

Service and Performance Plan – 2020/21

Lower Mary River Distribution 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 Distribution Service Contract,¹ we expected to spend \$1.23 million on routine costs and \$0.39 million on non-routine projects. Routine costs were less than forecast due to a change in frequency of electrical maintenance and inspections from three to six months and an optimisation of resources between bulk water and distribution service contracts in the Burnett and Lower Mary region. The non-routine program was broadly in line with the budget.

Outlook for 2020/21

Routine costs (\$1.22 million) are expected to decrease compared to what we previously forecast in last year's NSP (\$1.30 million in 2020/21), largely due to a downwards revision of our forecast electricity costs.

Sunwater plans to spend approximately \$0.97 million on non-routine projects. This is higher than our previous forecast (\$0.60 million), mainly because of a new project to replace the surge tank at Walker Point main channel (\$0.29 million).

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 Distribution 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 Distribution 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	3	0	0
Maximum number of interruptions ¹	Planned or unplanned interruptions per water year	6	1	0	1

1. This is the total number of 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	5893
2015/16	9144
2016/17	12,733
2017/18	5427
2018/19	7609
17-year historical average	6236

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 Distribution 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	808.4	456.7	704.3	533.5	(170.8)	Actual operations costs were lower than forecast due to the re-optimisation of bulk water and distribution system staff across the service contracts in the Burnett and Lower Mary region.	694.3	760.4	869.8	905.7	925.6	802.1
Labour	77.3	57.9	95.0	42.8	(52.2)		108.0	107.1	110.3	113.6	116.5	119.4
Contractors	11.8	0.1	5.0	0.4	(4.6)		5.0	6.0	6.2	6.3	6.5	6.6
Materials	0.4	0.7	1.0	0.2	(0.8)		1.0	2.0	2.1	2.1	2.2	2.2
Electricity	498.1	249.2	300.0	305.4	5.4		300.0	350.0	446.7	457.9	469.4	331.1
Insurance	56.4	52.7	55.7	56.3	0.6		65.3	78.4	80.3	82.3	84.4	86.5
Other	35.6	20.0	30.0	44.7	14.7		30.2	31.8	33.9	34.3	34.7	35.1
Local area support costs	66.5	32.2	121.6	23.0	(98.6)		37.5	54.8	58.7	74.9	72.0	70.3
Corporate support costs	26.8	19.8	61.8	41.4	(20.4)		77.4	80.3	82.7	85.2	87.3	89.5
Indirect costs	35.6	23.9	34.2	19.3	(14.9)		69.9	50.1	48.9	49.0	52.7	61.3
Preventative maintenance	142.4	195.8	321.8	230.6	(91.2)	280.7	277.8	286.1	305.1	310.7	321.9	
Labour	44.0	65.1	89.3	64.9	(24.4)	90.7	89.2	91.9	94.6	97.0	99.4	
Contractors	18.8	10.1	15.0	26.3	11.3	18.0	18.0	18.5	18.9	19.4	19.9	
Materials	3.4	2.0	5.0	9.6	4.6	6.0	6.0	6.2	6.3	6.5	6.6	
Other	4.3	5.2	8.0	10.2	2.2	9.0	13.0	13.3	13.7	14.0	14.3	
Local area support costs	37.9	50.2	114.3	40.7	(73.6)	33.1	43.0	46.7	59.9	57.2	56.0	
Corporate support costs	13.7	25.9	58.0	54.6	(3.4)	65.0	66.9	68.9	71.0	72.7	74.6	
Indirect costs	20.3	37.2	32.1	24.2	(8.0)	58.8	41.7	40.7	40.8	43.9	51.1	
Corrective maintenance	145.3	106.6	202.6	127.8	(74.8)	175.2	181.8	187.2	198.5	202.3	209.3	
Labour	37.3	28.1	47.3	33.3	(14.0)	47.3	50.3	51.8	53.4	54.7	56.1	
Contractors	6.3	11.0	15.0	6.1	(8.9)	15.0	15.0	15.4	15.8	16.2	16.6	
Materials	13.9	6.9	15.0	13.5	(1.5)	15.0	15.0	15.4	15.8	16.2	16.6	
Other	26.5	10.2	17.0	12.5	(4.5)	16.0	16.0	16.4	16.8	17.2	17.7	
Local area support costs	31.2	21.8	60.5	24.0	(36.5)	17.3	24.3	26.3	33.8	32.3	31.6	
Corporate support costs	12.8	12.3	30.7	24.4	(6.3)	33.9	37.7	38.9	40.0	41.0	42.1	
Indirect costs	17.2	16.1	17.0	14.0	(3.0)	30.7	23.5	23.0	23.0	24.8	28.8	
Routine total	1096.1	759.0	1228.8	891.9	(336.9)		1150.2	1220.0	1343.0	1409.4	1438.6	1333.3

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 to the Lower Mary River Bulk Water Service Contract for a share of Owanilla 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**. Sunwater plans to undertake several electrical control system, switchboard and cable replacements over the period.

