

# Service and Performance Plan – 2020/21

## Eton 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 Eton Bulk Water Service Contract,<sup>1</sup> we expected to spend \$1.84 million on routine costs and \$1.36 million on non-routine projects. Our actual performance was below these forecasts due to:

- a reduction in full-time equivalent staff working on preventative and corrective maintenance activities and lower contractor costs due to fewer unplanned repair works
- a decision not to proceed with the construction of the reverse filter at Kinchant Dam, as the existing risk level was considered acceptable
- a reduced scope of works required for the refurbishment of the borrow pits at Kinchant Dam.

#### Outlook for 2020/21

Routine costs (\$1.76 million) are expected to decrease slightly compared to what we previously forecast in last year's NSP (\$1.79 million in 2020/21).<sup>2</sup>

Sunwater plans to spend approximately \$0.68 million on non-routine projects, which is marginally higher than our previous forecast (\$0.64 million) as it includes a contingency amount for unplanned capital replacements. Two key projects planned for Kinchant Dam in 2020/21 are the refurbishment of outlet works guard valves and a comprehensive risk assessment of the 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.

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

<sup>2</sup> Excluding routine recreational facility costs.

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/)

Sunwater will publish irrigation prices for the Eton 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 Eton 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 5 days	3 weeks	0	0	0
	For shutdowns planned to be less than 3 days	2 days	0	0	0
Unplanned shutdowns – duration <sup>1</sup>	Unplanned shutdowns during Peak Demand Period	72 hours	2	1	2
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions <sup>2</sup>	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.

## 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	28,785
2015/16	33,913
2016/17	17,547
2017/18	26,702
2018/19	26,007
<b>17-year historical average</b>	<b>24,989</b>

## Routine expenditure

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

Table 3 Routine expenditure<sup>1,2</sup>

Eton 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	773.6	1191.5	1278.2	1248.3	(29.9)		1224.2	1409.1	1475.6	1508.1	1537.6	1550.0
Labour	86.8	118.3	123.0	152.6	29.6	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).  Indirect rates were adjusted downwards from April to June 2019 due to over-recoveries in the previous months across the entire business (regulated and non-regulated). Meanwhile, corporate support cost rates were adjusted upwards due to under-recoveries.	132.7	156.9	161.6	166.4	170.6	174.8
Contractors	94.3	11.5	35.0	39.0	4.0		35.0	35.0	35.9	36.8	37.7	38.6
Materials	1.8	3.1	12.0	1.3	(10.7)		10.0	5.0	5.1	5.3	5.4	5.5
Electricity	151.5	561.7	400.0	376.2	(23.8)		399.8	432.4	443.2	454.3	465.6	477.3
Insurance	198.7	182.2	192.7	194.7	2.1		218.9	262.7	269.3	276.0	282.9	290.0
Other	33.8	34.1	47.0	72.8	25.8		80.3	70.9	74.6	75.8	77.0	78.2
Local area support costs	74.7	92.3	147.1	133.1	(13.9)		54.2	105.6	133.7	131.1	122.8	88.6
Corporate support costs	40.7	57.7	79.9	145.8	65.8		95.1	117.7	121.2	124.8	127.9	131.1
Indirect costs	91.2	130.7	241.5	132.7	(108.9)		198.1	223.0	231.0	237.6	247.6	265.8
Preventative maintenance	319.7	305.6	407.0	297.6	(109.3)			386.7	250.3	264.5	268.1	272.3
Labour	74.5	60.8	74.4	65.9	(8.5)	Labour costs were lower due to a reduction in full-time equivalent staff employed during the year, while contractor expenditure was lower due to less unplanned repair work.	78.2	41.7	42.9	44.2	45.3	46.4
Contractors	99.7	107.1	120.0	85.0	(35.0)		120.0	100.0	102.5	105.1	107.7	110.4
Materials	5.9	2.5	8.0	4.2	(3.8)		8.0	8.0	8.2	8.4	8.6	8.8
Other	4.9	12.2	18.0	2.6	(15.4)		15.0	15.0	15.4	15.8	16.2	16.6
Local area support costs	64.0	47.3	94.2	59.2	(35.0)		37.3	28.4	37.0	35.6	33.0	22.5
Corporate support costs	26.4	29.8	48.4	53.5	5.1		56.1	31.3	32.2	33.2	34.0	34.8
Indirect costs	44.3	45.9	44.0	27.2	(16.8)		72.1	25.9	26.3	25.8	27.5	31.7
Corrective maintenance	67.5	72.3	156.3	110.3	(46.0)		162.9	181.4	191.8	194.2	197.2	196.3
Labour	6.2	6.0	17.4	5.6	(11.8)	As per preventative maintenance commentary on labour costs.	25.9	27.1	28.0	28.8	29.5	30.3
Contractors	44.3	27.5	70.0	79.3	9.3		60.0	75.0	76.9	78.8	80.8	82.8
Materials	2.3	12.1	8.0	1.9	(6.1)		8.0	10.0	10.3	10.5	10.8	11.0
Other	1.4	12.6	17.0	9.3	(7.7)		14.0	14.0	14.4	14.7	15.1	15.5
Local area support costs	5.4	4.7	22.3	7.1	(15.2)		12.6	18.0	24.3	23.0	21.0	13.4
Corporate support costs	4.1	4.9	11.3	3.7	(7.6)		18.6	20.4	21.0	21.6	22.1	22.7
Indirect costs	3.7	4.5	10.3	3.3	(6.9)		23.9	16.9	17.1	16.8	17.9	20.7
<b>Routine total</b>	<b>1160.8</b>	<b>1569.4</b>	<b>1841.4</b>	<b>1656.2</b>	<b>(185.2)</b>		<b>1773.9</b>	<b>1840.8</b>	<b>1931.9</b>	<b>1970.4</b>	<b>2007.0</b>	<b>2017.6</b>
Recreational facility costs <sup>3</sup>	Recreational facility costs are included in the above line items, as irrigation customers previously contributed towards them.							80.8	82.5	84.5	86.5	88.7
<b>Routine total (excl. recreational facility costs)</b>								<b>1760.0</b>	<b>1849.4</b>	<b>1885.9</b>	<b>1920.5</b>	<b>1928.9</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.
3. From 1 July 2020, irrigation customers will no longer contribute towards the costs of operating and maintaining recreational facilities. Forecast costs have been separately identified for transparency.

