

Performance Plan – 2018/19

Eton Distribution Service Contract

This fact sheet details Sunwater’s estimated costs for 2019/20 and compares our 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 for the Eton Distribution Service Contract,¹ we expected to spend \$3.75 million on routine costs and \$0.54 million on non-routine projects. Our actual performance was below these forecasts due to:

- lower electricity costs
- targeted corrective maintenance cost measures
- a lower than budgeted number of acrolein injections and slashing events because of favourable weather conditions
- changes to the forecast non-routine program of works.

Transition to Eton Irrigation

The Eton Distribution Service Contract transitioned to local management arrangements (LMA) on 31 March 2020. The 2019/20 estimates included in this Performance Plan reflect actual costs incurred up until this date, as well as accrual and provisioning estimates to complete outstanding projects.

Water usage

The amount of water used in a scheme within a given year impacts operations and expenditure. Table 1 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 1 Water usage

Year	Usage (ML)
2014/15	28,617
2015/16	33,538
2016/17	17,429
2017/18	26,553
2018/19	25,906
17-year historical average	24,917

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

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Eton Distribution Service Contract. Table 2 below sets out our recent performance against selected service targets for this scheme.

Table 2 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 5 days	3 weeks	0	0	0
	For shutdowns planned to be less than 3 days	2 days	0	0	0
Unplanned shutdowns – duration ¹	Unplanned shutdowns during Peak Demand Period	72 hours	2	1	2
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions ²	Planned or unplanned interruptions per water year	10	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.

Routine expenditure

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

Table 3 Routine expenditure¹

	2016/17	2017/18	2018/19				2019/20
Eton Distribution Service Contract	Sunwater Actual \$'000	Sunwater Actual \$'000	Sunwater Forecast \$'000	Sunwater Actual \$'000	Variance \$'000	Commentary	Sunwater Estimate ² \$'000
Operations	1234.5	1565.0	1927.3	2143.4	216.2		1544.2
Labour	299.8	320.9	327.7	410.5	82.8	Electricity costs were lower than forecast due to lower pumping requirements in the latter part of the financial year. There were several unbudgeted costs, including: <ul style="list-style-type: none">Asset management (previously a local area support cost) \$69kProgram delivery (previously a local area support cost) \$68kVehicles (previously budgeted as overheads) \$165kOverhead adjustment \$129k	311.0
Contractors	16.9	2.0	2.0	2.9	0.9		2.0
Materials	0.7	2.1	1.0	2.7	1.7		1.1
Electricity	194.9	458.4	650.0	420.3	(229.7)		401.1
Insurance	207.5	191.1	200.7	202.8	2.1		177.0
Other	22.7	19.3	20.0	150.2	130.2		110.7
Local area support costs	257.8	250.3	395.0	385.8	(9.1)		154.9
Corporate support costs	96.3	135.9	213.0	393.3	180.3		226.2
Indirect costs	137.9	185.2	117.9	174.8	56.9		160.2
Preventative maintenance	707.4	899.5	1055.5	797.2	(258.3)		
Labour	121.7	156.4	188.6	150.7	(37.9)	Cost measures were put in place to reduce expenditure in line with QCA recommendations. This included completing: <ul style="list-style-type: none">four acrolein injections, rather than the six injections budgeted (a saving of approx. \$150k)two slashing events, rather than the three events budgeted, due to dry conditions (a saving of approx. \$60k).	136.4
Contractors	221.7	235.2	200.0	176.2	(23.8)		95.8
Materials	144.1	197.4	220.0	148.9	(71.1)		117.1
Other	6.6	15.7	15.0	3.7	(11.3)		7.2
Local area support costs	104.6	121.7	241.4	145.0	(96.4)		62.5
Corporate support costs	52.7	83.3	122.6	113.2	(9.4)		90.7
Indirect costs	56.0	90.0	67.9	59.4	(8.5)		64.4
Corrective maintenance	389.7	584.7	768.0	515.1	(253.0)		322.6
Labour	79.9	123.4	161.4	102.4	(59.0)	Planned road work and desilting was not completed during the financial year, to bring total expenditure closer to the QCA recommended allowance.	49.9
Contractors	69.7	72.2	80.0	52.8	(27.2)		43.6
Materials	62.5	91.1	75.0	71.4	(3.6)		44.1
Other	41.0	70.8	82.0	73.3	(8.7)		98.1
Local area support costs	68.7	96.2	206.6	96.9	(109.7)		24.9
Corporate support costs	31.0	59.8	104.9	73.8	(31.1)		36.2
Indirect costs	36.7	71.2	58.1	44.4	(13.7)		25.9
Routine total	2331.5	3049.2	3750.8	3455.7	(295.1)		

1. All financial figures are nominal. Figures may not sum due to rounding.
2. Includes actual costs incurred up until 31 March 2020. The 'Other' cost category under operations also includes an accruals estimate for travel and accommodation, and vehicle depreciation and financing charges.

