

Service and Performance Plan – 2020/21

Bowen Broken Rivers Bulk Water Service Contract

This fact sheet details a range of proposed scheme activities and projects, and presents a breakdown of anticipated costs. It also compares Sunwater's actual costs for 2018/19 with our previous forecasts for this scheme.

Highlights

Our performance in 2018/19

In our 2018/19 Network Service Plan (NSP) for the Bowen Broken Rivers Bulk Water Service Contract,¹ we expected to spend \$1.68 million on routine costs and \$1.88 million on non-routine projects. Our actual performance was above these forecasts due to:

- increased costs associated with operating and maintaining the toilet facilities at the campground
- the increased scope of works for the intake tower plugging project at Eungella Dam, with the increased costs partially offset by the deferral or carryover of projects into 2019/20 and future years.

Outlook for 2020/21

Routine costs (\$1.69 million) are expected to increase compared to what we previously forecast in last year's NSP (\$1.54 million in 2020/21).²

Sunwater plans to spend approximately \$0.60 million on non-routine projects, which is slightly higher than our previous forecast (\$0.50 million). This is due to the carryover of the completion of the 20-year dam safety review into 2020/21, new projects at Gattonvale Off-stream Storage and Eungella Dam (which have been mostly offset by the deferral of other projects), and a contingency amount for unplanned capital replacements.

Irrigation charges for 2020/21

On 10 February 2020, the Queensland Competition Authority (QCA) released its final recommendations on irrigation prices to be charged by Sunwater for the 2020/21 to 2023/24 price path period. The Queensland Government is currently considering the QCA's recommendations and will make a final decision and set Sunwater's irrigation prices.

¹ See www.sunwater.com.au/schemes/Bowen-Broken-Rivers/

² Excluding routine recreational facility costs.

Until this decision is made, Sunwater is unable to publish 2020/21 irrigation prices or compare our forecast costs against targets recommended by the QCA. Customers can access the QCA’s recommended costs at: www.qca.org.au/project/rural-water/irrigation-price-investigations/

Sunwater will publish irrigation prices for the Bowen Broken Rivers Bulk Water Service Contract on our website as soon as practicable after the decision: www.sunwater.com.au/customer/fees-and-charges/

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Bowen Broken Rivers Bulk Water Service Contract. Table 1 below sets out our recent performance against selected service targets for this scheme.

Table 1 Service targets and performance

Service target	Target	Number of exceptions			
		2016/17	2017/18	2018/19	
Planned shutdowns – notification	For shutdowns planned to exceed 2 weeks	8 weeks	0	0	0
	For shutdowns planned to exceed 3 days	3 weeks	0	0	0
	For shutdowns planned to be less than 3 days	5 days	0	0	0
Unplanned shutdowns – duration	Unplanned shutdowns will be fixed so that at least partial supply can be resumed	7 days	0	0	0
Maximum number of interruptions	Planned or unplanned interruptions per water year	6	0	0	0

Water usage

The amount of water used in a scheme within a given year impacts operations and expenditure. Table 2 contains the scheme’s water use for 2018/19, together with water use in recent years and the 17-year average for the 2002/03 to 2018/19 period.

Table 2 Water usage

Year	Usage (ML)
2014/15	16,894
2015/16	17,251
2016/17	11,362
2017/18	14,028
2018/19	16,653
17-year historical average	15,081

