

Service and Performance Plan – 2020/21

Lower Mary River 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 Mary River Bulk Water Service Contract,¹ we expected to spend \$0.33 million on routine costs and \$0.45 million on non-routine projects. Actual routine costs were lower than forecast as the result of synergies being achieved across the operational and maintenance programs, including across bulk water and distribution service contracts in the Burnett and Lower Mary region. Non-routine costs were higher than forecast because works for the downstream rock protection project at Mary Barrage scheduled to be completed in 2017/18 were carried over into 2018/19 due to water levels.

Outlook for 2020/21

Routine costs (\$0.23 million) are expected to decrease compared to what we previously forecast in last year's NSP (\$0.32 million in 2020/21). This is largely due to a downwards revision in labour costs (a \$0.03 million decrease) and a reduction in forecast non-direct costs (\$0.06 million less).

Sunwater plans to spend approximately \$0.10 million on non-routine projects, which is in line with our previous forecast. The 2020/21 program of works includes meter replacements, an asset revaluation and refurbishment of the fishway baffle supports at Tinana Barrage.

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/Lower-Mary-River/

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 Lower Mary River 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 Mary River 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 ¹	Planned or unplanned interruptions per water year	6	0	0	0

1. This is the total number of bulk 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	7856
2015/16	12,713
2016/17	17,961
2017/18	7464
2018/19	10,775
17-year historical average	9390

Routine expenditure

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

Table 3 Routine expenditure^{1,2,3}

Lower Mary River 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	71.9	125.2	204.7	127.2	(77.5)	Operations costs were lower than forecast as a result of integrating the bulk water and distribution system business units together in the Burnett and Lower Mary region.	251.7	191.3	197.9	209.4	213.4	221.6
Labour	19.5	36.6	51.4	30.2	(21.1)		76.1	57.9	59.6	61.4	63.0	64.5
Contractors	0.6	-	5.0	7.7	2.7		4.0	3.0	3.1	3.2	3.2	3.3
Materials	0.3	0.1	1.0	-	(1.0)		1.0	1.0	1.0	1.1	1.1	1.1
Electricity	-	-	-	-	-		-	-	-	-	-	-
Insurance	10.1	9.6	9.8	14.7	4.8		11.3	13.6	14.0	14.3	14.7	15.0
Other	6.8	7.4	8.0	7.8	(0.2)		8.0	8.0	8.2	8.4	8.6	8.8
Local area support costs	16.7	28.6	65.7	18.2	(47.6)		26.4	28.3	30.8	39.1	37.4	36.3
Corporate support costs	6.3	15.1	33.4	29.3	(4.1)		54.6	43.4	44.7	46.1	47.2	48.4
Indirect costs	11.6	27.8	30.4	19.3	(11.0)		70.2	36.0	36.5	35.9	38.2	44.1
Preventative maintenance	3.3	5.3	78.9	13.4	(65.5)	Operational and preventative maintenance activities are performed by the local operator, allowing synergies to be achieved across the operational and preventative maintenance program of works. Sunwater has revised the preventative maintenance budget downwards in future years to reflect this arrangement.	49.0	25.9	26.8	28.5	29.0	30.2
Labour	1.2	1.8	21.6	3.9	(17.7)		15.3	8.4	8.6	8.9	9.1	9.3
Contractors	-	-	3.0	-	(3.0)		3.0	2.0	2.1	2.1	2.2	2.2
Materials	-	-	-	0.1	0.1		-	-	-	-	-	-
Other	0.0	-	-	0.9	0.9		-	-	-	-	-	-
Local area support costs	1.0	1.4	27.6	3.3	(24.3)		5.6	4.0	4.4	5.6	5.4	5.3
Corporate support costs	0.3	0.7	14.0	3.0	(11.0)		11.0	6.3	6.5	6.7	6.8	7.0
Indirect costs	0.7	1.4	12.7	2.2	(10.6)		14.1	5.2	5.3	5.2	5.5	6.4
Corrective maintenance	18.6	2.5	44.2	-	(44.2)	There were no corrective maintenance costs in 2018/19.	30.0	10.8	11.2	11.8	12.0	12.5
Labour	6.3	0.1	11.7	-	(11.7)		9.0	2.7	2.8	2.9	3.0	3.1
Contractors	-	2.3	3.0	-	(3.0)		3.0	3.0	3.1	3.2	3.2	3.3
Materials	1.1	-	-	-	-		-	-	-	-	-	-
Other	0.2	-	-	-	-		-	-	-	-	-	-
Local area support costs	5.4	0.0	15.0	-	(15.0)		3.3	1.3	1.4	1.8	1.8	1.7
Corporate support costs	1.8	0.1	7.6	-	(7.6)		6.4	2.1	2.1	2.2	2.2	2.3
Indirect costs	3.8	0.0	6.9	-	(6.9)		8.3	1.7	1.7	1.7	1.8	2.1
Routine total	93.9	133.1	327.7	140.5	(187.2)		330.7	228.0	235.9	249.6	254.4	264.2

