

Service and Performance Plan – 2020/21

Nogoa Mackenzie 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 Nogoa Mackenzie Bulk Water Service Contract,¹ we expected to spend \$2.65 million on routine costs and \$0.79 million on non-routine projects.

Operational costs were greater than forecast due to changes to staff resourcing and increased pumping requirements while the dam levels were low. However, this increase was offset by lower than forecast corrective and preventative maintenance costs.

The non-routine program was delivered under budget. This was primarily due to changes in the scope of work required, deferral of some projects and some projects no longer being required.

Outlook for 2020/21

Routine costs (\$2.24 million) are expected to increase compared to what we previously forecast in last year’s NSP (\$2.05 million in 2020/21).² The 2020/21 budget has been updated to reflect changing business requirements, including:

- higher forecast labour costs, as the result of increased labour billing targets which mean more costs are directly charged to the scheme
- an increase in forecast non-direct costs and insurance premiums
- an increase in forecast contractor costs for corrective maintenance.

Sunwater plans to spend approximately \$0.40 million on non-routine projects, which is higher than our previous forecast (\$0.13 million). This is primarily due to new protection works at Bingegang, Bedford and Tartrus Weirs to rectify issues identified during previous inspections, and additional allowances for meter replacements and unplanned capital replacements.

¹ See www.sunwater.com.au/schemes/Nogoa-Mackenzie/

² Excluding routine recreational facility costs.

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/

Sunwater will publish irrigation prices for the Nogoa Mackenzie 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 Nogoa Mackenzie 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	4 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 ¹	Unplanned shutdowns during Peak Demand Period	48 hours	0	0	0
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions ²	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.

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	157,152
2015/16	183,846
2016/17	168,908
2017/18	178,911
2018/19	119,961
17-year historical average	161,780

Routine expenditure

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

Table 3 Routine expenditure^{1,2}

Nogoa Mackenzie 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
Operations	1594.4	1593.3	1886.7	2001.0	114.4		1865.4	1912.9	2011.2	2050.0	2087.6	2110.3
Labour	251.5	255.9	245.0	320.6	75.6	Labour costs were higher than forecast because of: <ul style="list-style-type: none"> additional overtime hours due to resourcing constraints unbudgeted labour costs in May and June 2019 due to staff transition from the Emerald distribution scheme additional tasks associated with the transition of Emerald distribution to local management arrangements. Electricity costs were higher than forecast due to pumping requirements while the dam water levels were low. There was also an increase in underlying electricity tariffs.	287.8	251.1	258.6	266.4	273.0	279.9
Contractors	158.4	144.0	175.0	138.5	(36.5)		175.0	165.0	169.1	173.4	177.7	182.1
Materials	15.4	15.8	20.0	19.5	(0.5)		20.0	20.0	20.5	21.0	21.5	22.1
Electricity	14.4	38.0	18.0	43.1	25.1		18.0	18.0	18.5	18.9	19.4	33.1
Insurance	505.5	463.6	490.2	495.5	5.2		564.4	677.2	694.2	711.5	729.3	747.5
Other	129.80	104.5	134.0	168.8	34.8		154.6	161.8	167.3	171.2	175.1	179.2
Local area support costs	216.13	197.8	313.6	298.4	(15.2)		112.2	173.2	223.3	218.0	203.9	146.3
Corporate support costs	110.83	135.4	159.2	295.8	136.6		206.3	188.3	194.0	199.8	204.8	209.9
Indirect costs	192.41	238.4	331.6	221.0	(110.6)		327.0	258.2	265.7	269.8	282.9	310.2
Preventative maintenance	390.5	424.3	417.9	361.7	(56.2)	355.3	462.3	492.5	502.8	510.4	505.2	
Labour	123.8	113.8	99.9	92.1	(7.8)	There was a reduction in local area support costs and indirect costs. Some preventative maintenance expenditure was incorrectly costed to operations.	97.6	123.2	126.9	130.7	134.0	137.3
Contractors	37.8	78.1	50.0	48.5	(1.5)		50.0	50.0	51.3	52.5	53.8	55.2
Materials	3.4	2.1	5.0	5.6	0.6		5.0	5.0	5.1	5.3	5.4	5.5
Other	8.1	6.6	11.0	7.2	(3.8)		12.0	12.0	12.3	12.6	12.9	13.2
Local area support costs	106.5	88.8	127.9	91.4	(36.6)		30.7	103.0	124.1	127.2	122.4	97.1
Corporate support costs	37.1	48.7	65.0	75.0	10.1		70.0	92.4	95.2	98.0	100.5	103.0
Indirect costs	73.6	86.2	59.1	41.9	(17.2)		90.0	76.7	77.7	76.4	81.4	93.8
Corrective maintenance	114.1	186.5	348.9	266.8	(82.1)		221.9	335.5	358.2	361.4	365.7	360.7
Labour	12.3	14.6	74.1	18.7	(55.4)		Most of the corrective actions undertaken in 2018/19 were performed by contractors due to their specialist knowledge and expertise (e.g. electrical repairs). Labour costs and associated non-direct costs were lower as a result.	35.8	66.0	68.0	70.1	71.8
Contractors	64.6	110.7	60.0	156.4	96.4	75.0		100.0	102.5	105.1	107.7	110.4
Materials	5.8	19.6	15.0	19.2	4.2	20.0		20.0	20.5	21.0	21.5	22.1
Other	6.3	6.7	13.0	29.7	16.7	15.0		15.0	15.4	15.8	16.2	16.6
Local area support costs	10.5	11.4	94.8	18.4	(76.5)	17.4		43.8	59.2	55.9	51.0	32.5
Corporate support costs	7.3	12.5	48.2	18.7	(29.4)	25.7		49.5	51.0	52.6	53.9	55.2
Indirect costs	7.3	11.0	43.8	5.6	(38.2)	33.0		41.1	41.6	41.0	43.6	50.3
Routine total	2098.9	2204.1	2653.4	2629.5	(23.9)	2442.6		2710.7	2861.9	2914.1	2963.7	2976.2
Recreational facility costs ³	Recreational facility costs are included in the above line items, as irrigation customers previously contributed towards them.							473.3	483.5	495.3	507.3	520.0
Routine total (excl. recreational facility costs)							2237.4	2378.4	2418.8	2456.5	2456.2	

