

# 2019/20 to 2023/24 Network Service Plan Fact Sheet

## Bundaberg Distribution Service Contract

This fact sheet details a range of proposed immediate and longer-term improvement projects, and presents a breakdown of anticipated costs. It also provides a summary of changes provided to the Queensland Competition Authority (QCA) during the current irrigation price review process for new prices commencing on 1 July 2020.

### Summary of key changes

On 6 November 2018, Sunwater provided a comprehensive submission to the QCA's review of irrigation prices for the 2021–24 period. We have since updated our forecast costs to reflect changes to underlying inputs, including:

- a revised non-routine program of works, based on the latest available information (eg condition and risk data)
- a greater focus on direct charging of labour to service contracts and the splitting of local area support costs to better align with where the costs are incurred
- an increase in insurance premiums, to align with current market conditions and a revalued insurance asset base
- a small reduction in total Inspector-General Emergency Management (IGEM) costs and a change in the way these costs are allocated to service contracts with referable dams, from a purely risk-based approach to one that allocates costs on an equal-share basis and risk. IGEM costs are approximately \$127,000 for this service contract in 2019/20.
- revised electricity escalators, which take into account more detailed site information including updated consumption data and current retail tariffs. For sites on transitional or obsolete regulated retail electricity tariffs that cease on 30 June 2020<sup>1</sup> or 30 June 2022, Sunwater has also corrected the year in which the step change increase is applied.
- using the scheme's 16-year average water usage over the 2002/03 to 2017/18 period to determine the Part D cost per megalitre.

These changes have been reflected in this Network Service Plan (NSP) fact sheet and Sunwater's June 2019 regulatory model, which is available at: <https://www.sunwater.com.au/customer/fees-and-charges/water-pricing-review/>.

For additional information on Sunwater's cost categories and Cost Allocation Methodology, please refer to the 2018/19 NSPs at: <https://www.sunwater.com.au/customer/products-and-services/network-service-plans/>.

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<sup>1</sup> The Queensland Government subsequently announced that customers would have until 30 June 2021 to move to standard electricity tariffs. Due to the timing of this announcement, this extension has not been reflected in our modelling.

## Irrigation charges for 2019/20

The 2019/20 charges and cost per megalitre are shown in **Table 1**. For the full suite of charges that apply, refer to Sunwater's website.

*Table 1: Irrigation charges for 2019/20<sup>1</sup>*

Product	Charge type	2019/20 (\$/ML)	Cost (\$/ML) <sup>2</sup>	Subsidy (\$/ML)
Medium Priority Allocation Charge – Channel Distribution	Channel Distribution Charge – Part C (fixed charge based upon allocation)	45.08	44.67	N/A
Medium Priority Allocation Water – Channel Distribution	Channel Distribution Charge – Part D (variable charge based upon actual usage)	58.94	60.19	1.25

1. This table includes distribution charges only. For river charges (Part A and Part B), please refer to the Bulk Water Service Contract NSP.
2. Costs reflect lower bound cost recovery ie recovery of future replacement and ongoing maintenance and operations. Charges do not allow for any capital returns on existing assets.

## Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Bundaberg Distribution Service Contract. **Table 2** below sets out our performance in 2016/17 and 2017/18 against selected service targets.

*Table 2: Service targets and performance*

Service target	Target	Number of exceptions		
		2016/17	2017/18	
Planned shutdowns – notification	For shutdowns planned to exceed 2 weeks	8 weeks	0	0
	For shutdowns planned to exceed 3 days	2 weeks	0	0
	For shutdowns planned to be less than 3 days	5 days	0	0
Unplanned shutdowns – duration	Unplanned shutdowns will be fixed so that at least partial supply can be resumed	72 hours	0	2
Maximum number of interruptions <sup>1</sup>	Planned or unplanned interruptions per water year	10	8	15

