Service and Performance Plan – 2020/21

Dawson 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 Dawson Valley Bulk Water Service Contract,[1] we expected to spend $0.96 million on routine costs and $0.25 million on non-routine projects. Routine costs were below forecast due to lower electricity costs and fewer corrective actions being undertaken than forecast. The non-routine program was delivered for significantly less than budgeted, due to synergies being achieved across various comprehensive inspections and the meter replacement allowance not being required as there were no meters replaced.

Outlook for 2020/21

Routine costs ($0.95 million) are expected to increase compared to what we previously forecast in last year's NSP ($0.87 million in 2020/21). Key drivers of this increase are insurance premiums (a $0.03 million increase in forecast costs) and non-direct costs ($0.03 million increase).

Sunwater plans to spend approximately $0.45 million on non-routine projects, which is higher than our previous forecast ($0.25 million). This increase is primarily due to:

- trash rack refurbishment projects at Gyranda Weir being brought forward due to condition
- new projects at Neville Hewitt Weir, Theodore Weir and Orange Creek Weir to address issues identified during previous inspections at the weirs.

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.

[1] See www.sunwater.com.au/schemes/Dawson-Valley/

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 Dawson Valley 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 Dawson 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[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[2]	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.
2. This is the total number of bulk and distribution 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 usage

Year	Usage (ML)
2014/15	43,253
2015/16	39,818
2016/17	39,185
2017/18	55,204
2018/19	53,237
17-year historical average	**37,461**

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]

Dawson 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	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000
Operations	597.6	547.2	682.3	626.8	(55.5)		598.3	709.2	750.3	764.9	777.0	808.5
Labour	121.5	101.0	107.7	95.5	(12.1)	Electricity costs were lower than forecast due to dry weather conditions and reduced water harvesting requirements. The 'Other' cost category was higher than forecast due to the introduction of new costing rules in 2018/19, which resulted in light fleet costs being directly charged to projects and service contracts. These costs were previously charged to local area support costs (i.e. no overall increase in fleet costs).	101.0	110.3	113.6	117.0	119.9	122.9
Contractors	8.3	9.6	15.0	39.5	24.5		15.0	30.0	30.8	31.5	32.3	33.1
Materials	0.7	0.4	3.0	0.4	(2.6)		5.0	5.0	5.1	5.3	5.4	5.5
Electricity	61.5	61.9	45.0	34.3	(10.7)		51.0	51.0	52.3	53.6	54.9	88.3
Insurance	123.1	114.8	119.3	120.6	1.3		138.2	165.8	169.9	174.2	178.5	183.0
Other	25.8	30.8	31.0	79.1	48.1		37.4	46.8	49.3	49.8	50.4	53.1
Local area support costs	103.8	78.8	137.8	84.0	(53.9)		41.7	77.0	98.7	96.7	90.0	62.3
Corporate support costs	41.6	47.2	70.0	91.6	21.6		72.4	82.7	85.2	87.7	89.9	92.2
Indirect costs	111.4	102.7	153.5	81.8	(71.7)		136.7	140.7	145.4	149.0	155.6	168.1
Preventative maintenance	112.6	165.6	142.1	176.5	34.4		129.5	161.3	172.6	174.8	177.1	175.0
Labour	29.5	45.4	29.8	50.8	20.9	Labour costs were higher than forecast due to increased direct charging to the scheme. This led to more non-direct costs being allocated to the scheme under Sunwater's cost allocation methodology. These costs were previously captured in the Sunwater-wide non-direct cost pools (i.e. no overall change in Sunwater costs). The increase in preventative maintenance costs was offset by lower than expected corrective maintenance costs.	30.2	37.8	39.0	40.1	41.1	42.2
Contractors	14.6	20.1	20.0	12.9	(7.1)		20.0	25.0	25.6	26.3	26.9	27.6
Materials	0.5	1.7	3.0	1.8	(1.2)		5.0	5.0	5.1	5.3	5.4	5.5
Other	15.4	9.4	14.0	1.1	(12.9)		13.0	13.0	13.3	13.7	14.0	14.3
Local area support costs	25.3	35.4	38.2	46.4	8.2		11.8	28.6	36.5	36.0	33.9	24.9
Corporate support costs	9.8	19.3	19.4	40.4	21.0		21.7	28.4	29.2	30.1	30.9	31.6
Indirect costs	17.5	34.4	17.6	23.1	5.4		27.9	23.6	23.8	23.5	25.0	28.8
Corrective maintenance	33.0	37.1	131.0	6.8	(124.2)		102.5	75.2	78.7	80.0	81.5	81.9
Labour	8.1	7.9	23.8	0.6	(23.2)	Fewer corrective actions needed to be undertaken in 2018/19, compared to forecast. Sunwater has re-assessed the level of corrective maintenance expenditure required going forward and adjusted our forecasts downwards.	14.6	7.6	7.9	8.1	8.3	8.5
Contractors	7.3	6.2	25.0	2.0	(23.0)		30.0	30.0	30.8	31.5	32.3	33.1
Materials	3.1	0.0	17.0	0.4	(16.6)		20.0	15.0	15.4	15.8	16.2	16.6
Other	0.0	7.2	5.0	2.3	(2.7)		7.0	7.0	7.2	7.4	7.5	7.7
Local area support costs	6.9	6.1	30.5	0.6	(29.9)		7.1	5.1	6.8	6.5	5.9	3.8
Corporate support costs	2.8	3.7	15.5	0.4	(15.1)		10.4	5.7	5.9	6.1	6.2	6.4
Indirect costs	4.8	6.0	14.1	0.4	(13.7)		13.4	4.8	4.8	4.7	5.0	5.8
Routine total	**743.2**	**749.8**	**955.4**	**810.0**	**(145.4)**		**830.4**	**945.7**	**1001.6**	**1019.8**	**1035.6**	**1065.3**

