

Service and Performance Plan – 2020/21

Upper Condamine 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 Condamine Bulk Water Service Contract,¹ we expected to spend \$1.55 million on routine costs and \$0.25 million on non-routine projects. Our actual performance was below these forecasts due to:

- reduced pumping requirements at Yarramalong pump station, resulting in lower electricity costs
- a downwards adjustment to indirect cost rates in the latter part of 2018/19
- the initial scope of work for several non-routine projects being less than originally expected.

Outlook for 2020/21

Routine costs (\$1.44 million) are expected to decrease slightly compared to what we previously forecast in last year's NSP (\$1.57 million in 2020/21).²

Sunwater plans to spend approximately \$0.66 million on non-routine projects. This is higher than our previous forecast (\$0.29 million), primarily due to a new project to cap the sheet piling at Yarramalong Weir with concrete (\$0.20 million). Several new replacement and refurbishment projects are also planned across the scheme in 2020/21.

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-Condamine/

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 Condamine 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 Condamine 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	4 days	0	0	0
	Unplanned shutdowns outside Peak Demand Period	7 working days			
Maximum number of interruptions	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.

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	20,368
2015/16	8532
2016/17	20,167
2017/18	4287
2018/19	1703
17-year historical average	13,776

Routine expenditure

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

Table 3 Routine expenditure^{1,2}

Upper Condamine 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	1036.6	774.4	1258.6	1045.9	(212.7)		1208.9	1130.8	1189.3	1218.4	1256.8	1310.9
Labour	219.9	174.9	231.9	224.1	(7.8)	Electricity costs were lower than forecast because of minimal use of Yarramalong pump station due to no water allocation.	235.0	192.4	198.2	204.1	209.2	214.5
Contractors	12.2	8.9	15.0	27.0	12.0		20.0	20.0	20.5	21.0	21.5	22.1
Materials	3.1	4.0	10.0	3.4	(6.6)	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).	7.0	7.0	7.2	7.4	7.5	7.7
Electricity	164.1	21.9	90.0	16.8	(73.2)		90.0	90.8	112.8	115.6	118.5	121.4
Insurance	132.8	122.8	129.3	130.7	1.4	Indirect 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).	149.5	179.5	183.9	188.5	193.3	198.1
Other	72.6	49.3	39.0	117.9	78.9		65.6	103.0	105.2	106.0	111.7	112.5
Local area support costs	189.1	136.4	296.8	181.9	(114.9)		195.5	172.8	185.0	190.2	194.9	209.1
Corporate support costs	72.6	77.5	150.7	175.3	24.6		168.5	144.3	148.6	153.1	156.9	160.8
Indirect costs	170.3	178.8	296.0	168.8	(127.2)		277.8	221.0	227.9	232.6	243.3	264.6
Preventative maintenance	222.9	235.4	244.2	222.8	(21.4)		261.3	221.8	229.9	234.7	242.1	256.8
Labour	73.5	73.3	65.4	67.7	2.3	Actual preventative maintenance expenditure was broadly in line with forecasts.	70.0	62.5	64.4	66.3	68.0	69.7
Contractors	14.3	15.4	10.0	13.9	3.9		12.0	12.0	12.3	12.6	12.9	13.2
Materials	1.5	1.3	2.0	2.4	0.4		2.0	2.0	2.1	2.1	2.2	2.2
Other	6.9	3.0	2.0	2.0	(0.0)		3.0	3.0	3.1	3.2	3.2	3.3
Local area support costs	62.2	57.2	83.7	57.2	(26.5)		59.5	56.5	60.4	62.1	63.7	68.5
Corporate support costs	21.4	29.6	42.5	48.8	6.3		50.2	46.9	48.3	49.7	51.0	52.2
Indirect costs	43.0	55.5	38.7	30.9	(7.7)		64.6	38.9	39.4	38.8	41.3	47.6
Corrective maintenance	61.5	44.0	49.0	50.5	1.5			61.9	111.3	115.1	117.6	121.2
Labour	9.2	8.2	-	8.2	8.2	Actual corrective maintenance expenditure was broadly in line with forecasts.	8.0	24.2	24.9	25.6	26.3	26.9
Contractors	17.8	16.1	35.0	22.6	(12.4)		20.0	18.0	18.5	18.9	19.4	19.9
Materials	16.0	2.2	12.0	2.4	(9.6)		12.0	12.0	12.3	12.6	12.9	13.2
Other	1.4	0.7	2.0	1.1	(0.9)		2.0	2.0	2.1	2.1	2.2	2.2
Local area support costs	7.3	6.4	-	5.4	5.4		6.8	22.0	23.5	24.1	24.8	26.7
Corporate support costs	4.3	4.1	-	6.8	6.8		5.7	18.1	18.7	19.2	19.7	20.2
Indirect costs	5.5	6.2	-	4.0	4.0		7.4	15.0	15.2	15.0	16.0	18.4
Routine total	1321.0	1053.7	1551.8	1319.2	(232.6)			1532.1	1463.9	1534.4	1570.8	1620.1
Recreational facility costs ³								23.0	23.5	24.1	24.6	25.3
Routine total (excl. recreational facility costs)								1440.9	1510.9	1546.7	1595.4	1670.0