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. 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 balance¹

Nogoa Mackenzie 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	(3294.2)	(4112.9)	(4522.6)	(6327.4)	(5739.0)	(4809.6)	(4653.5)	(3891.0)
Non-routine spend ³	(1054.1)	(595.8)	(1972.5)	(404.9)	(121.8)	(978.8)	(439.1)	(1153.0)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution ⁴	482.1	494.2	506.5	1270.0	1302.1	1345.1	1405.1	1438.7
Interest/financing costs	(246.7)	(308.1)	(338.7)	(276.6)	(250.9)	(210.3)	(203.5)	(170.1)
Sunwater – Closing Balance	(4112.9)	(4522.6)	(6327.4)	(5739.0)	(4809.6)	(4653.5)	(3891.0)	(3775.3)
QCA – Closing Balance	(4112.9)	(4522.6)	(5904.0)	(5010.1)	(4105.2)	(3949.9)	(3249.0)	
Difference	-	-	423.4	728.8	704.4	703.6	641.9	

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

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Fairbairn Dam – Refurbish Weemah channel regulating gate No. 4 (14NMA07)	61	24	Works were completed in-house, which delivered cost efficiencies for the project.
Replace two lift gates on Weemah channel bullring outlet (17NMA02)	112	19	A change of scope reduced the work required for this project. Due to the condition of the gates, only the seals were replaced. Funds were reallocated to the power pole repairs project (see below).
Nogoia Mackenzie system – New gauging stations (19NMA10)	116	102	Works were completed within budget.
Fairbairn Dam sewage treatment plant – Replace level transmitters (19NMA12)	37	9	The project was completed for less than forecast due to lower equipment costs and the scope of work being less complicated than initially expected.
Fairbairn Dam – Comprehensive risk assessment (18NMA13)	96	174	There was an increased scope of work compared to forecast, including additional safety modelling.
Other works	367	47	The recreational area works were deferred to 2019/20. Some other projects were not required, or the scope was less than forecast.
Non-scheduled works – Low level pumping	-	184	Due to low water levels at Fairbairn Dam in 2018/19, Sunwater was required to perform low level pumping to continue to supply water to our customers.
Non-scheduled works – Other	-	80	Additional works undertaken in 2018/19 included: <ul style="list-style-type: none"> • power pole repairs • chlorine analysing automation.
2018/19 Total²	789	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	Meter replacements	Upgrade program to replace customer river meters with Australian Standard (AS) 4747 compliant equipment.	100
	Bingegang Weir – Screen and structure refurbishments	Outlet works (inlet and outlet) screen refurbishments to retain function and condition, and reinstatement of downstream protection elements to ensure ongoing erosion protection.	79
	Asset revaluation	Revalue the assets for insurance purposes; update asset replacement costs and Bill of Materials; and identify gaps in asset hierarchy data.	47
	Tartus Weir – Protection works	Repair of downstream left bank rock mattresses and rockfill elements to ensure ongoing protection of the weir foundations and abutments.	35
	Bedford Weir – Protection works	Repair of downstream rock mattresses and rockfill elements to ensure ongoing protection of the weir foundations and abutments.	34
	Selma Weir – Structure repairs	This project involves the repair of numerous (though minor) concrete surface defects at the weir based on inspection reports.	29
	Fairbairn Dam – Selma inlet channel repairs	This work involves Fairbairn Dam bank repairs to rectify a right bank slump and ensure continued reliable delivery to the Selma channel system.	24
	Other works	Replace spillway access ladder and a contingency amount for unplanned capital replacements.	57
	2020/21 Total		405
2021/22	Meter replacements	Upgrade program to replace customer river meters with AS4747 compliant equipment.	108
	Bingegang Weir – Outlet works	Scheduled refurbishment of the 600DIA low level outlet conduit. Works will be subject to inspection (2020), with timing and scope to be developed accordingly.	14
	Other works	There are no other non-routine projects planned for 2021/22.	-
	2021/22 Total		122

