

# Service and Performance Plan – 2020/21

## Boyne River & Tarong 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 Boyne River & Tarong Bulk Water Service Contract,<sup>1</sup> we expected to spend \$0.87 million on routine costs and \$0.66 million on non-routine projects. Our actual performance for routine costs was slightly above this forecast. The non-routine program was delivered below budget, primarily due to contractor costs being less than forecast for some projects and other project efficiencies being achieved.

#### Outlook for 2020/21

Routine costs (\$1.10 million) are expected to increase compared to what we previously forecast in last year’s NSP (\$0.92 million in 2020/21). This is primarily because of forecast increases in insurance premiums of \$0.07 million and non-direct costs of \$0.08 million.

Sunwater plans to spend approximately \$0.29 million on non-routine projects. This is significantly higher than our previous forecast (\$0.03 million), largely due to the need to carry out spillway drummy concrete repairs at Boondooma Dam which were identified following the 2019 comprehensive inspection and to undertake input studies to inform the comprehensive risk assessment of the dam.

### 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.

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<sup>1</sup> See [www.sunwater.com.au/schemes/Boyne-River-and-Tarong/](http://www.sunwater.com.au/schemes/Boyne-River-and-Tarong/)

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/](http://www.qca.org.au/project/rural-water/irrigation-price-investigations/)

Sunwater will publish irrigation prices for the Boyne River & Tarong Bulk Water Service Contract on our website as soon as practicable after the decision: [www.sunwater.com.au/customer/fees-and-charges/](http://www.sunwater.com.au/customer/fees-and-charges/)

## Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Boyne River & Tarong 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	2 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	48 hours	0	1	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	24,599
2015/16	30,925
2016/17	32,887
2017/18	34,129
2018/19	29,560
<b>17-year historical average</b>	<b>22,761</b>

## Routine expenditure

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

Table 3 Routine expenditure<sup>1,2</sup>

Boyne River & Tarong 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	
<b>Operations</b>	634.2	677.2	772.1	800.8	28.7		794.1	1004.8	1036.5	1078.8	1104.9	1137.9	
Labour	78.6	99.8	84.4	124.9	40.5	Actual operations expenditure was broadly in line with forecasts.	102.5	140.4	144.7	149.0	152.7	156.5	
Contractors	3.1	7.2	15.0	11.8	(3.2)		15.0	15.0	15.4	15.8	16.2	16.6	
Materials	0.5	1.9	2.0	2.3	0.3		2.0	2.0	2.1	2.1	2.2	2.2	
Electricity	-	-	-	-	-		-	-	-	-	-	-	-
Insurance	307.4	279.8	298.1	301.2	3.2		355.7	426.8	437.5	448.4	459.6	471.1	
Other	50.6	52.8	50.0	62.4	12.4		77.1	78.1	79.6	81.0	84.2	85.7	
Local area support costs	67.6	77.9	100.2	78.1	(22.1)		29.2	75.9	82.7	101.2	98.2	95.4	
Corporate support costs	40.1	55.9	54.9	119.1	64.2		73.5	105.3	108.5	111.8	114.5	117.4	
Indirect costs	86.3	101.8	167.6	101.2	(66.4)		139.1	161.1	166.2	169.6	177.4	193.0	
<b>Preventative maintenance</b>	101.5	112.9	81.3	98.8	17.5		52.6	74.0	75.9	80.7	82.5	85.6	
Labour	33.8	32.6	20.0	25.7	5.8	Preventative maintenance costs in 2018/19 were similar to previous years.	14.0	20.6	21.2	21.8	22.4	22.9	
Contractors	4.5	14.0	10.0	18.7	8.7		10.0	10.0	10.3	10.5	10.8	11.0	
Materials	1.1	0.7	1.0	2.2	1.2		1.0	1.0	1.0	1.1	1.1	1.1	
Other	3.2	1.8	-	1.5	1.5		1.0	1.0	1.0	1.1	1.1	1.1	
Local area support costs	29.0	25.5	25.5	13.8	(11.7)		3.7	13.2	13.6	17.1	16.9	16.5	
Corporate support costs	9.9	13.6	13.0	22.9	9.9		10.0	15.4	15.9	16.4	16.8	17.2	
Indirect costs	20.0	24.7	11.8	14.0	2.2	12.9	12.8	13.0	12.8	13.6	15.7		
<b>Corrective maintenance</b>	15.1	17.9	14.2	12.9	(1.3)		31.5	26.0	26.9	28.2	28.7	29.7	
Labour	3.7	2.9	0.9	1.5	0.6	Actual corrective maintenance expenditure was broadly in line with forecasts.	6.8	5.3	5.4	5.6	5.7	5.9	
Contractors	1.3	6.3	8.0	-	(8.0)		7.0	7.0	7.2	7.4	7.5	7.7	
Materials	2.9	2.1	3.0	0.7	(2.3)		3.0	3.0	3.1	3.2	3.2	3.3	
Other	0.5	0.4	-	7.5	7.5		1.0	1.0	1.0	1.1	1.1	1.1	
Local area support costs	3.2	2.3	1.2	2.0	0.8		2.5	2.5	2.8	3.5	3.4	3.3	
Corporate support costs	1.3	1.6	0.6	0.6	0.0		4.9	4.0	4.1	4.2	4.3	4.4	
Indirect costs	2.2	2.2	0.5	0.6	0.1		6.3	3.3	3.3	3.3	3.5	4.0	
<b>Routine total</b>	<b>750.8</b>	<b>808.0</b>	<b>867.6</b>	<b>912.6</b>	<b>45.0</b>			<b>878.3</b>	<b>1104.8</b>	<b>1139.3</b>	<b>1187.6</b>	<b>1216.1</b>	<b>1253.2</b>

