

Service and Performance Plan – 2020/21

Bundaberg 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 Bundaberg Bulk Water Service Contract,¹ we expected to spend \$2.00 million on routine costs and \$1.47 million on non-routine projects. Routine costs were substantially lower than forecast due to the optimisation of resources between bulk water and distribution service contracts in the Burnett and Lower Mary region. Changes in the scope of work for several non-routine projects led to the overall program being slightly above budget.

Outlook for 2020/21

Routine costs (\$1.80 million) are expected to remain stable compared to what we previously forecast in last year's NSP (\$1.81 million in 2020/21).

Sunwater plans to spend approximately \$9.50 million on non-routine projects. This is lower than our previous forecast (\$11.84 million), as part of the spillway discharge chute repair works at Fred Haigh Dam have been deferred to future years. It should be noted that further significant costs are expected beyond this project to correct flood damage to the section downstream of the current site works. The scope and cost of these works are not yet known and will be incorporated into future Service and Performance Plans.

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.

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/

¹ See www.sunwater.com.au/schemes/Bundaberg/

Sunwater will publish irrigation prices for the Bundaberg 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 Bundaberg 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	72 hours	0	0	0
Maximum number of interruptions ¹	Planned or unplanned interruptions per water year	10	0	0	0

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

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 usage¹

Year	Usage (ML)
2014/15	112,538
2015/16	133,207
2016/17	162,397
2017/18	108,518
2018/19	183,997
17-year historical average	109,175

1. Excludes water deliveries to Burnett Water Pty Ltd.

Routine expenditure

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

Table 3 Routine expenditure^{1,2,3}

Bundaberg 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	932.5	916.0	1309.7	784.7	(525.0)	Actual operations costs were lower than forecast due to the re-optimisation of bulk water and distribution system staff across the service contracts in the Burnett and Lower Mary region.	1251.2	1293.2	1335.6	1399.4	1430.2	1478.1
Labour	178.8	238.2	212.1	116.9	(95.1)		249.7	242.8	250.1	257.6	264.0	270.6
Contractors	12.0	7.6	12.0	10.6	(1.4)		15.0	15.0	15.4	15.8	16.2	16.6
Materials	3.0	9.8	5.0	4.7	(0.3)		15.0	15.0	15.4	15.8	16.2	16.6
Electricity	11.3	12.2	10.0	11.7	1.7		9.1	8.7	9.0	9.8	9.7	11.0
Insurance	262.1	241.4	254.2	256.9	2.7		293.9	352.7	361.5	370.6	379.8	389.3
Other	100.3	94.9	96.0	96.5	0.5		126.2	124.7	127.3	129.9	134.2	137.1
Local area support costs	150.4	100.4	270.5	71.0	(199.5)		85.2	121.8	132.9	167.5	160.6	156.6
Corporate support costs	67.7	67.8	137.8	107.4	(30.5)		179.0	182.1	187.6	193.2	198.0	203.0
Indirect costs	147.0	143.8	312.1	108.9	(203.2)		278.1	230.4	236.6	239.3	251.4	277.4
Preventative maintenance	209.3	268.2	420.2	309.9	(110.3)	312.3	290.8	300.4	317.9	324.4	336.9	
Labour	66.1	84.1	113.1	93.2	(19.8)	87.9	82.5	85.0	87.5	89.7	92.0	
Contractors	19.2	11.7	15.0	13.6	(1.4)	25.0	25.0	25.6	26.3	26.9	27.6	
Materials	4.7	4.1	5.0	8.1	3.1	20.0	18.0	18.5	18.9	19.4	19.9	
Other	3.4	5.3	2.0	7.7	5.7	6.0	6.0	6.2	6.3	6.5	6.6	
Local area support costs	56.7	65.6	144.7	58.9	(85.8)	29.3	46.0	49.4	62.1	60.2	59.1	
Corporate support costs	19.8	33.8	73.5	76.9	3.4	63.0	61.9	63.7	65.6	67.3	69.0	
Indirect costs	39.2	63.7	66.9	51.5	(15.4)	81.1	51.4	52.0	51.2	54.5	62.8	
Corrective maintenance	251.4	153.8	267.9	50.5	(217.5)	233.0	213.3	220.5	233.3	237.7	247.1	
Labour	64.7	25.8	63.9	12.3	(51.5)	63.3	61.4	63.3	65.2	66.8	68.5	
Contractors	43.8	17.0	25.0	12.6	(12.4)	25.0	20.0	20.5	21.0	21.5	22.1	
Materials	25.6	10.2	15.0	5.4	(9.6)	15.0	15.0	15.4	15.8	16.2	16.6	
Other	4.5	47.4	3.0	2.2	(0.8)	3.0	3.0	3.1	3.2	3.2	3.3	
Local area support costs	53.3	20.1	81.8	1.7	(80.0)	23.1	29.6	32.2	41.3	39.4	38.6	
Corporate support costs	21.6	13.8	41.5	9.1	(32.4)	45.4	46.1	47.4	48.9	50.1	51.3	
Indirect costs	37.9	19.5	37.8	7.2	(30.6)	58.3	38.2	38.7	38.1	40.6	46.8	
Routine total	1393.2	1338.1	1997.8	1145.0	(852.8)		1796.5	1797.3	1856.6	1950.5	1992.3	2062.1

