

Service and Performance Plan – 2020/21

St George 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 St George Bulk Water Service Contract,¹ we expected to spend \$1.20 million on routine costs and \$1.59 million on non-routine projects. Actual corrective maintenance costs were less than budgeted; however, some corrective maintenance activities were costed to the preventative maintenance budget. Operations and preventative maintenance expenditure were broadly in line with forecasts.

Non-routine costs were significantly greater than forecast, primarily as the result of tenders received from the market for the Thuraggi channel repairs being much higher than original estimates. Additional scope during the project—including contractor delay costs associated with inflows, coffer dam construction and off-stream storage of water—also contributed to higher costs for the project in 2018/19.

Outlook for 2020/21

Routine costs (\$1.21 million) are expected to increase slightly compared to what we previously forecast in last year's NSP (\$1.15 million in 2020/21).²

Sunwater plans to spend approximately \$0.88 million on non-routine projects. This is higher than our previous forecast (\$0.20 million) due to several projects originally scheduled for 2019/20, including the comprehensive risk assessment of Beardmore Dam and associated input studies, being deferred until 2020/21. Works were deferred to leverage market opportunities, through the bundling of similar work packages across schemes, and to ensure a consistent approach is adopted for in-house hydrology studies.

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.

¹ See www.sunwater.com.au/schemes/St-George/

² Excluding routine recreational facility costs.

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 St George 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 St George 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 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	90,226
2015/16	81,931
2016/17	88,350
2017/18	82,154
2018/19	92,247
17-year historical average	73,049

Routine expenditure

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

Table 3 Routine expenditure^{1,2}

St George 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	435.5	474.9	795.0	766.7	(28.3)	Operations costs were broadly in line with forecasts.	717.7	887.9	921.4	946.2	974.5	1021.1
Labour	86.5	90.5	130.1	165.0	34.8		125.0	161.7	166.6	171.6	175.9	180.3
Contractors	10.2	11.2	15.0	3.9	(11.1)		15.0	15.0	15.4	15.8	16.2	16.6
Materials	1.8	22.0	20.0	9.5	(10.5)		20.0	18.0	18.5	18.9	19.4	19.9
Electricity	7.5	7.5	6.0	5.7	(0.3)		6.2	5.9	6.1	6.7	6.7	7.7
Insurance	114.4	102.7	108.4	109.6	1.2		127.4	152.8	156.6	160.6	164.6	168.7
Other	15.3	18.0	20.0	64.5	44.5		37.3	38.0	39.7	39.3	40.9	42.7
Local area support costs	74.3	70.6	165.1	137.3	(27.8)		104.1	145.5	155.7	160.1	164.1	176.4
Corporate support costs	31.3	43.0	84.6	135.5	50.9		89.6	121.3	124.9	128.7	131.9	135.2
Indirect costs	94.4	109.6	245.8	135.7	(110.0)		193.2	229.6	237.8	244.6	254.9	273.7
Preventative maintenance	282.0	297.2	288.1	315.4	27.3	Preventative maintenance costs were broadly in line with forecasts. Some corrective maintenance activities were costed to the preventative maintenance budget.	324.0	289.3	300.2	306.1	315.5	332.0
Labour	88.9	87.3	70.0	93.1	23.1		81.9	76.0	78.3	80.6	82.7	84.7
Contractors	25.8	25.0	30.0	24.9	(5.1)		30.0	26.0	26.7	27.3	28.0	28.7
Materials	2.8	6.9	10.0	2.0	(8.0)		10.0	9.0	9.2	9.5	9.7	9.9
Other	8.4	7.8	16.0	3.3	(12.7)		16.0	15.0	15.4	15.8	16.2	16.6
Local area support costs	76.5	68.1	75.2	78.2	3.0		51.8	59.0	64.1	65.3	66.9	70.6
Corporate support costs	26.7	36.0	45.5	71.7	26.2		58.7	57.0	58.7	60.5	62.0	63.5
Indirect costs	52.9	66.1	41.4	42.1	0.8		75.5	47.3	47.9	47.1	50.2	57.9
Corrective maintenance	22.0	7.8	120.8	4.2	(116.6)	The corrective maintenance budget was too high due to incorrect resource planning and apportionment of labour costs and has been adjusted downwards going forward.	60.9	60.3	62.3	63.7	65.6	69.0
Labour	2.9	2.3	28.4	0.7	(27.7)		12.0	12.6	13.0	13.3	13.7	14.0
Contractors	7.3	-	10.0	1.5	(8.5)		10.0	12.0	12.3	12.6	12.9	13.2
Materials	5.0	0.0	5.0	-	(5.0)		4.0	3.0	3.1	3.2	3.2	3.3
Other	1.1	1.1	6.0	0.9	(5.1)		5.0	4.0	4.1	4.2	4.3	4.4
Local area support costs	2.5	1.8	36.3	0.3	(36.0)		10.2	11.4	12.2	12.6	12.9	13.9
Corporate support costs	1.5	0.9	18.4	0.4	(18.0)		8.6	9.4	9.7	10.0	10.3	10.5
Indirect costs	1.7	1.7	16.8	0.4	(16.3)		11.1	7.8	7.9	7.8	8.3	9.6
Routine total	739.5	780.0	1204.0	1086.3	(117.6)		1102.6	1237.5	1283.9	1315.9	1355.6	1422.0
Recreational facility costs ³	Recreational facility costs are included in the above line items, as irrigation customers previously contributed towards them.							27.7	28.3	29.0	29.7	30.4
Routine total (excl. recreational facility costs)								1209.8	1255.6	1286.9	1325.9	1391.6

