



Final Service and Performance Plan 2021/22

Burdekin Haughton Distribution Service Contract


13 August 2021

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At a glance

Our performance in 2019/20

 **Operating costs:**
\$17.33 million (0.7% less than forecast)


Key drivers of cost variance:

- training of support staff in the region, to increase experience and knowledge and provide flexibility within the operations team. This means some labour costs were transferred to other service contracts
- lower acrolein costs due to improved monitoring of weed severity and a more targeted treatment of channels
- reduction in electricity costs, associated with Sunwater’s tariff review and changing to lower cost tariffs.

 **Annuity-funded costs:**
\$1.92 million (2.3% more than forecast)

Key drivers of cost variance:

- supply and installation costs for the Clare A4/2 pipeline connection were more than anticipated following detailed design
- more signage and air vents required refurbishment across the scheme than originally planned
- the ventilation system works at Tom Fenwick pump station required custom fabrication, leading to higher than expected costs
- some projects were carried over from 2018/19 to close out.

 **Total water deliveries:**
378,431 ML

Water delivered to irrigators: 305,610 ML

 **Service targets: 1 exceedance**

One unplanned shutdown failed to be rectified within the specified time. This related to a delayed return to service of the BA5 channel, which was waiting on a regulator gate to be refurbished (off site) and returned to service.

Outlook for 2021/22

 **Forecast operating costs:**
\$18.38 million

Significant areas of expenditure budgeted:

- electricity (\$4.65 million)
- insurance (\$0.99 million)
- operations (\$5.47 million)
- preventative maintenance (\$4.70 million)
- corrective maintenance (\$2.57 million).

 **Forecast annuity-funded costs:**
\$1.92 million

Key projects planned:

- concrete lining refurbishment of Clare channel (\$0.13 million)
 - regulating gate refurbishments at various Barratta channels (\$0.16 million).
- Other major projects include various pump and channel lining refurbishments.

Introduction

This Service and Performance Plan (S&PP) details a range of proposed scheme activities and projects, and presents a breakdown of anticipated costs for review. It also compares Sunwater’s actual costs for 2019/20 with our previous forecasts for this scheme.

The purpose of this year’s S&PP for the Burdekin Haughton Distribution Service Contract is to:

- present to customers Sunwater’s projected costs¹ for the upcoming five-year period, i.e. 2021/22 to 2025/26
- consult with our customers on forecast operating and annuity-funded costs for 2021/22 and the forward program of works
- examine Sunwater’s performance in 2019/20 against previous forecasts and service targets.

Our focus during 2021/22 will be on ensuring operational activities are implemented safely, timely and efficiently to meet the irrigation demand of customers. We are also continuing to implement an efficient and effective maintenance program, with a focus on ensuring the service contract’s assets continue to perform reliably.

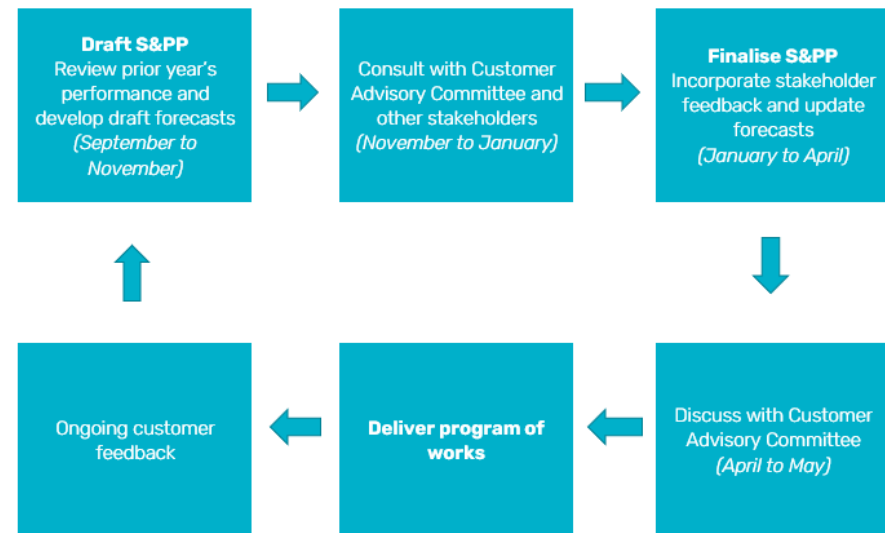
In addition to this S&PP, Sunwater has published an information sheet which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The information sheet is available at:

www.sunwater.com.au/customer/products-and-services/service-and-performance-plans/

¹ All financial figures reported in this document are in nominal dollars, i.e. dollars of the day. Figures may not sum due to rounding.

Input from customers is a valuable part of Sunwater’s planning process and ensures that we invest in areas which support the services we provide to customers. Figure 1 outlines how Sunwater and customers work together in relation to S&PPs.

Figure 1: Customer consultation and S&PPs



We welcome and encourage your feedback on this S&PP. To have your say and shape future S&PPs, please contact us via email or post:

Email: sppfeedback@sunwater.com.au

Post: S&PP Feedback
PO Box 15536
City East Qld 4002

Delivering services to our customers

At Sunwater we are committed to working collaboratively with our customers to deliver value and fit-for-purpose water solutions.

Our customers

Customers in this service contract primarily produce sugar cane, high value crops and sandalwood. Water is also supplied to industrial users and the Townsville City Council.

The water allocations for each customer segment are included in Table 1, together with water deliveries in 2019/20. Historical total water usage is available in **Appendix 1**.

Table 1: Water allocations and usage data¹

Customer segment	Total water allocations (ML)	High priority water allocations (ML)	Medium priority water allocations (ML)	Total water deliveries 2019/20 (ML)
Irrigation	321,858	0	321,858	305,610
Industrial	2475	0	2475	1353
Urban	10,005	10,005	0	1461
Sunwater (excl. distribution losses)	111,617	17	111,600	0
Sunwater distribution losses	206,737	16,260	190,477	70,008
Total	652,691	26,282	626,410	378,431

1. Distribution system only.

Irrigation charges

The 2021/22 charges and cost per megalitre are shown in Table 2.

