

# Service and Performance Plan – 2020/21

## Pioneer 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 Pioneer River Bulk Water Service Contract,<sup>1</sup> we expected to spend \$1.35 million on routine costs and \$0.29 million on non-routine projects. Routine costs were broadly in line with budget, while non-routine costs were less than forecast. This was largely due to river levels preventing Dumbleton Weir works from being completed. These works have been carried forward into 2019/20. Additionally, some other planned non-routine projects were either completed in 2017/18 or are being carried forward into 2019/20.

#### Outlook for 2020/21

Routine costs (\$1.46 million) are expected to increase compared to what we previously forecast in last year’s NSP (\$1.39 million in 2020/21). The key driver of the increase is higher insurance premiums—a \$0.08 million increase in forecast costs.

Sunwater plans to spend approximately \$0.21 million on non-routine projects, which is marginally lower than our previous forecast (\$0.26 million). A key project planned for 2020/21 is the comprehensive inspection of Teemburra Dam.

### 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/](http://www.qca.org.au/project/rural-water/irrigation-price-investigations/)

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

Sunwater will publish irrigation prices for the Pioneer River 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/)

## Water usage

The amount of water used in a scheme within a given year impacts operations and expenditure. Table 1 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 1 Water usage*

Year	Usage (ML)
2014/15	30,396
2015/16	27,894
2016/17	16,576
2017/18	24,984
2018/19	26,203
<b>17-year historical average</b>	<b>26,133</b>

## Routine expenditure

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

Table 2 Routine expenditure<sup>1,2</sup>

Pioneer River 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	668.5	680.8	825.3	819.1	(6.1)	Actual operations costs were broadly in line with budget.	853.1	1032.9	1085.7	1107.2	1126.4	1129.3
Labour	79.1	99.6	93.0	113.3	20.3		113.1	138.0	142.1	146.4	150.0	153.8
Contractors	19.3	12.4	20.0	4.9	(15.1)		20.0	20.0	20.5	21.0	21.5	22.1
Materials	0.1	0.6	5.0	0.9	(4.1)		5.0	5.0	5.1	5.3	5.4	5.5
Electricity	4.5	4.1	4.3	4.1	(0.2)		4.9	5.3	5.5	6.0	5.9	5.5
Insurance	345.8	314.8	335.4	338.9	3.6		378.8	454.6	466.0	477.6	489.6	501.8
Other	23.4	14.0	24.0	60.1	36.1		47.9	55.4	56.1	58.8	59.6	60.5
Local area support costs	68.0	77.7	110.4	94.8	(15.6)		51.4	88.1	115.6	110.5	102.1	69.7
Corporate support costs	41.6	55.9	60.5	108.6	48.1		81.1	103.5	106.6	109.8	112.5	115.3
Indirect costs	86.6	101.6	172.7	93.5	(79.2)		150.9	163.0	168.3	171.9	179.7	195.1
Preventative maintenance	361.2	392.7	367.7	365.7	(2.0)	335.2	252.5	267.9	271.3	275.2	273.0	
Labour	99.7	86.1	70.5	90.0	19.5	Actual preventative maintenance costs were broadly in line with budget.	68.6	47.7	49.2	50.6	51.9	53.2
Contractors	73.0	123.2	110.0	78.4	(31.6)		110.0	95.0	97.4	99.8	102.3	104.9
Materials	4.1	7.8	5.0	3.8	(1.2)		5.0	5.0	5.1	5.3	5.4	5.5
Other	7.4	3.0	7.0	1.4	(5.6)		7.0	7.0	7.2	7.4	7.5	7.7
Local area support costs	85.7	67.2	87.7	80.8	(6.9)		32.2	32.2	42.1	40.6	37.6	25.5
Corporate support costs	32.1	40.3	45.8	74.0	28.1		49.2	35.8	36.9	38.0	38.9	39.9
Indirect costs	59.2	65.2	41.7	37.3	(4.4)		63.3	29.7	30.1	29.6	31.5	36.4
Corrective maintenance	106.2	61.0	156.8	175.5	18.8	159.7	173.0	182.8	185.2	188.0	187.3	
Labour	9.1	6.1	18.5	11.8	(6.7)	Contractor costs were higher than forecast, due to inspection and repair costs associated with a blockage in the pepper pot valve at the Palmtree Creek outlet. This increase was partially offset by lower labour and non-direct costs.	21.8	25.2	25.9	26.7	27.4	28.0
Contractors	62.4	35.7	65.0	129.2	64.2		65.0	70.0	71.8	73.5	75.4	77.3
Materials	8.5	2.6	10.0	3.8	(6.2)		10.0	10.0	10.3	10.5	10.8	11.0
Other	6.5	2.8	16.6	2.6	(14.1)		16.6	16.6	17.0	17.5	17.9	18.4
Local area support costs	7.8	4.7	23.7	12.7	(11.0)		10.6	16.7	22.5	21.3	19.4	12.4
Corporate support costs	6.4	4.4	12.0	8.4	(3.7)		15.6	18.9	19.4	20.0	20.5	21.0
Indirect costs	5.4	4.6	10.9	7.1	(3.8)		20.1	15.7	15.9	15.6	16.6	19.2
<b>Routine total</b>	<b>1135.9</b>	<b>1134.5</b>	<b>1349.8</b>	<b>1360.4</b>	<b>10.6</b>		<b>1348.1</b>	<b>1458.3</b>	<b>1536.5</b>	<b>1563.6</b>	<b>1589.6</b>	<b>1589.6</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.

