

# Service and Performance Plan – 2020/21

## Three Moon Creek 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 Three Moon Creek Bulk Water Service Contract,<sup>1</sup> we expected to spend \$0.65 million on routine costs and \$0.40 million on non-routine projects. Actual routine costs were greater than forecast, as a result of additional labour costs incurred during the handover of the scheme to the Bundaberg staff and establishing a full-time equivalent role in Monto to manage the scheme. Non-routine costs were less than forecast as negotiations are continuing with the North Burnett Regional Council on the Cania Dam operators' accommodation. This project is continuing into future years.

#### Outlook for 2020/21

Routine costs (\$0.67 million) are expected to remain stable compared to what we previously forecast in last year's NSP (\$0.63 million in 2020/21).

Sunwater plans to spend approximately \$0.53 million on non-routine projects. This is higher than our previous forecast (\$0.08 million) due to:

- the comprehensive risk assessment of Cania Dam and associated input studies being deferred from 2019/20. This has been done to leverage market opportunities, through the bundling of similar work packages across schemes, and to ensure a consistent approach is adopted for the in-house hydrology studies.
- a new project to repair the downstream right-hand concrete and rock protection at Mulgildie Weir.

### 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.

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<sup>1</sup> See [www.sunwater.com.au/schemes/Three-Moon-Creek/](http://www.sunwater.com.au/schemes/Three-Moon-Creek/)

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/)

Sunwater will publish irrigation prices for the Three Moon Creek 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	5491
2015/16	6635
2016/17	6994
2017/18	4833
2018/19	7707
<b>17-year historical average</b>	<b>5725</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>

Three Moon Creek 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	315.0	375.8	506.1	545.8	39.6		519.4	582.4	601.4	632.7	645.7	667.6
Labour	39.0	67.8	64.2	105.0	40.9	Labour costs were higher than forecast due to training the new operator, increased customer contact and a greater focus on achieving scheme efficiencies.	89.3	93.8	96.6	99.5	102.0	104.5
Contractors	3.6	3.4	4.0	4.5	0.5		6.0	6.0	6.2	6.3	6.5	6.6
Materials	0.1	0.1	-	4.0	4.0	Sunwater installed a new energy efficient replacement pump unit in 2017/18 which significantly reduced electricity consumption on site. The 2018/19 forecast was not adjusted to reflect the reduced usage from the previous year, resulting in electricity costs being less than forecast.	-	-	-	-	-	-
Electricity	21.0	9.5	22.0	8.8	(13.2)		19.9	19.9	20.4	21.5	21.4	24.3
Insurance	110.9	100.9	107.5	108.7	1.1		124.3	149.2	152.9	156.7	160.6	164.7
Other	26.6	30.3	29.0	65.8	36.8		55.9	55.5	56.4	59.2	60.2	61.3
Local area support costs	33.3	52.9	82.1	68.0	(14.1)		29.6	49.7	53.4	67.4	65.0	63.5
Corporate support costs	17.9	33.2	41.7	94.0	52.3	The 'Other' cost category was higher than forecast due to the introduction of new costing rules in 2018/19, which resulted in light fleet costs being directly charged to projects and service contracts. These costs were previously charged to local area support costs (i.e. no overall increase in fleet costs).	64.0	70.3	72.4	74.6	76.5	78.4
Indirect costs	62.6	77.6	155.6	86.9	(68.7)		130.5	138.1	143.1	147.4	153.5	164.4
Preventative maintenance	138.6	138.4	90.3	140.4	50.0		44.2	57.8	59.1	62.9	64.4	66.7
Labour	48.4	43.0	22.8	44.3	21.5	Responsibility for preventative maintenance activities in Three Moon Creek was handed over to Bundaberg staff in 2018/19. Additional labour costs were incurred during the handover period for staff training etc. Preventative maintenance costs are forecast to decrease in future years.	11.9	15.6	16.1	16.5	16.9	17.4
Contractors	2.2	8.4	7.0	8.2	1.2		7.0	7.0	7.2	7.4	7.5	7.7
Materials	0.3	0.9	-	0.5	0.5		-	-	-	-	-	-
Other	3.5	2.5	3.0	2.0	(1.0)		3.0	3.0	3.1	3.2	3.2	3.3
Local area support costs	41.6	33.6	29.2	28.4	(0.8)		2.9	10.8	11.0	13.8	13.7	13.4
Corporate support costs	13.8	17.4	14.8	34.6	19.8		8.5	11.7	12.0	12.4	12.7	13.0
Indirect costs	28.8	32.6	13.5	22.3	8.8	10.9	9.7	9.8	9.7	10.3	11.9	
Corrective maintenance	29.4	25.6	55.1	10.7	(44.4)		25.7	33.7	34.8	36.5	37.3	38.6
Labour	7.7	5.2	11.4	3.5	(7.9)	There were fewer corrective actions required in 2018/19, compared to what was forecast and historical years.	4.2	7.3	7.5	7.7	7.9	8.1
Contractors	3.7	2.2	10.0	-	(10.0)		8.0	8.0	8.2	8.4	8.6	8.8
Materials	3.7	6.0	5.0	0.5	(4.5)		5.0	5.0	5.1	5.3	5.4	5.5
Other	0.7	1.7	-	1.0	1.0		-	-	-	-	-	-
Local area support costs	6.6	4.0	14.6	0.0	(14.6)		1.5	3.5	3.8	4.9	4.7	4.6
Corporate support costs	2.5	2.5	7.4	3.4	(4.0)		3.0	5.4	5.6	5.8	5.9	6.1
Indirect costs	4.6	3.9	6.7	2.3	(4.4)		3.9	4.5	4.6	4.5	4.8	5.5
<b>Routine total</b>	<b>483.0</b>	<b>539.7</b>	<b>651.6</b>	<b>696.9</b>	<b>45.2</b>		<b>589.4</b>	<b>673.9</b>	<b>695.3</b>	<b>732.1</b>	<b>747.4</b>	<b>772.9</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>