1. This is the total number of distribution customers in the scheme that have been interrupted in excess of the target.

## 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>**

Bundaberg Distribution Service Contract	2015/16			2016/17			2017/18 <sup>3</sup>		2018/19 <sup>3</sup>		2019/20	2020/21	2021/22	2022/23	2023/24
	Sunwater Actual \$'000	QCA Recommended \$'000	Variance \$'000	Sunwater Actual \$'000	QCA Recommended \$'000	Variance \$'000	Sunwater Estimate <sup>4</sup> \$'000	2016/17 QCA Recommended (Adjusted) \$'000	Sunwater Forecast \$'000	2016/17 QCA Recommended (Adjusted) \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
<b>Operations</b>	7281.8	6191.6	1090.2	8728.9	6437.5	2291.4	7704.3	6598.4	7989.2	6763.4	7937.0	9697.9	10,002.6	10,658.6	10,703.8
Labour	751.8	748.9	2.9	752.3	772.8	(20.6)	823.4	792.1	691.8	812.0	711.1	731.0	751.5	771.9	792.8
Contractors	12.9	0.6	12.4	45.7	0.6	45.1	17.9	0.6	24.5	0.6	25.0	25.6	26.2	26.8	27.5
Materials	11.9	0.3	11.6	7.4	0.2	7.2	14.9	0.2	11.8	0.2	12.0	12.3	12.6	12.8	13.1
Electricity	4343.9	3658.2	685.8	5728.9	3914.2	1814.7	4393.5	4012.1	4658.3	4112.4	4527.8	6203.6	6420.9	6988.6	6943.4
Insurance	719.9	566.5	153.5	766.9	576.1	190.8	708.3	590.5	828.7	605.3	845.6	865.1	885.0	905.3	926.2
Other	101.6	38.9	62.7	99.0	39.5	59.4	110.5	40.5	515.5	41.5	526.1	538.2	550.6	563.3	576.2
Local area support costs	646.5	-	646.5	646.9	-	646.9	618.2	-	267.2	-	273.7	280.7	287.9	295.1	302.5
Corporate support costs	252.8	728.2	(475.4)	256.5	744.1	(487.7)	420.3	762.7	518.4	781.8	531.0	544.6	558.4	572.4	586.8
Indirect costs	440.5	450.2	(9.7)	425.3	389.9	35.4	597.4	399.7	473.0	409.6	484.5	496.9	509.5	522.3	535.4
<b>Preventative maintenance</b>	2231.1	1837.6	393.5	2131.0	1833.8	297.1	2235.1	1879.7	1894.4	1926.7	1940.0	1989.3	2039.9	2090.8	2143.0
Labour	573.3	545.5	27.9	554.4	562.9	(8.5)	575.5	577.0	491.8	591.4	505.5	519.7	534.3	548.7	563.6
Contractors	71.4	118.3	(46.9)	128.5	120.4	8.1	118.8	123.4	112.5	126.5	115.0	117.7	120.6	123.4	126.3
Materials	518.8	335.7	183.1	451.4	341.7	109.8	425.0	350.2	445.9	359.0	455.0	465.5	476.2	487.1	498.3
Other	70.0	21.9	48.1	79.0	22.2	56.8	56.6	22.8	51.0	23.4	52.0	53.2	54.4	55.7	57.0
Local area support costs	492.9	-	492.9	475.5	-	475.5	419.3	-	176.8	-	181.1	185.7	190.5	195.2	200.1
Corporate support costs	193.5	532.9	(339.4)	187.8	544.6	(356.8)	287.3	558.3	368.6	572.2	377.5	387.1	397.0	406.9	417.1
Indirect costs	311.2	283.3	27.9	254.4	242.0	12.4	370.7	248.1	247.9	254.3	253.9	260.4	267.0	273.7	280.5
<b>Corrective maintenance</b>	963.7	1062.1	(98.4)	1020.6	1059.9	(39.3)	1509.8	1086.4	1163.7	1113.6	1191.9	1222.2	1253.4	1284.7	1316.9
Labour	279.8	313.3	(33.5)	274.8	323.3	(48.5)	429.9	331.4	315.2	339.7	324.0	333.1	342.4	351.7	361.3
Contractors	16.0	45.1	(29.1)	75.7	45.9	29.9	2.3	47.0	19.6	48.2	20.0	20.5	21.0	21.5	22.0
Materials	106.4	143.7	(37.3)	111.3	146.3	(35.0)	106.1	150.0	147.0	153.7	150.0	153.5	157.0	160.6	164.3
Other	84.3	90.8	(6.5)	114.1	92.4	21.7	160.7	94.7	174.4	97.0	178.0	182.1	186.3	190.6	194.9
Local area support costs	240.6	-	240.6	226.2	-	226.2	326.4	-	112.4	-	115.1	118.1	121.1	124.1	127.2
Corporate support costs	88.7	306.4	(217.7)	92.0	313.1	(221.1)	208.0	320.9	236.2	328.9	242.0	248.1	254.5	260.8	267.4
Indirect costs	147.8	162.7	(15.0)	126.4	139.0	(12.6)	276.3	142.5	158.9	146.0	162.7	166.9	171.1	175.4	179.8
<b>Routine total</b>	<b>10,476.6</b>	<b>9091.3</b>	<b>1385.3</b>	<b>11,880.5</b>	<b>9331.3</b>	<b>2549.2</b>	<b>11,449.2</b>	<b>9564.6</b>	<b>11,047.3</b>	<b>9803.7</b>	<b>11,068.9</b>	<b>12,909.5</b>	<b>13,295.8</b>	<b>14,034.1</b>	<b>14,163.7</b>