## 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 3.

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 3 Annuity balance<sup>1</sup>

Pioneer 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
<b>Annuity</b>								
Opening balance <sup>2</sup>	(3653.8)	(4243.8)	(4176.2)	(4818.0)	(4240.1)	(3660.4)	(2798.8)	(2712.2)
Non-routine spend <sup>3</sup>	(784.8)	(94.7)	(821.1)	(207.2)	(314.0)	(119.9)	(956.6)	(868.2)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution <sup>4</sup>	468.4	480.1	492.1	995.7	1079.1	1141.6	1165.5	1193.3
Interest/financing costs	(273.7)	(317.9)	(312.8)	(210.7)	(185.4)	(160.0)	(122.4)	(118.6)
<b>Sunwater – Closing Balance</b>	<b>(4243.8)</b>	<b>(4176.2)</b>	<b>(4818.0)</b>	<b>(4240.1)</b>	<b>(3660.4)</b>	<b>(2798.8)</b>	<b>(2712.2)</b>	<b>(2505.7)</b>
<b>QCA – Closing Balance</b>	<b>(4243.8)</b>	<b>(4176.2)</b>	<b>(4749.4)</b>	<b>(4218.9)</b>	<b>(3639.8)</b>	<b>(2784.7)</b>	<b>(2355.5)</b>	
Difference	-	-	68.5	21.3	20.6	14.1	356.7	

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 Pioneer River Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual <sup>1</sup> \$'000	Commentary
Dumbleton and Mirani Weir – Fabri-dam decommissioning (09PIO15 and 09PIO16)	174	72	River levels did not allow the Dumbleton Weir works to be completed. These works have been carried over to 2019/20. The Mirani Weir works were completed below forecast.
Dumbleton Weir – Left abutment protection works (13PIO03)	78	48	A reduced scope of works was required and completed.
Palmtree Creek butterfly valve – Seal replacement	11	-	These works were undertaken in 2017/18.
Other works	30	-18	Budgeted projects were completed in the previous year or were not required. The negative adjustment relates to the over-accrual of previous years' costs that were transferred from this service contract.
<b>2018/19 Total<sup>2</sup></b>	<b>293</b>	<b>102</b>	

1. Actual costs incurred by Sunwater. This figure differs to the 2018/19 non-routine spend in Table 3, 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 3 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	Teemburra Dam – Comprehensive inspection	Sunwater conducts comprehensive inspections of our dams and weirs every five years. Referable dams such as Teemburra Dam are required to undergo a comprehensive inspection as part of the dam safety condition schedules. The condition data will be updated to assist with better planning of non-routine maintenance items.	83
	Teemburra Dam – Saddle Dam 2 baulks refurbishment	Refurbish (blast and paint) three Saddle Dam 2 baulks, based on condition, to maintain the overall asset condition and ensure maximum service life.	20
	Palmtree Creek – Cathodic protection (CP) replacement	This is an allowance to replace failed components of the CP system on the pipeline. The CP system protects the pipe from corrosion. The full scope will be better understood after the annual assessment.	29
	Teemburra Dam – Marker buoy replacements	Scheduled replacement of the main dam and Saddle Dam 2 marker buoys and rope system to maintain asset function	40
	Other works	The balance of works includes a scheme asset revaluation and a contingency amount for unplanned capital replacements.	35
	<b>2020/21 Total</b>		<b>207</b>
2021/22	Marian Weir – Cofferdam removal	The failed coffer dam at Marian Weir will be removed. Sunwater is waiting on Workplace Health & Safety Queensland approval to do so.	112
	Marian, Mirani and Dumbleton Weirs – Comprehensive inspections	Sunwater conducts comprehensive inspections of our dams and weirs every five years. The condition data will be updated to assist with better planning of non-routine maintenance items.	64
	Teemburra Dam – Saddle Dam 2 valve refurbishment	Scheduled refurbishment of the 1200DIA guard valve (blast, paint and seals) and hydraulic actuator and system to ensure continued reliable operation.	47
	Dumbleton Weir – Protection works inspection	Undertake remote operated vehicle/CCTV inspection of the upstream face and protection works as recommended from weir inspection reports.	53