Table 4 Annuity balance^{1,2}

Lower Mary River Distribution 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	1648.3	2020.2	2284.6	2399.8	1717.7	1393.9	301.4	(457.6)
Non-routine spend ⁴	(231.1)	(383.5)	(565.4)	(973.8)	(592.1)	(1375.5)	(1033.2)	(556.1)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	5.2	5.6	-	-	-	-	-
Annuity contribution ⁵	479.5	491.5	503.7	186.8	193.2	222.1	261.1	267.4
Interest/financing costs	123.5	151.3	171.1	104.9	75.1	60.9	13.2	(20.0)
Sunwater – Closing Balance	2020.2	2284.6	2399.8	1717.7	1393.9	301.4	(457.6)	(766.3)
QCA – Closing Balance	2020.2	2284.6	2437.5	2365.2	2257.0	1635.3	2061.2	
Difference	-	-	37.7	647.5	863.2	1333.9	2518.7	

1. All financial figures are nominal. Figures may not sum due to rounding.
2. Excludes cost transfers to the Lower Mary River Bulk Water 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 Distribution Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Owanyilla pump station – Unit 1 pump, motor and suction valve (19LOW08)	128	131	Works were completed in line with budget.
Copenhagen Bend pump station – Refurbish submersible pump No. 1 (19LOW04)	53	98	Contractor costs were higher than forecast.
Walker Point pump station – Control system replacement options analysis (19LOW09)	72	12	The options analysis was undertaken for less than budgeted.
Copenhagen Bend system – Metering (19LOW01)	51	10	Fewer meters required replacing than forecast.
Mains Road pump station – Refurbish pump No. 2 and motor No. 2 (19LOW06)	36	48	The scope of the project increased, as the pump was in worse condition than expected. A new pump shaft was required to be machined.
Other works (19LOW03 and 19LOW07)	50	50	Works were completed in line with budget.
Non-scheduled works – Meter replacements (19LOW11 and 19LOW12)	-	20	Failed meters in the Main Road and Walker Point systems required replacing.
Non-scheduled works – Other	-	43	Additional works undertaken included: <ul style="list-style-type: none"> • replacement of the Owanyilla sump pump 1 (19LOW13) • replacement of the failed high voltage circuit breaker at Owanyilla pump station (19LOW15).
2018/19 Total²	390	411	

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	Walker Point pump station – Control system, switchboard and cable replacements (Stage 2)	Equipment replacement to reinstate control system reliability, performance and supportability. Continuation of 2019/20 works.	326
	Walker Point main channel – Replace surge tank 36.72m	The surge tank is leaking through cracks in the concrete, to the extent that iron stains are evident. This indicates that the steel reinforcement is corroding and weakening the tank’s strength. Options and cost estimates have been assessed and it has been determined that replacement is the preferred solution.	291
	Copenhagen Bend – Replace flow meter sensors and control unit	The bulk flow meter from the pump station is inaccurate and needs to be replaced to assist in determining pump efficiencies. Understanding changes in pump capacity/efficiency can help reduce running costs and predict future maintenance requirements.	57
	Owanyilla pump station – Replace flow meter sensors and control unit	The bulk flow meter from the pump station is inaccurate, to the extent that it records flows when the pumps are not in operation and needs to be replaced to assist in determining pump efficiencies. Understanding changes in pump efficiency can help reduce running costs and predict future maintenance requirements.	49
	Owanyilla pump station – Electrical control system design and procurement	Design and procurement stage of the control system upgrade based on the outcome of the 2019 options analysis. The control system is beyond its standard life with few spare parts available. It needs to be replaced before it fails.	55
	Other works	The balance of the 2020/21 program consists of customer meter upgrades; pump, motor and valve refurbishments; air vent and valve replacements; and fencing and screen refurbishments.	196
	2020/21 Total		974
2021/22	Copenhagen Bend pump station – Switchboard, control and Programmable Logic Controller (PLC)/Supervisory Control and Data Acquisition (SCADA) replacement (Stage 2)	Replacement works based on standard asset replacement life and obsolescence. This is the design and procurement stage, with installation to commence in 2022/23. Economic life assessments by independent companies confirm the need for this work in the next few years.	77