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 estimated 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**, and a list of projects expected to be completed in 2019/20 is available in **Appendix 2**.

Table 4 Annuity balance¹

Eton Distribution Service Contract	2017/18 Actual \$'000	2018/19 Actual \$'000	2019/20 Estimate \$'000
Annuity			
Opening balance ²	(54.0)	112.9	314.5
Non-routine spend ³	(462.8)	(456.4)	(472.0)
Insurance proceeds receipts (if applicable)			
Prior year	-	-	-
Current year	-	-	-
Annuity contribution ⁴	633.7	649.6	665.8
Interest/financing costs	(4.0)	8.5	23.6
Sunwater – Closing Balance	112.9	314.5	531.9
Adjustment due to LMA transition	-	-	(531.9)
Sunwater – Adjusted Closing Balance	112.9	314.5	-
QCA – Closing Balance	112.9	314.5	
Difference	-	-	

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. The non-routine spend in 2019/20 is based on actual costs incurred up to 31 March 2020, plus an accruals estimate to complete non-routine projects.
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.

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 Eton Distribution Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Victoria Plains pump station – Replace switchboard and control system (Stage 1) (19ETO06)	226	220	The project was not completed in 2019, with installation (and associated costs) carried over into 2019/20.
Meter replacements (19ETO01, 19ETO02, 19ETO18, 19ETO19, 19ETO20, 19ETO26 and 19ETO27)	76	74	A minor cost saving was achieved due to efficiencies in the installation process. The unused funding was re-allocated to non-scheduled works (see below).
Oakenden main channel – Refurbish regulating gate (19ETO12)	42	41	A minor cost saving in using a contractor which reduced the number of hours required by Sunwater staff.
Abingdon Relift pump station – Flow meter replacement	30	-	This project was deferred, as the pending LMA decision impacted the preferred solution.
Meter isolation valve replacements (19ETO21 to 19ETO25)	36	43	The scope of works was greater than budgeted due to the condition of the infrastructure.
Other works	126	17	Several projects were deferred or were no longer required.
Non-scheduled works	-	75	Various repairs and maintenance work were required due to equipment failure, including refurbishment of Abingdon pump 2 and replacement of Victoria Plains motor 2.
2018/19 Total²	536	470	

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.
2. All financial figures are nominal. Figures may not sum due to rounding.

Appendix 2: Non-routine projects for 2019/20

The below table sets out the non-routine projects expected to be completed in the Eton Distribution Service Contract in 2019/20.

Project	Estimate ^{1,2} \$'000
Replace submersible pump guides – Abingdon pump station – Pump units 1 and 2 (16ETO19)	14
Replace flow meter – Abingdon pump station (19ETO03)	21
Overhaul and new cables for pump 2 – Abingdon pump station (20ETO27)	17
Refurbish motor – Brightley pump station 2 – Pump unit 1 (13ETO02)	14
Refurbish – Brightley pump station 1 – Pump and motor unit 3 (20ETO05)	36
Refurbish fencing – Brightley Balancing Storage 1 (20ETO06)	4
Replace meter outlet – Brightley Ch23_2 (20ETO07)	6
Repair existing access crossing – Brightley Balancing Storage (20ETO08)	19
Replace 300DIA suction valve (20ETO28)	12
Replace components in switchboard and control system – Victoria Plains pump station (19ETO06)	116
Replace isolation valve – Victoria Plains Channel 21_2 (19ETO24)	0
Refurbish fencing – Victoria Plains Balancing Storage (20ETO09)	14
Replace discharge valve hydraulic actuator – Victoria Plains pump station (20ETO11)	13
Replace switchboard and control system – Oakenden pump station (20ETO12)	63
Replace cable – Oakenden pump station (20ETO13)	26
Replace meter – Oakenden main channel (20ETO14)	6
Refurbish fencing – Mount Alice main channel (20ETO15)	3
Replace isolating valve – Mount Alice Balancing Storage (20ETO16)	9
Replace meter – Mount Alice Ch26_2 (20ETO17)	7

Project	Estimate ^{1,2} \$'000
Refurbish signage – Oakenden main channel (20ETO19)	7
Replace isolation valves – Oakenden main channel (20ETO20)	36
Replace boundary fencing – Oakenden main channel (20ETO21)	3
Replace boundary fencing – Oakenden main channel (20ETO22)	5
Install remote monitoring at regulating gates 1 to 9 – Oakenden main channel (20ETO23)	2
Replace meter – Oakenden Ch20_1A (20ETO24)	7
Replace meter – Munbura Ch25_2_5 (20ETO25)	6
Design three customer meters – Victoria Plains (20ETO26)	7
2019/20 Total	472

1. All financial figures are nominal. Figures may not sum due to rounding.
2. Reflects actual costs incurred up to 31 March 2020, plus an accruals estimate (where applicable).

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