Three Moon Creek 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>	(1120.7)	(1143.2)	(1386.1)	(2273.8)	(2358.2)	(2007.2)	(1545.1)	(1078.1)
Non-routine spend <sup>3</sup>	(55.0)	(305.5)	(1002.4)	(533.3)	(119.7)	(43.5)	(63.4)	(281.5)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	28.9	96.1	-	-	-	-	-
Annuity contribution <sup>4</sup>	116.5	119.4	122.4	548.3	573.8	593.4	597.9	612.2
Interest/financing costs	(83.9)	(85.6)	(103.8)	(99.4)	(103.1)	(87.8)	(67.6)	(47.1)
<b>Sunwater – Closing Balance</b>	<b>(1143.2)</b>	<b>(1386.1)</b>	<b>(2273.8)</b>	<b>(2358.2)</b>	<b>(2007.2)</b>	<b>(1545.1)</b>	<b>(1078.1)</b>	<b>(794.6)</b>
<b>QCA – Closing Balance</b>	<b>(1143.2)</b>	<b>(1386.1)</b>	<b>(2201.9)</b>	<b>(1829.8)</b>	<b>(1455.9)</b>	<b>(970.8)</b>	<b>(480.2)</b>	
Difference	-	-	72.0	528.4	551.3	574.3	598.0	

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 Three Moon Creek Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual <sup>1</sup> \$'000	Commentary
Meter replacements (19TMC42)	42	42	These works were completed within budget.
Cania Dam – 20-year dam safety review (19TMC01)	229	220	This review was completed within budget.
Cania Dam – Operators’ accommodation (19TMC03)	113	44	This project is continuing into future years due to ongoing Council negotiations.
Other works	20	3	Most other works were not required.
<b>2018/19 Total<sup>2</sup></b>	<b>404</b>	<b>309</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	Cania Dam – Comprehensive risk assessment (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.	180
	Mulgildie Weir refurbishment	The downstream right-hand concrete and rock protection is deteriorating and needs to be repaired to ensure the weir can withstand significant overtopping. Many of the timber piles are also deteriorating with the intention to treat them with an epoxy product to minimise the rate of deterioration.	154
	Cania Dam – Inlet tower metal work refurbishment	The 2019 comprehensive inspection re-affirmed that the lower level handrails and ladders are in poor condition due to ongoing submergence. They need to be refurbished or replaced to maintain functionality. This will only occur if water levels allow.	60
	Meter replacements	This is an allowance to replace failed customer meters in the Three Moon Creek system. All unspent money will remain in the annuity.	41
	Cania Dam – CRA input studies	The CRA relies on current and accurate data upon which to conduct the risk assessments. In this case, updated geotechnical and failure consequence assessments will be conducted to inform the full level of societal risk.	32
	Other works	There are four other non-routine projects planned for 2020/21.	66
	<b>2020/21 Total</b>		<b>533</b>
2021/22	Meter replacements	This is an allowance to replace failed customer meters in the Three Moon Creek system. All unspent money will remain in the annuity.	42
	Minor weir comprehensive inspections	Sunwater conducts a comprehensive inspection of our dams and weirs every five years to maintain asset condition knowledge and optimise the non-routine maintenance plans. The six small weirs in the scheme will be assessed in 2021/22.	78
	Other works	There are no other non-routine projects planned for 2021/22.	-

Year	Project title	Project scope	Budget (\$'000 nominal)
	<b>2021/22 Total</b>		<b>120</b>
2022/23	Meter replacements	This is an allowance to replace failed customer meters in the Three Moon Creek system. All unspent money will remain in the annuity.	44
	Other works	There are no other non-routine projects planned for 2022/23.	-
	<b>2022/23 Total</b>		<b>44</b>
2023/24	Cania Dam – Cable replacement options	Electric cabling at Cania Dam is coming towards the end of its life. It is prudent to assess the condition of the cables prior to failure and prepare options for replacing them with modern equivalents.	16
	Meter replacements	This is an allowance to replace failed customer meters in the Three Moon Creek system. All unspent money will remain in the annuity.	45
	Cania Dam – 10-year crest survey	A survey of the crest level is needed every 10 years to validate the dam crest failure height. The spillway crest will fluctuate over time, which in turn impacts upon the failure height.	3
	Other works	There are no other non-routine projects planned for 2023/24.	-
	<b>2023/24 Total</b>		<b>64</b>
2024/25	Meter replacements	This is an allowance to replace failed customer meters in the Three Moon Creek system. All unspent money will remain in the annuity.	46
	Cania 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.	140
	Cania Dam – Cable replacement	Electric cabling at Cania Dam is coming towards the end of its life. If the options study in 2023/24 determines that the cabling remains in serviceable condition, the funds will remain in the annuity.	78
	Mulgildie Weir – Outlet gate refurbishment	The condition of the outlet gate will be assessed during the 2020/21 work at Mulgildie Weir as it is coming up for end-of-life replacement. If the condition remains serviceable, the works will be deferred and the funds will remain in the annuity.	17
	Other works	There are no other non-routine projects planned for 2024/25.	-
	<b>2024/25 Total</b>		<b>281</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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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.