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

St George 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	24.2	279.0	(2750.2)	(7648.2)	(8044.9)	(8050.7)	(7707.2)	(7257.6)
Non-routine spend ³	(420.4)	(3740.4)	(5399.6)	(882.7)	(479.5)	(181.8)	(101.0)	(545.7)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-
Annuity contribution ⁴	673.4	690.3	707.5	820.4	825.5	877.2	887.6	908.8
Interest/financing costs	1.8	20.9	(206.0)	(334.4)	(351.7)	(352.0)	(337.0)	(317.3)
Sunwater – Closing Balance	279.0	(2750.2)	(7648.2)	(8044.9)	(8050.7)	(7707.2)	(7257.6)	(7211.8)
QCA – Closing Balance	279.0	(2750.2)	(5638.9)	(5259.0)	(5138.5)	(4775.6)	(4224.0)	
Difference	-	-	2009.3	2786.0	2912.2	2931.7	3033.6	

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 St George Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Beardmore Dam – Thuraggi Channel repair (16BAL12)	1329	3575	The scope of work was significantly greater than budgeted. Scope increases included pumping of inflows into private off-stream storages, construction of a coffer dam upstream of the work site and contractor delay costs due to inflows. Market prices received during the tender process were also higher than original estimates.
Beardmore Dam – Upgrade recreational facilities (19BAL01)	57	76	The majority of costs were associated with the fabrication and installation of workplace health and safety compliant stairs to allow public access to the dam embankment. The scope of work was increased to include upgraded fencing in the recreational area.
Beardmore Dam – Crane audit (19BAL06)	33	21	The budget was derived from past similar projects. The project was able to be completed for less than the budgeted amount as a result of the tender process that was carried out.
Jack Taylor Weir – Crane audit	33	-	The crane audit was undertaken as part of a broader project across multiple schemes. Costs have been allocated to this scheme via project 19BAL06 (see above).
Jack Taylor Weir – Decommissioned outlet plugging (19BAL05)	31	19	Works were completed for less than the budgeted amount as low water levels negated the need for divers and the conduits were found to be plugged. The scope of works included options/costs to reinstate low level valves.
Other works	109	116	Other works were completed broadly in line with budget.
Non-scheduled works	-	92	Additional works undertaken in 2018/19 included: <ul style="list-style-type: none"> Sunwater brought forward the replacement of the Thuraggi bulk meter, to deliver efficiencies with the Thuraggi channel repairs project (19BAL10). Sunwater undertook a Light Detection and Ranging (LIDAR) survey of the lake floor while the storage volume was low. Works are scheduled to continue into 2019/20 (19BAL11).
2018/19 Total²	1592	3899	

