Non-routine total	218.2	356.7	138.5	621.5	629.4	8.0	840.5	860.7	20.2	815.9	40.4	247.5	-	204.9	206.3	318.2	270.0	723.5	723.5	723.5	723.5	
Total Spend	1194.3	1028.3	234.0	1776.0	1702.0	(74.0)	2163.5	1947.4	(214.2)	2133.4	1154.2	1829.0	1141.7	1791.0	1832.1	1984.3	1979.5	2470.3	2470.3	2470.3	2470.3	

1. Totals may not add due to rounding.

Direct costs

Direct costs are those costs which are able to be directly attributable to either an asset or a service contract eg maintenance or insurance of an asset or the electricity and other operations costs for a service contract.

Local area support costs

Local area support costs are spread across service contracts managed in each locality. They are costs which support local people doing their jobs eg regional accommodation costs, local administration support and training.

In 2018/19 the Upper Condamine Bulk Water Service Contract is allocated 1.141 per cent of the forecast total local area support costs. Forecast local overheads in 2018/19 are higher than previous years and now more closely reflect actual local overheads in each region rather than local overheads averaged across SunWater.

Indirect costs

Indirect cost pools capture costs such as billing and customer support, irrigation pricing regulation and asset management (including dam safety, asset systems, channels and drainage) that have not been directly charged. They also include flood room operations, the IGERM emergency management program, water planning, hydrographic services, and environmental support costs. Indirect costs are based on a user pays approach eg service contracts without a dam or weir are not apportioned dam safety costs.

In 2018/19 the Upper Condamine Bulk Water Service Contract is allocated 2.373 per cent of the forecast total indirect costs. Increases in indirect costs allocated to Operations are largely driven by new IGERM costs, which are \$159,000 in 2018/19 for this Service Contract.

Corporate support costs

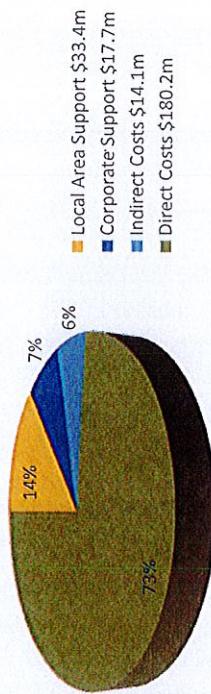
Corporate support costs are more generic than indirect costs and local area support costs, and are spread across all service contracts based on direct labour. They include the cost of human resources and payroll, information and communications technology, corporate communications, legal, property, finance, services.

and internal audit, plus the costs of the Chief Executive Officer, Chief Financial Officer and the SunWater Board, where these costs are not directly charged to activities within service contracts.

In 2017/18 SunWater completed a corporate restructure which resulted in a net reduction of 20 positions from the business and a reduction in total corporate overhead costs. Despite this, corporate overheads allocated to each service contract have increased since 2017/18. Contributing factors to the increase are: the transfer of St George and potential transfer of Dawson distribution schemes to locally managed entities and less charging of labour to direct costs.

In 2018/19 the Upper Condamine Bulk Water Service Contract is allocated 1.093 per cent of the forecast total corporate support costs.

