



# Final Service and Performance Plan

2022/23

Chinchilla Weir Bulk Water Service Contract


19 July 2022

# Contents

- At a glance .....2
- Introduction .....3
- Delivering services to our customers .....4
- Financial summary—Revenue and expenditure .....6
- Cost of delivering services—Operating expenditure .....7
- Cost of delivering services—Annuity and non-annuity funded expenditure 9
- Annuity balance.....12
- Appendix 1—Historical water usage .....13
- Appendix 2—Operating and annuity-funded costs by expense type .....14
- Appendix 3—Comparison of forecast and actual annuity-funded projects for 2020/21 ..... 15
- Appendix 4—Annuity-funded projects for 2022/23 to 2026/27 ..... 16


# At a glance

## Our performance in 2020/21




**Operating costs:**  
**\$0.13 million (16.1% more than QCA target)**

The cost variance was primarily driven by higher insurance, preventative maintenance, and corrective maintenance costs.




**Annuity-funded costs:**  
**\$0.28 million (1694% more than QCA target)**

The key driver for the variance was the replacement of the original two guard valves in the outlet structure, which had reached the end of their life. Costs to replace the valves were high due to work being required to prepare a suitable isolation methodology so the valves could be removed.



**Total water deliveries:**  
**1756 ML**


Water delivered to irrigators: 1292 ML



**Service targets: Met**

No exceptions

## Outlook for 2022/23



**Forecast operating costs:**  
**\$0.13 million**

Significant areas of expenditure:

- insurance (\$0.02 million)
- operations (\$0.08 million)
- preventative maintenance (\$0.02 million).



**Forecast annuity-funded costs:**  
**\$0.49 million**

Sunwater will replace customer meters to ensure compliance with DRDMW’s non-urban metering standard. We also plan to complete a survey of Chinchilla Weir to re-assess the storage volume.

# 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 2020/21.

The purpose of this year’s S&PP for the Chinchilla Weir Bulk Water Service Contract is to:

- present to customers Sunwater’s projected costs<sup>1</sup> for the upcoming five-year period, i.e. 2022/23 to 2026/27
- consult with our customers on forecast operating and annuity-funded costs for 2022/23 and the forward program of works
- examine Sunwater’s performance in 2020/21 against cost and service targets.

Our focus during 2022/23 will be on ensuring operations activities are implemented safely, timely and efficiently. Sunwater’s focus over the short to medium term for the scheme will be to ensure both dual purpose meters and meters that take supplemented water only, meet the Department of Regional Development, Manufacturing and Water’s (DRDMW) non-urban metering standard and are completed in accordance with legislative timeframes. Upgraded meters will also allow for back to base technology to be employed, providing for remote real time meter reading which will increase operational efficiencies.

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/](http://www.sunwater.com.au/customer/products-and-services/service-and-performance-plans/)

<sup>1</sup> 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](mailto: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

The majority of the 28 customers in this scheme are irrigators who grow cereals and cotton, as well as pasture and fodder crops. Water is also supplied to the town of Chinchilla.

The water allocations for each customer segment are included in Table 1, together with water deliveries in 2020/21. Historical total water usage is available in **Appendix 1**.

*Table 1: Water allocations and usage data*

Customer segment	Total water allocations (ML)	High priority water allocations (ML)	Medium priority water allocations (ML)	Total water deliveries 2020/21 (ML)
Irrigation	2533	0	2533	1292
Urban	1160	1160	0	456
Industrial	350	0	350	7
Sunwater	6	5	1	0
<b>Total</b>	<b>4049</b>	<b>1165</b>	<b>2884</b>	<b>1756</b>

### Irrigation charges

The 2022/23 charges and cost per megalitre are shown in Table 2.

*Table 2: Irrigation charges for 2022/23*

Tariff group	Product	2022/23 (\$/ML) <sup>1</sup>	QCA cost-reflective (\$/ML) <sup>2</sup>
River – Medium Priority	Allocation Charge – Part A	25.64	20.40
	Allocation Water – Part B	3.07	3.86

1. Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to [www.rdmw.qld.gov.au](http://www.rdmw.qld.gov.au) for more information.
2. 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/](http://www.sunwater.com.au/customer/fees-and-charges/)

## Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Chinchilla Weir Bulk Water Service Contract.