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.

## 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 balance<sup>1</sup>

Boyne River & Tarong 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
<b>Annuity</b>								
Opening balance <sup>2</sup>	(19,636.3)	(40,675.2)	(44,116.4)	(42,586.4)	(42,293.1)	(41,844.5)	(41,316.6)	(40,932.7)
Non-routine spend <sup>3</sup>	(19,585.7)	(440.6)	(202.2)	(288.9)	(145.6)	(84.9)	(282.7)	(330.2)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	4987.5	-	-	-	-	-
Current year	-	28.1	30.7	-	-	-	-	-
Annuity contribution <sup>4</sup>	17.5	17.9	18.4	2444.1	2443.4	2442.4	2473.0	2532.1
Interest/financing costs	(1470.8)	(3046.6)	(3304.3)	(1862.0)	(1849.2)	(1829.5)	(1806.5)	(1789.7)
<b>Sunwater – Closing Balance</b>	<b>(40,675.2)</b>	<b>(44,116.4)</b>	<b>(42,586.4)</b>	<b>(42,293.1)</b>	<b>(41,844.5)</b>	<b>(41,316.6)</b>	<b>(40,932.7)</b>	<b>(40,520.4)</b>
<b>QCA – Closing Balance</b>	<b>(40,675.2)</b>	<b>(44,116.4)</b>	<b>(42,569.1)</b>	<b>(42,018.7)</b>	<b>(41,596.2)</b>	<b>(40,988.9)</b>	<b>(40,491.1)</b>	
Difference	-	-	17.2	274.5	248.3	327.7	441.6	

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 Boyne River & Tarong Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual <sup>1</sup> \$'000	Commentary
Boondooma Dam – 5-year comprehensive inspection (19BYR05)	131	51	Inspection budgets are set to average inspection costs, which allow for delays due to unforeseen circumstances such as rain, additional dewatering attempts, additional site works such as patch-painting and additional contractor costs due to site conditions. This inspection (compared to prior years) had very few delays and subsequently the inspection was completed under budget.
Boondooma Dam – 20-year dam safety review (19BYR09)	335	219	The project estimate was based on similar works at other facilities. Actual contractor costs were less than forecast.
Boondooma Dam – Level 2 bridge assessment (19BYR06)	30	37	Contractor costs, following the procurement process, were higher than expected.
Boondooma Dam – Regulating valve No.1 refurbishment (19BYR02)	30	60	The scope of work was greater than forecast. Additional costs were incurred for the machining and installation of new brass wear strips on the regulating cone valve.
Boondooma Dam – Trash screens (19BYR03)	25	12	Project efficiencies were delivered by combining the work with the comprehensive inspection, which reduced the need to deploy cranes twice. The screens were also in a better condition than anticipated, so less labour and materials were required to patch paint them.
Other works (18BYR02, 18BYR01, 12BYR17, 19BYR04 and 19BYR08)	107	40	Fewer meters failed than forecast and contingency funding was not required.
Non-scheduled works (14BYR04, 18BYR04 and 18BYR05)	-	37	Additional works included: <ul style="list-style-type: none"> <li>• a new tailwater gauging station (unplanned carryover from previous year)</li> <li>• Boondooma Dam inlet tower handrail safety works.</li> </ul>
<b>2018/19 Total<sup>2</sup></b>	<b>658</b>	<b>457</b>	