1. All financial figures are nominal. Totals may not add due to rounding.
2. Sunwater's 2020/21 to 2023/24 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. 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. A normalised level of direct expenditure and associated overheads were included in 2017/18 routine costs to rectify an under-representation of time-sheet reporting for direct cost activities (and partially because of the organisational changes occurring) during that year.

## 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**. Sunwater has used a 30-year planning period to calculate the annuity from 2020/21.

Details of the major non-routine projects planned for the 2019/20 to 2023/24 period are set out in **Appendix 1**.

**Table 4: Annuity balance<sup>1</sup>**

Bundaberg Distribution Service Contract	2017/18 Actual \$'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
<b>Annuity</b>							
Opening balance <sup>2</sup>	5513.3	6263.0	6408.0	6936.6	6768.9	7688.8	8638.7
Non-routine spend	(1569.7)	(2278.2)	(2773.2)	(2827.5)	(1910.4)	(2203.1)	(2279.5)
Insurance proceeds receipts (if applicable)							
Prior year	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-
Annuity contribution <sup>3</sup>	1906.4	1954.1	1998.0	2254.2	2434.6	2703.4	2807.4
Interest/financing costs	412.9	469.1	480.0	405.6	395.8	449.6	505.1
<b>Sunwater – Closing Balance</b>	<b>6263.0</b>	<b>6408.0</b>	<b>6112.7</b>	<b>6768.9</b>	<b>7688.8</b>	<b>8638.7</b>	<b>9671.7</b>
<b>QCA – Closing Balance</b>	<b>10,005.9</b>	<b>10,991.7</b>					
Difference	(3742.9)	(4583.8)					

1. All financial figures are nominal. 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. 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 path.
3. The annuity contribution is included in the prices paid by customers. It was set by the QCA for 2012/13 to 2016/17 and is rolled forward with the Consumer Price Index for 2017/18, 2018/19 and 2019/20. Thereafter the annuity contribution is based upon Sunwater's forecast.

## Appendix 1: Non-routine projects for 2019/20 to 2023/24

The below table sets out Sunwater’s currently planned non-routine projects for the 2019/20 to 2023/24 period. While the 2019/20 program is well defined, estimates become more uncertain further into the planning timeline. Forecasts are therefore subject to change in future NSPs, reflecting changes in project delivery timing, asset condition and risk updates, and outcomes from scheduled asset inspections.

