sunwater

Final Service and Performance Plan 2023

Burdekin Haughton Bulk Water Service Contract

13 December 2023

Contents

At a glance

Our customers

Our customers in this service contract include the Sunwater distribution scheme, the Lower Burdekin Water north and south regions, and riparian users adjacent to the Burdekin River. Water is also supplied for some industrial uses and to the towns of Clare, Millaroo and Dalbeg.

Our irrigation charges

Table 1 - Irrigation charges for 2023-24[1]

Charges by tariff group 2023-24							
Burdekin Haughton Bulk		Irrigation charge[2]		Cost-reflective charge[3]		Δ to cost reflective	
Burdekin River	Part A	$3.49	$/ML	$4.10	$/ML	-$0.61	$/ML
	Part B	$0.30	$/ML	$0.36	$/ML	-$0.06	$/ML
Burdekin Channel	Part A	$3.41	$/ML	$4.10	$/ML	-$0.69	$/ML
	Part B	$0.30	$/ML	$0.36	$/ML	-$0.06	$/ML
Giru Ground Water Area	Part A	$3.41	$/ML	$4.10	$/ML	-$0.69	$/ML
	Part B	$0.30	$/ML	$0.36	$/ML	-$0.06	$/ML
Glady's Lagoon – Other than natural yield	Part A	$3.41	$/ML	$4.10	$/ML	-$0.69	$/ML
	Part B	$0.30	$/ML	$0.36	$/ML	-$0.06	$/ML

1. *This table includes bulk water charges only. For distribution charges, please refer to the Distribution 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.*

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

Our performance

Operations and maintenance costs				
		QCA $'000	Sunwater $'000	Δ to QCA
Actual	2022-23	$3,237.6	$5,023.9	55.2% ▲
Forecast	2023-24	$3,313.0	$5,286.3	59.6% ▲

Expenditure funded by the annuity				
		QCA $'000	Sunwater $'000	Δ to QCA
Actual	2022-23	$664.6	$3,034.2	356.5% ▲
Forecast	2023-24	$958.6	$1,402.1	46.3% ▲
Actual + Forecast	∑ Price path	$3,345.1	$8,426.9	151.9% ▲

▲	△	◆▸	▽	▼
10% above the QCA target	5% above the QCA target	In line with the QCA target	5% below the QCA target	10% below the QCA target

Water delivered	Total		To irrigators		
2021-22	542,772	ML	484,769	ML	
2022-23	375,477	ML	328,874	ML	
	-30.8%	▼	-32.2%	▼	*YoY change by group*

▲	◆▸	▼
5%	0%	-5%

Service targets	Exceedances	Notes
2021-22	17	Unplanned shutdowns (duration) and maximum number of interruptions were not met.
2022-23	0	Unplanned shutdowns (duration) and maximum number of interruptions were not met.

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 sets out Sunwater's actual costs for 2022-23.

The purpose of this year's S&PP for Burdekin Haughton Bulk is to:

- examine Sunwater's performance in 2022-23 against cost and service targets
- present to customers Sunwater's projected costs[1] for 2023-24 and 2024-25
- consult with our customers on forecast operating and annuity-funded costs for 2023-24 and the forward program of works.

In addition to this S&PP, Sunwater submitted its irrigation pricing proposal to the Queensland Competition Authority (QCA) on 30 November 2023 which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The pricing proposal and associated customer material is available at: www.sunwater.com.au/projects/price-path/.

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.

Sunwater engages with its customers both formally and informally throughout the year and customer feedback is a valuable part of our planning process.

The publication of an annual S&PP is an important part of the formal feedback process, providing a snapshot of Sunwater's performance over the most recently completed financial year, as well as an outline of the areas of focus for the current year.