Table 2: Irrigation charges for 2021/22¹

Tariff group	Product	2021/22 (\$/ML) ²	QCA cost-reflective (\$/ML) ³
Burdekin Channel	Allocation Charge – Part C	35.78	43.89
	Allocation Water – Part D	19.79	23.80
Giru Groundwater Area	Allocation Charge – Part C	17.32	43.89
	Allocation Water – Part D	13.06	23.80
Gladys Lagoon – Up to natural yield	Allocation Charge – Part C	0.00	0.00
	Allocation Water – Part D	0.00	0.00
Gladys Lagoon – Other than from natural yield	Allocation Charge – Part C	35.78	43.89
	Allocation Water – Part D	19.79	23.80

1. This table includes distribution charges only. For bulk water charges, please refer to the Bulk Water Service Contract S&PP.
2. Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.
3. Is the cost-reflective price determined by the Queensland Competition Authority (QCA) in its 2020–2024 irrigation price investigation. Costs reflect lower bound cost recovery, i.e. recovery of future replacement and ongoing maintenance and operations. Charges do not allow for any returns on existing assets.

For more information on Sunwater's fees and charges, refer to: www.sunwater.com.au/customer/fees-and-charges/

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Burdekin Haughton Distribution Service Contract. Table 3 below sets out our recent performance against selected service targets for this scheme.

In 2019/20, one exceedance of the unplanned shutdown (duration) service target was recorded. The exceedance was related to the delayed return to service of the BA5 channel system, which was waiting on a regulator gate to be refurbished and returned to service.

Table 3: Scheme service targets and performance

Service target		Target	Number of exceptions		
			2017/18	2018/19	2019/20
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	3	4	1
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions ²	Planned or unplanned interruptions per water year	10	0	1	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.

In addition, Sunwater has company-wide customer interactions service targets. Our performance in 2019/20 against these service targets is shown in Table 4.

Table 4: Customer interactions service targets and performance

Service target	Target	2019/20
Telephone answering ¹	80.00%	94.87%
Requests actioned within Service Level Agreement (SLA) timeframes ²	> 95.00%	95.46%

1. This target measures the percentage of 13 15 89 calls that are answered within 60 seconds. The 2019/20 result reflects the average monthly performance over the November 2019 to June 2020 period.
2. This target measures the percentage of email or workflow requests (such as property transfers and temporary transfers) to the Customer Support email address that are completed within the agreed SLAs. The SLA timeframes range between two and 10 business days, depending on the request. The 2019/20 result covers the October 2019 to June 2020 period.

Key infrastructure

Table 5 lists the key infrastructure used to deliver distribution services to our customers in Burdekin Haughton. We also maintain a large network of channels and a balancing storage.

Table 5: Key infrastructure

Asset	Description	Capacity
Giru Weir	Earth and cemented rock fill between two parallel rows of sheet piling.	615 ML
Val Bird Weir	Stepped sheet piling.	1025 ML
Clare B pump station	Four pumps.	122 ML/day
Clare B8 relift pump station	Two pumps.	21 ML/day
Dalbeg A pump station	Three pumps.	74 ML/day
Dalbeg B pump station	Two pumps.	74 ML/day
Dalbeg relift pump station	Two pumps.	18 ML/day
Elliot pump station	Three pumps.	180 ML/day
Millaroo A pump station	Four pumps.	180 ML/day
Millaroo B pump station	Three pumps.	111 ML/day
Millaroo relift pump station	Two pumps.	34 ML/day
Tom Fenwick pump station	Consists of five pump stations.	605 ML/day (pump station 1) 1209 ML/day (pump stations 2 & 3) 1209 ML/day (pump stations 4 & 5)

Financial summary—Revenue and expenditure

A high-level summary of the budgeted financial performance of the Burdekin Haughton Distribution Service Contract is presented in Table 6.

The revenue Sunwater receives from urban and industrial customers is agreed by term contract. The revenue we receive from irrigation customers is determined by the Queensland Government, based on recommendations made by the QCA as part of its review of irrigation prices.

Sunwater anticipates an increase in revenue for the Burdekin Haughton Distribution Service Contract in 2021/22.

In 2021/22, Sunwater expects to spend \$473 million across all parts of our business, i.e. regulated and non-regulated. A breakdown of the forecast total cost pool at the direct and non-direct cost level is shown in Figure 2, together with the percentage of these costs allocated to the Burdekin Haughton Distribution Service Contract. Detail on the planned spend for this scheme is outlined on subsequent pages of this S&PP.

Figure 2: Total Sunwater cost pools and allocation to scheme—2021/22 forecast (\$M)

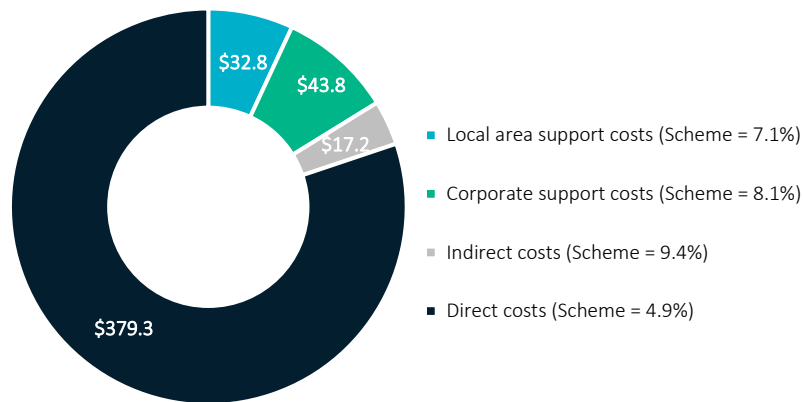


Table 6: Service contract financial summary

Burdekin Haughton Distribution Service Contract	2017/18 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000
Revenue					
Irrigation	19,732.0	20,349.2	22,046.6	18,640.0	20,973.4
Community Service Obligation	602.9	1.7	-	-	-
Industrial ¹	180.5	170.8	143.9	77.9	78.2
Urban ¹	1774.0	776.3	824.9	765.3	925.0
Revenue transfers ²	(1389.0)	(1299.2)	(1325.3)	(1547.6)	(1562.1)
Drainage	764.4	786.8	803.7	822.7	817.1
Other	(1228.1)	50.7	36.6	31.9	31.9
Revenue total	20,436.7	20,836.4	22,530.4	18,790.2	21,263.5
Less – Operating expenditure	15,002.1	16,681.0	17,334.2	17,573.0	18,380.9
Less					
Annuity-funded	1957.7	1720.7	1923.7	3018.9	1919.5
Non-annuity funded ³	3.5	3.4	3.9	-	5726.9
Surplus (deficit)	3473.5	2431.3	3268.7	(1801.7)	(4763.7)