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. Excludes cost transfers from the Bundaberg Distribution Service Contract for a share of Gin Gin main channel's operations and maintenance costs.

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**. A significant driver of non-routine spend over the next couple of years is works at Fred Haigh Dam to repair damage to the discharge channel which was sustained during multiple flood events over the 2011—2019 period.

Table 4 Annuity balance^{1,2}

Bundaberg 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 ³	(9288.2)	(10,258.3)	(11,173.2)	(12,357.8)	(20,026.1)	(20,339.6)	(19,475.6)	(18,652.2)
Non-routine spend ⁴	(908.3)	(1460.5)	(2658.0)	(9503.1)	(1834.3)	(669.8)	(785.2)	(1495.8)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	664.3	1644.2	-	-	-	-	-
Annuity contribution ⁵	633.9	649.7	666.0	2375.1	2396.4	2423.0	2460.1	2518.9
Interest/financing costs	(695.7)	(768.3)	(836.9)	(540.3)	(875.6)	(889.3)	(851.5)	(815.5)
Sunwater – Closing Balance	(10,258.3)	(11,173.2)	(12,357.8)	(20,026.1)	(20,339.6)	(19,475.6)	(18,652.2)	(18,444.6)
QCA – Closing Balance	(10,258.3)	(11,173.2)	(12,235.6)	(22,031.5)	(22,708.3)	(21,937.3)	(20,937.9)	
Difference	-	-	122.2	(2005.4)	(2368.7)	(2461.7)	(2285.6)	

1. All financial figures are nominal. Figures may not sum due to rounding.
2. Excludes cost transfers from the Bundaberg Distribution Service Contract for a share of Gin Gin main channel's non-routine costs.
3. 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.
4. 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.
5. 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 Bundaberg Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Ben Anderson Barrage – Build and install shutters (19BUN10)	383	243	The forecast included investigative and design work to identify the optimal asset strategy for the shutters, as well as replacement costs for 10 shutters. An opportunity to accelerate the investigation and design works arose, resulting in the associated costs being incurred in 2017/18 (rather than 2018/19).
Fred Haigh Dam – 20-year dam safety review (19BUN01)	210	243	Additional works were brought forward from 2019/20, to enable the completion of the dam safety review in accordance with regulated timeframes.
Fred Haigh Dam – Refurbish gantry crane (19BUN03)	210	171	Works were completed in line with the budget, with the final payment to the contractor processed in 2019/20.
Fred Haigh Dam – Refurbish concrete wave wall horizontal section (19BUN04)	62	157	The original scope of works included scanning the concrete to a depth of 40mm, 50 metres either side of the exposed repair area. A further project was planned to be undertaken in 2020 to scan the entire wall. Sunwater decided to complete the entire scan in 2018/19 while the equipment was onsite. This delivered cost savings as it avoided the need to mobilise contractors to the site for a second time in 2020. Once the works commenced, Sunwater identified that the area of damaged concrete was larger than expected. This led to additional costs being incurred.
Meter replacements (19BUN07)	52	49	Works were completed within budget.
Fred Haigh Dam – Refurbish spillway concrete chute (19BUN02)	66	181	The initial scope and cost estimate for the damaged concrete was calculated at 10 metres squared across the spillway area. Following a thorough inspection, it was determined that a total of 20.5 metres squared was damaged and required repairs. Further, the initial repair estimates were to be 40mm in depth, but the damaged concrete was removed to a depth of approximately 100mm to ensure the integrity of the spillway was maintained. Additional contractor costs were also incurred due to the need to demobilise and remobilise access and site equipment during wet weather for safety reasons.
Other works	485	494	Other works were completed broadly in line with budget.
2018/19 Total²	1468	1539	