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

Email: sppfeedback@sunwater.com.au
Post: S&PP Feedback

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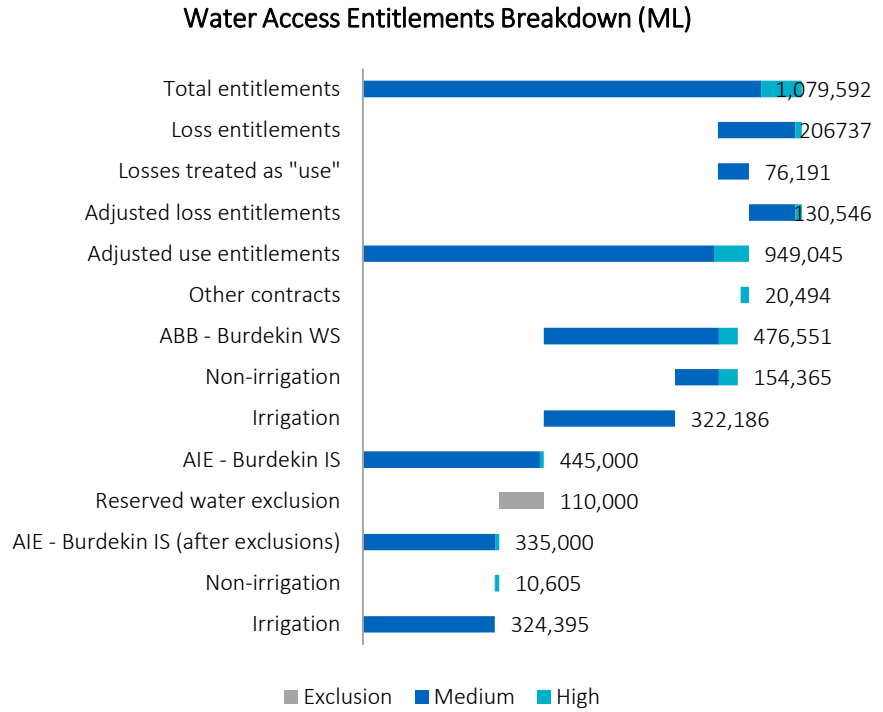
[1] All financial figures reported in this document are in nominal dollars, i.e. dollars of the day. Figures may not sum due to rounding.

Delivering services to our customers

Entitlements

The water entitlements (adjusted for pricing purposes) for each customer segment are shown below.

Figure 1 - Water access entitlements (as at 30 June 2023)

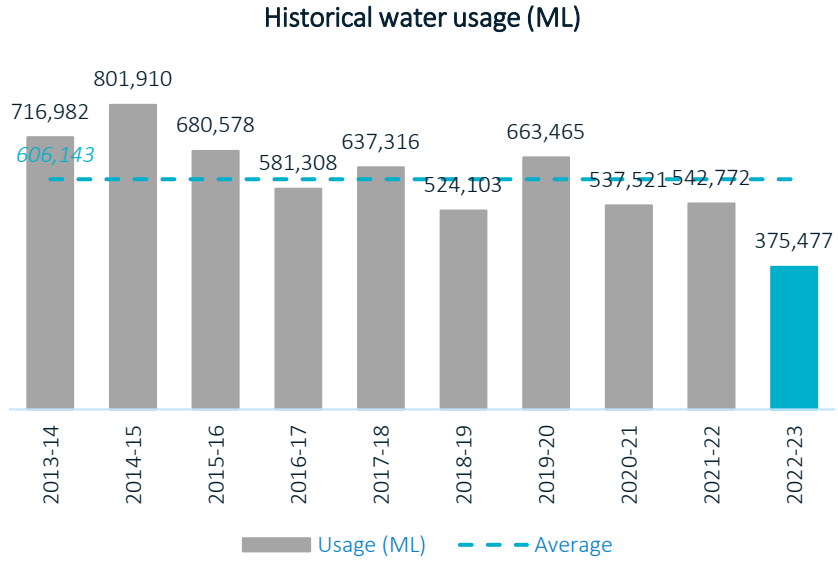


1. *Includes the bulk water supply scheme, the distribution system, Burdekin Town Water and Burdekin Moranbah Pipeline.*
2. *Reserved water exclusion is held in reserve for the Townsville Thuringowa Water Supply Joint Board.*

Historical water usage

The below table shows annual water usage for the past 10 years.

Figure 2 - Historical water usage for the past 10-years including distribution system



- Usage in 2022-23 was below the level of the 10-year average of 606,143 ML.
- Part B prices for the current period were set using a 20-year average of 591,784 ML.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for Burdekin Haughton Bulk. Table 2 sets out our recent performance against selected service targets for this scheme.

Table 2 - Scheme service targets and performance

Service target		Target	Number of exceptions		
			2020-21	2021-22	2022-23
Planned shutdowns – notification	For shutdowns planned to exceed 2 weeks	8 weeks	0	0	0
	For shutdowns planned to exceed 3 days	2 weeks	0	0	0
	For shutdowns planned to be less than 3 days	5 days	0	0	0
Unplanned shutdowns – duration[1]	Unplanned shutdowns during Peak Demand Period	48 hours	0	0	0
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions[2]	Planned or unplanned interruptions per water year	10	0	0	0

1. *This is the number of times that the unplanned shutdown has exceeded the shortest of the peak/off peak periods.*
2. *This is the total number of bulk 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 2022-23 against these service targets is shown in Table 3.