Routine expenditure

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

Table 3 Routine expenditure^{1,2}

Bowen Broken Rivers Bulk Water Service Contract	2016/17		2017/18		2018/19		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Sunwater Actual \$'000	Sunwater Actual \$'000	Sunwater Forecast \$'000	Sunwater Actual \$'000	Variance \$'000	Commentary	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operations	866.2	996.5	1063.3	1131.3	68.0		1188.0	1328.9	1413.8	1436.4	1459.0	1457.2
Labour	128.8	202.2	150.6	202.7	52.0	Actual expenditure, at the total level, was broadly in line with forecasts. Electricity costs were slightly lower than forecast due to less volume harvesting as a result of dry weather conditions. Labour costs were greater than forecast because of recreational area activities, including regular pump outs. This led to more corporate support costs being allocated to the scheme, in accordance with Sunwater's cost allocation methodology.	202.7	212.7	219.1	225.6	231.3	237.1
Contractors	101.4	82.9	65.0	69.4	4.4		70.0	70.0	71.8	73.5	75.4	77.3
Materials	6.4	8.4	10.0	7.7	(2.3)		10.0	10.0	10.3	10.5	10.8	11.0
Electricity	159.9	107.7	182.3	153.6	(28.8)		181.7	256.4	262.9	269.4	276.2	283.1
Insurance	147.0	136.6	143.1	144.6	1.5		166.4	199.7	204.7	209.8	215.0	220.4
Other	45.6	51.2	55.0	50.8	(4.2)		83.7	66.2	76.4	77.7	78.9	83.0
Local area support costs	110.3	148.6	180.4	177.4	(3.0)		92.7	141.6	185.6	178.7	165.1	111.7
Corporate support costs	51.0	88.3	97.9	186.9	89.0		145.3	159.5	164.3	169.2	173.5	177.8
Indirect costs	115.9	170.5	178.9	138.1	(40.8)		235.6	212.8	218.8	221.9	232.8	255.9
Preventative maintenance	317.5	364.8	349.5	470.7	121.2		347.3	347.8	370.6	374.0	378.8	374.6
Labour	67.0	67.4	56.7	84.0	27.3	Labour was higher than forecast due to increased inputs into the dam. There was also an increase in plant hire for the year, which was associated with hire costs for the toilet facilities.	64.7	66.8	68.8	70.9	72.7	74.5
Contractors	91.6	30.5	60.0	49.6	(10.4)		55.0	55.0	56.4	57.8	59.2	60.7
Materials	1.1	2.3	5.0	1.1	(3.9)		5.0	5.0	5.1	5.3	5.4	5.5
Other	35.8	126.9	85.0	153.6	68.6		85.0	85.0	87.1	89.3	91.5	93.8
Local area support costs	57.3	52.5	72.5	72.8	0.3		31.7	44.2	59.4	56.1	51.4	33.3
Corporate support costs	25.1	34.2	36.8	72.9	36.0		46.3	50.1	51.6	53.2	54.5	55.9
Indirect costs	39.6	51.0	33.5	36.8	3.3		59.6	41.6	42.1	41.4	44.1	50.9
Corrective maintenance	133.9	115.2	265.8	170.9	(94.9)	250.7	310.3	329.3	333.0	337.6	334.9	
Labour	15.2	11.3	25.5	22.8	(2.7)	Actual corrective maintenance expenditure was lower than forecast as fewer corrective actions were required.	31.9	51.8	53.4	55.0	56.3	57.8
Contractors	74.4	58.3	150.0	74.1	(75.9)		125.0	125.0	128.1	131.3	134.6	138.0
Materials	2.2	15.7	10.0	9.1	(0.9)		10.0	10.0	10.3	10.5	10.8	11.0
Other	11.3	4.4	16.0	10.1	(5.9)		16.0	18.0	18.5	18.9	19.4	19.9
Local area support costs	13.1	8.8	32.6	24.5	(8.1)		15.5	34.3	46.4	43.9	40.0	25.5
Corporate support costs	8.7	8.3	16.6	16.8	0.2		22.9	38.9	40.0	41.2	42.3	43.3
Indirect costs	9.0	8.5	15.1	13.5	(1.6)		29.4	32.3	32.7	32.1	34.2	39.5
Indirect costs	9.0	8.5	15.1	13.5	(1.6)		29.4	32.3	32.7	32.1	34.2	39.5
Routine total	1317.6	1476.5	1678.6	1772.9	94.3		1786.1	1987.0	2113.7	2143.4	2175.5	2166.8
Recreational facility costs ³	Recreational facility costs are included in the above line items, as irrigation customers previously contributed towards them.							298.8	305.2	312.6	320.1	328.1
Routine total (excl. recreational facility costs)								1688.2	1808.5	1830.9	1855.4	1838.7

1. All financial figures are nominal. Figures may not sum due to rounding.
2. Sunwater's 2020/21 to 2024/25 budget figures are draft as at the time of publication. These figures will not be locked down until late in the financial year prior.
3. From 1 July 2020, irrigation customers will no longer contribute towards the costs of operating and maintaining recreational facilities. Forecast costs have been separately identified for transparency.

Annuity balance and non-routine expenditure

Annuities are managed by Sunwater on behalf of each Service Contract. They allow for customer charges to reflect a constant amount necessary to recoup the costs of refurbishment/rehabilitation of assets over a pre-determined period of time. The forecast annuity balances, and the impacts of budgeted non-routine spend, are shown in Table 4.

