

Service and Performance Plan – 2020/21

Chinchilla Weir 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 Chinchilla Weir Bulk Water Service Contract,¹ we expected to spend \$0.10 million on routine costs and \$0.13 million on non-routine projects. Routine costs were broadly in line with forecasts. The non-routine spend was significantly lower than forecast because:

- the fabrication of the Chinchilla Weir bulkhead was carried over into 2019/20. The 2018/19 costs related to the design (including investigation by divers) only.
- the public safety storage survey was completed for less than budgeted.

Outlook for 2020/21

Routine costs (\$0.12 million) are expected to remain stable compared to what we previously forecast in last year's NSP (\$0.11 million in 2020/21).

Sunwater plans to spend approximately \$0.04 million on non-routine projects. This is higher than our previous forecast (\$0.02 million), due to a new project to refurbish the corroding right-hand conduit at Chinchilla Weir.

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/Chinchilla-Weir/

Sunwater will publish irrigation prices for the Chinchilla Weir 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 Chinchilla Weir 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 ¹	Unplanned shutdowns during Peak Demand Period	48 hours	0	0	0
	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	2439
2015/16	1986
2016/17	2786
2017/18	2234
2018/19	3072
17-year historical average	2255

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}

Chinchilla Weir 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	55.4	109.6	71.3	73.5	2.2	Operations costs were in line with forecasts.	80.5	84.8	87.9	90.0	92.5	96.1
Labour	10.1	24.7	11.9	17.7	5.8		15.0	15.4	15.8	16.3	16.7	17.1
Contractors	1.1	1.1	2.0	1.6	(0.4)		3.0	3.0	3.1	3.2	3.2	3.3
Materials	-	0.1	1.0	-	(1.0)		1.0	1.0	1.0	1.1	1.1	1.1
Electricity	-	-	-	-	-		-	-	-	-	-	-
Insurance	13.8	12.7	13.3	13.5	0.1		15.4	18.5	18.9	19.4	19.9	20.4
Other	11.6	21.6	13.0	4.7	(8.3)		14.0	13.0	13.3	13.7	14.0	14.3
Local area support costs	8.7	19.3	15.2	12.5	(2.7)		7.5	12.8	14.1	14.7	14.9	15.3
Corporate support costs	4.1	11.3	7.7	14.2	6.5		10.8	11.5	11.9	12.2	12.5	12.8
Indirect costs	6.0	18.7	7.0	9.3	2.2		13.8	9.6	9.7	9.5	10.1	11.7
Preventative maintenance	11.3	18.8	17.4	10.6	(6.7)	22.0	22.3	23.1	23.6	24.4	25.9	
Labour	2.9	6.3	4.6	3.0	(1.6)	6.0	6.5	6.7	6.9	7.1	7.2	
Contractors	(0.2)	-	1.0	0.8	(0.2)	1.0	1.0	1.0	1.1	1.1	1.1	
Materials	3.5	0.3	-	0.5	0.5	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	
Local area support costs	2.5	4.9	5.9	2.9	(3.1)	5.1	5.9	6.3	6.5	6.7	7.2	
Corporate support costs	1.0	2.5	3.0	2.1	(1.0)	4.3	4.9	5.0	5.2	5.3	5.4	
Indirect costs	1.7	4.8	2.7	1.4	(1.3)	5.5	4.0	4.1	4.0	4.3	4.9	
Corrective maintenance	5.9	10.8	8.2	8.5	0.3	10.0	11.8	12.2	12.4	12.8	13.4	
Labour	0.9	2.6	1.5	1.5	0.0	1.7	1.8	1.8	1.9	1.9	2.0	
Contractors	0.3	2.7	2.0	2.2	0.2	2.0	4.0	4.1	4.2	4.3	4.4	
Materials	2.7	0.4	1.0	1.3	0.3	2.0	2.0	2.1	2.1	2.2	2.2	
Other	0.1	-	-	0.5	0.5	-	-	-	-	-	-	
Local area support costs	0.8	2.0	1.9	0.4	(1.5)	1.5	1.6	1.7	1.8	1.8	1.9	
Corporate support costs	0.4	1.2	1.0	1.6	0.6	1.2	1.3	1.4	1.4	1.4	1.5	
Indirect costs	0.6	2.0	0.9	1.0	0.2	1.6	1.1	1.1	1.1	1.2	1.3	
Routine total	72.6	139.2	96.8	92.7	(4.2)		112.5	118.9	123.2	126.0	129.6	135.3

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**. Over the period, Sunwater plans to replace meters as they fail, conduct a comprehensive inspection and refurbish the right-hand conduit at Chinchilla Weir.

Table 4 Annuity balance¹

Chinchilla Weir 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	86.5	60.5	49.8	(371.5)	(252.5)	(143.9)	17.6	191.7
Non-routine spend ³	(36.9)	(19.8)	(429.7)	(42.3)	(58.8)	(12.3)	(12.7)	(13.1)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution ⁴	4.4	4.5	4.7	177.5	178.4	180.1	186.0	190.4
Interest/financing costs	6.5	4.5	3.7	(16.2)	(11.0)	(6.3)	0.8	8.4
Sunwater – Closing Balance	60.5	49.8	(371.5)	(252.5)	(143.9)	17.6	191.7	377.4
QCA – Closing Balance	60.5	49.8	(336.9)	(189.5)	(77.2)	87.1	264.2	
Difference	-	-	34.6	63.0	66.7	69.5	72.5	

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 Chinchilla Weir Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Meter replacements (19CHW04)	12	1	Fewer meters failed than budgeted. Sunwater's strategy is to only replace meters when they fail.
Chinchilla Weir – Construct bulkhead gate (19CHW01)	38	20	The scope of work changed and only investigation (divers) and design were undertaken in 2018/19.
Chinchilla Weir – Public safety storage survey (19CHW03)	74	43	The scope of work required was less than forecast. The area surveyed was only the main recreational area of the weir pool (ski loop), and lower water levels allowed the survey to be carried out more efficiently.
Other works	2	-	Works were not required.
2018/19 Total²	126	64	

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 customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	12
	Asset revaluation	Revalue the assets for insurance purposes; update asset replacement costs and Bill of Materials; and identify gaps in asset hierarchy data.	4
	Chinchilla Weir – Refurbish right hand conduit	The right-hand conduit at Chinchilla Weir is corroded and in need of refurbishing by way of a repaint and patching of the conduit pipework.	25
	Other works	A contingency amount for unplanned capital replacements.	2
	2020/21 Total		43
2021/22	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	12
	Chinchilla Weir – Comprehensive inspection	Sunwater conducts comprehensive inspections on all dams and weirs every five years to maintain our asset condition knowledge and optimise the non-routine maintenance program.	47
	Other works	There are no other non-routine projects planned for 2021/22.	-
	2021/22 Total		59
2022/23	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	12
	Other works	There are no other non-routine projects planned for 2022/23.	-
	2022/23 Total		12
2023/24	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	13

Year	Project title	Project scope	Budget (\$'000 nominal)
	Other works	There are no other non-routine projects planned for 2023/24.	-
	2023/24 Total		13
2024/25	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	13
	Other works	There are no other non-routine projects planned for 2024/25.	-
	2024/25 Total		13

Contact us

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

Email: sppfeedback@sunwater.com.au

Post: S&PP Feedback
PO Box 15536
City East QLD 4002

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.