

# Service and Performance Plan – 2020/21

## Callide Valley 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 Callide Valley Bulk Water Service Contract,<sup>1</sup> we expected to spend \$1.61 million on routine costs and \$0.38 million on non-routine projects. Routine costs, at a total level, were in line with our forecast. However, there was variation at the cost category level with higher than forecast electricity costs and an increase in preventative maintenance work performed. These increases were largely offset by lower indirect costs. Non-routine spend was higher than budgeted, as the result of unplanned remediation works on the Callide Dam gates.

#### Outlook for 2020/21

Routine costs (\$1.95 million) are expected to increase compared to what we previously forecast in last year's NSP (\$1.83 million in 2020/21). This is primarily due to a forecast increase in insurance premiums of \$0.08 million.

Sunwater plans to spend approximately \$0.94 million on non-routine projects, which is in line with our previous forecast (\$0.93 million). Key projects planned for 2020/21 include undertaking input studies to support the Kroombit Dam comprehensive risk assessment, and spillway investigations at Callide 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.

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/)

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<sup>1</sup> See [www.sunwater.com.au/schemes/Callide-Valley/](http://www.sunwater.com.au/schemes/Callide-Valley/)

Sunwater will publish irrigation prices for the Callide Valley 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 Callide Valley 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 <sup>1</sup>	Unplanned shutdowns during Peak Demand Period	48 hours	0	0	1
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions	Planned or unplanned interruptions per water year	6	0	0	0

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

## 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	10,812
2015/16	14,442
2016/17	14,953
2017/18	14,907
2018/19	17,325
<b>17-year historical average</b>	<b>11,800</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>

Callide Valley 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							
<b>Operations</b>	880.0	870.3	1233.1	1067.2	(165.8)		1297.7	1538.7	1630.5	1665.8	1692.8	1685.5	
Labour	133.6	126.2	140.3	135.4	(4.9)	The budget for electricity costs was set too low, as it was based on estimated electricity consumption. Sunwater will re-evaluate the electricity budget in the future once actual consumption trends become available.	201.0	222.3	228.9	235.8	241.7	247.7	
Contractors	8.8	8.6	17.0	14.8	(2.2)		20.0	20.0	20.5	21.0	21.5	22.1	
Materials	0.1	1.7	2.0	0.4	(1.6)		2.0	2.0	2.1	2.1	2.2	2.2	
Electricity	-	-	5.0	15.1	10.1		4.5	4.5	4.6	4.9	4.9	5.5	
Insurance	329.1	299.4	319.5	322.9	3.4		371.0	445.2	456.3	467.7	479.4	491.4	
Other	77.8	89.7	86.0	175.4	89.4		107.3	110.3	111.5	115.8	118.8	120.1	
Local area support costs	114.3	98.3	179.6	118.8	(60.8)		91.9	147.2	197.3	187.8	172.0	112.0	
Corporate support costs	58.0	69.0	91.2	127.5	36.3		144.1	166.7	171.7	176.8	181.3	185.8	
Indirect costs	158.3	177.5	392.4	156.8	(235.6)		355.9	420.6	437.5	453.8	471.0	498.7	
<b>Preventative maintenance</b>	313.4	305.4	240.4	434.1	193.7		226.4	271.5	289.5	294.9	298.8	293.7	
Labour	109.0	91.2	58.1	116.8	58.7	There was an increase in preventative maintenance work performed during 2018/19, resulting in higher labour and non-direct costs. Contractors were utilised for electrical work.	63.9	74.4	76.6	78.9	80.9	82.9	
Contractors	4.7	31.0	25.0	56.7	31.7		25.0	25.0	25.6	26.3	26.9	27.6	
Materials	2.7	1.0	2.0	3.8	1.8		2.0	2.0	2.1	2.1	2.2	2.2	
Other	7.2	4.7	9.0	5.2	(3.8)		7.0	9.0	9.2	9.5	9.7	9.9	
Local area support costs	93.7	71.1	74.3	100.0	25.7		23.9	59.0	71.6	72.8	69.3	52.1	
Corporate support costs	31.2	37.4	37.7	95.4	57.7		45.8	55.8	57.5	59.2	60.7	62.2	
Indirect costs	64.8	69.1	34.3	56.1	21.8		58.9	46.3	46.9	46.1	49.1	56.7	
<b>Corrective maintenance</b>	115.0	74.6	140.2	112.6	(27.6)			166.1	142.6	152.0	153.6	155.6	153.5
Labour	20.8	8.5	25.6	19.5	(6.1)		Corrective maintenance costs were broadly in line with forecasts.	32.5	28.6	29.5	30.4	31.1	31.9
Contractors	46.7	41.0	40.0	40.2	0.2	50.0		40.0	41.0	42.0	43.1	44.2	
Materials	1.0	5.2	10.0	4.8	(5.2)	10.0		10.0	10.3	10.5	10.8	11.0	
Other	8.1	1.1	-	2.2	2.2	5.0		5.0	5.1	5.3	5.4	5.5	
Local area support costs	17.3	6.6	32.8	18.2	(14.6)	15.3		19.6	26.0	24.9	22.9	15.1	
Corporate support costs	8.6	5.7	16.6	16.1	(0.5)	23.3		21.5	22.1	22.8	23.4	23.9	
Indirect costs	12.4	6.4	15.1	11.5	(3.6)	30.0		17.8	18.1	17.8	18.9	21.8	
<b>Routine total</b>	<b>1308.3</b>	<b>1250.3</b>	<b>1613.7</b>	<b>1613.9</b>	<b>0.3</b>			<b>1690.3</b>	<b>1952.8</b>	<b>2072.0</b>	<b>2114.3</b>	<b>2147.1</b>	<b>2132.8</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>