Year	Project title	Project scope	Budget (\$'000 nominal)
2022/23	Fairbairn Dam – Structure	The work is to resurvey the site after five years to check for any movement, then complete the remainder of the benching work on the face subject to a renewed risk assessment. The timing and scope of works will be subject to an inspection and a risk/benefit review.	521
	Fairbairn Dam – Comprehensive inspection	Sunwater conducts comprehensive inspections on our dams every five years to comply with the dam safety condition schedules attached to the dam. 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.	134
	Fairbairn Dam – Guard gate refurbishments	Scheduled refurbishment of Saddle Dam 2 (Selma) guard gates—blast, paint, anodes and fixings—to reinstate gate condition and service life.	89
	Fairbairn Dam – Gate hoist refurbishments	Scheduled refurbishment of Saddle Dam 2 (Selma) guard gate hoist motors/electrics and ropes to maintain function and safety.	74
	Fairbairn Dam – Bridge inspections	The inlet tower and spillway bridges require third-party inspection (Level 2) to ensure continued safe operation and compliance.	53
	Meter replacements	Upgrade program to replace customer river meters with AS4747 compliant equipment.	53
	Selma Weir – Outlet works	Scheduled replacement of 300DIA outlet works valve and refurbishment of outlet works conduit (subject to condition assessment).	55
	Other works	There are no other non-routine projects planned for 2022/23.	-
	2022/23 Total		979
2023/24	Fairbairn Dam – Saddle Dam 2 screen and guide refurbishments	Refurbishment of trash racks and guides in Saddle Dam 2. If the condition assessment closer to 2023 determines they remain in a serviceable condition, the funds will remain in the annuity.	37
	Fairbairn Dam – Regulated gate refurbishments	Planned refurbishment of the left and right-hand Selma Channel inlet vertical slide gates to ensure continued function and condition.	104
	Fairbairn Dam – Road refurbishment	Scheduled refurbishment and grading of access roads and tracks to the dam’s facilities and embankments to maintain condition and safe access.	132
	Fairbairn Dam – Options analysis	Options analysis to consider the most prudent and efficient methodology to refurbish the upstream and downstream main embankment rock rip rap.	32
	Fairbairn Dam – Fencing refurbishment	Refurbishment and repair of fencing lines, posts and gates at various locations around the dam and associated infrastructure.	42

Year	Project title	Project scope	Budget (\$'000 nominal)
	Bingegang Weir – Supervisory Control and Data Acquisition (SCADA) replacement	Scheduled replacement of the weir SCADA computer (hardware and software) to ensure continued serviceability and support for surveillance and control.	18
	Other works	The balance of works includes refurbishing two gauging station platforms and stairways, patch painting trash racks and Bedford Weir weep hole cleaning.	74
	2023/24 Total		439
2024/25	Bedford, Bingegang, Tartrus and Selma Weirs – Comprehensive inspections	Sunwater conducts comprehensive inspections on major weirs every five years to ensure business and community risks are managed. 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.	135
	Fairbairn Dam – Protection works	Scheduled refurbishment of Fairbairn Dam upstream and downstream face and left and right abutment protection works. The timing and scope of works will be further defined through the inspection process and subject to a risk/benefit analysis.	755
	Fairbairn Dam and Selma, Bedford and Tartrus Weirs – Sign upgrades	Scheduled upgrade of site signage to comply with current Sunwater standards and manage operational and public risk.	44
	Fairbairn Dam – Saddle Dam 2 light and power replacement	Scheduled replacement of control building light and power services, subject to a condition assessment and compliance and risk review.	33
	Bedford and Bingegang Weirs – Crane refurbishment	Scheduled refurbishment of the 2-tonne monorail cranes to ensure continued reliable operation and compliance.	50
	Selma Weir – Outlet works	Scheduled refurbishment of the outlet works structure. The timing, scope and necessity to undertake works is subject to a review of the structure's condition and risks.	19
	Tartrus Weir – Controls options	Options study to review benefits of upgrading to remote operation and automation of outlet works.	19
	Other works	The balance of works includes a gauge board replacement at Tartrus Weir, gauging station works, weir handrail and platform works, and other minor works.	98
	2024/25 Total		1153

Contact us

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

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