

Service and Performance Plan – 2020/21

Upper Burnett 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 Upper Burnett Bulk Water Service Contract,¹ we expected to spend \$1.22 million on routine costs and \$0.60 million on non-routine projects. Our actual performance was below these forecasts due to:

- a downwards revision to local area support and indirect cost rates in the latter part of 2018/19
- changes in scope for several non-routine projects and some projects planned for 2018/19 being completed in the previous financial year.

Outlook for 2020/21

Routine costs (\$1.08 million) are expected to decrease slightly compared to what we previously forecast in last year's NSP (\$1.13 million in 2020/21).²

Sunwater plans to spend approximately \$0.64 million on non-routine projects. This is lower than our previous forecast (\$0.93 million) due to:

- the deferral of the comprehensive risk assessment at Wuruma Dam to 2021/22
- the deferral of a project to repaint the internal conduit surface at John Goleby Weir to 2022/23
- a decision not to proceed with the replacement of the core shed at Wuruma 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.

¹ See www.sunwater.com.au/schemes/Upper-Burnett/

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 Upper Burnett 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 Upper Burnett 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	Unplanned shutdowns will be fixed so that at least partial supply can be resumed	48 hours	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 usage¹

Year	Usage (ML)
2014/15	13,863
2015/16	15,592
2016/17	17,462
2017/18	14,842
2018/19	18,804
17-year historical average	15,285

1. Excludes water deliveries to Burnett Water Pty Ltd.

Routine expenditure

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

Table 3 Routine expenditure^{1,2}

Upper Burnett 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	608.6	725.7	872.4	786.6	(85.8)		827.9	879.9	908.8	954.8	977.2	1010.3	
Labour	137.4	176.4	155.3	173.8	18.5	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). Local area support and indirect cost rates were adjusted downwards from April to June 2019 due to over-recoveries in the previous months across the entire business (regulated and non-regulated). Meanwhile, corporate support cost rates were adjusted upwards due to under-recoveries.	177.7	184.5	190.0	195.7	200.6	205.6	
Contractors	20.5	15.8	25.0	17.7	(7.3)		25.0	25.0	25.6	26.3	26.9	27.6	
Materials	4.2	4.6	10.0	9.9	(0.1)		10.0	10.0	10.3	10.5	10.8	11.0	
Electricity	2.9	6.4	6.0	5.9	(0.1)		5.4	5.2	5.4	5.5	5.8	6.6	
Insurance	108.6	99.8	105.3	106.4	1.1		118.5	142.2	145.8	149.4	153.1	157.0	
Other	48.5	48.5	61.6	97.5	35.8		91.2	93.2	94.6	95.8	100.5	101.9	
Local area support costs	118.0	137.4	198.8	94.9	(103.9)		62.7	90.5	98.2	125.2	119.8	117.0	
Corporate support costs	47.5	77.1	100.9	157.0	56.0		127.4	138.4	142.5	146.8	150.5	154.2	
Indirect costs	121.2	159.6	209.5	123.5	(86.0)		209.9	190.9	196.5	199.6	209.2	229.3	
Preventative maintenance	135.5	202.2	225.4	176.7	(48.7)		181.0	144.1	148.6	158.0	161.4	167.7	
Labour	44.7	63.0	60.3	57.8	(2.5)	Refer to commentary above in relation to local area support, indirect and corporate support cost rates.	57.3	45.3	46.6	48.0	49.2	50.5	
Contractors	8.3	1.7	5.0	1.0	(4.0)		4.0	3.0	3.1	3.2	3.2	3.3	
Materials	0.3	1.3	2.0	0.8	(1.2)		2.0	2.0	2.1	2.1	2.2	2.2	
Other	4.0	13.8	6.0	3.4	(2.6)		5.0	5.0	5.1	5.3	5.4	5.5	
Local area support costs	38.4	49.2	77.2	43.7	(33.5)		18.8	26.7	28.1	35.4	34.5	33.9	
Corporate support costs	13.1	25.4	39.2	42.7	3.5		41.1	34.0	35.0	36.0	36.9	37.9	
Indirect costs	26.6	47.8	35.7	27.2	(8.5)		52.9	28.2	28.5	28.1	29.9	34.5	
Corrective maintenance	69.6	48.4	127.1	41.1	(86.1)		108.1	78.8	81.4	85.7	87.4	90.7	
Labour	16.0	11.0	29.3	8.7	(20.6)		Sunwater's operational and preventative maintenance practices in this scheme minimised the need to perform a large number of corrective actions in 2018/19. Actual expenditure was broadly in line with costs incurred in 2017/18 for similar works.	28.0	19.2	19.8	20.4	20.9	21.4
Contractors	10.0	6.0	15.0	8.6	(6.4)			15.0	15.0	15.4	15.8	16.2	16.6
Materials	10.8	1.8	5.0	2.4	(2.6)	5.0		5.0	5.1	5.3	5.4	5.5	
Other	3.9	7.6	4.0	0.5	(3.6)	4.0		4.0	4.1	4.2	4.3	4.4	
Local area support costs	13.7	8.6	37.5	9.3	(28.2)	10.2		9.3	10.1	12.9	12.3	12.1	
Corporate support costs	5.7	5.1	19.0	6.4	(12.6)	20.1		14.4	14.8	15.3	15.7	16.1	
Indirect costs	9.5	8.3	17.3	5.2	(12.1)	25.8		12.0	12.1	11.9	12.7	14.6	
Routine total	813.7	976.3	1224.9	1004.3	(220.7)	1117.0		1102.8	1138.7	1198.6	1226.0	1268.6	
Recreational facility costs ³								19.6	20.0	20.5	21.0	21.5	
Routine total (excl. recreational facility costs)		Recreational facility costs are included in the above line items, as irrigation customers previously contributed towards them.							1083.2	1118.7	1178.1	1205.0	1247.1