Year	Project title	Project scope	Budget (\$'000 nominal)
	Main Roads pump station – Replace flow meter sensors and control unit	The bulk flow meter from the pump station is inaccurate and needs to be replaced to assist in determining pump efficiencies. Understanding changes in pump capacity/efficiency can help reduce running costs and predict future maintenance requirements.	81
	Walker Point pump station – Inlet suction screen replacement	The inlet screens at the pump station are in poor condition, allowing debris and excessive sediment to be drawn into the pumps. This project will replace the screens and desilt the inlet pipes, which should improve pump efficiency and reduce running costs.	63
	Main Road pump station – Valve, pump and motor refurbishment	The outer casing of Pump Unit 1 is corroding and needs to be repainted to maintain its life. While the pump is disconnected, it is prudent to perform maintenance on the motor and discharge valve, neither of which have had any significant maintenance for 20 years or more, rather than to plan for their refurbishment in the next few years.	53
	Owanyilla pump station – Electrical control system replacement (Stage 1)	This is Stage 1 of the replacement works following the design and procurement phase in 2020/21. This will involve the initial supply of services and installation. Once the final design and procurement phase has been completed, typical supply and installation takes six to 12 months as the old and new system need to operate concurrently to allow continuity of supply.	243
	Other works	The balance of the 2021/22 program consists of inlet screen refurbishment; meter replacements; and electrical work at the Teddington channel flow meter.	76
	2021/22 Total		593
2022/23	Owanyilla pump station – Electrical control system replacement (Stage 2)	This is Stage 2 of the replacement works to continue the installation and commissioning of the new electrical control system.	347
	Owanyilla pump station – Switchboard 2 replacement works (Stage 1)	Detailed design and procurement of materials and equipment. Scope of works, timing and budget are subject to the 2020/21 options analysis.	239
	Main Roads pump station – Replace vacuum priming system	The system is very old, and components are starting to provide operational issues. These components are hard to replace due to their age (37 years). It is prudent to replace the main components of the system before they are unable to be procured.	42
	Copenhagen Bend pump station – Switchboard, control and PLC/SCADA replacement (Stage 2)	Replacement works based on standard asset replacement life and obsolescence. This is the design and procurement stage. Economic life assessments by independent companies confirm the need for this work in the next few years.	637
	Other works	The balance of the 2022/23 program consists of meter replacements; an isolating valve replacement; high voltage inspection and testing; and minor fencing and access road works.	111
	2022/23 Total		1376

Year	Project title	Project scope	Budget (\$'000 nominal)
2023/24	Owanyilla pump station – Switchboard 2 replacement works (Stage 2)	Installation and commissioning of materials and equipment. This project will conclude the switchboard and control system activities at the pump station.	479
	Owanyilla pump station – Mains cable replacement	Cable replacement to be coordinated with switchboard and control system site works. Scope of works, timing and budget are subject to the 2020/21 options analysis.	181
	Main Roads – Cable, switchboard and controls replacement (Stage 1)	Design and procurement stage of the control system upgrade based on the outcome of the options analysis. The control system is beyond its standard life with few spare parts available. It needs to be replaced before it fails.	178
	Owanyilla pump station – Switchboard 1 replacement works	The switchboard work includes installation and commissioning of materials and equipment. This project will be run in conjunction with the Switchboard 2 and control system and cables replacement works.	42
	Copenhagen Bend system – Pump Unit 2 refurbishment	Refurbishment planned based on standard life of five to six years. The pump was replaced in 2018. If it remains in good condition, the work will not proceed.	56
	Other works	The balance of the 2023/24 program consists of meter replacements and refurbishment of submersible pumps 1 and 3 at Walker Point pump station.	97
	2023/24 Total		1033
2024/25	Main Roads – Cable, switchboard and controls replacement (Stage 2)	Installation and commissioning of the control system upgrade based on the outcome of the options analysis. The control system is beyond its standard life with few spare parts available. It needs to be replaced before it fails.	450
	Copenhagen Bend system – Pump Unit 1 refurbishment	Refurbishment planned based on standard life of five to six years. The pump was replaced in 2018. If it remains in good condition, the work will not proceed. The condition of Pump Unit 2 in 2024 will help determine if this work can be deferred or not.	59
	Other works	The balance of the 2024/25 program consists of meter replacements and minor fencing and access road works at Owanilla pump station.	47
	2024/25 Total		556

Contact us

To have your say and shape future Service and Performance Plans, please contact us via email or post:

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