Callide Valley 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>	(5826.2)	(6711.2)	(7361.6)	(8315.8)	(8273.8)	(7644.4)	(7007.1)	(5430.4)
Non-routine spend <sup>3</sup>	(838.6)	(651.9)	(926.9)	(940.3)	(360.4)	(410.6)	(99.7)	(2271.9)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	104.5	114.4	-	-	-	-	-
Annuity contribution <sup>4</sup>	390.0	399.7	409.7	1345.9	1351.6	1382.0	1982.8	2030.2
Interest/financing costs	(436.4)	(502.7)	(551.4)	(363.6)	(361.8)	(334.2)	(306.4)	(237.4)
<b>Sunwater – Closing Balance</b>	<b>(6711.2)</b>	<b>(7361.6)</b>	<b>(8315.8)</b>	<b>(8273.8)</b>	<b>(7644.4)</b>	<b>(7007.1)</b>	<b>(5430.4)</b>	<b>(5909.6)</b>
<b>QCA – Closing Balance</b>	<b>(6711.2)</b>	<b>(7361.6)</b>	<b>(8254.4)</b>	<b>(8131.2)</b>	<b>(7364.5)</b>	<b>(6416.7)</b>	<b>(5320.3)</b>	
Difference	-	-	61.4	142.6	279.9	590.5	110.1	

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 Callide Valley Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual <sup>1</sup> \$'000	Commentary
Meter replacements	63	13	Fewer meters failed than budgeted.
Callide Dam – Comprehensive risk assessment	98	6	Works were deferred until after the remediation work on the Callide Dam gates was completed.
Callide Diversion Channel – Fence refurbishment	101	102	Works were delivered in line with the forecast.
Callide Dam – Ventilation system replacement	46	16	Asset failure resulted in some works being completed as corrective maintenance.
Callide Dam – 20-year dam safety review (continuation)	46	72	The scope of works increased due to a requirement to undertake additional modelling and a structural capacity assessment of the Callide Gate sealing piers. This information was used to assist with the operation rules for the Callide Dam gates.
Other works	27	3	Projects were deferred and funds were reassigned to the Callide Dam gates remediation work.
Non-scheduled works – Callide Dam gates remediation work	-	486	<p>Sunwater observed erratic operational behaviour of some Callide Dam gates when we were responding to high storage levels following Tropical Cyclone Debbie in March 2017. As this behaviour had the potential to cause damage to the gate and control structure, Sunwater undertook non-destructive testing to check for cracks at high stress areas. Results from the non-destructive testing revealed significant issues that required corrective work to be undertaken prior to the gates being used ahead of the next wet season. Other works included:</p> <ul style="list-style-type: none"> <li>• sandblasting</li> <li>• welding repair</li> <li>• re-testing</li> <li>• painting all gates.</li> </ul>
<b>2018/19 Total<sup>2</sup></b>	<b>381</b>	<b>698</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	Callide Dam – Spillway investigation	Sunwater is assessing all concrete spillways for sub-surface damage. This project involves the use of a ground penetrating radar to survey the spillway.	240
	Kroombit Dam – Comprehensive risk assessment (CRA) inputs	Investigations and analysis to provide input into the planned CRA, including seismic investigations.	210
	Callide Dam – Switchboard replacements	Scheduled replacement of the main electrical services building and diesel generator switchboards, including options analysis and design. Works are required to ensure continued reliable power distribution to essential equipment.	169
	Callide Dam – CRA	CRA of Callide Dam utilising inputs, investigations and analysis undertaken in 2019/20, in accordance with the dam safety conditions.	81
	Asset revaluation	Sunwater re-values our assets every five years for insurance purposes and to assist with cost estimates for non-routine projects.	65
	Meter replacements	Upgrade customer groundwater metering (12 sites) to Australian Standard (AS) 4747 standards to ensure accurate and robust water accounting and improve system delivery efficiency.	62
	Callide Dam – Spillway inspection	Undertake spillway sub-surface drainage CCTV inspection to confirm drainage functionality. This information will be used as an input to the 20-year dam safety review.	32
	Callide Dam – Spillway repairs	Undertake minor repairs to spillway walkway supports and spalled apron slabs based on previous dam safety inspection recommendations.	22
	Other works	Callide Creek weir inspection and a contingency amount for unplanned capital replacements.	59
	<b>2020/21 Total</b>		<b>940</b>
2021/22	Kroombit Dam – CRA	CRA of Kroombit Dam utilising inputs, investigations and analysis undertaken in 2020/21, in accordance with the dam safety conditions.	159