## 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**. Electrical switchboard and control system works at Mirani pump station 3 are a large driver of expenditure over the period.

Table 4 Annuity balance<sup>1</sup>

Eton 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>	(1026.2)	(1323.6)	(1172.6)	(1421.5)	(1405.1)	(705.1)	(305.5)	67.1
Non-routine spend <sup>3</sup>	(859.1)	(404.4)	(832.1)	(676.7)	-	(345.7)	(405.7)	(964.0)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution <sup>4</sup>	638.6	654.6	670.9	755.2	761.5	776.1	791.6	810.6
Interest/financing costs	(76.9)	(99.1)	(87.8)	(62.2)	(61.4)	(30.8)	(13.4)	2.9
<b>Sunwater – Closing Balance</b>	<b>(1323.6)</b>	<b>(1172.6)</b>	<b>(1421.5)</b>	<b>(1405.1)</b>	<b>(705.1)</b>	<b>(305.5)</b>	<b>67.1</b>	<b>(83.4)</b>
<b>QCA – Closing Balance</b>	<b>(1323.6)</b>	<b>(1172.6)</b>	<b>(1350.4)</b>	<b>(1238.2)</b>	<b>(593.2)</b>	<b>(269.2)</b>	<b>89.4</b>	
Difference	-	-	71.1	166.9	111.9	36.3	22.3	