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**.

Table 4 Annuity balance[1]

Dawson 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
Annuity								
Opening balance[2]	1293.4	1244.4	1333.8	1223.3	1696.1	2165.0	2960.3	3307.2
Non-routine spend[3]	(162.2)	(30.3)	(238.2)	(449.9)	(514.0)	(238.3)	(739.2)	(1348.6)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	9.7	10.7	-	-	-	-	-
Annuity contribution[4]	16.3	16.8	17.2	869.2	908.7	938.9	956.6	979.5
Interest/financing costs	96.9	93.2	99.9	53.5	74.2	94.7	129.4	144.6
Sunwater – Closing Balance	**1244.4**	**1333.8**	**1223.3**	**1696.1**	**2165.0**	**2960.3**	**3307.2**	**3082.7**
QCA – Closing Balance	**1244.4**	**1333.8**	**1246.8**	**1951.7**	**2410.5**	**2965.6**	**3386.9**	
Difference	-	-	23.5	255.6	245.5	5.3	79.7	

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

Project	Forecast $'000	Actual[1] $'000	Commentary
Meter replacements	85	-	No meters were replaced during 2018/19.
Glebe Weir – Comprehensive inspection (19DAW07)	36	7	The project was completed for less than forecast due to synergies with similar projects.
Gyranda Weir – Comprehensive inspection (19DAW01)	28	4	The project was completed for less than forecast due to synergies with similar projects.
Moura Weir – Comprehensive inspection (19DAW02)	30	4	The project was completed for less than forecast due to synergies with similar projects.
Theodore Weir – Comprehensive inspection (19DAW03)	27	6	The project was completed for less than forecast due to synergies with similar projects.
Other works	46	24	Other works were completed for less than budgeted.
2017 flood damage inspections	-	-13	Costs from 2017/18 were returned to the annuity fund as no flood damage was identified.
2018/19 Total[2]	**252**	**33**	

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 failed customer meters in the Dawson River system with Australian Standard (AS) 4747 compliant arrangements that ensure accurate and robust water accounting and improve system delivery efficiency.	84
	Neville Hewitt Weir – Gantry crane removal	Remove the obsolete gantry crane superstructure from the weir to prevent future flood damage and improve mobile crane access to screens and gates.	60
	Moura Off-stream Storage – Comprehensive risk assessment (CRA) inputs and seismic investigation	CRA design and investigation inputs including seismic study.	77
	Moura pump station – Pump Unit 1 refurbishment	Planned and timed refurbishment of Submersible Pump Unit 1 to ensure continued reliable operation and maximise service life.	41
	Asset revaluation	Sunwater re-values our assets every five years for insurance purposes and to assist with cost estimates for non-routine projects.	39
	Gyranda Weir – Trash rack refurbishments	Refurbish Gyranda Weir inlet trash racks to reinstate condition and maintain function.	30
	Orange Creek Weir – Protection works	Reinstate downstream left abutment rock protection works based on 2018 weir inspection and recommendations.	27
	Neville Hewitt Weir – Outlet works	Refurbish or replace outlet works (inlet structure) grid mesh cover and trash screen to maintain function and condition.	20
	Other works	A contingency amount for unplanned capital replacements, and minor weir refurbishments to metal work and protection works.	72
	2020/21 Total		**450**
2021/22	Gyranda Weir – Replace ladders, handrails and walkways	The 2013 inspection report recommended that the submerged metal items be replaced within the next five years. More recent inspections assessed that this may be deferred.	179

