

# Service and Performance Plan – 2020/21

## Macintyre Brook 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 Macintyre Brook Bulk Water Service Contract,<sup>1</sup> we expected to spend \$1.35 million on routine costs and \$0.13 million on non-routine projects. Routine costs were lower than forecast, primarily as the result of lower operations and preventative maintenance costs. Corrective maintenance costs were higher due to a large fish kill in the later part of 2018/19.

The following unplanned projects led to non-routine costs being slightly above budget:

- Rip rap repairs were carried out at Coolmunda Dam due to a small slump on the upstream embankment that was identified during routine surveillance.
- The bulkhead gate at Whetstone Weir was replaced to meet current standards and to enable investigative works to be carried out on the leaking 700mm butterfly valve.

#### Outlook for 2020/21

Routine costs (\$1.26 million) are expected to decrease slightly compared to what we previously forecast in last year's NSP (\$1.39 million in 2020/21).<sup>2</sup>

Sunwater plans to spend approximately \$0.37 million on non-routine projects. This is higher than our previous forecast (\$0.27 million), largely due to the following new projects:

- an options study into the replacement of the float well pumping systems
- the installation of electric actuators on cone valves at Coolmunda Dam to improve operational safety.

### 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.

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

<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 Macintyre Brook 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 Macintyre Brook 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 <sup>1</sup>	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	11,158
2015/16	9290
2016/17	9319
2017/18	18,337
2018/19	12,931
<b>17-year historical average</b>	<b>15,471</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>

Macintyre Brook Bulk Water Service Contract	2016/17	2017/18	2018/19			Commentary	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		Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	
Operations	591.4	589.3	949.0	783.4	(165.6)		930.3	970.3	1004.3	1033.8	1064.4	1110.0	
Labour	123.3	116.6	156.9	156.2	(0.7)	Operations costs were lower than budgeted due to decreasing water storage levels and less water being delivered to customers.	165.0	157.2	162.0	166.8	171.0	175.3	
Contractors	9.7	7.4	10.0	9.5	(0.5)		15.0	15.0	15.4	15.8	16.2	16.6	