Table 3 below sets out our recent performance against selected service targets for this scheme.

Table 3: Scheme service targets and performance

Service target		Target	Number of exceptions		
			2018/19	2019/20	2020/21
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 <sup>1</sup>	Unplanned shutdowns during Peak Demand Period	48 hours	0	0	0
	Unplanned shutdowns outside Peak Demand Period	5 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.

In addition, Sunwater has company-wide customer interactions service targets. Our performance in 2020/21 against these service targets is shown in Table 4.

Table 4: Customer interactions service targets and performance

Service target	Target	2020/21
Telephone answering <sup>1</sup>	80.00%	90.93%
Requests actioned within Service Level Agreement (SLA) timeframes <sup>2</sup>	> 95.00%	99.14%

1. This target measures the percentage of 13 15 89 calls that are answered within 60 seconds.
2. This target measures 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

Chinchilla Weir is the key infrastructure used to deliver bulk water services to our customers in Chinchilla. It is a concrete faced, earth fill weir and has a total storage capacity of 9780 ML.

## Financial summary—Revenue and expenditure

A high-level summary of the budgeted financial performance of the Chinchilla Weir Bulk Water Service Contract is presented in Table 5.

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 a minor decrease in revenue for the Chinchilla Weir Bulk Water Service Contract in 2022/23.

In 2022/23, Sunwater expects to spend \$501 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 Chinchilla Weir Bulk Water Service Contract. Details on the planned spend for this scheme are outlined on subsequent pages of this S&PP.

Figure 2: Total Sunwater cost pools and allocation to scheme—2022/23 forecast (\$M)

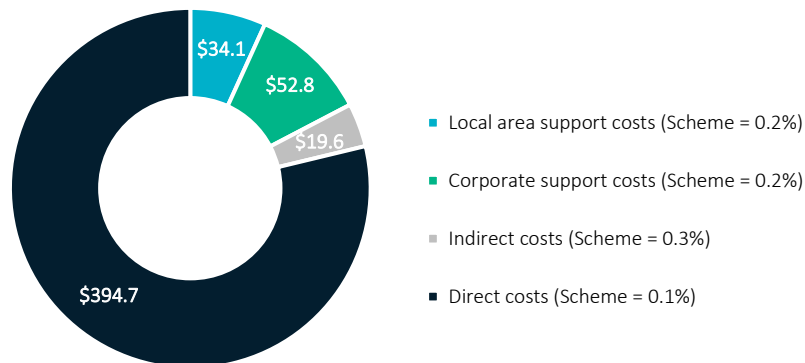


Table 5: Service contract financial summary

Chinchilla Weir Bulk Water Service Contract	2018/19 Sunwater / QCA Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000
Revenue					
Irrigation	88.3	87.0	88.2	90.1	77.7
Community Service Obligation	-	-	-	-	-
Industrial <sup>1</sup>	53.9	54.7	55.8	56.6	56.6
Urban <sup>1</sup>	95.9	97.5	98.9	100.8	100.8
Revenue transfers	-	-	-	-	-
Drainage	-	-	-	-	-
Other <sup>2</sup>	-	0.5	0.2	1.0	1.0
<b>Revenue total</b>	<b>238.0</b>	<b>239.7</b>	<b>242.9</b>	<b>248.5</b>	<b>236.1</b>
Less – Operating expenditure	92.7	86.9	132.7	151.9	133.3
Less					
Annuity-funded	19.8	359.5	276.7	57.4	493.8
Non-annuity funded	-	-	-	-	-
<b>Surplus (deficit)</b>	<b>125.6</b>	<b>(206.7)</b>	<b>(166.5)</b>	<b>39.1</b>	<b>(391.0)</b>

- Forecast revenues for industrial and urban customers are based on current contractual arrangements.
- Primarily relates to revenue received from other fees and charges.

# 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 6 sets out actual and forecast operating expenditure for the Chinchilla Weir Bulk Water Service Contract. For a more detailed breakdown by cost category, refer to **Appendix 2**.