Figure 6: Total SunWater cost pools – 2018/19 forecast



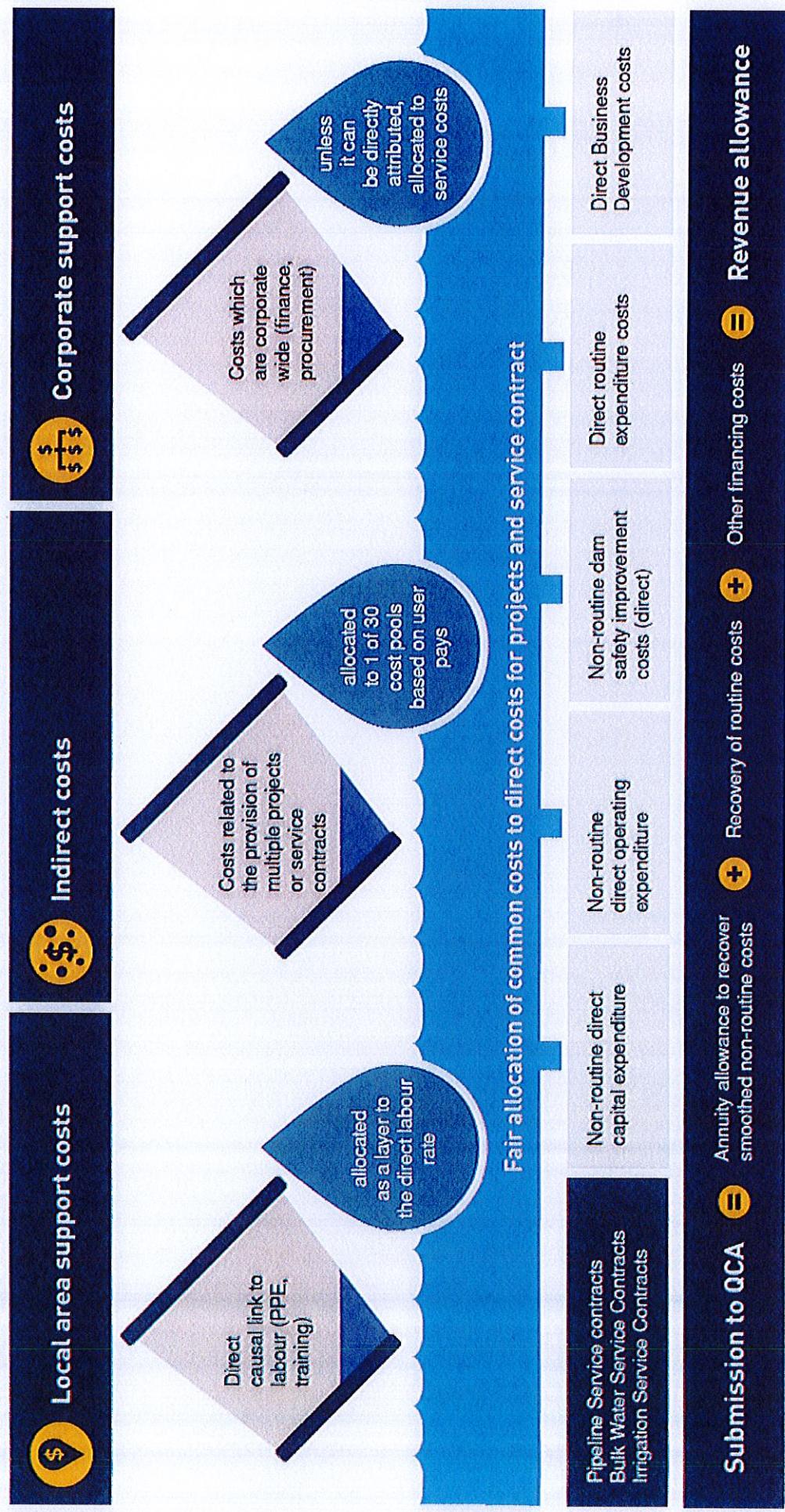
In the 2012 irrigation pricing review, the QCA reviewed and accepted SunWater's methodology for recovering local area support costs, indirect costs and corporate support costs. In 2018 we reviewed the cost allocation methodology and made changes to increase the transparency of local overhead costs and the allocation of corporate support costs to direct expenses. We also:

- removed the cascading of corporate overheads into indirect costs
- made the local overhead rate specific to each region
- simplified the cost drivers to labour only, removing the 5 per cent on direct cash costs excluding labour and electricity.

Forecast figures contained in this NSP reflect this change in approach.

Figure 7 below illustrates the allocation of costs associated with providing services.

Figure 7: How are SunWater's costs allocated to each service contract?