- Forecast revenues for industrial and urban customers are based on current contractual arrangements.
- Revenue transfers represent the cost of bulk water supplies delivered through the distribution system. The revenue accrues to the distribution system before it is transferred to the Bulk Water Service Contract as a contribution to the cost of the bulk water service.
- This is expenditure which has not been funded by irrigation customers. An example of this in the Burdekin Haughton Distribution Service Contract is the Lower Burdekin Rising Groundwater Mitigation Project.

Cost of delivering services—Operating expenditure

Operating expenditure includes funds for: operations activities, i.e. operations, electricity and insurance; preventative maintenance; and corrective maintenance.

Table 7 sets out actual and forecast operating expenditure for the Burdekin Haughton Distribution Service Contract. For a more detailed breakdown by cost category, refer to **Appendix 2**.

Our performance in 2019/20

In 2019/20, operating costs were lower than our previous forecast.² However, there was significant variation at the cost category level. Actual operations costs were greater than forecast due to multiple works being completed within the operational budget by operators, rather than being costed to preventative and corrective maintenance. Training of support staff in the region, to increase experience and knowledge and provide flexibility in the operations team, also led to an overspend.

Table 7: Operating expenditure¹

Burdekin Haughton Distribution Service Contract	2017/18	2018/19	2019/20			2020/21		2021/22		2022/23	2023/24	2024/25	2025/26
	Sunwater Actual \$'000	Sunwater Actual \$'000	Sunwater Forecast \$'000	Sunwater Actual \$'000	Variance \$'000	Sunwater Forecast \$'000	QCA Target \$'000 ²	Sunwater Forecast \$'000	QCA Target \$'000 ²	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operations	10,928.8	11,580.6	11,262.5	11,718.0	455.5	10,886.9	11,617.4	11,110.3	11,786.1	11,288.9	11,565.7	11,829.8	12,082.2
Electricity	6032.5	5315.2	5313.6	5049.2	(264.4)	4929.1	5363.5	4647.0	5398.4	4739.9	4834.7	4931.4	5030.1
Insurance	467.8	487.7	546.0	562.6	16.6	757.9	614.3	994.7	626.5	1014.6	1034.9	1055.6	1076.7
Operations	4428.5	5777.7	5402.8	6106.2	703.4	5199.9	5639.7	5468.6	5761.2	5534.4	5696.0	5842.7	5975.4
Preventative maintenance	2397.2	2926.8	3972.7	3508.9	(463.8)	4339.1	3537.9	4698.1	3612.8	4768.9	4895.5	5015.5	5126.5
Corrective maintenance	1676.1	2173.6	2224.6	2107.3	(117.4)	2347.0	2852.8	2572.4	2913.6	2605.5	2682.4	2663.4	2725.1
Operating costs total	15,002.1	16,681.0	17,459.8	17,334.2	(125.6)	17,573.0	18,008.0	18,380.9	18,312.4	18,663.3	19,143.6	19,508.7	19,933.8
Recreational facility costs ³						-		-		-	-	-	-
Operating costs total (incl. recreational facility costs)	15,002.1	16,681.0	17,459.8	17,334.2	(125.6)	17,573.0		18,380.9		18,663.3	19,143.6	19,508.7	19,933.8

1. Sunwater's 2022/23 to 2025/26 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
2. Reflects the QCA's 2020–2024 irrigation price investigation final recommendations. Excludes recreational facility costs.
3. From 1 July 2020, irrigation customers no longer contribute towards the cost of operating and maintaining recreational facilities. Forecast costs have been separately identified for transparency.

² See the 2019/20 Network Service Plan at www.sunwater.com.au/schemes/Burdekin-Haughton/

Preventative maintenance costs were under budget due to a continued focus on completing works efficiently. For example, acrolein costs were lower than forecast due to improved monitoring of weed severity. This has resulted in targeted chemical applications. Better lowering of the channel also allowed Sunwater to remove excess water in the channel that dilutes the chemicals, meaning fewer chemicals were required.

Effective weed control under the preventative maintenance program also led to lower corrective maintenance costs in 2019/20, as it eliminated the need to hire an excavator to remove weeds blocking the channels.

Electricity

One of the key challenges for Sunwater is managing the cost of electricity. In 2019/20, Sunwater undertook the following energy improvement initiatives in the Burdekin Haughton Distribution Service Contract:

- a review of our electricity tariff selections, to ensure that we are using the most cost-effective tariffs. The review focused on pump stations as these assets consume the most electricity. There were two tariff changes, resulting in a decrease from 21.76 c/kWh in 2018/19 to 17.24 c/kWh in 2019/20.
- interval meters were installed at pump stations (as required) to provide the granular level of consumption and demand information needed to accurately assist in identifying operational optimisation and renewable generation opportunities
- a solar assessment, which found it is not currently cost-effective to invest in solar installations at the pump stations. However, solar systems were installed at the following offices:
 - Clare office – 30.0 kW
 - Millaroo office – 10.8 kW.

Outlook for 2021/22 Operations

Burdekin Haughton Distribution Service Contract's total operations budget in 2021/22 is 5.7 per cent below the QCA's recommended cost target. This variance is largely the result of lower than recommended electricity and operations costs, driven by Sunwater's focus on effectively and efficiently completing works. However, higher than recommended insurance costs are expected.

Insurance

Insurance is one of Sunwater's largest expenditure items. These costs have increased significantly in recent years due to multiple flood events in Queensland and global insurable events impacting premiums. Although Sunwater is subject to market forces in the pricing of insurance premiums, we have also been actively managing insurance premium costs by reviewing coverage levels and policy specifications (including deductibles) to ensure that our insurance coverage is appropriate and reflective of the risks faced by our business.