Year	Project title	Project scope	Budget (\$'000 nominal)
	Callide Dam – Electrical services	The scheduled replacement of electrical cabling and conduit services at Callide Dam to ensure continued reliable power transmission throughout the facility. Works will be subject to further investigation and scope definition.	86
	Meter replacements	Upgrade customer groundwater metering (12 sites) to AS4747 standards to ensure accurate and robust water accounting and improve system delivery efficiency.	65
	Callide Dam – Switchboard replacements	Scheduled replacement of smaller building services, inlet tower and valve house distribution boards to ensure continued reliable power distribution.	45
	Other works	Third-party crane inspection at Kroombit Dam.	5
	<b>2021/22 Total</b>		<b>360</b>
2022/23	Meter replacements	Upgrade customer groundwater metering (12 sites) to AS4747 standards to ensure accurate and robust water accounting and improve system delivery efficiency.	66
	Callide Dam – Switchboard replacements	Scheduled replacement of the main electrical services building and diesel generator switchboards, including procurement and installation phases. Works are required to ensure continued reliable power distribution to essential equipment.	334
	Other works	Callide Dam inlet tower hoist third-party inspections and certification.	11
	<b>2022/23 Total</b>		<b>411</b>
2023/24	Meter replacements	Upgrade customer groundwater metering (12 sites) to AS4747 standards to ensure accurate and robust water accounting and improve system delivery efficiency.	68
	Meter replacements – Banana Shire Council	Upgrade Banana Shire Council customer meter to AS4747 standards to ensure accurate and robust water accounting and improve system delivery efficiency.	16
	Callide Dam – Access bridge	Undertake Level 2 assessment of spillway access bridge to ensure structural integrity and compliance.	16
	Other works	There are no other non-routine projects planned for 2023/24.	-
	<b>2023/24 Total</b>		<b>100</b>
2024/25	Callide Diversion Channel – Siphon refurbishments	Allocation for the refurbishment of channel siphons (SI01 to SI21). Works will be subject to inspection and condition assessment. The timing and scope of works will align with prudence and efficiency objectives.	661

Year	Project title	Project scope	Budget (\$'000 nominal)
	Callide Dam – Outlet works refurbishment	Allocation for the refurbishment of outlet works valves, conduits and general steelwork, to ensure the continued reliable releases of regulated flows, control of outlet works and accessibility.	438
	Kroombit Dam – Outlet works refurbishment	Scheduled refurbishment of outlet works conduits (main and low flow). Works will be subject to inspection (confined space) and condition assessment. The timing and scope of works will align with prudence and efficiency objectives.	195
	Callide Dam – Spillway works	Radial gate trunnion bearing servicing and general handrail and walkway platform refurbishments to ensure continued safe operation of the gates and safe maintenance access.	161
	Callide Dam – Comprehensive inspection	Sunwater conducts comprehensive inspections on our dams every five years. This allows us to maintain current knowledge of the asset condition and risks, so projects can be brought in and deferred as needed to maintain the asset in serviceable condition. This is a requirement of the dam safety condition schedule for Callide Dam.	154
	Kroombit Dam – Comprehensive inspection	Sunwater conducts comprehensive inspections on our dams every five years. This allows us to maintain current knowledge of the asset condition and risks, so projects can be brought in and deferred as needed to maintain the asset in serviceable condition. This is a requirement of the dam safety condition schedule for Kroombit Dam.	51
	Callide Dam – Valve refurbishments	Scheduled refurbishment of two 900DIA diversion channel control valves to ensure continued reliable regulation and control of channel releases.	76
	Callide Dam – Outlet works valve house refurbishment	Allocation to undertake refurbishment of the outlet works valve house. Items to be addressed will be based on condition and risk.	69
	Meter replacements	Upgrade customer groundwater metering (12 sites) to AS4747 standards to ensure accurate and robust water accounting and improve system delivery efficiency.	68
	Callide Dam – Control system options	Options analysis to determine the most cost effective and functional replacement of the control system.	57
	Callide Dam – Electrical services replacement	Allocation to replace aerials and poles, as determined by condition assessment, to ensure continued safe and reliable transmission of power across the facility.	32
	Callide Dam – Sign upgrades	Allocation to upgrade signage with current Sunwater standard arrangements to ensure safe operational and public access to the facility.	25
	Other works	The balance of other works includes minor facility protection works; handrails and platforms; generator battery replacements; and minor valve and pump refurbishments.	285
	<b>2024/25 Total</b>		<b>2272</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.