Year	Project title	Project scope	Budget ($'000 nominal)
	Moura Off-stream Storage – CRA	This project will utilise the inputs, investigations and analysis completed in 2020/21 and is undertaken in accordance with the facility's dam safety conditions.	157
	Meter replacements	This is an allowance to replace failed customer meters in the Dawson River system with AS4747 compliant arrangements that ensure accurate and robust water accounting and improve system delivery efficiency.	87
	Neville Hewitt Weir – Fishway valve refurbishments	Refurbish the fishway supply and drain valves to retain reliable function and achieve maximum service life.	46
	Moura Off-stream Storage – Pipeline inspection	Inspection of rising main pipeline and report based on Moura Off-stream Storage inspection and report.	24
	Neville Hewitt Weir – Comprehensive inspection	Sunwater conducts comprehensive inspections on each dam and weir to maintain asset condition knowledge and optimise the non-routine maintenance plans.	21
	Other works	There are no other non-routine projects planned for 2021/22.	-
	2021/22 Total		**514**
2022/23	Meter replacements	This is an allowance to replace failed customer meters in the Dawson River system with AS4747 compliant arrangements that ensure accurate and robust water accounting and improve system delivery efficiency.	89
	Moura Weir – Control equipment options analysis	Options analysis to determine the scope and least whole-of-life refurbishment or replacement option for the weir's control systems.	37
	Moura Off-stream Storage – Comprehensive inspection	Sunwater conducts comprehensive inspections on storage facilities to maintain asset condition knowledge and optimise the non-routine maintenance plans. As Moura Off-stream Storage is a referable dam, a comprehensive inspection is required to comply with the dam safety condition schedule.	26
	Theodore Weir – Protection works	Reinstate eroded upstream and downstream rock protection works to maintain the structure's flood protection.	26
	Dawson River – Gauging station replacement	Replace river gauging equipment 130301B to retain gauging accuracy and serviceability.	21
	Neville Hewitt Weir – Regulating valve actuator refurbishment	Scheduled refurbishment of the 750DIA regulating valve actuator to maintain function and serviceability.	21
	Orange Creek Weir – Comprehensive inspection	Sunwater conducts comprehensive inspections on each dam and weir to maintain asset condition knowledge and optimise the non-routine maintenance plans.	13

Year	Project title	Project scope	Budget ($'000 nominal)
	Other works	Orange Creek Weir high level outlet metal cover replacement.	5
	2022/23 Total		**238**
2023/24	Moura Off-stream Storage – 20-year dam safety review	The dam safety condition schedules require Sunwater to conduct a 20-year safety review of the Moura Off-stream Storage. The safety review reverse engineers the storage, compares it to current standards and makes recommendations for overcoming any defects.	337
	Moura, Glebe, Theodore and Gyranda Weirs – Comprehensive inspections	Sunwater conducts comprehensive inspections on weirs to maintain asset condition knowledge and optimise the non-routine maintenance plans.	156
	Meter replacements	This is an allowance to replace failed customer meters in the Dawson River system with AS4747 compliant arrangements that ensure accurate and robust water accounting and improve system delivery efficiency.	90
	Moura Weir – Control system replacement	Renew control system assets and performance to original condition and function. Project subject to the 2022/23 options analysis and recommendations.	66
	Gyranda and Neville Hewitt Weirs – Supervisory Control and Data Acquisition (SCADA) replacement	Replace the weir SCADA computers (hardware and software) to retain communications function and serviceability.	36
	Dawson River – Gauging station replacement	Replace Dawson River gauge station equipment to retain streamflow accuracy and equipment serviceability.	23
	Moura pump station – Control system replacement	Replace the pump station control system computer (hardware and software) to retain functionality and serviceability.	18
	Other works	Moura Weir trash rack refurbishment and Neville Hewitt Annabranch Weir valve refurbishment.	13
	2023/24 Total		**739**
2024/25	Glebe Weir – Conduit and valve refurbishments	Outlet, drain and filling line conduit refurbishments, valve refurbishments, and pressure relief hole reinstatement. Works will be subject to a condition assessment.	321
	Moura Weir – Fishway refurbishment	Refurbish fishway slide gates (7) to ensure continued reliable operation and fishway functionality.	264
	Moura Weir – Fishway desilting	Sediment removal (desilting) of gate entrance/exit channels to ensure clear fish passage and free gate movements.	176
	Gyranda Weir – Outlet works	Replace valve actuators (3), pressure relief hole reinstatement, sheet pile thickness testing and buoy line replacement.	162

Year	Project title	Project scope	Budget ($'000 nominal)
	Meter replacements	This is an allowance to replace failed customer meters in the Dawson River system with AS4747 compliant arrangements that ensure accurate and robust water accounting and improve system delivery efficiency.	91
	Moura Weir – Control system replacement	Installation and commissioning of new weir control hardware and software to retain serviceability and future compatibility of equipment.	76
	Moura Weir – Outlet channel	Re-establish formalised discharge channel to ensure accurate and controlled releases and improve river system efficiencies.	63
	Moura pump station – Rising main air valve replacements	Scheduled replacement of 100DIA air valves (6) to ensure continued safe operation of the rising main.	67
	Moura pump station – Hydraulics replacement	Replace hydraulic control equipment to maintain reliable and serviceable release control system.	41
	Orange Creek Weir – Gate and screen refurbishments	Refurbish Orange Creek weir outlet works trash screens and regulating gate to retain river release functionality.	35
	Theodore Weir – Pressure relief drains	Clean and reinstate no-fines concrete in the weir pressure relief drain holes to ensure proper function and structure stability.	18
	Other works	Weir handrail and platform refurbishments, and other minor works.	35
	2024/25 Total		**1349**

Contact us

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

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