A comparison of forecast and actual non-routine projects for 2018/19 is provided in **Appendix 1**, with details of the major non-routine projects planned for the 2020/21 to 2024/25 period set out in **Appendix 2**.

Table 4 Annuity balance¹

Bowen Broken Rivers Bulk Water Service Contract	2017/18 Actual \$'000	2018/19 Actual \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000
Annuity								
Opening balance ²	(2349.3)	(2783.8)	(3779.8)	(5508.7)	(5502.3)	(5021.0)	(4552.3)	(4088.6)
Non-routine spend ³	(708.2)	(1248.4)	(1918.2)	(597.1)	(126.0)	(166.1)	(202.9)	(660.6)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution ⁴	449.7	460.9	472.4	844.3	847.9	854.4	865.6	886.3
Interest/financing costs	(176.0)	(208.5)	(283.1)	(240.9)	(240.6)	(219.5)	(199.0)	(178.8)
Sunwater – Closing Balance	(2783.8)	(3779.8)	(5508.7)	(5502.3)	(5021.0)	(4552.3)	(4088.6)	(4041.7)
QCA – Closing Balance	(2783.8)	(3779.8)	(5406.7)	(5293.3)	(4676.8)	(4212.1)	(3729.8)	
Difference	-	-	102.0	209.1	344.3	340.1	358.7	

1. All financial figures are nominal. Figures may not sum due to rounding.
2. The opening balances for 2017/18, 2018/19 and 2019/20 reflect the QCA's irrigation price investigation 2020–24 final recommendations and differ to previous opening balances published by Sunwater.
3. The non-routine spend for 2017/18 and 2018/19 reflects the QCA's irrigation price investigation 2020–24 final recommendations, which included adjustments to Sunwater's actual costs. From 2019/20, the non-routine spend is based on Sunwater's forecasts.
4. The annuity contribution is included in the prices paid by customers. It was set by the QCA from 2012/13 to 2016/17 and was rolled forward with the Consumer Price Index (CPI) for 2017/18, 2018/19 and 2019/20. From 2020/21 to 2023/24, the annuity contribution is based on the QCA's irrigation price investigation 2020–24 final recommendations. The forecast annuity contribution for 2024/25 has been calculated by applying CPI to the 2023/24 annuity contribution.

Appendix 1: Comparison of forecast and actual non-routine projects for 2018/19

The below table sets out the major non-routine projects planned for the Bowen Broken Rivers Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Eungella Dam – Intake tower plugging (17BBR04)	662	1315	The required scope of works was significantly greater than forecast. Additional works were required to be undertaken by the contractor to remove epoxy from the stoplogs, additional concrete was required, and an additional dive was undertaken to inspect and seal the baulks.
Gattonvale Off-stream Storage – Embankment refurbishment (17BBR02)	584	574	The project was delivered within budget.
Gattonvale pump station – Pump No. 1 refurbishment (19BBR09)	70	33	The project was completed under budget due to wear and tear on the pump unit being less than expected.
Bowen River Weir – Comprehensive inspection (19BBR07)	52	-	An annual inspection was undertaken as part of routine operations. The comprehensive inspection was therefore deferred to 2019/20.
Gattonvale pump station – Transformer oil replacement (19BBR06)	76	7	The project has been carried over into 2019/20 so Sunwater could investigate technical issues with FR3 oil replacement.
Eungella Dam – Public safety storage survey	63	-	This project did not proceed.
Other works (18BBR02, 19BBR03, 19BBR04, 19BBR05 and 19BBR08)	374	196	Contingency funds were not required, and some projects have been carried over into 2019/20.
2018/19 Total²	1881	2125	

1. Actual costs incurred by Sunwater. This figure differs to the 2018/19 non-routine spend in Table 4, which has been adjusted to reflect the QCA's irrigation price investigation 2020–24 final recommendations. The QCA has used the adjusted figure in Table 4 to calculate its final recommended irrigation prices for 2020–24.
2. All financial figures are nominal. Figures may not sum due to rounding.

Appendix 2: Non-routine projects for 2020/21 to 2024/25

The below table sets out Sunwater’s currently planned non-routine projects for the 2020/21 to 2024/25 period for this scheme. While the 2020/21 program is well defined, estimates become more uncertain further into the planning timeline. Forecasts are likely to change in future Service and Performance Plans, reflecting changes in project delivery timing; asset condition and risk updates; outcomes from scheduled asset inspections; and customer feedback.