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 Condamine 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	(314.7)	(139.5)	282.7	652.4	760.5	1216.6	1763.1	2154.6
Non-routine spend ³	(399.4)	(186.2)	(286.1)	(659.4)	(339.0)	(291.5)	(476.6)	(556.6)
Insurance proceeds receipts (if applicable)								
Prior year	-	-	-	-	-	-	-	-
Current year	-	5.8	6.3	-	-	-	-	-
Annuity contribution ⁴	598.1	613.0	628.3	739.0	761.9	784.7	791.1	810.0
Interest/financing costs	(23.6)	(10.4)	21.2	28.5	33.3	53.2	77.1	94.2
Sunwater – Closing Balance	(139.5)	282.7	652.4	760.5	1216.6	1763.1	2154.6	2502.1
QCA – Closing Balance	(139.5)	282.7	672.1	1150.4	1632.5	2208.2	2628.9	
Difference	-	-	19.7	389.9	415.9	445.1	474.3	

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

Project	Forecast \$'000	Actual ¹ \$'000	Commentary
Leslie Dam – Comprehensive inspection (19UCO03)	106	60	The scope of work required was less than budgeted as low water levels negated the need for divers.
Meter replacements (18UCO08 and 19UCO08)	40	31	Works were completed for less than budgeted, as fewer meters required replacement.
Leslie Dam – Crane audit (19UCO05)	27	16	The budget was derived from similar past projects. The tender process resulted in lower costs, enabling the project to be completed for less than the budgeted amount.
Talgai Weir – Screen repair (19UCO06)	12	2	Materials were purchased in 2018/19 to undertake the works. However, due to low water levels at Talgai Weir, Sunwater staff could not safely access the site via boat to complete the works. The project was therefore carried over into 2019/20.
Other works	62	18	Works were completed for less than budget and one project was not required.
Non-scheduled works	-	63	Three additional projects were undertaken during 2018/19: <ul style="list-style-type: none"> • replacement of a faulty valve actuator cable at Talgai Weir • flood damage repairs at Melrose Weir • certification of river trash racks fishing gear at Leslie Dam.
2018/19 Total²	247	190	