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. Excludes cost transfers from the Lower Mary River Distribution Service Contract for a share of Owanyilla pump station's operations and maintenance costs.

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^{1,2}

Lower Mary River 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 ³	(1575.4)	(1789.2)	(2440.2)	(2543.1)	(2531.1)	(2482.6)	(2407.7)	(2313.1)
Non-routine spend ⁴	(207.6)	(635.4)	(41.9)	(99.2)	(65.3)	(42.7)	(27.9)	(95.7)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	4.0	4.4	-	-	-	-	-
Annuity contribution ⁵	111.7	114.5	117.4	222.3	224.4	226.2	227.7	233.1
Interest/financing costs	(118.0)	(134.0)	(182.8)	(111.2)	(110.7)	(108.5)	(105.3)	(101.1)
Sunwater – Closing Balance	(1789.2)	(2440.2)	(2543.1)	(2531.1)	(2482.6)	(2407.7)	(2313.1)	(2276.8)
QCA – Closing Balance	(1789.2)	(2440.2)	(2540.0)	(2522.2)	(2473.0)	(2398.0)	(2303.2)	
Difference	-	-	3.1	8.9	9.6	9.7	9.9	

1. All financial figures are nominal. Figures may not sum due to rounding.
2. Excludes cost transfers from the Lower Mary River Distribution Service Contract for a share of Owanilla pump station's non-routine costs.
3. 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.
4. 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.
5. 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 Lower Mary River Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Meter replacements	27	34	More meters required replacing than budgeted for.
Tinana Barrage – Refurbish fishway baffle supports (Stage 1)	26	-	This project was deferred as the fishway baffles were in a better condition than expected.
Mary Barrage – Downstream rock protection	397	587	This project included works carried over from the previous year that were unable to be completed due to Mary Barrage water levels.
Other works	2	-	No other works were undertaken.
Non-scheduled works	-	17	Replacement of the Mary Barrage fishway baffle supports was brought forward from 2020/21.
2018/19 Total²	452	639	

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	Tinana Barrage – Refurbish fishway baffle supports	The steel painted baffle supports at the barrage are corroding and need to be replaced to ensure the concrete baffles remain vertical. The baffles slow the flow of water, so fish can traverse the fish ladder. Stainless steel supports proved to be the most cost effective for the Ben Anderson Barrage in Bundaberg.	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.	25
	Asset revaluation	Revalue the assets for insurance purposes; update asset replacement costs and Bill of Materials; and identify gaps in asset hierarchy data	4
	Other works	A contingency amount for unplanned capital replacements.	5
	2020/21 Total		98
2021/22	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.	27
	Mary and Tinana Barrages – Comprehensive inspections	Sunwater conducts comprehensive inspections on all dams and weirs every five years to maintain our asset condition knowledge that will help to optimise the non-routine maintenance program.	39
	Other works	There are no other non-routine projects planned for 2021/22.	-
	2021/22 Total		66
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.	27
	Mary Barrage – Headwater level recorder	The headwater level recorder is showing signs of ageing and is scheduled to be replaced in 2023. If it is still working adequately, this project will be deferred.	15
	Other works	There are no other non-routine projects planned for 2022/23.	-

Year	Project title	Project scope	Budget (\$'000 nominal)
	2022/23 Total		42
2023/24	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.	28
	Other works	There are no other non-routine projects planned for 2023/24.	-
	2023/24 Total		28
2024/25	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.	28
	Mary Barrage – Access road refurbishment	This is an allowance to refurbish the short access road into Mary Barrage (repair potholes and drainage etc.). If the condition remains good, the funds will remain in the annuity.	56
	Tinana Barrage – Fence, gates and grids refurbishment	This is an allowance to repair any damaged fences, gates and grids at Tinana Barrage. If the condition remains good, the funds will remain in the annuity.	11
	Other works	There are no other non-routine projects planned for 2024/25.	-
	2024/25 Total		95

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.