- 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.
- 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	Ben Anderson Barrage – Build and install shutters	The existing strategy for shutter maintenance is to refurbish 10 every year. Due to high water levels and floods during the past 8-10 years, the refurbishment program is behind schedule. An options study identified it was more cost effective to build 10 new shutters every year for the next 10 years then start the maintenance strategy again.	282
	Fred Haigh Dam – Spillway repairs	A detailed civil and geotechnical inspection of the unlined spillway discharge chute determined that it needs to be repaired to prevent further backscour towards the dam, and of the chute wall adjacent to Monduran pump station. The budgeted amount includes a contingency. Works are expected to continue into 2021/22.	8422
	Ned Churchward Weir – Concrete repairs	The left abutment protection works joint seal is failing in about 50% of the total length and numerous areas of concrete are spalling, more so when against the steel sheet piling. The joint sealant will be replaced, and the spalling patched with a more robust material. The spillway end sill has also lost concrete cover during floods such that the reinforcement is exposed. It will be treated so that the reo does not expand further through corrosion which would exacerbate the concrete damage.	314
	Fred Haigh Dam – Tunnel dewatering	The main diversion tunnel at the dam has an external one-way valve at the lowest point to facilitate dewatering, however, it is constantly beneath the tailwater level in the discharge channel due to the position of the downstream measuring weir. A dewatering pump system will be installed to negate the need for divers when draining the tunnel.	63
	Ned Churchward Weir – Fishway gate refurbishment	Fishway gates 1, 2 and 3 are deteriorating and need to be repainted. The seals will also be replaced.	81
	Other works	There are 11 other non-routine projects planned for 2020/21.	342
	2020/21 Total		9504
2021/22	Ben Anderson Barrage – Build and install shutters	The existing strategy for shutter maintenance is to refurbish 10 every year. Due to high water levels and floods during the past 8-10 years, the refurbishment program is behind schedule. An options study identified it was more cost effective to build 10 new shutters every year for the next 10 years then start the maintenance strategy again.	289