Table 3 - Customer interactions service targets and performance

Service target	Target	2022-23
Telephone answering[1]	80.00%	92.50%
Requests actioned within Service Level Agreement (SLA) timeframes[2]	> 95.00%	99.47%

1. *This target measures the percentage of 13 15 89 calls that are answered within 60 seconds.*
2. *the percentage of email or workflow requests (such as property transfers and temporary transfers) to the Customer Support team that are completed within the agreed SLAs. The SLA timeframes range between two and 10 business days, depending on the request.*

Key infrastructure

Table 4 lists the key infrastructure used to deliver bulk water services to our customers in Burdekin Haughton.

Table 4 - Key infrastructure

Asset	Description	Total storage capacity (ML)
Burdekin Falls Dam	Mass concrete main wall with ogee crest spillway. Includes three saddle dams. Classified as a referable dam under the *Water Supply (Safety and Reliability) Act 2008*.	1,860,000
Clare Weir	Mass concrete weir with tilting gates and fish transfer system.	15,900
Gorge Weir	Mass concrete structure, with a drop board section.	9095

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 5 sets out actual and forecast operating expenditure for Burdekin Haughton Bulk.

Our performance in 2022-23

In 2022-23, operating costs were more than the QCA's recommended cost target. Further information is provided in the pricing submission proposal and associated scheme summaries.

Outlook for 2023-24

Burdekin Haughton Bulk Water Service Contract's total operations budget in 2023-24 is 59.6 per cent above the QCA's recommended cost target. 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. The escalation of insurance premiums has directly contributed to the rise in Sunwater's operating expenditure.

Sunwater's primary focus in 2023-24 is on implementing preventative maintenance strategies to enhance the overall reliability of our assets. By proactively identifying and addressing potential issues before they lead to breakdowns, Sunwater aims to minimize downtime and ensure optimal performance.

Table 5 - Operating expenditure[1]

Operations and maintenance costs - by sub-category								
	2022-23 actuals $'000				2023-24 forecast $'000			
	QCA	Sunwater[3]	Δ to QCA		QCA	Sunwater[3]	Δ to QCA	
Insurance	$1,016.9	$1,298.7	27.7%	▲	$1,040.2	$1,565.0	50.4%	▲
Electricity	$118.2	$86.3	-27.0%	▼	$119.6	$7.2	-94.0%	▼
Operations & maintenance	$1,036.5	$2,057.9	98.5%	▲	$1,061.5	$2,077.1	95.7%	▲
Support costs	$1,065.9	$1,580.9	48.3%	▲	$1,091.7	$1,637.1	50.0%	▲
Total opex[2]	$3,237.6	$5,023.9	55.2%	▲	$3,313.0	$5,286.3	59.6%	▲

▲	△	◆▶	▽	▼
10% above the QCA target	5% above the QCA target	In line with the QCA target <5%	5% below the QCA target	10% below the QCA target

1. *Reflects the QCA's 2020–2024 irrigation price investigation final recommendations. Excludes recreational facility costs.*
2. *From 1 July 2020, irrigation customers no longer contribute towards the cost of operating and maintaining recreational facilities. These costs have been excluded from the total operating expenditure.*
3. *Sunwater's 2022-23 actual expenditure figures presented in this table are pre-adjustment and will differ from our 2025-29 pricing submission. Sunwater's 2023-24 figures align with our pricing submission, these figures will differ from the budget.*

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

Renewals discussion

Sunwater recovers expenditure required to renew (maintain the current level of service an asset provides) its assets via a renewals annuity. The annuity treats all renewals related expenditure as an expense (i.e., not capital) and amortises a multi-year expenditure forecast (30-years) such that the amount customers pay is smoothed, relative to the actual expenditure profile. Negative opening balances reflect expenditure incurred by Sunwater which has not yet been recovered via the annuity contribution amount, while positive opening balances reflect expenditure which has been pre-recovered via the annuity contribution amount. Forecast annuity balances, and the impacts of budgeted spend, are shown in Table 6 below.

The QCA and Sunwater closing balances differ due to differences in the expenditure profile allowed by the QCA in its 2020-24 final recommendations and actual expenditure incurred by Sunwater in 2022-23 and what we expect to spend in 2023-24.

Annuity-funded expenditure includes funds for planned corrective maintenance (PCM), as well as large, one-off operations activities. Activities include monitoring of the asset condition to inform when an asset needs to be refurbished or replaced under the PCM program.

