

Service and Performance Plan – 2020/21

Lower Fitzroy 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 Lower Fitzroy Bulk Water Service Contract,¹ we expected to spend \$0.21 million on routine costs. Actual operations costs were higher than expected due to additional staff booking their time to the scheme for operational activities undertaken, while corrective maintenance costs were lower because there were fewer corrective actions required. Only one non-routine project was planned for 2018/19, and this project was completed for close to the estimated budget (\$0.17 million).

Outlook for 2020/21

Routine costs (\$0.37 million) are expected to increase slightly compared to what we previously forecast in last year's NSP (\$0.31 million in 2020/21).

Sunwater plans to spend approximately \$0.06 million on non-routine projects, which is higher than our previous forecast (\$4500). This is due to a new project to replace a damaged vertical lift gate at Eden Bann 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/Lower-Fitzroy/

Sunwater will publish irrigation prices for the Lower Fitzroy 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 Lower Fitzroy 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	Unplanned shutdowns will be fixed so that at least partial supply can be resumed	48 hours	0	0	0
Maximum number of interruptions	Planned or unplanned interruptions per water year	6	0	0	0

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	18,104
2015/16	19,879
2016/17	19,058
2017/18	19,741
2018/19	18,929
17-year historical average	18,870

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}

Lower Fitzroy 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	114.7	171.5	118.3	238.1	119.8		192.4	275.3	298.8	299.8	301.8	296.6
Labour	29.8	48.4	22.5	51.4	28.9	Additional staff booked their time directly to the scheme, resulting in higher labour costs and more non-direct costs being allocated to this 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).	48.2	73.6	75.8	78.1	80.1	82.1
Contractors	3.9	1.4	10.0	2.0	(8.0)		10.0	10.0	10.3	10.5	10.8	11.0
Materials	-	-	-	0.0	0.0		-	2.0	2.1	2.1	2.2	2.2
Electricity	1.7	1.6	2.0	2.2	0.2		1.8	1.7	1.8	2.0	1.9	2.2
Insurance	22.9	21.0	22.2	22.4	0.2		25.6	30.8	31.5	32.3	33.1	34.0
Other	3.3	4.5	5.0	37.7	32.7		6.9	6.2	7.7	7.2	6.7	8.3
Local area support costs	25.7	37.7	28.7	42.9	14.2		20.9	49.9	66.3	63.4	58.4	39.2
Corporate support costs	9.8	20.2	14.6	49.6	35.0		34.5	55.2	56.9	58.6	60.0	61.5
Indirect costs	17.7	36.6	13.3	29.8	16.5		44.4	45.8	46.4	45.7	48.6	56.1
Preventative maintenance	15.3	22.0	39.6	32.7	(6.9)		44.4	43.3	46.8	47.0	47.4	46.1
Labour	5.7	6.3	9.0	9.4	0.4	Preventative maintenance costs were broadly in line with forecasts.	11.6	11.3	11.6	12.0	12.3	12.6
Contractors	-	2.9	6.0	1.1	(4.9)		5.0	5.0	5.1	5.3	5.4	5.5
Materials	-	-	1.0	0.2	(0.8)		1.0	1.0	1.0	1.1	1.1	1.1
Other	0.1	0.6	1.0	0.7	(0.3)		3.0	3.0	3.1	3.2	3.2	3.3
Local area support costs	4.7	4.9	11.5	8.9	(2.6)		4.7	7.5	10.1	9.6	8.7	5.6
Corporate support costs	1.6	2.6	5.8	7.9	2.1		8.3	8.5	8.7	9.0	9.2	9.4
Indirect costs	3.3	4.7	5.3	4.5	(0.8)		10.7	7.0	7.1	7.0	7.5	8.6
Corrective maintenance	12.9	11.6	47.9	1.1	(46.8)	59.1	50.2	53.4	53.9	54.6	54.1	
Labour	2.0	0.7	6.2	-	(6.2)	There were fewer corrective actions required than forecast.	9.6	8.9	9.2	9.5	9.7	10.0
Contractors	7.1	7.9	15.0	1.1	(13.9)		15.0	10.0	10.3	10.5	10.8	11.0
Materials	-	0.0	10.0	0.0	(10.0)		10.0	5.0	5.1	5.3	5.4	5.5
Other	0.1	1.0	1.0	0.0	(1.0)		4.0	8.0	8.2	8.4	8.6	8.8
Local area support costs	1.7	0.6	8.0	-	(8.0)		4.7	5.9	8.0	7.6	6.9	4.4
Corporate support costs	0.9	0.7	4.0	-	(4.0)		6.9	6.7	6.9	7.1	7.3	7.5
Indirect costs	1.2	0.6	3.7	-	(3.7)		8.9	5.6	5.6	5.5	5.9	6.8
Routine total	143.0	205.1	205.8	271.9	66.1		295.9	368.7	399.0	400.7	403.8	396.8