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

Upper Burnett 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	(1799.4)	(2519.3)	(2796.9)	(3534.7)	(3566.1)	(3701.5)	(3335.7)	(2876.5)
Non-routine spend ³	(776.6)	(431.5)	(889.6)	(641.8)	(756.9)	(267.7)	(197.4)	(375.4)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	146.2	160.0	-	-	-	-	-
Annuity contribution ⁴	191.6	196.3	201.3	764.9	777.5	795.4	802.3	821.5
Interest/financing costs	(134.8)	(188.7)	(209.5)	(154.5)	(155.9)	(161.8)	(145.8)	(125.8)
Sunwater – Closing Balance	(2519.3)	(2796.9)	(3534.7)	(3566.1)	(3701.5)	(3335.7)	(2876.5)	(2556.2)
QCA – Closing Balance	(2519.3)	(2796.9)	(3486.5)	(3645.3)	(3621.4)	(3140.8)	(2750.5)	
Difference	-	-	48.2	(79.1)	80.0	194.9	126.0	

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 Upper Burnett Bulk Water Service Contract in 2018/19 and the actual projects undertaken.

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Jones Weir – Timber crib refurbishment (19UBP02)	114	147	The 2018/19 forecast intended to cover the design and planning of the timber crib replacements, with funding available in 2019/20 to complete the works. Favourable weather conditions allowed the works to be completed ahead of schedule.
Jones Weir – Bulkhead gate seal refurbishment (19UBP01)	73	17	The scope of works required was less than budgeted, as the original seals were retained and the gates did not need to be blasted and painted.
Jones Weir – Dissipater void backfill (18UBP05)	78	19	A change in scope and project efficiencies allowed the works to be undertaken for less than budgeted. Specifically: <ul style="list-style-type: none"> • There was a variation in the quantity of product used to fill the void in the dissipator. • Less labour was required. • Contractors were onsite for other works, allowing mobilisation costs etc. to be reduced.
Meter replacements (19UBP06 and 19UBP07)	63	93	The initial estimate for project 19UBP07 covered the replacement and relocation of seven meter offtakes. Following planning, Sunwater decided to replace and relocate an additional four high priority meters to ensure meter accuracy and to mitigate future flood damage issues.
Wuruma Dam – Clean pressure relief drains (17UPB07)	59	56	This project was delivered within budget.
Other works	216	124	Some of the planned works were completed in the previous financial year.
2018/19 Total²	603	456	