- 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.
- 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	Jack Taylor Weir – Outlet works construction	Replacement of low-level outlet works at Jack Taylor Weir will occur, pending the outcome of the options and design project in 2020.	88
	Meter replacements	This is an allowance to replace failed customer meters. If no meters fail, the funds will remain in the annuity.	35
	Jack Taylor Weir and Beardmore Dam – X-ray examination of the wire ropes x7	X-ray examination of seven of the wire ropes is an effective way of determining their condition so their replacement can be scheduled.	87
	Beardmore Dam – Comprehensive risk assessment (CRA) input studies	The CRA relies on current and accurate data upon which to conduct the risk assessments. In this case, updated geotechnical and hydrological assessments will be conducted to inform the full level of societal risk.	448
	Beardmore Dam – CRA	A CRA is conducted with new data collected from previous studies (safety review, input studies) to assess the level of dam and community safety risks identified and further refine their priority for refurbishment. A CRA is considered best practice among dam safety owners.	119
	Other works	There are three other non-routine projects planned for 2020/21.	106
	2020/21 Total		883
2021/22	Beardmore Dam – 20-year dam safety review	The Queensland Dam Safety Management Guidelines and condition schedule require each referable dam to undergo a dam safety review every 20 years to identify any deficiencies in design when compared to current standards and practices.	362
	Beardmore Dam – Foundation drain clean	The foundation drains in most dams with a gallery are checked every five years for calcite blockages. If blocked, they need to be cleaned out to relieve the uplift pressure beneath the concrete structure to retain its stability. Only the blocked drains will be cleaned.	39
	Meter replacements	This is an allowance to replace failed customer meters. If no meters fail, the funds will remain in the annuity.	36

Year	Project title	Project scope	Budget (\$'000 nominal)
	Jack Taylor Weir – Comprehensive inspection	Sunwater conducts comprehensive inspections on each weir every five years to identify defects and plan for their repair. Keeping the condition and risk data current allows Sunwater to defer projects if they can be deferred and bring forward higher risk projects if required.	43
	Other works	There are no other non-routine projects planned for 2021/22.	-
	2021/22 Total		480
2022/23	Beardmore Dam – Comprehensive inspection	The Queensland Dam Safety Management Guidelines require Sunwater to undertake a comprehensive dam safety inspection every five years. The inspection identifies any defects and allows Sunwater to assess their risks and prioritise their scheduled work in accordance with the asset planning methodology.	115
	Meter replacements	This is an allowance to replace failed customer meters. If no meters fail, the funds will remain in the annuity.	37
	Beardmore Dam – Refurbish winches	This will only occur if needed. Regular inspections leading up to this project will inform Sunwater if it can be deferred. The winches are critical assets, so it is prudent to plan for their refurbishment.	15
	Jack Taylor Weir – Refurbish winches	This will only occur if needed. Regular inspections leading up to this project will inform Sunwater if it can be deferred. The winches are critical assets, so it is prudent to plan for their refurbishment.	15
	Other works	There are no other non-routine projects planned for 2022/23.	-
	2022/23 Total		182
2023/24	Jack Taylor Weir – Refurbish gate 12 winch	This will only occur if needed. Regular inspections leading up to this project will inform Sunwater if it can be deferred. The winch is a critical asset, so it is prudent to plan for its refurbishment.	15
	Meter replacements	This is an allowance to replace failed customer meters. If no meters fail, the funds will remain in the annuity.	38
	Beardmore Dam – Refurbish gate 2 hoist	This will only occur if needed. Regular inspections leading up to this project will inform Sunwater if it can be deferred. The hoist is a critical asset, so it is prudent to plan for its refurbishment.	15
	Beardmore Dam – Internal road resurfacing	The internal sealed roads to the houses and left abutment need periodic treatment to keep them trafficable. If a condition assessment closer to this year determines they remain in good condition, this project will not be needed.	9
	Beardmore Dam – Trash rack refurbishment	The river release trash racks are showing signs of ageing due to regular submersion and impact damage. They will be removed for refurbishment including a repaint and straightening of any damaged components.	23

Year	Project title	Project scope	Budget (\$'000 nominal)
	Other works	There are no other non-routine projects planned for 2023/24.	-
	2023/24 Total		100
2024/25	Beardmore Dam – Gate repaint	The paint coating on the upstream and downstream faces of gates 1 and 2 are starting to crack and craze so they have been scheduled for a full repaint. If ongoing monitoring determines that they can be deferred again, the work will be rescheduled.	285
	Jack Taylor Weir – Gate guide repaint	The gate guides on gates 1 and 2 will be removed, blasted and repainted to extend their life as they are corroding. Sacrificial anodes will also be replaced to minimise the rate of corrosion.	148
	Meter replacements	This is an allowance to replace failed customer meters. If no meters fail, the funds will remain in the annuity.	39
	Jack Taylor Weir – Refurbish gate 2 winch	This will only occur if needed. Regular inspections leading up to this project will inform Sunwater if it can be deferred. The winch is a critical asset, so it is prudent to plan for its refurbishment.	17
	Beardmore Dam – Refurbish gate 3 hoist	This will only occur if needed. Regular inspections leading up to this project will inform Sunwater if it can be deferred. The hoist is a critical asset, so it is prudent to plan for its refurbishment.	21
	Other works	There are two other non-routine projects planned for 2024/25.	36
	2024/25 Total		546

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.