## Our performance in 2020/21

In 2020/21, total operating costs were \$18.4k higher than the QCA’s recommended cost target. This was primarily driven by higher insurance (\$3.4k above the QCA target), preventative maintenance (\$17.4k above the QCA target and driven by higher labour and non-direct costs), and corrective maintenance costs (\$3.4k above the QCA target and driven predominantly by higher materials costs).

Table 6: Operating expenditure<sup>1</sup>

Chinchilla Weir Bulk Water Service Contract	2018/19	2019/20	2020/21			2021/22		2022/23		2023/24	2024/25	2025/26	2026/27
	Sunwater Actual \$'000	Sunwater Actual \$'000	QCA Target \$'000 <sup>2</sup>	Sunwater Actual \$'000	Variance \$'000	Sunwater Forecast \$'000	QCA Target \$'000 <sup>2</sup>	Sunwater Forecast \$'000	QCA Target \$'000 <sup>2</sup>	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operations	73.5	53.8	97.7	95.4	(2.4)	110.8	99.8	102.2	102.2	106.4	110.4	114.4	119.4
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	13.5	15.4	17.0	20.4	3.4	27.2	17.3	20.2	17.7	21.8	23.5	25.3	27.3
Operations	60.0	38.5	80.7	74.9	(5.8)	83.7	82.5	82.0	84.5	84.6	86.9	89.1	92.1
Preventative maintenance	10.6	15.7	11.7	29.1	17.4	29.2	12.0	21.9	12.3	22.6	23.3	23.8	24.7
Corrective maintenance	8.5	17.4	4.9	8.3	3.4	11.9	5.0	9.2	5.1	9.5	9.8	10.0	10.3
<b>Operating costs total</b>	<b>92.7</b>	<b>86.9</b>	<b>114.3</b>	<b>132.7</b>	<b>18.4</b>	<b>151.9</b>	<b>116.8</b>	<b>133.3</b>	<b>119.6</b>	<b>138.5</b>	<b>143.4</b>	<b>148.2</b>	<b>154.4</b>
Recreational facility costs <sup>3</sup>				-		-		-		-	-	-	-
<b>Operating costs total (incl. recreational facility costs)</b>	<b>92.7</b>	<b>86.9</b>		<b>132.7</b>		<b>151.9</b>		<b>133.3</b>		<b>138.5</b>	<b>143.4</b>	<b>148.2</b>	<b>154.4</b>

1. Sunwater’s 2022/23 to 2026/27 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.

## Outlook for 2022/23 Operations

Chinchilla Weir Bulk Water Service Contract's total operations budget in 2022/23 is generally in line with the QCA's recommended cost target, with minor variances at the cost category level.

### 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.

Our insurance broker has indicated that prior to the early 2022 flood events, premium increases were trending downwards from a peak in late 2020 (with some exceptions). However, with another significant natural disaster in Australia, this is now likely to change. Insurance premiums in 2022/23 are therefore expected to be higher than the QCA's recommended allowance and historical costs.

### Preventative maintenance

The forecast preventative maintenance costs for the Chinchilla Weir Bulk Water Service Contract are \$21.9k, which is higher than the QCA's recommended cost target of \$12.3k. This is because of higher labour, contractor, and non-direct costs. However, the forecast is broadly in line with expenditure incurred in 2020/21.

### Corrective maintenance

In 2022/23, Sunwater anticipates spending \$9.2k on corrective maintenance in the Chinchilla Weir Bulk Water Service Contract. This is above the QCA's recommended cost target of \$5.1k because of higher contractor and materials costs than anticipated by the QCA. However, the expenditure is generally in line with historical expenditure.



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

Annuity-funded expenditure include funds for preventative and corrective maintenance, as well as large, one-off operations activities. Preventative maintenance activities monitor the asset condition and inform when an asset needs to be refurbished or replaced under the corrective maintenance program.

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

Table 7 outlines our annuity and non-annuity funded expenditure for this service contract.