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	This is an allowance to replace failed customer meters in the Upper Burnett scheme. If meters are not replaced, the funds will remain in the annuity.	62
	Wuruma 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 hydrological studies will be conducted to inform the full level of societal risk.	80
	Wuruma Dam – Replace regulating and guard valve 1	The 2016 comprehensive inspection recommended that the guard valve and regulator valve be replaced due to their poor condition. The bulkhead will need to be installed, mobile cranes deployed and an access track to the valve house created.	186
	Claude Wharton Weir – Hydraulic modifications	The gate cylinders at the weir are regularly 'slipping' so that they do not hold the gate open in the required position. The system will undergo minor modifications to overcome this.	48
	Wuruma Dam – Valve house roof repairs	A crack in the valve house roof has been monitored for the past few years. It is slowly getting longer so needs to be grout injected to prevent ingress of water which would accelerate the level of reinforcement corrosion and thus expansion of the crack.	42
	Other works	There are nine other non-routine projects planned for 2020/21.	224
	2020/21 Total		642
2021/22	Wuruma 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.	192
	Meter replacements	This is an allowance to replace failed customer meters in the Upper Burnett scheme. If meters are not replaced, the funds will remain in the annuity.	63
	Wuruma Dam – Replace regulating and guard valve 2	The 2016 comprehensive inspection recommended that the guard valve and regulator valve be replaced due to their poor condition. The bulkhead will need to be installed, mobile cranes deployed and an access track to the valve house created.	192

Year	Project title	Project scope	Budget (\$'000 nominal)
	Wuruma Dam – Pressure relief drain cleaning	This is an allowance to clean the pressure relief drains in the spillway gallery to minimise uplift pressures on the dam wall. This is done every five years. Only the blocked drains will be cleaned.	97
	Wuruma 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.	109
	Other works	There are four other non-routine projects planned for 2021/22.	103
	2021/22 Total		756
2022/23	Meter replacements	This is an allowance to replace failed customer meters in the Upper Burnett scheme. If meters are not replaced, the funds will remain in the annuity.	65
	Wuruma Dam – Replace low-level trash screen	The low-level outlet trash screen is at the end of its life. It will be replaced if the condition warrants it. The comprehensive inspection in 2021/22 will confirm the need to do this work.	23
	John Goleby Weir – Repaint internal conduit surface	The 2005 inspection recommended that the internal conduit surface be relined. Regular inspections have indicated the refurbishment can be deferred until now.	91
	Claude Wharton Weir – Bulkhead gate refurbishment	The sluice gate bulkhead will be removed during the comprehensive inspection. It is prudent while it is out of its slot to patch paint it to continue its life.	39
	Claude Wharton Weir – Comprehensive inspection	Sunwater conducts comprehensive inspections on our dams and weirs every five years to maintain current asset condition knowledge and improve the non-routine maintenance program.	49
	Other works	There are no other non-routine projects planned for 2022/23.	-
	2022/23 Total		267
2023/24	Meter replacements	This is an allowance to replace failed customer meters in the Upper Burnett scheme. If meters are not replaced, the funds will remain in the annuity.	67
	Claude Wharton Weir – Replace screw thread spindles	The screw thread spindles that allow the gate to raise and lower are showing signs of crevice corrosion and need to be replaced.	35
	Wuruma Dam – Cable replacement options study	Electric cabling at Wuruma 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.	21

Year	Project title	Project scope	Budget (\$'000 nominal)
	Wuruma Dam – Low-level guard valve refurbishment	The low-level guard valve is currently not operational. Last time it was opened for regular maintenance, the valve would not close. It is thought that the torque settings on the actuator are incorrect. To overcome this, the storage level must be low enough to manually open and close the valve so the new settings can be confirmed. The budget allows for a new actuator, if needed, and amendments to the dam operations and maintenance manual.	74
	Other works	There are no other non-routine projects planned for 2023/24.	-
	2023/24 Total		197
2024/25	Meter replacements	This is an allowance to replace failed customer meters in the Upper Burnett scheme. If meters are not replaced, the funds will remain in the annuity.	69
	Wuruma Dam – Road refurbishment	This is an allowance to refurbish the road network at the dam, including filling potholes and improving drainage etc.	83
	Claude Wharton Weir fishway – Refurbish three bulkhead gates	The three fishway bulkhead gates are starting to corrode after 15 or so years in service. They will be removed, and patch painted with new seals before being returned to service.	60
	Wuruma Dam – Cable replacement work	Electric cabling at Wuruma Dam is coming towards the end of its life. This will be the design and commission phase if the 2023/24 options study recommends any work.	45
	Claude Wharton Weir – Outlet gate 1 refurbishment	Outlet gate 1 is starting to corrode and needs new seals. It will be repainted to extend its life.	36
	John Goleby Weir – Pressure relief hole refurbishment	The pressure relief holes in the weir downstream faces will be flushed to prevent pressure build up and reduce the rate of corrosion on the sheet piles.	69
	Other works	There are three other non-routine projects planned for 2024/25.	12
	2024/25 Total		374

Contact us

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

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