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**. There are several refurbishment projects planned for Eden Bann Weir in 2024/25.

Table 4 Annuity balance¹

Lower Fitzroy 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	(318.0)	(382.5)	(559.4)	(578.7)	(526.9)	(429.4)	(305.5)	(184.8)
Non-routine spend ³	(54.3)	(169.9)	-	(64.2)	(20.7)	-	(18.1)	(317.4)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	7.7	8.4	-	-	-	-	-
Annuity contribution ⁴	13.6	13.9	14.3	141.3	141.2	142.7	152.2	155.8
Interest/financing costs	(23.8)	(28.6)	(41.9)	(25.3)	(23.0)	(18.8)	(13.4)	(8.1)
Sunwater – Closing Balance	(382.5)	(559.4)	(578.7)	(526.9)	(429.4)	(305.5)	(184.8)	(354.5)
QCA – Closing Balance	(382.5)	(559.4)	(578.7)	(467.1)	(407.4)	(282.5)	(142.7)	
Difference	-	-	-	59.8	22.0	22.9	42.1	

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 non-routine project planned for the Lower Fitzroy Bulk Water Service Contract in 2018/19 and the actual cost of the project.

Project	Forecast \$'000	Actual \$'000	Commentary
Eden Bann Weir – Flood damage repairs	168	170	Repairs were completed in line with budget.
2018/19 Total¹	168	170	

1. 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	Eden Bann Weir – Outlet works	Replace damaged outlet works (inlet) vertical lift gate to reinstate river release function.	60
	Asset revaluation	The asset base is re-valued every five years to assist with project estimating and insurance premiums.	4
	Other works	There are no other non-routine projects planned for 2020/21.	-
	2020/21 Total		64
2021/22	Eden Bann Weir – Comprehensive inspection	Sunwater conducts comprehensive inspections on our weirs 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.	21
	Other works	There are no other non-routine projects planned for 2021/22.	-
	2021/22 Total		21
2022/23	There are no non-routine projects planned for 2022/23.		-
	2022/23 Total		-
2023/24	Eden Bann Weir – Supervisory Control and Data Acquisition (SCADA) replacement	Scheduled replacement of the weir SCADA computer hardware and software to ensure continued serviceability and forward support.	18
	Other works	There are no other non-routine projects planned for 2023/24.	-
	2023/24 Total		18
2024/25	Eden Bann Weir – Structure refurbishments or replacements	Refurbish or replace damaged handrails, walkways and access platforms to reinstate safe access arrangements at the site.	138
	Eden Bann Weir – Facilities regrading	Regrade facility earthworks, drainage, berms and road surfaces to reinstate design arrangements.	88

Year	Project title	Project scope	Budget (\$'000 nominal)
	Eden Bann Weir – Screen refurbishments	Refurbish exit channel and inlet screens to reinstate condition and function.	14
	Eden Bann Weir – Facilities refurbishments	Refurbish fences, gate and grids and undertake related site works.	38
	Eden Bann Weir – Building refurbishments	Scheduled refurbishment of the building compound pavement, gravel, grading and drainage works.	25
	Other works	Replace Eden Bann weir signage with current Sunwater standard arrangements to ensure continued public risk management.	14
	2024/25 Total		317

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.