Non-annuity funded expenditure largely relates to Sunwater's Dam Improvement Program and recreational facility costs.

Our performance in 2022-23

Performance against the QCA target

Sunwater updates our program of works based on our whole-of-life replacement and maintenance strategy, which looks at the risk and condition of each asset and uses this information to estimate the future work required to ensure the asset will continue to provide the required level of service into the future. Other factors such as changes in project delivery timing (e.g. due to weather) may also affect the program of works.

These factors mean the actual program of works delivered in any given year will differ to the program assessed by the QCA. At a project level, cost variances may also occur due to changes in the scope of work and cost inputs.

Further explanation of our performance is provided in the pricing submission and scheme summaries.

Project level cost variances

Table 7 provides a comparison of the annuity-funded projects planned for 2022-23 and the actual projects undertaken, together with justification for the variances.

Outlook

Details of the major annuity-funded projects planned for the 2022-23 and 2024-25 period are set out in Table 8.

Table 6 - Annuity and non-annuity funded expenditure and roll forward [1]

Annuity funded expenditure (and roll forward)										
	2022-23 actuals $'000					2023-24 forecast $'000				
		QCA[2]		Sunwater[4]	Δ to QCA		QCA[2]		Sunwater[4]	Δ to QCA	
Opening balance	*O*	$7,832.8	→	$5,276.6	-32.6%	▼	$8,799.0	→	$3,761.4	-57.3%	▼
Annuity funded expenditure	***E***	$(664.6)	→	$(3,034.2)	**356.5%**	▲	$(958.6)	→	$(1,402.1)	46.3%	▲
Annuity revenue[3]	*R*	$1,288.3	→	$1,288.3	-	-	$1,390.8	→	$1,390.8	-	-
Interest	*I*	$342.5	→	$230.7	-	-	$384.7	→	$164.5	-	-
Closing balance *C = (O + E + R + I)*	*C*	$8,799.0	→	$3,761.4	-57.3%	▼	$9,615.8	→	$3,914.5	-59.3%	▼
Other expenditure (not part of prices)											
Dam improvement program		-		$980.0	-		-		$0.0	-	
Recreational facility projects[1]		-		$3.3	-		-		$0.0	-	
Metered offtakes and dividend reinvestment		-		$0.0	-		-		$605.7	-	

▲	△	◆▶	▽	▼
10% above the QCA target	5% above the QCA target	In line with the QCA target <5%	5% below the QCA target	10% below the QCA target

1. *Forecast annuity-funded costs from 2020-21 exclude recreational facility projects.*
2. *Reflects the QCA's 2020–2024 irrigation price investigation final recommendations.*
3. *The annuity contribution is included in the prices paid by bulk water and distribution customers. From 2020-21 to 2023-24, the annuity contribution is based on the QCA's irrigation price investigation 2020–2024 final recommendations.*
4. *Sunwater's 2022-23 actual expenditure figures presented in this table are pre-adjustment and will differ from our 2025-29 pricing submission. Sunwater's 2023-24 figures align with our pricing submission, these figures will differ from the budget.*

Comparison of forecast and actual annuity-funded projects for 2022-23

The below table sets out the major annuity-funded projects planned for Burdekin Haughton Bulk in 2022-23[2] and the actual projects undertaken.

Table 7 - Comparison of forecast and actual annuity-funded projects for 2022-23

Facility	Activity description	Forecast $'000	Actual $'000	Commentary
Clare Weir	Refurbish – downstream protection works and flip bucket repairs.	5185	2268	Multi-year project continuing in 2023-24 to rectify the undermining previously identified.
Clare Weir	Refurbish – hydraulic system and cylinders based on known asset condition and age.	418	256	The market value of materials and labour was lower than estimated.
Burdekin Falls Dam	Refurbish – clean and renew spillway apron and gallery foundation drainage system.	478	54	This is a multi-year project and work will continue in 2023-24. In addition, there was a reduction in the scope of work required in 2023, due to cleaner drains.
Clare Weir	Replace – install new survey points and control stations to monitor weir crest, abutments, and flip bucket elements.	60	12	Sunwater was unable to complete this project during the financial year due to the surveyor availability. Work will continue in 2023-24.
Clare Weir	Replace – CCTV system and upgrade technology and capability.	48	19	Works were completed under budget due to lower materials and contractor costs.
Burdekin Falls Dam	Study – comprehensive inspection to meet regulatory requirements (2022 inspection carryover budget).	48	127	Carryover project from 2021-22. Less work was completed in 2021-22 and carried forward resulting in higher costs then estimated in 2022-23.
Burdekin Falls Dam	Refurbish – patch paint 12 baulks based on known asset condition and age.	48	58	The market value of materials and labour was higher than estimated.
Clare Weir	Study – comprehensive inspection to meet asset management and risk standards (2022 inspection carryover budget).	30	20	This project was completed under budget.
Gorge Weir	Study – comprehensive inspection to meet asset management, condition, and risk standards.	29	0	This project was no longer required.
Scheme	Replace – customer meters to Australian Standard (AS) 4747 to meet regulatory compliance.	19	23	The market value of materials and labour was higher than estimated.
Clare Weir	Refurbish – right bank control building light and power services.	17	1	A site inspection and review identified the project was not required. This project was not undertaken as part of the annuity-funded program of works.
Multiple	Non-scheduled projects.	-	197	This expenditure relates to the following projects: • arc flash 1 was completed to understand and assess the arc flash assets in the Service Contract from a risk category rating