In 2020/21, Sunwater experienced a significant price increase in insurance premiums. Our insurance broker has indicated this is the beginning of an upward trend in premiums due to, among other factors, the number and size of natural disasters that have occurred in Australia over the past 12 months. Insurance premiums in 2021/22 are therefore expected to be higher than the QCA's recommended allowance and historical costs.

Electricity

In 2021/22, Sunwater will continue our focus on managing the cost of electricity in this service contract. The following energy improvement initiatives are currently planned:

- annual tariff optimisation analysis
- operational optimisation assessment (as required)
- renewable generation opportunity assessment (as required)
- outcome of energy audits reviewed and implemented (as required).

Preventative maintenance

The forecast preventative maintenance costs for the Burdekin Haughton Distribution Service Contract are forecast to be 30.0 per cent above the QCA's recommended cost target. This is related to a reallocation of labour costs from operations to maintenance functions and the annual allowance of materials cost providing for a potential maximum chemical use requirement for aquatic weed management.

Corrective maintenance

In 2021/22, Sunwater anticipates spending \$2.57 million on corrective maintenance in the Burdekin Haughton Distribution Service Contract. This is 11.7 per cent below the QCA's recommended cost target, primarily due to Sunwater's focus on effectively and efficiently completing preventive maintenance works.

Electricity metrics

Table 8 sets out electricity usage and efficiency-related information for the Burdekin Haughton Distribution Service Contract.

Table 8: Electricity usage and efficiency-related metrics

Metric	2016/17	2017/18	2018/19	2019/20
Electricity usage (kWh)	24,855,874	28,506,341	25,208,770	29,398,837
Water usage (ML)	329,411	372,336	297,384	378,431
Actual electricity cost per ML (\$/ML delivered)	14.60	16.20	17.87	13.34
Average pump energy indicator ¹ (kWh/ML/per metre of head)	3.88	3.92	3.98	3.90

1. The industry guidelines are 3.4 to 4.5, depending on the size and design of the pump station with the benchmark for larger pump stations being more efficient.

Cost of delivering services—Annuity and non-annuity funded expenditure

Annuity expenditure include funds for preventative and corrective maintenance, as well as large, one-off operations activities. The preventative maintenance activities monitor the asset condition and inform the corrective maintenance program when an asset needs to be refurbished or replaced. Non-annuity funded expenditure largely relates to Sunwater’s Dam Improvement Program and recreational facility costs.

Table 9 outlines our annuity and non-annuity funded expenditure. A comparison of forecast and actual annuity-funded projects for 2019/20 is provided in **Appendix 3**, with details of the major annuity-funded projects planned for the 2020/21 to 2025/26 period set out in **Appendix 4**.

Table 9: Annuity and non-annuity funded expenditure^{1,2}

Burdekin Houghton Distribution Service Contract	2017/18	2018/19	2019/20		Variance \$'000	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26		
	Sunwater Actual \$'000 ³	Sunwater Actual \$'000 ³	Sunwater Forecast \$'000	Sunwater Actual \$'000		Sunwater Forecast \$'000	QCA Target \$'000 ⁴	Sunwater Forecast \$'000	QCA Target \$'000 ⁴	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	
Annuity-funded													
Operations	-	-	-	-	-	-	-	-	-	-	-		
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-		
Planned corrective maintenance	1898.4	1720.7	1880.0	1923.7	43.7	3018.9	1915.6	1919.5	1804.3	1359.6	1908.0	2139.7	2110.0
Unplanned corrective maintenance	59.3	-	-	-	-	-	-	-	-	-	-	-	-
Annuity-funded total	1957.7	1720.7	1880.0	1923.7	43.7	3018.9	1915.6	1919.5	1804.3	1359.6	1908.0	2139.7	2110.0
Non-annuity funded													
Dam Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facility projects						-		-		-		-	-
Metered offtakes and dividend reinvestment	3.5	3.4	-	3.9	3.9	-		5726.9		4771.1	247.1	-	-
Non-annuity total	3.5	3.4	-	3.9	3.9	-		5726.9		4771.1	247.1	-	-

1. Sunwater’s 2022/23 to 2025/26 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
2. Forecast annuity-funded costs from 2020/21 exclude recreational facility projects.
3. The annuity-funded spend for 2017/18 and 2018/19 reflects the QCA’s 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater’s actual costs.
4. Reflects the QCA’s 2020–2024 irrigation price investigation final recommendations.

Asset management and planning improvements

In its final report for the 2020–2024 irrigation price investigation, the QCA identified several potential improvements to Sunwater’s asset management and planning framework. It suggested Sunwater should:

- improve our predictive maintenance and asset condition reporting arrangements to better inform the timing of asset replacement
- review our cost estimation approach and ensure that asset values are based on modern equivalent replacement values where appropriate
- develop transparent guidelines for options analyses.³

Sunwater acknowledges there is room for improvement in our asset management system and is working on several initiatives to address these potential improvements, as outlined below.

Predictive maintenance and asset condition reporting

A focus during 2021/22 and beyond is to better leverage data to make more informed decisions and to ensure operations and maintenance activities are implemented safely, timely and efficiently.

To achieve this, Sunwater has invested in a new Enterprise Asset Management system (SAP). The new system and other IT infrastructure changes, such as a mobility solution that enables near real-time data to be loaded into the system and data automation initiatives, have presented a significant opportunity to transition to a data driven decision-making business.

In addition, Sunwater is improving predictive maintenance capability by monitoring asset performance data of critical assets. For example, the preventative maintenance program for pump stations is transitioning to usage-based intervals and energy and condition data is being analysed via remote dashboards. The asset data will provide a greater insight to asset performance, condition, and refurbishment and replacement planning.

³ See pages 58 to 60, www.qca.org.au/wp-content/uploads/2020/02/irrigation-price-review-part-b-sunwater-final-report.pdf

Cost estimation approach

A change to Sunwater’s asset planning cycle in 2019 has improved the near-term cost estimation of annuity funded work. The change targets two years of fully cost-estimated work and has increased the visibility of the forward program.