Year	Project title	Project scope	Budget (\$'000 nominal)
	Fred Haigh 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.	74
	Meter replacements	This is an allowance to replace failed customer meters on the Burnett River. If meters have not failed, the funds will remain in the annuity.	146
	Fred Haigh Dam – Spillway repairs	A detailed civil and geotechnical inspection of the unlined spillway discharge chute determined that it needs to be repaired to prevent further backscour towards the dam, and of the chute wall adjacent to Monduran pump station. The budgeted amount includes a contingency.	1008
	Fred Haigh Dam – Comprehensive risk assessment (CRA)	A CRA is conducted with new data collected from previous studies to assess the level of risks identified and further refine their priority for refurbishment.	185
	Other works	There are 11 other non-routine projects planned for 2021/22.	132
	2021/22 Total		1834
2022/23	Ben Anderson Barrage – Build and install shutters	The existing strategy for shutter maintenance is to refurbish 10 every year. Due to high water levels and floods during the past 8-10 years, the refurbishment program is behind schedule. An options study identified it was more cost effective to build 10 new shutters every year for the next 10 years then start the maintenance strategy again.	299
	Ben Anderson Barrage – Upstream crane rail replacement	Sections of the upstream crane rail are becoming heavily pitted to the extent that the rail should be replaced. This will ensure safe operation of the gantry crane when it is required to lift the shutters back into place.	54
	Ned Churchward Weir – Comprehensive inspection	Sunwater conducts comprehensive inspections on all weirs every five years to maintain current knowledge of asset condition and risks. This allows better asset maintenance planning to be undertaken.	32
	Ben Anderson Barrage – Comprehensive inspection	Sunwater conducts comprehensive inspections on all weirs every five years to maintain current knowledge of asset condition and risks. This allows better asset maintenance planning to be undertaken.	27
	Meter replacements	This is an allowance to replace failed customer meters on the Burnett River. If meters have not failed, the funds will remain in the annuity.	150
	Other works	There are three other non-routine projects planned for 2022/23.	108
	2022/23 Total		670

Year	Project title	Project scope	Budget (\$'000 nominal)
2023/24	Ben Anderson Barrage – Build and install shutters	The existing strategy for shutter maintenance is to refurbish 10 every year. Due to high water levels and floods during the past 8-10 years, the refurbishment program is behind schedule. An options study identified it was more cost effective to build 10 new shutters every year for the next 10 years then start the maintenance strategy again.	306
	Ben Anderson Barrage – Upstream crane rail replacement	The upstream gantry crane rail is pitting badly through almost permanent submersion in the water. It needs to be replaced to ensure functionality and safety for the operators. This is stage 2 of the works that are expected to start in 2022/23.	110
	Meter replacements	This is an allowance to replace failed customer meters on the Burnett River. If meters have not failed, the funds will remain in the annuity.	154
	Fred Haigh Dam – Level 2 bridge inspection (spillway and intake towers)	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.	82
	Fred Haigh Dam – Regulating valve refurbishment	The three regulating valves at Fred Haigh Dam were identified during the 2016 comprehensive inspection as having minor leaks past the seals and corrosion on the opening/closing linkages. The rate of seepage and corrosion has been monitored during the past few years to defer the work as long as possible, however, consensus is that this is now the appropriate time to refurbish.	113
	Fred Haigh Dam – Instrument replacement options study	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 internal settlement gauges will be investigated. These gauges measure the total amount of embankment settlement over time to inform the engineers if the dam is behaving outside a set of agreed guidelines.	21
	Other works	There are no other non-routine projects planned for 2023/24.	-
	2023/24 Total		786
2024/25	Ben Anderson Barrage – Build and install shutters	The existing strategy for shutter maintenance is to refurbish 10 every year. Due to high water levels and floods during the past 8-10 years, the refurbishment program is behind schedule. An options study identified it was more cost effective to build 10 new shutters every year for the next 10 years then start the maintenance strategy again.	315
	Ben Anderson Barrage – Upstream crane rail replacement	The upstream gantry crane rail is pitting badly through almost permanent submersion in the water. It needs to be replaced to ensure functionality and safety for the operators. This is stage 3 of the works that are expected to start in 2022/23.	113

Year	Project title	Project scope	Budget (\$'000 nominal)
	Ben Anderson Barrage – Cathodic protection refurbishment	The anodes, anode beds and associated equipment will be thoroughly assessed before their replacement is confirmed. The cathodic protection system needs to operate satisfactorily to minimise the rate of corrosion on the gates, rails and all other metallic components of the barrage.	411
	Meter replacements	This is an allowance to replace failed customer meters on the Burnett River. If meters have not failed, the funds will remain in the annuity.	158
	Fred Haigh Dam – Replace internal settlement instruments	This is the design and procurement phase of the instrument replacement program, if the 2023/24 options study determines the need and feasibility of replacing the instruments.	111
	Other works	There are 14 other non-routine projects planned for 2024/25.	386
	2024/25 Total		1494

Contact us

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

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