Service and Performance Plan – 2020/21

Proserpine 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 Proserpine River Bulk Water Service Contract,[1] we expected to spend $1.26 million on routine costs and $0.45 million on non-routine projects. Actual operational expenditure was less than budgeted due to the implementation of improvement initiatives, including reduced time required to complete dam surveillance tasks and increased efficiency of water supply with support from customers through improved water ordering. The non-routine work program was managed within budget, with some variation at the project level between forecast and actual costs.

Outlook for 2020/21

Sunwater is committed to continuing our engagement with Proserpine River customers to identify and implement further improvements and efficiencies in how we operate the scheme to maximise water availability while maintaining an effective expenditure profile for the scheme. Routine costs ($1.13 million) are expected to decrease compared to what we previously forecast in last year's NSP ($1.23 million in 2020/21).[2]

Sunwater plans to spend approximately $0.25 million on non-routine projects, which is marginally higher than our previous forecast ($0.21 million). This is due to a refinement to the cost estimates for meter replacements, two new reviews at Peter Faust Dam on the conduit pressure and storage drainage curve, and a contingency amount for unplanned capital replacements.

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/Proserpine--River/
[2] 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/

Sunwater will publish irrigation prices for the Proserpine 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 Proserpine 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 5 days	3 weeks	0	0	0
	For shutdowns planned to be less than 3 days	7 days	0	0	0
Maximum number of interruptions	Planned or unplanned interruptions per water year	6	0	0	0

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	36,424
2015/16	30,747
2016/17	15,393
2017/18	24,380
2018/19	27,168
17-year historical average	**26,857**

Routine expenditure

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

Table 3 Routine expenditure[1,2]

Proserpine 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	675.5	749.6	1003.1	826.1	(177.0)		942.9	963.5	999.0	1034.4	1061.6	1082.0
Labour	117.7	134.4	141.7	133.9	(7.9)	Actual costs were lower due to: • less coverage from the Burdekin Haughton water supply scheme support team for annual and personal leave, and training etc. • minimal flood operations required • lower demand and supply of water • reduced dam surveillance hours on weekends • increased water ordering compliance and supply efficiency • a reliable meter fleet, resulting in less reactive operational works required.	160.5	155.3	160.0	164.8	168.9	173.1
Contractors	27.6	38.7	30.0	25.6	(4.4)		30.0	30.0	30.8	31.5	32.3	33.1
Materials	2.7	1.2	5.0	1.9	(3.1)		7.0	5.0	5.1	5.3	5.4	5.5
Electricity	-	-	8.5	-	(8.5)		7.7	7.7	7.9	8.3	8.2	8.4
Insurance	182.1	168.1	176.6	178.4	1.9		204.2	245.1	251.2	257.5	263.9	270.5
Other	87.0	91.9	101.0	130.2	29.2		119.5	120.2	122.2	126.0	128.1	132.5
Local area support costs	101.1	102.7	177.7	110.9	(66.8)		91.4	88.6	100.1	110.9	112.4	95.7
Corporate support costs	47.9	66.5	92.1	123.7	31.5		115.1	116.5	120.0	123.6	126.7	129.9
Indirect costs	109.5	146.1	270.5	121.5	(149.0)		207.5	195.2	201.7	206.6	215.7	233.2
Preventative maintenance	251.7	256.3	181.3	214.6	33.3		215.8	168.8	174.9	181.0	186.4	190.2
Labour	79.5	70.2	39.1	55.9	16.8	There has been a greater focus on undertaking preventative maintenance in this scheme, such as carrying out meter replacements. Higher costs have been offset by lower corrective maintenance costs.	54.6	42.5	43.8	45.1	46.3	47.4
Contractors	26.2	41.4	35.9	26.5	(9.4)		30.0	28.0	28.7	29.4	30.2	30.9
Materials	2.5	0.5	3.0	3.1	0.1		4.0	3.0	3.1	3.2	3.2	3.3
Other	3.9	7.1	9.0	3.0	(6.0)		6.0	11.0	11.3	11.6	11.8	12.1
Local area support costs	68.4	54.5	45.8	49.3	3.4		31.7	25.8	28.3	31.5	32.1	28.4
Corporate support costs	23.9	29.7	25.4	49.2	23.8		39.1	31.9	32.9	33.9	34.7	35.6
Indirect costs	47.3	52.9	23.1	27.7	4.6		50.3	26.5	26.8	26.4	28.1	32.4
Corrective maintenance	56.6	16.7	71.3	35.9	(35.3)		125.7	107.6	112.0	115.8	119.2	121.0
Labour	5.3	2.9	12.0	4.4	(7.6)	Actual corrective maintenance costs were lower, due to less breakdowns and reactive repair works.	29.0	25.6	26.4	27.2	27.9	28.6
Contractors	37.8	7.2	20.0	18.0	(2.0)		20.0	20.0	20.5	21.0	21.5	22.1
Materials	0.7	0.1	3.0	0.5	(2.5)		4.0	3.0	3.1	3.2	3.2	3.3
Other	1.6	0.6	6.0	0.2	(5.8)		7.0	9.0	9.2	9.5	9.7	9.9
Local area support costs	4.5	2.2	15.4	5.6	(9.8)		18.2	14.8	16.9	18.8	19.1	16.1
Corporate support costs	3.5	1.5	7.8	4.3	(3.5)		20.8	19.2	19.8	20.4	20.9	21.4
Indirect costs	3.1	2.2	7.1	2.9	(4.2)		26.7	16.0	16.2	15.9	16.9	19.5
Routine total	**983.7**	**1022.6**	**1255.6**	**1076.6**	**(179.0)**		**1284.3**	**1239.9**	**1285.8**	**1331.2**	**1367.3**	**1393.2**
Recreational facility costs[3]	Recreational facility costs are included in the above line items, as irrigation customers previously contributed towards them.							105.4	107.7	110.3	112.9	115.7
Routine total (excl. recreational facility costs)								**1134.5**	**1178.2**	**1220.9**	**1254.3**	**1277.4**