Options analyses

Sunwater is implementing improvements to our asset management system with a fit-for-purpose alignment to the ISO55001 asset management standard. Key to the alignment is the simplification of how maintenance work is identified and delivered.

Low value, low complexity work follows a standard work management methodology and is managed at a service contract level. High value, high complexity work is managed at an individual level and follows Sunwater’s project, program and portfolio management framework (P3MF) and is subject to an options analysis.

Options analyses under P3MF examine a range of options and assess the shortlisted options against selected criteria, including financial, regulatory, social and environmental factors.

Annuity balance

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/replacement of the assets over a pre-determined period of time. The forecast annuity balances, and the impacts of budgeted spend, are shown in Table 10 below.

The QCA and Sunwater closing balances differ due to differences in the expenditure profile allowed by the QCA in its 2020–2024 final recommendations and actual expenditure incurred by Sunwater in 2019/20 and what we expect to spend thereafter.

Table 10: Annuity balance

Burdekin Haughton Distribution Service Contract	2017/18 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000
Opening balance ¹	1065.3	2348.3	4043.5	5743.6	5008.0	5408.7	6439.5	6909.5	8724.0
Spend ²	(1957.7)	(1720.7)	(1923.7)	(3018.9)	(1919.5)	(1359.6)	(1908.0)	(2139.7)	(2110.0)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution ³	3160.9	3239.9	3320.9	2032.1	2101.2	2154.0	2096.5	3652.1	3870.3
Interest/financing costs	79.8	175.9	302.9	251.1	219.0	236.5	281.5	302.1	381.4
Sunwater – Closing balance	2348.3	4043.5	5743.6	5008.0	5408.7	6439.5	6909.5	8724.0	10,865.7
QCA – Closing balance	2348.3	4043.5	5913.2	6288.3	6860.1	8009.5	9154.5		
Difference	-	-	(169.7)	(1280.3)	(1451.5)	(1570.0)	(2245.0)		

1. The opening balances for 2017/18, 2018/19 and 2019/20 reflect the QCA's 2020–2024 irrigation price investigation final recommendations.
2. The spend for 2017/18 and 2018/19 reflects the QCA's 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater's actual costs. The 2019/20 spend reflects Sunwater's actual costs. Thereafter, the spend is based on Sunwater's forecasts.
3. 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 2020–2024 irrigation price investigation final recommendations. Thereafter, it is based on Sunwater's projections.

Appendix 1—Historical water usage

The below table contains the scheme’s recent water use, together with the 18-year average for the 2002/03 to 2019/20 period.

Year	Usage (ML)
2010/11	112,222
2011/12	263,367
2012/13	308,545
2013/14	444,302
2014/15	476,610
2015/16	396,575
2016/17	329,411
2017/18	372,336
2018/19	297,384
2019/20	378,431
18-year historical average	353,420

Appendix 2—Operating and annuity-funded costs by expense type

Burdekin Houghton Distribution Service Contract	2017/18	2018/19	2019/20		2020/21		2021/22		2022/23	2023/24	2024/25	2025/26	
	Sunwater Actual \$'000	Sunwater Actual \$'000	Sunwater Forecast \$'000	Sunwater Actual \$'000	Variance \$'000	Sunwater Forecast \$'000	QCA Target \$'000	Sunwater Forecast \$'000	QCA Target \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operating costs													
Operations	10,928.8	11,580.6	11,262.5	11,718.0	455.5	10,886.9	11,617.4	11,110.3	11,786.1	11,288.9	11,565.7	11,829.8	12,082.2
Labour	1356.5	1487.7	1452.9	1655.5	202.5	1401.0	1450.2	1412.9	1483.5	1455.3	1499.0	1543.9	1590.3
Contractors	13.0	23.2	30.0	54.8	24.8	30.0	21.0	40.0	21.4	40.8	41.6	42.4	43.3
Materials	36.4	125.8	38.0	196.4	158.4	42.0	68.2	42.0	69.6	42.8	43.7	44.6	45.5
Electricity	6032.5	5315.2	5313.6	5049.2	(264.4)	4929.1	5363.5	4647.0	5398.4	4739.9	4834.7	4931.4	5030.1
Insurance	467.8	487.7	546.0	562.6	16.6	757.9	614.3	994.7	626.5	1014.6	1034.9	1055.6	1076.7
Other	593.7	1003.7	1162.0	1135.2	(26.8)	1108.8	1197.4	1093.6	1221.3	1114.0	1130.5	1145.9	1165.2
Local area support costs	1056.0	1091.6	905.3	1011.5	106.2	808.2	1031.4	919.5	1053.6	947.1	975.5	1004.8	1034.9
Corporate support costs	583.7	1439.1	1084.9	1256.2	171.3	1050.7	1120.8	1342.3	1144.9	1382.5	1424.0	1466.7	1510.7
Indirect costs	789.2	606.7	729.7	796.6	66.9	759.2	750.7	618.3	766.8	551.9	581.8	594.4	585.5
Preventative maintenance	2397.2	2926.8	3972.7	3508.9	(463.8)	4339.1	3537.9	4698.1	3612.8	4768.9	4895.5	5015.5	5126.5
Labour	412.3	394.9	650.8	543.1	(107.7)	776.9	606.2	780.3	620.1	803.7	827.8	852.6	878.2
Contractors	771.9	1054.6	900.0	914.4	14.4	820.0	867.7	1020.0	885.6	1040.4	1061.2	1082.4	1104.1
Materials	250.3	561.3	1150.0	857.1	(292.9)	1150.0	821.2	1150.0	837.6	1173.0	1196.5	1220.4	1244.8
Other	180.6	127.6	39.0	190.9	151.9	138.0	29.3	158.0	29.9	161.2	164.4	167.7	171.0
Local area support costs	321.0	329.8	420.2	337.6	(82.6)	450.6	431.1	507.2	440.4	522.4	538.1	554.2	570.8
Corporate support costs	220.7	310.0	485.9	409.6	(76.3)	582.7	468.5	741.2	478.6	763.5	786.4	810.0	834.3
Indirect costs	240.3	148.8	326.8	256.3	(70.6)	421.0	313.8	341.4	320.5	304.8	321.3	328.3	323.3
Corrective maintenance	1676.1	2173.6	2224.6	2107.3	(117.4)	2347.0	2852.8	2572.4	2913.6	2605.5	2682.4	2663.4	2725.1
Labour	369.3	395.5	583.0	433.9	(149.2)	618.4	579.9	618.4	593.2	637.0	656.1	675.8	696.0
Contractors	319.5	665.9	180.0	424.3	244.3	250.0	486.4	435.0	496.4	443.7	452.6	371.4	378.9
Materials	152.9	233.0	230.0	183.4	(46.6)	205.0	491.1	145.0	500.9	147.9	150.9	153.9	157.0
Other	156.9	108.9	126.9	255.9	129.0	115.9	134.5	113.9	137.2	116.2	118.5	120.9	123.3
Local area support costs	287.6	294.4	376.5	272.7	(103.8)	358.7	412.5	402.0	421.3	414.0	426.5	439.3	452.4
Corporate support costs	175.3	332.8	435.4	340.5	(94.9)	463.8	448.2	587.5	457.8	605.1	623.3	642.0	661.2
Indirect costs	214.6	143.1	292.8	196.6	(96.2)	335.1	300.2	270.6	306.6	241.5	254.6	260.2	256.3
Operating costs total	15,002.1	16,681.0	17,459.8	17,334.2	(125.6)	17,573.0	18,008.0	18,380.9	18,312.4	18,663.3	19,143.6	19,508.7	19,933.8
Annuity-funded costs													
Labour			169.9	206.0	36.1	350.6	222.4	249.9	234.9	176.9	230.3	355.3	324.5
Contractors			807.8	1164.4	356.6	1297.2	823.1	580.3	545.5	439.5	493.1	334.3	607.2
Materials			585.3	153.8	(431.4)	715.2	453.8	490.2	460.8	357.9	697.2	727.1	468.7
Other			-	24.1	24.1	11.0	7.0	89.6	84.2	34.9	28.9	15.9	70.5
Local area support costs			104.9	122.7	17.7	192.1	121.9	162.7	153.0	115.3	150.2	232.7	211.4
Corporate support costs			126.9	155.8	28.9	262.9	166.8	237.4	223.1	168.1	218.8	337.6	308.3
Indirect costs			85.3	97.0	11.7	190.0	120.5	109.3	102.8	67.1	89.4	136.8	119.5
Annuity-funded total¹	1957.7	1720.7	1880.0	1923.7	43.7	3018.9	1915.6	1919.5	1804.3	1359.6	1908.0	2139.7	2110.0
Total costs²	16,959.8	18,401.7	19,339.9	19,257.9	(82.0)	20,591.9	19,923.6	20,300.4	20,116.7	20,022.9	21,051.6	21,648.3	22,043.9