Table 7: Annuity and non-annuity funded expenditure<sup>1,2</sup>

Chinchilla Weir Bulk Water Service Contract	2018/19	2019/20	2020/21			2021/22		2022/23		2023/24	2024/25	2025/26	2026/27
	Sunwater / QCA Actual \$'000 <sup>3</sup>	Sunwater Actual \$'000	QCA Target \$'000 <sup>4</sup>	Sunwater Actual \$'000	Variance \$'000	Sunwater Forecast \$'000	QCA Target \$'000 <sup>4</sup>	Sunwater Forecast \$'000	QCA Target \$'000 <sup>4</sup>	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
<b>Annuity-funded</b>													
Operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	19.8	359.5	15.4	276.7	261.3	57.4	57.8	493.8	12.5	465.4	408.0 <sup>5</sup>	423.5 <sup>5</sup>	662.0 <sup>5</sup>
Unplanned corrective maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Annuity-funded total</b>	<b>19.8</b>	<b>359.5</b>	<b>15.4</b>	<b>276.7</b>	<b>261.3</b>	<b>57.4</b>	<b>57.8</b>	<b>493.8</b>	<b>12.5</b>	<b>465.4</b>	<b>408.0</b>	<b>423.5</b>	<b>662.0</b>
<b>Non-annuity funded</b>													
Dam Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facility projects	-	-	-	-	-	-	-	-	-	-	-	-	-
Metered offtakes and dividend reinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non-annuity total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1. Sunwater’s 2022/23 to 2026/27 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 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.
5. Meter replacement requirements will be reviewed based on work completed in previous years and completion against legislative timeframes.

## Our performance in 2020/21

### 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.

In 2020/21, total annuity-funded costs were higher than the QCA's recommended cost target. This was primarily driven by the need to replace the original two guard valves in the outlet structure. The original 840 mm valves had partially or completely ceased and had reached the end of their life. Costs to replace the valves were high due to there being no way of isolating the storage upstream from the outlet structure and work was required to investigate and prepare a suitable isolation methodology so the valves could be removed.

### Project level cost variances

**Appendix 3** provides a comparison of the annuity-funded projects planned for 2020/21 and the actual projects undertaken, together with justification for the variances.

## Outlook

Details of the major annuity-funded projects planned for the 2022/23 to 2026/27 period are set out in **Appendix 4**. In 2022/23, Sunwater plans to

replace customer meters and complete a bathymetric survey of Chinchilla Weir.

## 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.<sup>2</sup>

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 2022/23 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

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<sup>2</sup> See pages 58 to 60, [www.qca.org.au/wp-content/uploads/2020/02/irrigation-price-review-part-b-sunwater-final-report.pdf](http://www.qca.org.au/wp-content/uploads/2020/02/irrigation-price-review-part-b-sunwater-final-report.pdf)

remote dashboards. The SAP Analytic Cloud should also allow asset condition data to be trended over time. This will present asset condition decay curves which can be used to predict when an asset should be scheduled for maintenance. The asset data will provide a greater insight to asset performance, condition, and refurbishment and replacement planning.

### **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.

Sunwater undertook an asset valuation exercise in 2021 to estimate the value of fully replacing high value assets including dams and pipelines using a bottom-up assessment of material line items. This data informs the replacement values underpinning forecast annuity-funded costs outside of the immediate program of works.

### **Options analyses**

Sunwater has implemented 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 is subject to an options analysis. High value, high complexity work will also be assessed against the relevant criteria to determine if it meets Sunwater's project, program, and portfolio management framework (P3MF) for project management guidelines.

Options analyses 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 8 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 8: Annuity balance

Chinchilla Weir Bulk Water Service Contract	2018/19 QCA Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000
Opening balance <sup>1</sup>	60.5	49.8	(301.3)	(413.7)	(310.8)	(638.1)	(945.3)	(670.0)	(379.9)
Spend <sup>2</sup>	(19.8)	(359.5)	(276.7)	(57.4)	(493.8)	(465.4)	(408.0)	(423.5)	(662.0)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution <sup>3</sup>	4.5	4.7	177.5	178.4	180.1	186.0	724.7	742.9	754.5
Interest/financing costs	4.5	3.7	(13.2)	(18.1)	(13.6)	(27.9)	(41.3)	(29.3)	(16.6)
<b>Sunwater – Closing balance</b>	<b>49.8</b>	<b>(301.3)</b>	<b>(413.7)</b>	<b>(310.8)</b>	<b>(638.1)</b>	<b>(945.3)</b>	<b>(670.0)</b>	<b>(379.9)</b>	<b>(304.0)</b>
<b>QCA – Closing balance</b>	<b>49.8</b>	<b>(336.9)</b>	<b>(189.5)</b>	<b>(77.2)</b>	<b>87.1</b>	<b>264.2</b>			
Difference	-	35.5	(224.2)	(233.6)	(725.1)	(1209.5)			