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

Project	Forecast \$'000	Actual <sup>1</sup> \$'000	Commentary
Kinchant Dam – Construct reverse filter	729	12	Following a detailed review, it was concluded that the existing risk is at an acceptable level, and the project was no longer required. Funds were partially transferred to the groundwater interception drain project (see below).
Kinchant Dam – Refurbish borrow pits (19KIN05)	201	35	The scope of works was reduced compared to the original proposal, as a more efficient option was identified after further research was undertaken into the project. The completed project achieved a similar or better outcome.
Kinchant Dam – Refurbish berm drain inlets (19KIN03)	80	5	The majority of scheduled works were completed in 2017/18.
Kinchant Dam – Boundary fencing upgrades (19KIN07)	68	56	Works were delivered under budget.
Mirani 3 pump station – Radio repeater reinstatement (Stage 1)	67	12	This project was completed for less than forecast.
Other works	212	83	Various works were deferred until future years.
Non-scheduled works – Groundwater interception drain	-	231	A new project was established to assist in the management of groundwater downstream of Kinchant Dam.
<b>2018/19 Total<sup>2</sup></b>	<b>1357</b>	<b>433</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	Kinchant Dam – Comprehensive risk assessment (CRA)	The CRA is a requirement of the facility’s dam safety conditions and follows the investigations, surveys and analysis completed in 2020.	154
	Kinchant Dam – Guard valve refurbishment	Outlet works guard valve 1 and 2 refurbishment (seals, bearings and replacement of actuators) to ensure reliable flow isolation and maximise asset service life.	116
	Mirani Diversion Channel – Structure refurbishments	Scheduled refurbishment of diversion channel crossings, protection works, guardrails and road surfaces (18 in total).	113
	Kinchant Dam – Regulating valve refurbishment	Overhaul valve actuator, seals and bearings on outlet works valve 1 to ensure continued reliable flow regulation and maximise service life of the asset.	78
	Mirani pump station 3 – Communications relocation	Relocate existing (Mirani Water Tower) repeater to ensure continued surveillance communications and remote control of Mirani pump station river level sensing.	50
	Mirani pump station 3 – Controls options	Options analyses to determine the most cost effective and prudent strategy to replace the existing low voltage (LV) and high voltage (HV) switchboards, and Supervisory Control and Data Acquisition (SCADA) controls and panels.	61
	Asset revaluation	Sunwater re-values our assets every five years for insurance purposes and to assist with cost estimating non-routine maintenance projects.	43
	Other works	Scheduled internal inspection via remote operated vehicle of the two outlet works conduits at Kinchant Dam for condition assessment and dam safety reporting requirements, and a contingency amount for unplanned capital replacements.	62
	<b>2020/21 Total</b>		<b>677</b>
2021/22	There are no non-routine projects planned for 2021/22.		-
	<b>2021/22 Total</b>		<b>-</b>

Year	Project title	Project scope	Budget (\$'000 nominal)
2022/23	Kinchant 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.	142
	Kinchant Dam – Bathymetric survey	A bathymetric survey of Kinchant Dam will be conducted to define underwater ground profiles and any potential operational obstructions.	88
	Mirani pump station 3 – Motor control replacements	Scheduled replacement of motor starters on five pump units to address obsolescence and serviceability and ensure continued reliable operations.	52
	Mirani pump station 3 – Pump works	Scheduled refurbishment works to ensure continued reliable operation of pump unit 1 at Mirani pump station 3 and maintain asset service life.	43
	Mirani pump station 3 – Fire alarm system replacement	The fire alarm system is coming to the end of its life. Recent inspections indicate that its condition is also deteriorating so it will be replaced with a modern equivalent.	21
	Other works	There are no other non-routine projects planned for 2022/23.	-
	<b>2022/23 Total</b>		<b>346</b>
2023/24	Mirani pump station 3 – Switchboard and controls	Design and procurement of LV and HV switchboards, and SCADA panel, computer and software to replace existing equipment and retain serviceability and future supportability.	212
	Mirani pump station 3 – Pump and pipework refurbishment	Scheduled refurbishment works to ensure continued reliable operation of Mirani pump station 3 units 4 and 5 and maintain asset service lives. Discharge pipework refurbishment will also be undertaken at the same time.	101
	Kinchant Dam – Outlet works	Refurbish inlet structure trash screens to reinstate condition and replace light and power equipment on the outlet works inlet tower to retain function.	44
	Other works	Kinchant Dam discharge channel profiling, guard valve control works, outlet works and Mirani pump station 1 bulkhead gate refurbishment.	49
	<b>2023/24 Total</b>		<b>406</b>
2024/25	Mirani pump station 3 – Switchboard and controls	Installation of LV and HV switchboard, and SCADA panel, computer and software to replace existing equipment and retain serviceability and future supportability.	466
	Kinchant Dam – Embankment refurbishment	Refurbish access roads, refurbish embankment crest access, flush observation bores and clean blanket drains to ensure continued performance of the dam drainage and access arrangements.	204
	Mirani pump station 1 – Pump refurbishments	Scheduled refurbishment of submersible pump units 1 and 2 to ensure continued reliable operation of pump station 1.	118

Year	Project title	Project scope	Budget (\$'000 nominal)
	Kinchant Dam – Outlet works	Scheduled refurbishment of the inlet tower bulkhead gate to ensure continued positive and leak free isolation of the outlet works conduits.	37
	Mirani Diversion Channel – Inlet works	Refurbishment of the Mirani Diversion Channel inlet structure trash screens and locking arrangements to ensure continued safe operation.	37
	Kinchant Dam – Outlet works	Scheduled replacement of existing lighting and power equipment in the outlet works valve house to ensure continued safe operations.	31
	Other works	Mirani pump station1 meter panel replacement and trash screen refurbishment, Mirani pump station 3 inspection and fixings replacements, and fencing replacements.	71
	<b>2024/25 Total</b>		<b>964</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.