Year	Work items	Work description	Budget (\$'000 nominal)
2019/20	Monduran pump station	Refurbishment of the pump, motor, suction, discharge and non-return valve on Pump Unit No.3; replace the cooling system to minimise rates of corrosion on pumps/motors; high voltage (HV) testing; pump/motor efficiency tests on other units and other minor works.	416
	Isis System	Replacement of flow meters at Farnsfield and Childers Rising Main; failure impact assessment review on Isis Balancing Storage; HV and low voltage (LV) testing at Don Beattie pump station; pump, motor and valve refurbishments at Dinner Hill, North Gregory and Quartpot Creek pump stations; and replacement of gate guides on regulating gate 4.	374
	Woongarra System	Weed screen replacement at Channel 14876; major electrical upgrade (LV and HV switchboard, Programmable Logic Controller/Supervisory Control and Data Acquisition (SCADA) replacements) Stage 1; HV and LV testing at Woongarra pump station; pump and motor efficiency testing; bulkhead gate guide replacement at three channel locations; Woongarra Balancing Storage comprehensive risk assessment (CRA) and associated studies; and Walker Street pump station Unit 2 suction valve replacement.	1286
	Gooburrum pump station	Refurbishment of the pump, motor, suction and discharge valves, bulkhead, inlet screen of Pump Unit No. 1; HV testing; and pump/motor efficiency testing.	288
	Bullyard pump station	Switchboard replacement options study as it is at the end of its life; and refurbishment of Pump Unit No. 2 due to excessive vibration.	44
	Bucca pump station – Cable and switchboard replacement options analysis	The cabling and switchboards at Bucca pump station are coming towards the end of their life. It is prudent to fully assess their condition to determine the timing of replacement, then assess options for replacing with a modern equivalent.	21
	Other works	The balance of the 2019/20 program consists of meter replacements; screen and guide replacements in some sub-schemes; and other minor works.	344
	<b>2019/20 Total</b>		<b>2773</b>

Year	Work items	Work description	Budget (\$'000 nominal)
2020/21	Flow meter replacements	Replacement of failed flowmeters at Bucca, Tirroan, Bullyard and Mcllwraith pump stations, and Berrembea, St Agnes and Tirroan channels to assist with water distribution.	179
	Mcllwraith pump station	Refurbishment of Pump 2 pump, motor, discharge, suction and non-return valves.	66
	Bullyard pump station	Selective refurbishment of pumps, motors, valves and actuators across all four pumps to ensure ongoing optimal performance; and options and design of cable and LV switchboard replacement. Based on known condition of the assets.	305
	Bucca and Tirroan pump stations	Refurbishment of non-return valves on Bucca Pumps No. 1 and 2; and refurbishment of pump and motor at Tirroan Pump No. 2.	80
	Bingera and St Agnes Break pressure structures	Refurbishment of submerged disk valves based on current known condition.	33
	Woongarra pump station	Continuation of the electrical upgrade and replacement of all five flow meters due to age and poor readings.	957
	Dinner Hill pump station	Flow meter replacement; and refurbishment of Pump Unit 1 pump, discharge and suction valves based on known condition.	90
	North Gregory pump station	Flow meter replacement; and refurbishment of Pump Unit 1 pump, Unit 2 pump, discharge and non-return valves based on known condition.	70
	Don Beattie pump station	Deformation survey to determine if the rising main and break pressure structure are moving or not; flow meter replacement and SCADA computer replacement.	60
	Quartpot Creek pump station	Pump Unit 4 pump, motor, discharge valve and actuator refurbishment based on current known condition.	177
	Isis Balancing Storage	Bulkhead gate and guides refurbishment based on current condition; and seismic, stability, and geotechnical studies to inform the CRA. These studies can reduce the scope of works under the Sunwater Dam Improvement Program, so it is prudent they are completed.	208
	Monduran pump station	Refurbishment of pump, motor, suction, discharge and non-return valves on Unit 1; and refurbishment of non-return valve on Unit 4 based on current known condition. None of these units have previously been refurbished.	247
	Other works	The balance of the 2020/21 program consists of meter, air vent and valve replacements; and other minor works.	356