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[1]

Proserpine 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[2]	(159.5)	(561.8)	(564.4)	(855.7)	(697.9)	(533.7)	(1020.9)	(978.5)
Non-routine spend[3]	(596.7)	(172.1)	(465.8)	(252.6)	(288.6)	(965.4)	(418.3)	(978.6)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution[4]	206.4	211.5	216.8	447.8	483.3	501.5	505.3	517.4
Interest/financing costs	(11.9)	(42.1)	(42.3)	(37.4)	(30.5)	(23.3)	(44.6)	(42.8)
Sunwater – Closing Balance	**(561.8)**	**(564.4)**	**(855.7)**	**(697.9)**	**(533.7)**	**(1020.9)**	**(978.5)**	**(1482.5)**
QCA – Closing Balance	**(561.8)**	**(564.4)**	**(819.6)**	**(617.7)**	**(424.7)**	**(890.5)**	**(825.7)**	
Difference	-	-	36.1	80.2	109.0	130.4	152.8	

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

Project	Forecast $'000	Actual[1] $'000	Commentary
Peter Faust Dam – Piezometer remote reading (18PRO01)	128	96	Works were carried over from 2017/18 and were completed for less than forecast.
Peter Faust Dam – Comprehensive inspection (19PRO01)	126	65	This project was delivered under budget due to the use of regional inspection services and project management.
Recreational facility transfer (19PRO05)	95	N/A	The recreational facility transfer amount was not included in the annuity and will not be recovered from irrigation customers.
Water Treatment Plant – Decommissioning (19PRO04)	28	9	Works were completed for less than forecast because the structure itself (shed) was retained and re-purposed for storage, including the electrical connection (i.e. power points were also retained).
Intake tower hoist replacement – Completion (18PRO05)	27	73	Works carried over from 2017/18 have been completed. Additional (unplanned) works were required to ensure safe operation of the hoist.
Other works	46	46	All other works were completed within budget.
Non-scheduled works	-	-6	Relates to a budget adjustment for the Peter Faust Dam Spillway project that was completed in 2017/18.
2018/19 Total[2]	**450**	**283**	