Materials	0.9	3.9	8.0	2.5	(5.5)		6.0	6.0	6.2	6.3	6.5	6.6	
Electricity	5.0	6.6	4.0	4.7	0.7		3.6	3.6	3.6	3.9	3.9	4.4	
Insurance	168.0	156.9	166.6	168.4	1.8		192.7	231.2	237.0	242.9	249.0	255.2	
Other	17.7	22.6	39.0	54.1	15.1		50.9	51.6	51.9	53.8	56.0	56.3	
Local area support costs	106.1	90.9	200.9	128.7	(72.2)		137.1	141.4	151.4	155.6	159.4	171.2	
Corporate support costs	44.3	55.0	102.0	131.3	29.3		118.3	117.9	121.5	125.1	128.2	131.4	
Indirect costs	116.3	129.4	261.6	128.0	(133.6)		241.8	246.2	255.4	263.6	274.2	292.9	
Preventative maintenance	257.1	311.8	374.8	280.1	(94.7)	384.3	256.3	265.7	271.2	279.8	296.9		
Labour	87.4	102.2	102.5	91.9	(10.5)	Local area support costs and indirect costs were significantly less than budgeted.	105.0	73.4	75.6	77.9	79.8	81.8	
Contractors	10.5	6.2	7.0	7.3	0.3		10.0	9.0	9.2	9.5	9.7	9.9	
Materials	2.3	2.8	3.0	2.0	(1.0)		5.0	5.0	5.1	5.3	5.4	5.5	
Other	5.9	3.1	4.0	3.1	(0.9)		3.0	2.0	2.1	2.1	2.2	2.2	
Local area support costs	74.5	79.7	131.1	70.6	(60.6)		89.2	66.2	70.7	72.6	74.4	80.2	
Corporate support costs	25.2	40.4	66.6	63.9	(2.7)		75.3	55.0	56.7	58.4	59.9	61.3	
Indirect costs	51.5	77.4	60.6	41.3	(19.3)		96.8	45.7	46.3	45.5	48.5	55.9	
Corrective maintenance	38.5	41.9	25.0	74.8	49.8		44.4	55.2	57.0	58.3	60.0	62.9	
Labour	4.5	2.0	-	19.1	19.1		Corrective maintenance costs were greater than forecast due to a large fish kill late in 2018/19 which occurred due to low water levels and low water quality arising from a cold weather snap. Sunwater staff attended the site and assisted with the initial clean up. Local labour hire staff were also onsite for more than 10 days to clean up the site.	7.0	10.4	10.7	11.0	11.3	11.6
Contractors	19.5	34.0	18.0	22.1	4.1	15.0		16.0	16.4	16.8	17.2	17.7	
Materials	1.4	0.3	7.0	0.1	(6.9)	5.0		5.0	5.1	5.3	5.4	5.5	
Other	3.9	-	-	1.9	1.9	-		-	-	-	-	-	
Local area support costs	3.9	1.6	-	6.4	6.4	6.0		9.5	10.1	10.4	10.7	11.5	
Corporate support costs	2.5	2.5	-	12.4	12.4	5.0		7.8	8.0	8.3	8.5	8.7	
Indirect costs	2.7	1.5	-	12.8	12.8	6.5		6.5	6.6	6.5	6.9	7.9	
<b>Routine total</b>	<b>887.0</b>	<b>943.0</b>	<b>1348.8</b>	<b>1138.3</b>	<b>(210.5)</b>			<b>1359.1</b>	<b>1281.7</b>	<b>1327.0</b>	<b>1363.2</b>	<b>1404.2</b>	<b>1469.7</b>
Recreational facility costs <sup>3</sup>									21.9	22.4	23.0	23.5	24.1
<b>Routine total (excl. recreational facility costs)</b>								<b>1259.8</b>	<b>1304.6</b>	<b>1340.3</b>	<b>1380.7</b>	<b>1445.6</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**.