Year	Work items	Work description	Budget (\$'000 nominal)
	<b>2020/21 Total</b>		<b>2828</b>
<b>2021/22</b>	McIlwraith pump station	Pump Unit 1 discharge valve and actuator, and suction valve refurbishment based on current condition.	23
	Bucca pump station – Cable and switchboard replacement; and motor starter replacement	Design and procurement stage of the cable and switchboard replacement based on the outcome of the 2020 options study. The motor starters on Units 1 and 2 will also be replaced.	287
	Bullyard pump station	Continuation of the cable replacement based on the 2021 options study. Also, refurbishment of Pump Unit 3 pump, motor, discharge and non-return valves based on current known condition.	351
	Abbotsford pump station – Switchboard	The switchboard at Abbotsford pump station is coming towards the end of its life, so it is prudent to fully assess its condition and prepare options for replacing it with a modern equivalent if needed. The design and procurement stage will also occur in 2022 if replacement or refurbishment is recommended.	166
	Gooburrum pump station – Switchboard and cabling	The switchboard and cabling at Gooburrum pump station are coming towards the end of its life, so it is prudent to fully assess its condition and prepare options for replacing it with a modern equivalent if needed. The design and procurement stage will also occur in 2023 if replacement or refurbishment is recommended.	30
	Woongarra System	Refurbishment of outlet gates 1 and 2 from the balancing storage; replacement of the safety screen at access crossing 5; refurbishment of regulating gate 9 and bulkhead guides at the bench flume; and a comprehensive inspection of the balancing storage to comply with the Queensland Dam Safety Condition Schedule.	134
	Monduran pump station	Refurbishment of Pump 2 pump, non-return, discharge and suction valves.	150
	Isis Balancing Storage	Review of the CRA to identify hazards and prioritise the recommendations to address them; and comprehensive dam safety inspection in accordance with the Queensland Dam Safety Condition Schedule.	221
	Other works	The balance of the 2021/22 program consists of motor, pump and valve works at other pump stations; screen and gate refurbishments on channels and storages; and other minor works.	548
	<b>2021/22 Total</b>		<b>1910</b>

Year	Work items	Work description	Budget (\$'000 nominal)
2022/23	Abbotsford pump station – Switchboard	This is the install and commission phase of the switchboard replacement, based on the options and design from 2022.	80
	Gooburrum pump station	Pump 2 pump, motor, suction and discharge valve refurbishment based on current known condition; and electric cable and switchboard replacement based on 2022 works.	1232
	Woongarra pump station	Pump Units 3 and 4 pump, suction and discharge valve refurbishments based on current known conditions; and HV testing which is done every three years in accordance with Sunwater standards.	124
	Quartpot Creek pump station	PLC and SCADA installation based on the 2018/19 options analysis; HV testing every three years in accordance with Sunwater's standards; Pump 3 discharge valve refurbishment based on current known condition; and Switchboard 2 replacement options study as it is coming towards the end of its life.	343
	Don Beattie pump station	HV testing every three years in accordance with Sunwater's standards; Switchboard 2 replacement options study as it is coming towards the end of its life; and meter compliance and accuracy tests.	49
	Gin Gin System	Pump 4 discharge and suction valve refurbishments based on current known condition; Switchboard 2 replacement options study as it is coming towards the end of its life; and HV testing at Monduran pump station in accordance with Sunwater's standards.	67
	Other works	The balance of the 2022/23 program consists of air conditioner replacements; regulating gate and weed screen refurbishments; meter replacements and other minor works.	308
	<b>2022/23 Total</b>		<b>2203</b>
2023/24	Bullyard pump station	Pump Unit 1 discharge valve, non-return valve and pump refurbishment based on current condition.	110
	Bingera System	Concrete channel repairs; regulating gate refurbishments in accordance with Sunwater's standards; and other minor works.	188
	Abbotsford pump station	Replacement of the submersible pump based on current known condition.	33
	Gooburrum System	Regulating gate, screen and slide gate refurbishment based on current condition; and air receiver replacement.	66



Year	Work items	Work description	Budget (\$'000 nominal)
	Woongarra System	Pump Unit No. 4 pump and motor refurbishment based on current known condition; Unit No. 1 suction valve refurbishment; 20-year dam safety review of Woongarra Balancing Storage in accordance with the Queensland Dam Safety Condition Schedule; and other minor works.	313
	Don Beattie pump station	Replacement of Switchboard No. 2 as it is coming towards the end of its life; Pump Unit No. 2 pump, motor and suction valve refurbishment based on current known condition; and other minor works.	877
	Quartpot Creek pump station	Pump Units 1, 2 and 4 motor starter replacements; and Switchboard 2 replacement based on options and designs from previous years.	251
	Isis Balancing Storage	20-year dam safety review in accordance with the Queensland Dam Safety Condition Schedule.	340
	Other works	The balance of the 2023/24 program consists of various pump, motor, valve refurbishments; and slide gate refurbishments.	102
	<b>2023/24 Total</b>		<b>2280</b>

## Contact us

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

Email: [nspfeedback@sunwater.com.au](mailto: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.

This 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.