Appendix 3: Routine expenditure

Operations

- Operations expenditure includes day-to-day costs associated with management of the Service Contract, water delivery and meeting compliance obligations. Specific activities include the direct and non-direct costs of:
- scheduling and delivering water, including processing water orders, releasing water, operating pump stations and monitoring customer deliveries
 - emergency responses for emergency events
 - meter reading
 - administration of water accounts, billing and receipting payments
 - customer management, including enquiries, complaints and maintaining the customer service help desk
 - Service Contract management, including licences and permits, rates, land management, planning and reporting
 - insurance
 - monitoring the security of infrastructure and unauthorised access
 - managing engagement associated with the Service Contract
 - managing enquiries from adjoining landholders and developers that require input from and negotiations with SunWater's property and legal sections
 - tri-weekly dam inspections and other surveillance activities

Preventative maintenance

Preventative maintenance for the Upper Condamine Bulk Water Service Contract includes:

- Condition monitoring — the inspection, testing or measurement of physical assets to report and record condition and performance to determine maintenance requirements. Condition monitoring is carried out on electrical, mechanical and civil assets, including pump stations (pumps, electrical

motors, valves, switchboards and associated equipment), and other infrastructure.

- Servicing — planned maintenance activities carried out routinely on physical assets including valves, gauging stations, cranes, sump pumps and associated equipment.
- Weed control — management of weeds, including spraying and other activities to control operational and noxious weeds.

Scheduled corrective maintenance

Scheduled corrective maintenance varies by asset type and typically includes:

- Service Contract roads:
 - repairing pot holes and grading roads
 - repairing, replacing, and painting guide posts and signs.
- Pump stations:
 - repairing pumps, motors, concrete structures and control buildings
 - de-silting intake structures.
- Storages (headworks and weirs):
 - repairing control gates, valves and concrete structures
 - repairing walls, embankments and spillways.
- Meters:
 - repairing bulk water meters and customer meters.

Emergency corrective maintenance

Emergency corrective maintenance typically includes the repair or correction of faults in pump stations. It also includes responding to theft or vandalism associated with Service Contract assets.

Appendix 4: Non-routine projects for 2018/19 to 2023/24

Non-routine projects are asset-related projects required to support service delivery which are undertaken less frequently than annually.

Table 10: Non-routine projects (or planning items) 2018/19 to 2023/24

Year	Project title	Project scope	Budget (\$'000)
2018/19	Leslie Dam – 5 year inspection	5 year dam safety inspection. Leslie Dam is a referable dam therefore SunWater is required to undertake some actions to comply with the dam safety condition schedule. The 5 year inspection is a full civil, mechanical and electrical inspection of the assets in order for SunWater to maintain current asset condition knowledge to better inform the non-routine maintenance plans.	106
	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity budget.	40
	Leslie Dam – Crane audit	SunWater has complied with crane inspection and maintenance requirements in accordance with the relevant Australian Standards, however, in many cases, this appears to be over-servicing the cranes. This project will engage a crane expert to review each crane and derive an individual inspection and maintenance program for each one.	27
	Leslie Dam – Screen repair	This is a continuation project to replace the variable intake screen on the Warwick town water supply variable intake.	12
	Other works	There are 3 other non-routine projects for 2018/19.	33
2018/19 Total			218
2019/20	North Branch reprofile	The North Branch needs re-profiling (de-silting) every 2-3 years on average. This is an allowance to conduct the reprofiling to ensure water is delivered to customers. There is an allowance in next financial year so the work can be scheduled over two financial years.	59
	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity budget.	41
	Talgai Weir – Outlet gate refurbishment	The outlet gate at Talgai Weir needs minor refurbishment work (seals, corrosion). The concrete base on which the gate sits has also scoured over time so it needs to be reinstated to make sure the gate seals adequately.	41