1. The 2017/18 and 2018/19 costs reflect the QCA's 2020–24 irrigation price investigation final recommendations, which included adjustments to Sunwater's actual costs. Sunwater has provided cost information at the lowest level of granularity available.

2. Excludes recreational facility costs from 2020/21.

Appendix 3—Comparison of forecast and actual annuity-funded projects for 2019/20

The below table sets out the major annuity-funded projects planned for the Burdekin Haughton Distribution Service Contract in 2019/20 and the actual projects undertaken.

Project	Forecast \$'000	Actual \$'000	Commentary
Clare B pump station – Switchboard and control system replacement	303	271	Works were completed for less than forecast due to efficiencies achieved through the management of the individual work parcels, i.e. appropriate selection of internal labour versus contractors for each work parcel.
Regulating gate refurbishments – Various	206	97	Efficiencies were delivered through packaging the work together and completing the work (where possible) outside of the annual shutdown.
Clare B pump station – Pump unit 2 and control equipment	202	145	The work item to replace the control equipment at Clare B pump station was undertaken as part of the switchboard and control system replacement project above. The cost of replacing pump unit 2 was \$40k more than forecast due to an increase in the scope of works. Upon removal of the unit and a condition assessment, Sunwater was required to refurbish the suction pipe and modify the cable junction box, in addition to replacing the pump.
Meter replacements	122	132	The actual cost of meter replacements was broadly in line with the budgeted amount.
Clare A4/2 pipeline connection	144	221	Following design, supply and installation costs were higher than anticipated.
Dalbeg B and relift pump stations – Pump refurbishments	107	23	One of the pump refurbishments was deferred based on condition and the other was refurbished in lieu of replacement, resulting in lower project costs.
Tom Fenwick pump stations 2_3 & 4_5 ventilation systems	100	118	Unanticipated custom fabrication was required, which led to higher costs.
Clare, Millaroo, Dalbeg, Barratta & Haughton signs and air vents	65	93	There were more signs and air vents across the scheme that required refurbishment than originally planned for.
Haughton main channel (headworks) fencing	63	74	Supply and installation costs were higher than anticipated. Rain during construction resulted in delays (additional mobilisation/demobilisation) and additional work and/or rework, e.g. bored holes.
Haughton main channel, Clare channel and Giru Weir options analyses	60	72	The Haughton main channel survey and siltation review costs were \$22k more than anticipated due to additional survey work to tie the new survey data to the previous survey data and compare. This increase in costs was partially offset by a change in scope for the channel relining options analysis in the Clare Channel System (\$8k less than forecast).