[2] Based on information extracted from Sunwater's systems in mid-2023. See the 2023 S&PP at www.sunwater.com.au/schemes/Burdekin-Haughton/

Facility	Activity description	Forecast $'000	Actual $'000	Commentary
				perspective. This is a multi-year project required to comply with updated arc flash standards and will lead into secondary program ($32k) • radial gate hydraulic cylinder refurbishments ($5k) • investigating issues at Clair weir flap gate hydraulic system. ($23k) • work continued to repair the outlet works dissipator slab at Burdekin Falls Dam. ($87k) • generator battery charger replacement carried over from 2021-22 ($35k). The remaining expenditure relates to 2021-22 project invoice settlements ($7k).
2022-23 Total		**6380**	**3034**	

Annuity-funded projects for 2023-24 and 2024-25

The below table sets out Sunwater's currently planned annuity-funded projects for 2023-24 and 2024-25[3] 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. The data in Table 8 is presented at a granular level and may not align with the overarching program names in our pricing submission.

Table 8 - Forecast annuity-funded projects planned for 2023-24 and 2024-25

Year	Facility	Activity description	Forecast $'000
2023-24	Clare Weir	Refurbish – continue work to reinstate the flip bucket integrity.	553
	Clare Weir	Refurbish – hydraulic system and cylinders based on known asset condition and age.	403
	Clare Weir	Refurbish – hydraulic system power pack for outlet work.	94
	Burdekin Falls Dam	Refurbish – patch paint 12 baulks based on known asset condition and age.	69
	Burdekin Falls Dam	Refurbish – foundation drainage based on known asset condition and age.	58
	Burdekin Falls Dam	Refurbish – intake structure trash racks based on known asset condition and age.	50
	Burdekin Falls Dam	Refurbish – gantry crane long-travel drives and electrical services/controls.	47
	Clare Weir	Inspect – underwater inspection and assessment of the outlet works based on dam safety report findings.	32
	Burdekin Falls Dam	Refurbish – radial gate hydraulic cylinders based on known asset condition and age.	29
	Clare Weir	Replace – screen guides and inspect screens based on dam safety report findings.	29
	Scheme	Replace – customer meters to Australian Standard (AS) 4747 to meet regulatory compliance.	29
	Burdekin Falls Dam	Replace – generator starter controls and fuel level controller based on condition and age.	9
	2023-24 Total		**1402**
2024-25	Clare Weir	Refurbish – hydraulic system and set of cylinders on gantry crane based on known asset condition and age	478
	Burdekin Falls Dam	Replace – gantry crane cabling, limit switches, electrical lighting and power outlets based on known asset condition and age	139
	Burdekin Falls Dam	Refurbish – gantry crane 12.5 tonne crab hoist based on known asset condition and age.	99
	Scheme	Arc Flash Program.	84
	Gorge Weir	Refurbish – reinstate dental concrete on the downstream left abutment based on known asset condition and age.	37

[3] The project forecasts provided in this table align with our pricing submission. It is important to acknowledge that these projects are inherently dynamic and susceptible to changes influenced by various factors.

Year	Facility	Activity description	Forecast $'000
	Burdekin River	Replace – customer meters to Australian Standard (AS) 4747 to meet regulatory compliance.	29
	Clare Weir	Refurbish – backfilling protection works based dam safety inspection report findings.	20
	Clare Weir	Replace – fish lock alarm dialler and uninterruptible power supply based on known condition and age.	19
	Clare Weir	Replace – supervisory control and data acquisition (SCADA) computers and software.	14
	2024-25 Total		**919**