1. The opening balances for 2018/19 and 2019/20 reflect the QCA's 2020–2024 irrigation price investigation final recommendations.
2. The spend for 2018/19 reflects the QCA's 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater's actual costs. The 2019/20 and 2020/21 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 19-year average for the 2002/03 to 2020/21 period.

Year	Usage (ML)
2010/11	737
2011/12	3197
2012/13	2340
2013/14	3383
2014/15	2439
2015/16	1986
2016/17	2786
2017/18	2234
2018/19	3072
2019/20	2759
2020/21	1756
<b>19-year historical average</b>	<b>2214</b>

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

Chinchilla Weir Bulk Water Service Contract	2018/19	2019/20	2020/21			2021/22		2022/23		2023/24	2024/25	2025/26	2026/27
	Sunwater / QCA Actual \$'000	Sunwater Actual \$'000	QCA Target \$'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
<b>Operating costs</b>													
Operations	73.5	53.8	97.7	95.4	(2.4)	110.8	99.8	102.2	102.2	106.4	110.4	114.4	119.4
Labour	17.7	8.9	20.7	18.9	(1.8)	20.1	21.2	20.4	21.7	21.0	21.6	22.3	22.9
Contractors	1.6	1.3	1.4	1.1	(0.2)	3.0	1.4	3.0	1.4	3.1	3.2	3.3	3.3
Materials	-	-	0.1	0.1	0.0	1.0	0.1	1.0	0.1	1.0	1.1	1.1	1.1
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	13.5	15.4	17.0	20.4	3.4	27.2	17.3	20.2	17.7	21.8	23.5	25.3	27.3
Other	4.7	10.8	14.0	12.4	(1.6)	13.0	14.3	13.0	14.6	13.4	13.7	14.1	14.5
Local area support costs	12.5	4.8	13.8	12.5	(1.3)	13.7	14.1	13.6	14.5	14.0	14.5	14.9	15.4
Corporate support costs	14.2	6.7	16.0	16.6	0.6	19.1	16.3	19.4	16.7	19.9	20.5	21.1	21.8
Indirect costs	9.3	6.0	14.8	13.3	(1.5)	13.7	15.1	11.6	15.4	12.2	12.4	12.3	13.1
Preventative maintenance	10.6	15.7	11.7	29.1	17.4	29.2	12.0	21.9	12.3	22.6	23.3	23.8	24.7
Labour	3.0	4.8	3.4	8.1	4.7	8.5	3.5	6.5	3.6	6.7	6.9	7.1	7.3
Contractors	0.8	-	0.2	-	(0.2)	1.0	0.2	1.0	0.3	1.0	1.1	1.1	1.1
Materials	0.5	-	0.8	-	(0.8)	-	0.8	-	0.8	-	-	-	-
Other	-	0.6	-	1.0	1.0	-	-	-	-	-	-	-	-
Local area support costs	2.9	3.3	2.3	6.0	3.7	5.8	2.3	4.5	2.4	4.7	4.8	5.0	5.1
Corporate support costs	2.1	3.6	2.6	7.6	5.0	8.1	2.7	6.2	2.7	6.4	6.5	6.7	6.9
Indirect costs	1.4	3.4	2.4	6.3	3.9	5.8	2.5	3.7	2.5	3.9	3.9	3.9	4.2
Corrective maintenance	8.5	17.4	4.9	8.3	3.4	11.9	5.0	9.2	5.1	9.5	9.8	10.0	10.3
Labour	1.5	3.1	1.1	0.5	(0.6)	1.8	1.2	1.0	1.2	1.0	1.1	1.1	1.1
Contractors	2.2	3.2	0.6	-	(0.6)	4.0	0.6	4.0	0.6	4.1	4.2	4.3	4.5
Materials	1.3	5.6	0.6	6.3	5.7	2.0	0.6	2.0	0.6	2.1	2.1	2.2	2.2
Other	0.5	-	0.1	0.1	(0.1)	-	0.1	-	0.1	-	-	-	-
Local area support costs	0.4	1.2	0.8	0.4	(0.3)	1.2	0.8	0.7	0.8	0.7	0.7	0.8	0.8
Corporate support costs	1.6	2.5	0.9	0.5	(0.3)	1.7	0.9	1.0	0.9	1.0	1.0	1.0	1.1
Indirect costs	1.0	1.9	0.8	0.4	(0.4)	1.2	0.8	0.6	0.9	0.6	0.6	0.6	0.6
<b>Operating costs total</b>	<b>92.7</b>	<b>86.9</b>	<b>114.3</b>	<b>132.7</b>	<b>18.4</b>	<b>151.9</b>	<b>116.8</b>	<b>133.3</b>	<b>119.6</b>	<b>138.5</b>	<b>143.4</b>	<b>148.2</b>	<b>154.4</b>
<b>Annuity-funded costs</b>													
Labour		43.1	2.7	47.8	45.1	4.3	4.4	82.0	2.1	77.3	67.9	70.8	110.5
Contractors		233.1	4.4	79.0	74.6	19.5	19.6	90.2	2.3	84.8	74.3	77.3	120.3
Materials		-	0.7	13.1	12.4	23.8	23.9	90.2	2.3	84.8	74.3	77.3	120.3
Other		1.0	1.2	21.9	20.7	-	-	49.2	1.2	46.2	40.5	42.2	65.6
Local area support costs		20.3	1.6	28.9	27.3	2.8	2.9	57.4	1.5	54.1	47.5	49.6	77.3
Corporate support costs		32.5	2.7	49.1	46.3	4.1	4.1	77.9	2.0	73.4	64.5	67.2	104.9
Indirect costs		29.5	2.1	36.9	34.8	2.9	3.0	46.9	1.2	44.9	38.9	39.1	63.0
<b>Annuity-funded total<sup>1</sup></b>	<b>19.8</b>	<b>359.5</b>	<b>15.4</b>	<b>276.7</b>	<b>261.3</b>	<b>57.4</b>	<b>57.8</b>	<b>493.8</b>	<b>12.5</b>	<b>465.4</b>	<b>408.0</b>	<b>423.5</b>	<b>662.0</b>
<b>Total costs<sup>2</sup></b>	<b>112.5</b>	<b>446.4</b>	<b>129.7</b>	<b>409.4</b>	<b>279.7</b>	<b>209.3</b>	<b>174.6</b>	<b>627.1</b>	<b>132.1</b>	<b>603.9</b>	<b>551.5</b>	<b>571.7</b>	<b>816.3</b>