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

Macintyre Brook 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>	(2845.3)	(2960.2)	(3041.1)	(3288.4)	(3195.9)	(2857.5)	(2380.2)	(1862.1)
Non-routine spend <sup>3</sup>	(177.2)	(141.6)	(309.0)	(374.8)	(142.4)	(67.3)	(54.3)	(320.3)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution <sup>4</sup>	275.5	282.4	289.4	611.2	620.5	669.5	676.4	692.6
Interest/financing costs	(213.1)	(221.7)	(227.8)	(143.8)	(139.7)	(124.9)	(104.1)	(81.4)
<b>Sunwater – Closing Balance</b>	<b>(2960.2)</b>	<b>(3041.1)</b>	<b>(3288.4)</b>	<b>(3195.9)</b>	<b>(2857.5)</b>	<b>(2380.2)</b>	<b>(1862.1)</b>	<b>(1571.1)</b>
<b>QCA – Closing Balance</b>	<b>(2960.2)</b>	<b>(3041.1)</b>	<b>(3264.8)</b>	<b>(3065.0)</b>	<b>(2671.8)</b>	<b>(2173.1)</b>	<b>(1631.8)</b>	
Difference	-	-	23.6	130.9	185.6	207.1	230.2	

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

Project	Forecast \$'000	Actual <sup>1</sup> \$'000	Commentary
Coolmunda Dam – Comprehensive risk assessment (18MAB01)	46	36	This project is continuing into 2019/20.
Coolmunda Dam – Cable replacement options study (19MAB07)	21	9	The options study was completed for less than the budgeted amount.
Meter replacements (19MAB09)	23	19	
Coolmunda Dam – Relocate town water supply (TWS) bore pump (19MAB03)	9	16	The project cost more than forecast due to higher than expected quotes to undertake the work.
Coolmunda Dam – Davit crane safety review (19MAB04)	8	20	The scope of this project was expanded to provide a more holistic solution.
Other works	26	18	Some works were no longer required or were deferred.
Non-scheduled works – Change over to gatic type covers	-	18	These works were a workplace health and safety initiative.
Non-scheduled works – Other	-	14	The following additional works were undertaken: <ul style="list-style-type: none"> <li>• replacement of the bulkhead gate at Whetstone Weir</li> <li>• rip rap repairs to Coolmunda Dam.</li> </ul>
<b>2018/19 Total<sup>2</sup></b>	<b>133</b>	<b>150</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	Coolmunda Dam – Guard valve refurbishment	No. 1 guard valve was identified during the 2015 inspection as needing new seals and patch painting to extend its life. This will be done in conjunction with the comprehensive inspection to minimise shutdowns.	29
	Coolmunda Dam – Install electric actuators on cone valves	The original manually operated actuation is ageing and becoming harder for the staff to open and close, posing a workplace health and safety risk through back strain. The actuators will be replaced with electric actuators to overcome this.	56
	Coolmunda Dam – Crane refurbishment	This is an allowance to repair defects identified during the 2018 crane audit.	21
	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	36
	Coolmunda Dam – Comprehensive inspection	The Queensland Dam Safety Management Guidelines require Sunwater to undertake a comprehensive dam safety inspection every five years. The inspection identifies any defects and allows Sunwater to assess their risks and prioritise their scheduled work in accordance with the asset planning methodology.	136
	Other works	There are five other non-routine projects planned for 2020/21.	95
	<b>2020/21 Total</b>		<b>373</b>
2021/22	Coolmunda Dam – Upstream rip rap refurbishment	During the 2019 annual inspection, some areas of rip rap on the upstream face, above the full supply level, were identified as being deficient in rock volume. Additional rock will be brought to site and placed where needed to ensure the embankment is not scoured during flood events.	41
	Coolmunda Dam – Bulkhead gate refurbishment	The bulkhead gates are starting to corrode. It is estimated by 2022 that they will need a full repaint as patch-painting is no longer considered a viable maintenance option.	64
	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	37

Year	Project title	Project scope	Budget (\$'000 nominal)
	Other works	There are no other non-routine projects planned for 2021/22.	-
	<b>2021/22 Total</b>		<b>142</b>
2022/23	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	38
	Coolmunda Dam – Float well assessments	Sunwater conducts condition assessments of the float wells at Coolmunda Dam to ensure that the floats remain attached and are in the guide slots, the discharge pipework is not full of sediment and there are no other defects that prevent the gates from opening as they are intended.	16
	Weir comprehensive inspections – Two sites	These projects are to conduct a comprehensive inspection of the weirs to inform Sunwater of any future refurbishment work and keep the asset condition and risk data up to date, which will allow us to prepare an optimised maintenance plan for the weirs.	12
	Other works	There are no other non-routine projects planned for 2022/23.	-
	<b>2022/23 Total</b>		<b>66</b>
2023/24	Coolmunda Dam – Outlet building pump refurbishment	The emergency pump and motor need minor refurbishment to ensure they work and open the gates as needed.	15
	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	39
	Other works	There are no other non-routine projects planned for 2023/24.	-
	<b>2023/24 Total</b>		<b>54</b>
2024/25	Coolmunda Dam – Gates 3, 5 and 6 downstream repaint	Monitoring the thickness and condition of the paint coatings on gates 3 and 5 has determined that a full repaint will be needed in about 2024/25. The coating system will be applicable to water quality and other environmental conditions to extend the life of the gates as much as possible.	228
	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	40
	Coolmunda Dam – Floating weed boom replacement	The floating weed booms are showing signs of ultraviolet damage and have been scheduled for replacement in 2024/25. Ongoing monitoring will determine if this project can be safely deferred beyond this year.	46
	Other works	There is one other non-routine project planned for 2024/25.	6
	<b>2024/25 Total</b>		<b>320</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.