

Service and Performance Plan – 2020/21

Cunnamulla 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 Cunnamulla Bulk Water Service Contract,¹ we expected to spend \$0.04 million on routine costs. Actual routine costs were lower than forecast due to a minimal requirement to deliver water because of poor seasonal conditions and low rainfall. There were no non-routine projects planned for (nor undertaken in) 2018/19.

Outlook for 2020/21

Routine costs (\$0.04 million) are expected to remain stable compared to what we previously forecast in last year's NSP (\$0.05 million in 2020/21).

Sunwater plans to spend approximately \$0.05 million on non-routine projects, which is in line with our previous forecast. The 2020/21 program of works includes an asset revaluation and refurbishment of sheet piling and concrete at the 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/

Sunwater will publish irrigation prices for the Cunnamulla Bulk Water Service Contract on our website as soon as practicable after the decision: www.sunwater.com.au/customer/fees-and-charges/

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

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Cunnamulla 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	1728
2015/16	1882
2016/17	1563
2017/18	1746
2018/19	1703
17-year historical average	1610

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}

Cunnamulla 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	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000		
Operations	15.6	27.4	38.3	25.3	(13.0)	Operational costs were lower than forecast due to poor seasonal conditions and low rainfall.	41.0	26.9	27.8	28.4	29.3	30.7							
Labour	3.3	7.4	9.1	5.9	(3.2)		9.0	4.9	5.1	5.2	5.4	5.5							
Contractors	0.2	-	-	-	-		1.0	1.0	1.0	1.1	1.1	1.1							
Materials	-	-	-	0.1	0.1		-	-	-	-	-	-							
Electricity	-	-	-	-	-		-	-	-	-	-	-							
Insurance	5.0	4.6	4.8	4.9	0.1		5.6	6.7	6.9	7.0	7.2	7.4							
Other	1.2	1.0	1.5	1.3	(0.2)		3.0	3.0	3.1	3.2	3.2	3.3							
Local area support costs	2.8	5.7	11.6	4.5	(7.1)		7.7	4.5	4.8	4.9	5.1	5.5							
Corporate support costs	1.2	3.1	5.9	5.1	(0.8)		6.5	3.7	3.8	3.9	4.0	4.1							
Indirect costs	2.0	5.6	5.4	3.6	(1.8)		8.3	3.1	3.1	3.1	3.3	3.8							
Preventative maintenance	4.0	2.0	1.0	5.2	4.2		2.8	5.4	5.6	5.7	5.9	6.3							
Labour	1.4	0.7	-	1.3	1.3	The preventative maintenance budget was set too low and was not reflective of historical expenditure in this scheme.	0.8	1.6	1.7	1.7	1.8	1.8							
Contractors	-	-	-	1.1	1.1		-	-	-	-	-	-	-						
Materials	-	-	1.0	-	(1.0)		-	-	-	-	-	-	-						
Other	-	-	-	0.1	0.1		-	-	-	-	-	-	-						
Local area support costs	1.2	0.5	-	1.2	1.2	Contractor expenditure in 2018/19 related to the removal of handrails at Allan Tannock Weir before a flood event to avoid damage to the handrails. This work was outsourced to reduce travel-related costs.	0.7	1.5	1.6	1.6	1.7	1.8							
Corporate support costs	0.4	0.3	-	0.9	0.9		0.6	1.2	1.3	1.3	1.3	1.4							
Indirect costs	0.9	0.5	-	0.6	0.6		0.7	1.0	1.0	1.0	1.1	1.3							
Corrective maintenance	-	-	1.0	-	(1.0)			3.8	3.7	3.8	3.9	4.0	4.3						
Labour	-	-	-	-	-	There were no corrective maintenance costs in 2018/19.	0.8	0.8	0.8	0.9	0.9	0.9							
Contractors	-	-	-	-	-		-	-	-	-	-	-	-						
Materials	-	-	1.0	-	(1.0)		1.0	1.0	1.0	1.1	1.1	1.1							
Other	-	-	-	-	-		-	-	-	-	-	-	-						
Local area support costs	-	-	-	-	-		0.7	0.7	0.8	0.8	0.8	0.9							
Corporate support costs	-	-	-	-	-		0.6	0.6	0.6	0.7	0.7	0.7							
Indirect costs	-	-	-	-	-		0.7	0.5	0.5	0.5	0.5	0.6							
Routine total	19.6	29.4	40.3	30.6	(9.7)			47.6	36.0	37.2	38.1	39.2	41.2						

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.

Details of the major non-routine projects planned for the 2020/21 to 2024/25 period are set out in **Appendix 1**.

Table 4 Annuity balance¹

Cunnamulla 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	(58.7)	(55.9)	(52.7)	(49.0)	(73.2)	(42.8)	4.1	47.5
Non-routine spend ³	-	-	-	(54.6)	(14.7)	-	(6.5)	(17.1)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution ⁴	7.2	7.4	7.6	32.6	48.4	48.7	49.7	50.9
Interest/financing costs	(4.4)	(4.2)	(3.9)	(2.1)	(3.2)	(1.9)	0.2	2.1
Sunwater – Closing Balance	(55.9)	(52.7)	(49.0)	(73.2)	(42.8)	4.1	47.5	83.4
QCA – Closing Balance	(55.9)	(52.7)	(49.0)	(71.9)	(41.1)	5.8	49.4	
Difference	-	-	-	1.3	1.7	1.8	1.9	

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: 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	Asset revaluation	Revalue the assets for insurance purposes; update asset replacement costs and Bill of Materials; and identify gaps in asset hierarchy data.	2
	Weir sheet piling and concrete refurbishment	Replace damaged concrete in front of the weir sheet piling. The concrete has broken off over time, exposing the sheet piling to water. Reinstating the concrete will slow the rate of corrosion.	53
	Other works	There are no other non-routine projects planned for 2020/21.	-
	2020/21 Total		55
2021/22	Meter replacements	Replace failed customer meters only if required.	4
	Weir inspection	Undertake a comprehensive inspection of the weir to identify defects, as well as improve asset condition and risk data to facilitate better non-routine planning.	11
	Other works	There are no other non-routine projects planned for 2021/22.	-
	2021/22 Total		15
2022/23	Sunwater does not have any non-routine projects planned for 2022/23.		-
	2022/23 Total		-
2023/24	Trash rack refurbishment	The trash racks on the inlet are deteriorating over time. If the 2021/22 inspection indicates they need work, this project will remain. If the refurbishment can be deferred, it will be.	6
	Other works	There are no other non-routine projects planned for 2023/24.	-
	2023/24 Total		6
2024/25	Inlet walkway refurbishment	The underside of the inlet walkway is corroding and needs to be repainted to extend its life. This has been deferred over the past few years as the rate of deterioration is not excessive. An engineering inspection in 2021/22 will determine if this can be deferred again.	17

Year	Project title	Project scope	Budget (\$'000 nominal)
	Other works	There are no other non-routine projects planned for 2024/25.	-
	2024/25 Total		17

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.