Project	Forecast \$'000	Actual \$'000	Commentary
Other works	509	401	<p>Other works were completed under budget, with variations at the project level. Key cost variances related to:</p> <ul style="list-style-type: none"> the achievement of efficiencies in replacing various Batescrew gates across the scheme, by packaging supply and installation works together lower than anticipated scope of refurbishment on pump unit 1 at the Clare relift pump station and the Millaroo Balancing Storage road the installation of the replacement flow meter at the Clare A pump station being completed in the previous financial year. <p>The scheme's contingency budget of \$82k was used for non-scheduled works.</p>
Non-scheduled works	-	277	<p>The following projects were carried over from the previous financial year:</p> <ul style="list-style-type: none"> commissioning of pump unit 4 at Clare B pump station (\$23k) refurbishment of pump 3 and motor at Dalbeg A pump station, which was delayed because of the failure of pump 2 (\$100k) replacement of flow meters at Dalberg A and B pump stations due to the long lead time for meter supplies (\$50k). <p>Non-scheduled works that were undertaken in 2019/20 included:</p> <ul style="list-style-type: none"> refurbishment of pump unit 1 at Clare A pump station, following failure of the unit (\$44k) reinstatement of failed concrete lining panels in the Clare System (\$52k). These repairs were undertaken opportunistically during the shutdown. refurbishment of regulating gate No. 3 on Dalbeg main channel (\$8k).
2019/20 Total	1881	1924	

Appendix 4—Annuity-funded projects for 2020/21 to 2025/26

The below table sets out Sunwater’s currently planned annuity-funded projects for the 2020/21 to 2025/26 period for this scheme. While the immediate program is well defined, estimates become more uncertain further into the planning timeline. Forecasts are likely to change in future S&PPs, reflecting changes in project delivery timing; asset condition and risk updates; outcomes from scheduled asset inspections; and customer feedback.

Year	Facility	Activity description	Forecast \$'000
2020/21 ⁴	Clare, Millaroo, Dalbeg and Haughton	Refurbish – concrete lining based on known asset condition and age.	604
	Clare, Millaroo, Dalbeg, Elliot and Healey’s pump stations	Refurbish/replace – pump units across several facilities based on known asset condition and age.	416
	Tom Fenwick pump station	Refurbish – reinstate pump, gearboxes, intake hoist starters and valve latching arrangements at stations 1, 2_3 and 4_5 based on known asset condition and age.	356
	Haughton, Barratta, Clare and Elliot	Refurbish/replace – radial, float, vertical slide regulating and isolation gates based on known asset condition and age.	269
	Scheme	Study – audit and review of all scheme switchboards and distribution boards to reassess arc flash rating in accordance with Australian Standards.	220
	Giru Benefitted Area	Replace – customer meters to Australian Standard (AS) 4747 to meet regulatory compliance.	198
	Clare, Millaroo, Dalbeg, Elliot, Barratta and Haughton	Refurbish – fencing based on known asset condition and age.	181
	Clare A and Dalbeg B pump stations	Replace – programmable logic controller (PLC) / supervisory control and data acquisition (SCADA) based on known asset condition and age. Covers the specification, procurement, supply, installation and commissioning of equipment.	133
	Clare, Millaroo, Dalbeg, Elliot, Barratta and Haughton	Refurbish – roads based on known asset condition and age.	106
	Clare A4_2 pipeline	Install – diversion pipeline to Barratta main channel to capture channel overflow water for reuse and improve scheme delivery efficiency (Stage 2 of works).	75
	Haughton main channel	Replace – operations meters at siphon SI24 to reinstate the data capturing point and improve channel delivery efficiency.	64
	Scheme	Study – investigation, risk assessment and review of float regulating gate access arrangements to address a known safety risk.	45
	Clare A pump station	Refurbish – steel rising main surge tanks based on known asset condition and age.	45
	Millaroo B pump station	Refurbish – vacuum priming system based on known asset condition and age.	41

⁴ Based on the program of works underpinning the 2020/21 annuity-funded budget figures presented in this S&PP. This data was extracted from Sunwater’s systems in mid-2020 and has been provided to facilitate future reporting of our performance against forecast costs. Changes to the 2020/21 program of works since the date of extraction are not incorporated here.

Year	Facility	Activity description	Forecast \$'000
	Haughton main channel	Study – weed screen investigation at siphon SI24 to address ongoing workplace health and safety issues.	35
	Multiple	There were six other annuity-funded projects planned for 2020/21, consisting of civil refurbishment works at Val Bird Weir and Millaroo Channel 2; a screen replacement at Barratta Channel Ba1; and refurbishment of an access bridge at Clare main channel B. The forecast also included a contingency amount to account for variations in project/contract costs.	231
	2020/21 Total		3019
2021/22	Barratta channel Ba1, Ba5 and Ba 8	Refurbish – regulating gates based on known asset condition and age.	164
	Clare Channel System	Refurbish – concrete channel lining based on known asset condition and age.	134
	Clare B pump station	Replace – pump unit No. 1 based on known asset condition and age.	115
	Elliot pump station	Refurbish – reinstate pump well structural elements based on known asset condition and age.	109
	Millaroo Channel System	Refurbish – concrete channel lining based on known asset condition and age.	105
	Clare channel B1 and B5	Replace – customer meters to AS4747 based on known asset condition and age.	98
	Millaroo A pump station	Replace – PLC control equipment based on known asset condition and age.	88
	Dalbeg Channel System	Refurbish – concrete channel lining based on known asset condition and age.	82
	Millaroo B pump station	Replace – non-return valves at pump units No. 1 to 3 based on known asset condition and age.	79
	Barratta main channel	Replace – customer meters to AS4747 to meet regulatory compliance.	73
	Giru Weir	Refurbish – remove trees and sediment in the main weir and anabranh.	67
	Tom Fenwick pump stations 2 and 3	Replace – sump pumps based on known asset condition and age.	61
	Haughton main channel	Refurbish – left and right-hand radial gates based on known asset condition and age.	61
	Giru Weir	Refurbish – reinstate sheet pile row 1 based on known asset condition and age. Covers geotechnical, conceptual and detailed design.	58
	Tom Fenwick pump station 4_5	Replace – Zorc surge protection based on known asset condition and age.	51
	Giru Weir	Refurbish – remove or replace damaged downstream rock mattresses and rip rap based on known asset condition.	50
	Millaroo B pump station	Refurbish – pump unit No. 3 submersible pump based on known asset condition and age.	46
	Multiple	There are 24 other annuity-funded projects planned for 2021/22. These projects include, for example, regulating gate refurbishments at Barratta main channel; reflux valve replacements at Dalbeg B pump station; batescrew gate replacements at Barratta main channel; non-return valve tilting disk replacements at Clare A pump station; motor replacements at Tom Fenwick pump station 2_3; safety screen replacements at Haughton Channel H10; and options studies into the replacement of switchboards and PLC at Elliot pump station.	478
	2021/22 Total		1919