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	Meter replacements	This is an allowance to replace failed customer meters in the Boyne River & Tarong scheme. If meters are not replaced, the funds will remain in the annuity.	15
	Boondooma Dam – Hydrographic survey	An underwater survey is to be conducted to identify any potential operational obstructions.	48
	Boondooma Dam – Comprehensive risk assessment (CRA) input studies	The CRA relies on current and accurate data upon which to conduct the risk assessments. In this case, updated hydrology studies will be conducted to inform the full level of societal risk.	129
	Boondooma Dam – Install guard valve No. 2	The guard valve was refurbished in 2019/20 but was unable to be installed due to operational constraints. These constraints have now been removed, allowing the valve to be installed.	22
	Boondooma Dam – Spillway drummy concrete repairs	Areas of drummy concrete were detected during the 2019 comprehensive inspection. Unless repaired, subsequent flooding could cause the concrete to delaminate completely, exposing the underlying soil to flood waters.	42
	Other works	There are three other non-routine projects planned for 2020/21.	33
	<b>2020/21 Total</b>		<b>289</b>
2021/22	Meter replacements	This is an allowance to replace failed customer meters in the Boyne River & Tarong scheme. If meters are not replaced, the funds will remain in the annuity.	16
	Boondooma Dam – CRA	A CRA is conducted with new data collected from previous studies (safety review, input studies) to assess the level of dam and community safety risks identified and further refine their priority for refurbishment. A CRA is considered best practice among dam safety owners.	104
	Boondooma Dam – Electrical cable replacement	The electrical cabling at Boondooma Dam is coming to the end of its life. It is prudent to conduct a thorough condition assessment and plan for its replacement, if needed. The scope of this project will be to conduct the condition assessment and options study.	15
	Boondooma Dam – Valve access hatch redesign	The regulating valve access hatches are being re-designed and reinstated with a lighter material to remove manual handling risks and crane hire costs.	11

Year	Project title	Project scope	Budget (\$'000 nominal)
	Other works	There are no other non-routine projects planned for 2021/22.	-
	<b>2021/22 Total</b>		<b>146</b>
2022/23	Meter replacements	This is an allowance to replace failed customer meters in the Boyne River & Tarong scheme. If meters are not replaced, the funds will remain in the annuity.	16
	Boondooma Dam – Install modified intake tower floor grating	The floor grating on the intake tower is a hazard when opened, especially when there is even a light breeze as it acts as a sail making it difficult to safely tether. The grating will be sectioned and manufactured from a lighter material.	57
	Boondooma Dam outlet hydraulics – Replace control components	The relays in the control section of the hydraulic cabinet are old and obsolete with no spares available. The current relays will be replaced to ensure continuity of service.	12
	Other works	There are no other non-routine projects planned for 2022/23.	-
	<b>2022/23 Total</b>		<b>85</b>
2023/24	Meter replacements	This is an allowance to replace failed customer meters in the Boyne River & Tarong scheme. If meters are not replaced, the funds will remain in the annuity.	17
	Boondooma Dam – Comprehensive inspection	The Queensland Dam Safety Management Guidelines require Sunwater to undertake a comprehensive dam safety inspection every five years. The inspection identifies any defects and allows Sunwater to assess their risks and prioritise their scheduled work in accordance with the asset planning methodology.	153
	Boondooma Dam – Electrical cable replacement	This project will develop a detailed scope and design to replace the cables and cableways that are reaching their end of life, if an updated condition assessment indicates replacement is needed.	53
	Boondooma Dam – Level 2 bridge inspection	Level 2 bridge inspections to Department of Transport and Main Roads standards are being introduced to all Sunwater intake tower and spillway bridges to ensure the safety of operators and the public. A five-year frequency is the maximum time between inspections recommended by the Department.	32
	Other works	There are two other non-routine projects planned for 2023/24.	27
	<b>2023/24 Total</b>		<b>282</b>
2024/25	Boondooma Dam – Electrical cable replacement	This is the installation and commissioning of the new cables and cableways if the 2023/24 project indicates replacement is required at this time.	224
	Meter replacements	This is an allowance to replace failed customer meters in the Boyne River & Tarong scheme. If meters are not replaced, the funds will remain in the annuity.	17

Year	Project title	Project scope	Budget (\$'000 nominal)
	Boondooma Dam – Instrument replacement options studies	The Sunwater dam safety team is reviewing the need for instrumentation on some dams, particularly where the instruments have failed or are returning spurious results. Options for replacing failed piezometers will be investigated. Piezometers measure the pore pressure in the dam.	34
	Boondooma Dam – Guard Valve 4 seals and coating refurbishment	The 84-inch guard valve that isolates the dam from the Tarong pipeline is starting to weep from the seals, with evidence of some corrosion on the valve body. The valve seals will be replaced, and coating patch painted.	56
	Other works	There are no other non-routine projects planned for 2024/25.	-
	<b>2024/25 Total</b>		<b>331</b>



## Contact us

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

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This Service and Performance Plan 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 plan relates, and the operations and activities actually undertaken by Sunwater during the relevant periods, may vary materially from the information contained in this plan. This plan should not be relied upon beyond its purpose as a tool for consultation and you should not rely on the information contained in this plan 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 plan or the information contained within it.