Year	Project title	Project scope	Budget (\$'000 nominal)
	Other works	The balance of works includes customer river meter replacements and Saddle Dam 2 screen refurbishments.	38
	<b>2021/22 Total</b>		<b>314</b>
2022/23	Teemburra Dam – Baulk and screen refurbishments	Scheduled refurbishment of baulks and screens based on previous inspection and condition assessment to ensure maximum service life and function.	38
	Teemburra Dam – Fill and vent pipe refurbishments	Scheduled refurbishment of the outlet works filling line and air vent pipes. Works will be subject to inspection and condition assessment in 2021.	28
	Teemburra Dam – Saddle Dam 2 battery system replacement	Battery systems of this type usually last about eight to 10 years. These were last replaced in 2014 so it is prudent to plan for their replacement in 2022/23. A condition assessment in 2021/22 will confirm the need for this.	20
	Other works	The balance of works includes the replacement of the main switchboard at Mirani Weir (to be scoped) and replacement of the rainfall recorder at the main dam.	34
	<b>2022/23 Total</b>		<b>120</b>
2023/24	Teemburra Dam – Spillway stabilisation	This allowance is to stabilise the bed and banks of the main dam spillway. The priority and timing of works is to be confirmed as part of the 2020/21 comprehensive inspection, with the scope and budget to be refined after the inspection.	381
	Dumbleton Weir – Fish lock refurbishment	Scheduled refurbishment works on fish lock valves, chambers, gates, pits and channels to ensure reliable and effective operations and fish transfer.	180
	Marian, Mirani and Dumbleton Weirs – Siltation studies	Projects to undertake ponded area siltation studies at each weir to confirm storage rating curves and identify future operational issues.	66
	Dumbleton Weir – Protection works	This is an allowance to refurbish the upstream rock protection at Dumbleton Weir. A condition assessment in 2022/23 will confirm if this project needs to proceed.	64
	Mirani Weir – Remove downstream sheet piling	An allowance has been made to remove downstream sheet piling from Mirani Weir. Works will be subject to defining what works are necessary and ensuring if works proceed that they are prudent and efficient.	51
	Dumbleton Weir – Control system refurbishment	Scheduled refurbishment of the control building structure (paint/fittings) and an options analysis to confirm the most prudent and efficient replacement strategy for the Dumbleton Weir control system.	60

Year	Project title	Project scope	Budget (\$'000 nominal)
	Teemburra Dam – Saddle Dam 2 trash rack refurbishment	Refurbishment to blast and paint the trash racks on Saddle Dam 2 at Teemburra Dam. A condition assessment in 2022/23 will confirm the scope of works.	38
	Teemburra Dam – Survey of ponded area	Undertake Light Detection and Ranging (LIDAR) survey of the ponded area to confirm storage sedimentation and any obstructions to the fish lock and outlet works.	23
	Other works	The balance of works includes Teemburra Dam creek diversion/channel drop structure refurbishments and other minor weir building works.	94
	<b>2023/24 Total</b>		<b>957</b>
<b>2024/25</b>	Teemburra Dam – Road refurbishments	Refurbishment of main dam and Saddle Dams 1 and 2 crest roads, surface regrading and drainage works to ensure continued safe access to dam assets and to manage risks.	264
	Mirani Weir – Structure	Allocation of funds to reinstate nappe splitters. Works subject to a review of costs, benefits and structural risk assessment.	161
	Teemburra Dam – Spillway protection refurbishment	Refurbish spillway apron shotcrete slab protection system. Allocation of funds, timing and scope of works to be reassessed based on inspection and condition assessment.	120
	Dumbleton Weir – Control system upgrade	Allocation of funds to initiate weir control system upgrade. Works subject to review of system functional requirements, risks and options analysis.	94
	Mirani and Dumbleton Weirs – Marker buoy replacements	Scheduled replacement of the weir marker buoys and rope system to maintain asset function.	55
	Palmtree Creek pipeline and Dumbleton Weir – Road refurbishments	Refurbishment of pipeline and weir roads, surface regrading and drainage works to ensure continued safe access to dam assets and manage risks.	49
	Teemburra Dam – Instrumentation options	Undertake an options study to consider the replacement of dam piezometers due to age and future serviceability.	25
	Marian Weir – Fencing refurbishments	Refurbishment of weir fencing arrangements to ensure continued safe access to weir assets and to manage risks.	19
	Other works	The balance of works includes gauging equipment and battery replacements, and minor hydraulics works.	81
<b>2024/25 Total</b>		<b>868</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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