Year	Project title	Project scope	Budget (\$'000)
	Talgai Weir – Downstream face repairs	Concrete on the downstream right hand wing wall has lifted. It needs to be reinstated before it fully lifts as flood waters could enter the body of the weir.	26
	Leslie Dam – Drain cleaning	SunWater's standard is to clean out foundation drains every five years, or as needed, to release uplift pressures from beneath the dam. Excessive uplift pressures could result in a sliding or overturning failure.	19
	Other works	There are 2 other non-routine projects for 2019/20.	19
	2019/20 Total		205
2020/21	North Branch reprofile	The North Branch needs re-profiling (de-silting) every 2-3 years on average. This is an allowance to conduct the reprofiling to ensure water is delivered to the customers.	58
	Asset revaluation	SunWater re-values the assets every five years for insurance purposes and to assist with preparing cost estimates for non-routine projects.	52
	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity budget.	42
	Talgai Weir – Refurbish the access road	The unsealed access road into Talgai Weir has an allowance every five years to refurbish to an acceptable standard, versus minor reggrading as needed. If the road remains serviceable, the funds will remain in the annuity budget.	16
	Leslie Dam – Manufacture two new blank flanges	The 2014 Dam safety inspection recommended that two blank flanges be made in preparation for replacing one of the intake regulating valves when they are in need of replacement.	12
	Other works	There are 4 other non-routine projects for 2020/21.	30
	2020/21 Total		210
2021/22	Yarramalong Pump Station – Pump refurbishment	SunWater has an allowance to refurbish the three submersible pumps at Yarramalong Pump Station every six years. The pumps' performance is monitored during the year; however, their physical condition cannot be fully known unless they are removed and inspected. The full scope of works cannot be derived until they are assessed.	144
	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity budget.	43

Year	Project title	Project scope	Budget (\$'000)
	Leslie Dam – Regulating valves	A valve inspection report in 2016 indicated that the internal lining of the valves had failed and if left untreated would lead to premature corrosion failure of the valve. This project is to reinstate the internal lining on valve 1, with valves 2 and 3 to be done in 2022/23.	31
	Leslie Dam – Trashracks	The intake trashracks at the dam were showing signs of corrosion during the 2014 inspection. They will be reinspected during the 2019 5 year inspection at which time the decision on whether to proceed with this project will be made.	23
	Other works	There are 11 other non-routine projects for 2021/22.	77
	2021/22 Total		318
2022/23	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity budget.	44
	Yarramalong Weir – Desilting	An allowance to desilt Yarramalong Weir has been made as it was last done in 2003. Desilting the weir will supplement the North Branch desilting.	56
	Leslie Dam – Regulating Valves x2	A valve inspection report in 2016 indicated that the internal lining of the valves had failed and if left untreated would lead to premature corrosion failure of the valve. This project is to reinstate the internal lining on valves 2 and 3.	64
	Leslie Dam – Document review	The dam safety documents at Leslie Dam are up for a major review, which is done every five years. It is part of the dam safety condition schedule to maintain the documents.	21
	Other works	There are 5 other non-routine projects for 2022/23.	85
	2022/23 Total		270
2023/24	Leslie Dam – 5 year inspection	5 year dam safety inspection. Leslie Dam is a referable dam therefore SunWater is required to undertake some actions to comply with the dam safety condition schedule. The 5 year inspection is a full civil, mechanical and electrical inspection of the assets in order for SunWater to maintain current asset condition knowledge to better inform the non-routine maintenance plans.	123
	Leslie Dam – Gantry crane	The control equipment is coming towards the end of its life so it is prudent to plan for its replacement. A condition and risk assessment will be updated closer to 2023/24 to determine if it can be deferred further.	230

Project title	Project scope	Budget (\$'000)
Year		
Leslie Dam – Intake Two	During the comprehensive inspection, a camera will be used to assess the internal condition of the conduit. This has not been done before so the methodology needs to be developed. It may require divers for a day.	65
Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity budget.	45
Leslie Dam – Regulating Valve 1 refurbishment	Regulating valves are planned for refurbishment every 20 years. As this one has not been refurbished since 2003 it is prudent to include this in the forward program. Its need will be confirmed during the 2023/24 comprehensive inspection. If the refurbishment can be deferred, it will be.	38
Other works	There are 11 other non-routine projects for 2023/24.	224
2023/24 Total		725

Appendix 5: Material renewals projects

Table 11: Material renewals projects by year

Year	Project title	Project estimate \$'000
2019	Leslie Dam – Comprehensive inspection	106



Contact us

To have your say and shape future NSPs, please contact us via email or post:

Email: nspfeedback@sunwater.com.au

Post: NSP Feedback
PO Box 15536 City East
Brisbane Qld 4002

We consider and respond to all submissions, publishing all responses on our website.