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	Peter Faust Dam – Comprehensive risk assessment (CRA)	A CRA is conducted with new information to assess the level of risks identified and further refine their priority for refurbishment, in accordance with regulatory requirements.	148
	Meter replacements	Allocation to replace river customer meters with Australian Standard (AS) 4747 compliant units.	55
	Asset revaluation	Sunwater re-values our assets every five years for insurance purposes and to improve cost estimating for non-routine maintenance projects.	30
	Other works	The balance of works includes drawing updates, an instrumentation review and a contingency amount for unplanned capital replacements.	20
	2020/21 Total		**253**
2021/22	Peter Faust Dam – Inlet tower structural improvement	Stage 1 of the project to improve the inlet tower's structural stability to current standards.	210
	Peter Faust Dam – Trash screen refurbishment	Scheduled blasting and painting of two trash screens (by condition) to ensure asset life and function is maximised.	22
	Meter replacements	Allocation to replace river customer meters with AS4747 compliant units.	57
	Other works	There are no other non-routine projects planned for 2021/22.	-
	2021/22 Total		**289**
2022/23	Peter Faust Dam – Inlet tower structural improvement	Stage 2 of the project to improve the inlet tower's structural stability to current standards.	291
	Peter Faust Dam – 20-year dam safety review	The safety review is a regulatory requirement and assesses the condition of the dam against current standards and design guidelines before the recommendations are risk assessed for action.	370
	Peter Faust Dam – Outlet works	Refurbish discharge regulating valve No.1 and guard valve No. 1 to ensure continued reliable flow regulation and isolation.	229

Year	Project title	Project scope	Budget ($'000 nominal)
	Kelsey Creek Pipeline – Supervisory Control and Data Acquisition (SCADA) replacement	Scheduled replacement of SCADA computer hardware and software to ensure serviceability and future support.	17
	Meter replacements	Allocation to replace river customer meters with AS4747 compliant units.	58
	Other works	There are no other non-routine projects planned for 2022/23.	-
	2022/23 Total		**965**
2023/24	Peter Faust Dam – Outlet works	Refurbish discharge regulating valve No.2 and guard valve No. 2 to ensure continued reliable flow regulation and isolation.	235
	Peter Faust Dam – Comprehensive inspection	Sunwater conducts comprehensive inspections of our dams and weirs every five years. Referable dams such as Peter Faust Dam are required to undergo a comprehensive inspection as part of the dam safety condition schedules. The scope of this inspection will be combined with the safety review and CRA as much as possible to avoid duplication.	87
	Meter replacements	Allocation to replace river customer meters with AS4747 compliant units.	60
	Peter Faust Dam – Switchboard replacement	The flow meter switchboard is coming to the end of its notional service life. Replacement of the asset will require investigation and updated condition assessments. Planned works will meet prudency and efficiency requirements.	36
	Other works	There are no other non-routine projects planned for 2023/24.	-
	2023/24 Total		**418**
2024/25	Kelsey Creek Pipeline – Pipeline refurbishment	Allocation of funds to refurbish pipeline sections (P02 to P06). Works subject to inspection and condition assessment to ensure the works strategy is prudent and efficient.	322
	Kelsey Creek Pipeline – Valve refurbishments	Allocation of funds to refurbish the 900DIA guard valve and 600DIA regulating valve. Works subject to inspection and condition assessment to ensure the works strategy is prudent and efficient.	207
	Meter replacements	Allocation to replace river customer meters with AS4747 compliant units.	61
	Peter Faust Dam – Spillway protection works	Allocation of funds to refurbish the spillway plunge pool protection works. Works subject to inspection and condition assessment. Scope and timing will reflect cost and risk review.	116
	Peter Faust Dam – Switchboard replacements	The main valve house and Kelsey Creek switchboards are coming to the end of their notional service lives. Replacement of the assets will require investigation and updated condition assessments. Planned works will meet prudency and efficiency requirements.	120

Year	Project title	Project scope	Budget ($'000 nominal)
	Kelsey Creek Pipeline – Protection works	Refurbishment of pipeline protection works to reinstate asset condition and function. Works timing and scope subject to a condition assessment.	37
	Proserpine River – Gauging station recorder replacement	Scheduled replacement of gauging station GSN 122003A recorder to ensure continued reliable surveillance of regulated releases and scheme efficiencies.	38
	Other works	The balance of works includes a spillway drain inspection (CCTV) at Peter Faust Dam, bulkhead gate blast and paint, and minor instrument and equipment works.	78
	2024/25 Total		**979**

Contact us

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

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