Year	Facility	Activity description	Forecast \$'000
2022/23	Tom Fenwick pump station 2_3	Refurbish – pump unit No. 2 at pump station 2 based on known asset condition and age.	165
	Tom Fenwick pump station 2_3	Replace – ventilation system based on known asset condition and age.	159
	Clare Channel System	Refurbish – concrete channel lining based on known asset condition and age.	136
	Clare channel B6	Replace – customer meters to AS4747 based on known asset condition and age.	128
	Millaroo Channel System	Refurbish – concrete channel lining based on known asset condition and age.	118
	Dalbeg main channel	Replace – customer meters to AS4747 based on known asset condition and age.	95
	Dalbeg Channel System	Refurbish – concrete channel lining based on known asset condition and age.	83
	Haughton main channel	Refurbish – left and right-hand radial gates based on known asset condition and age.	77
	Dalbeg channel 1	Replace – customer meters to AS4747 based on known asset condition and age.	71
	Multiple	There are 25 other annuity-funded projects planned for 2022/23. These projects include, for example, cooling water system refurbishments at Tom Fenwick pump stations 2 and 3; rotating screen and mechanical weed screen refurbishments at Haughton main channel; security alarm replacements at Tom Fenwick pump station 1 and 4_5; and minor metal work and protection works at various Millaroo channels.	327
	2022/23 Total		1359
2023/24	Millaroo A pump station	Replace – control equipment based on known asset condition and age.	183
	Dalbeg B pump station	Replace – cabling based on known asset condition and age.	167
	Elliot pump station	Replace – pump unit No. 1 based on known asset condition and age.	165
	Clare Channel System	Refurbish – concrete channel lining based on known asset condition and age.	140
	Millaroo Channel System	Refurbish – concrete channel lining based on known asset condition and age.	122
	Clare channel B8	Replace – customer meters to AS4747 based on known asset condition and age.	102
	Haughton main channel	Replace – 24v motors and control equipment based on known asset condition and age.	97
	Millaroo main channel	Replace – high-density polyethylene lining based on known asset condition and age.	94
	Dalbeg B pump station	Replace – submersible pump No. 2 based on known asset condition and age.	79
	Haughton main channel	Refurbish – left and right-hand radial gates based on known asset condition and age.	79
	Mount Dalrymple SCADA	Replace – radio repeater based on known asset condition and age.	72
	Clare B pump station	Refurbish – submersible pump No. 3 based on known asset condition and age.	47
	Multiple	There are 54 other annuity-funded projects planned for 2023/24. These projects include, for example, regulating gate refurbishments; overflow and drainage refurbishments; a switchboard refurbishment at Dalbeg B pump station; batescrew gate replacements; a comprehensive inspection of Giru Weir; and a suction main refurbishment at Clare B pump station.	561

Year	Facility	Activity description	Forecast \$'000
	2023/24 Total		1908
2024/25	Haughton main channel	Replace – batescrew gates based on known asset condition and age.	338
	Barratta main channel	Replace – batescrew gates based on known asset condition and age.	314
	Clare Channel System	Replace – customer meters to AS4747 based on known asset condition and age.	296
	Elliot pump station	Replace – pump unit No. 2 based on known asset condition and age.	155
	Millaroo A pump station	Replace – upper hoist based on known asset condition and age.	81
	Mount Kelly SCADA	Replace – radio and remote telemetry unit at the repeater station based on known asset condition and age.	79
	Millaroo B pump station	Refurbish – pump unit No. 1 based on known asset condition and age.	62
	Haughton main channel	Refurbish – overflow structure based on known asset condition and age.	55
	Clare B pump station	Refurbish – pump unit No. 4 based on known asset condition and age.	54
	Millaroo B pump station	Refurbish – pump unit No. 2 based on known asset condition and age.	50
	Multiple	There are 43 other annuity-funded projects planned for 2024/25. These projects include, for example, air vent and signage refurbishments; gearbox inspections at Tom Fenwick pump stations 2_3 and 4_5; channel lining refurbishments at Clare Channel System; meter replacements; minor pump refurbishments; overflow and drainage refurbishments; and vertical sliding gate replacements.	655
		2024/25 Total	
2025/26	Clare main channel	Replace – customer meters to AS4747 to meet regulatory compliance.	242
	Tom Fenwick pump station 4_5	Refurbish – gearboxes at pump units No. 4 and 5 based on known asset condition and age.	187
	Tom Fenwick pump station 4_5	Refurbish – pump unit No. 5 based on known asset condition and age.	141
	Clare Channel System	Refurbish – concrete channel lining based on known asset condition and age.	133
	Barratta main channel	Replace – batescrew gates based on known asset condition and age.	117
	Millaroo Channel System	Refurbish – concrete channel lining based on known asset condition and age.	115
	Haughton main channel	Refurbish – fencing based on known asset condition and age.	102
	Millaroo B pump station	Replace – pump unit No. 1 based on known asset condition and age.	96
	Dalbeg Channel System	Refurbish – concrete channel lining based on known asset condition and age.	80
	Dalbeg A pump station	Refurbish – external coating of pipe based on known asset condition and age.	72
	Haughton main channel	Refurbish – roads based on known asset condition and age.	70
	Haughton main channel	Refurbish – regulating gate based on known asset condition and age.	66
	Barratta main channel	Replace – safety screens based on known asset condition and age.	63

Year	Facility	Activity description	Forecast \$'000
	Millaroo A pump station	Refurbish – pump unit No. 4 based on known asset condition and age.	53
	Multiple	There are 40 other annuity-funded projects planned for 2025/26. These projects include, for example, regulating gate refurbishments at Barratta main channel and Barratta Channel Ba8; a submersible pump refurbishment at Healey's Lagoon pump station; channel overflow refurbishments at Barratta Channel Ba5; a ventilation system refurbishment at Tom Fenwick pump station 4_5; fencing refurbishments; road refurbishments; and intake hoist and crane inspections at Tom Fenwick pump station 1.	573
	2025/26 Total		2110

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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.