Year	Project title	Project scope	Budget (\$'000 nominal)
2020/21	Eungella Dam – Comprehensive risk assessment (Stage 2) and 20-year dam safety review	Completion of the 20-year dam safety review report. The recommendations of the review are risk assessed to determine their priority of completion, scope and costs. The works are then planned to be completed within the nominated timeframe.	200
	Gattonvale pump station – Silt removal	Project to automatically remove silt and debris deposition during flood events to enable continued operation during peak opportunity pumping periods.	243
	Gattonvale Off-stream Storage – Various works	Replacement of isolation valve gearbox, cathodic protection study and minor storage civil works.	58
	Eungella Dam – Spillway bridge	Spillway bridge refurbishment based on GHD Level 2 inspection report.	37
	Asset revaluation	Sunwater re-values our assets every five years for insurance purposes and to assist with cost estimates for non-routine maintenance projects.	30
	Other works	A contingency amount for unplanned capital replacements in the scheme.	29
	2020/21 Total		597
2021/22	Bowen River Weir – Penstock gates	Refurbish left and right-hand penstock gate, frames and actuators to maintain function.	66
	Bowen River Weir – Inlet trash screens	Refurbish trash screens (blast/paint/repair) to reinstate condition and function.	52
	Eungella Dam – Drain/filling line	Reinstate functional pit drainage for filling/drain pit valve access and operation.	8
	Other works	There are no other non-routine projects planned for 2021/22.	-
	2021/22 Total		126
2022/23	Eungella Dam – Outlet works guard valves	Eungella Dam outlet works left and right-hand guard valve refurbishment to ensure continued reliable isolation and control of the outlet works.	69

Year	Project title	Project scope	Budget (\$'000 nominal)
	Gattonvale pump station – Pump Unit 3 refurbishment	This is an allowance to refurbish Pump Unit 3 at Gattonvale pump station. A condition assessment in 2022/23 will determine if this project needs to proceed. It is likely it will occur based on historical maintenance requirements.	69
	Eungella Dam – Spillway bridge	Undertake scheduled Level 2 spillway bridge inspection and report.	28
	Other works	There are no other non-routine projects planned for 2022/23.	-
	2022/23 Total		166
2023/24	Gattonvale pump station and Bowen River Weir – Supervisory Control and Data Acquisition (SCADA) replacement	Replace SCADA computers and software to retain serviceability and supportability.	36
	Gattonvale pump station – Pump Unit 2	Submersible Pump Unit 2 refurbishment, based on service life to ensure continued reliable operation.	75
	Bowen River Supply – Gauging station building replacement	Gauging station recorder building (hut) replacement based on asset service life. Condition and options to be reviewed prior to works to ensure least whole-of-life outcome.	50
	Eungella Dam – Spillway inspection	Spillway subsurface inspection of drainage network to ensure continued function using CCTV.	32
	Eungella Dam – Intake screen	Scheduled refurbishment of dam intake trash screen to retain function and condition.	10
	Other works	There are no other non-routine projects planned for 2023/24.	-
	2023/24 Total		203
2024/25	Gattonvale Off-stream Storage – Air valves	Replacement of pump station and rising main Vent-O-Mat air valves and 150DIA standard arrangements by service life to retain function.	169
	Eungella Dam – Comprehensive inspection	Scheduled five-yearly comprehensive inspection in accordance with the dam safety conditions.	109
	Gattonvale pump station – Pump Unit 1 refurbishment	This is an allowance to refurbish Pump Unit 1 at Gattonvale pump station. A condition assessment in 2022/23 will determine if this needs to proceed. It is likely it will occur based on historical maintenance requirements.	96
	Bowen River Weir – Metal works and hydraulics	Scheduled refurbishment of penstock gate guides and covers, and modification of hydraulic lines and attachments to improve access and function.	71
	Bowen River Weir – Comprehensive inspection	Scheduled five-yearly comprehensive inspection to manage business risks and assess asset condition.	64

Year	Project title	Project scope	Budget (\$'000 nominal)
	Gattonvale Off-stream Storage – Comprehensive inspection	Scheduled five-yearly comprehensive inspection to manage business risks and assess asset condition.	42
	Gattonvale pump station – Metal work	Blast and paint (or galvanise) pump station metal works, including intake screens and covers to retain service life and condition.	25
	Eungella Dam – Outlet works	Replace Rotork actuator on regulating valve 1 to retain function and serviceability.	18
	Other works	Refurbishment of buildings and general minor metal work refurbishment.	67
	2024/25 Total		661

Contact us

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

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