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	North Branch reprofile	The North Branch needs re-profiling (de-silting) every two to three years on average. This is an allowance to conduct the reprofiling to ensure water is delivered to customers.	57
	Yarramalong Weir – Concrete encase weir profile	The sheet piling at the weir has thinned through corrosion, to the extent that it is prudent to cap it with concrete. It needs to be done while there is enough steel in the existing piles, so the starter bars can be welded to hold the concrete in place.	204
	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity.	40
	Leslie Dam – Replace gate valve 4 with a butterfly valve	Gate valve 4 is in a poor condition and needs to be replaced. It is prudent to replace it with a butterfly valve as they are designed to close under a full head of water whereas gate valves are not.	47
	Lemon Tree Weir – Refurbish toe protection works	The rock mattresses and gabions at the toe of the Lemon Tree Weir spillway have been damaged over time. They are now at the stage where they need to be refurbished to maintain protection of the weir.	59
	Other works	There are nine other non-routine projects planned for 2020/21.	252
	2020/21 Total		659
2021/22	Yarramalong pump station – Pump refurbishment	Sunwater has an allowance to refurbish the three submersible pumps at Yarramalong pump station every six years. The pumps’ performance is monitored during the year; however, their physical condition cannot be fully known unless they are removed and inspected. The full scope of works cannot be derived until they are assessed.	140
	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity.	41
	Minor weir – Comprehensive inspections x7	Sunwater conducts comprehensive inspections on our weirs every five years to maintain continuity of asset condition knowledge. The updated asset condition scores allow Sunwater to reprioritise expenditure on assets if required.	49

Year	Project title	Project scope	Budget (\$'000 nominal)
	Leslie Dam – Gate 6 upstream face refurbishment	The coating on the upstream face is starting to crack and peel so that it no longer protects the gate from corrosion. It will be repainted with a modern coat system.	93
	Other works	There is one other non-routine project planned for 2021/22.	15
	2021/22 Total		338
2022/23	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity.	42
	Melrose Weir – Road resurfacing	Access to Melrose Weir is via a shared road. Sunwater refurbishes this road periodically to maintain access for all users.	21
	Leslie Dam – Regulating valves 2 and 3 replacement	Gates 2 and 3 valves are deteriorating and need to be replaced. It is prudent to replace the valves with butterfly valves as they are designed to close under a full head of water whereas gate valves are not.	96
	Leslie Dam – Gate 7 upstream face refurbishment	The coating on the upstream face is starting to crack and peel so that it no longer protects the gate from corrosion. It will be repainted with a modern coat system.	95
	Other works	There are two other non-routine projects planned for 2022/23.	37
	2022/23 Total		291
2023/24	Leslie 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.	133
	Leslie Dam – Gantry crane	The control equipment is coming towards the end of its life, so it is prudent to plan for its replacement. A condition and risk assessment will be updated closer to 2023/24 to determine if these works can be deferred further.	173
	Leslie Dam – Intake 2	During the comprehensive inspection, a camera will be used to assess the internal condition of the conduit. This has not been done before, so the methodology needs to be developed. It may require divers for a day.	48
	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity.	43
	Lemon Tree Weir – Gate and actuator refurbishment	The outlet and actuator at Lemon Tree Weir is expected to require refurbishment in about five years. Their condition will be assessed prior to works starting and the work deferred if possible.	30

Year	Project title	Project scope	Budget (\$'000 nominal)
	Other works	There are three other non-routine projects planned for 2023/24.	50
	2023/24 Total		477
2024/25	Melrose Weir – Embankment refurbishment	Inspections of Melrose Weir periodically identify cracking and sinkholes in the crest. This is an allowance to repair the cracks and fill the sinkholes.	91
	Talgai Weir – Left wing wall refurbishment	Past inspections of Talgai Weir have identified that the left wing wall is slowly moving inwards towards the centre of the weir. The movement needs to be stopped and the wall straightened.	91
	Leslie Dam – Regulating valves 5 and 6 replacement	Gates 5 and 6 valves are deteriorating and need to be replaced. It is prudent to replace the valves with butterfly valves as they are designed to close under a full head of water whereas gate valves are not.	112
	North Branch reprofile	The North Branch needs re-profiling (de-silting) every two to three years on average. This is an allowance to conduct the reprofiling to ensure water is delivered to customers.	67
	Meter replacements	This is an allowance to replace failed customer meters in the Upper Condamine. All unspent money will remain in the annuity.	45
	Other works	There are eight other non-routine projects planned for 2024/25.	149
	2024/25 Total		555

Contact us

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

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