1. The 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 2020/21

The below table sets out the major annuity-funded projects planned for the Chinchilla Weir Bulk Water Service Contract in 2020/21<sup>3</sup> and the actual projects undertaken.

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
Chinchilla Weir	Refurbish – right-hand conduit.	24	48	This project was packaged with the replacement of two gate valves at Chinchilla Weir (see below), with actual costs higher than forecast due to the same issues outlined below.
Scheme	Study – arc flash safety study.	14	0	This project was carried over to 2021/22.
Scheme	Replace – customer meters.	12	0	No meters required replacement.
Scheme	Study – asset revaluation.	4	0	This project was not undertaken as part of the annuity-funded program of works.
Scheme	Contingency amount for unplanned capital replacements.	2	0	Funding was diverted to projects carried over from 2019/20.
Multiple	Carryover projects.	0	229	<p>Most of this expenditure related to the replacement of two 840 mm gate valves at Chinchilla Weir. As noted in the 2021/22 S&amp;PP, this project was carried over to 2020/21 as a sufficient seal could not be obtained on the outlet conduit once the bulkhead was installed. Sunwater undertook further investigation works including a diving inspection and a scan of the surface of the upstream inlet structure.</p> <p>Workshops were then conducted which identified that a stainless steel plate on the upstream face of the inlet structure needed to be installed to provide a suitable sealing face for the bulkhead to address the issues identified. Testing was also undertaken to identify suitable epoxy and putty material for underwater application, and an aluminium test plate was fabricated and installed to confirm the dimensions on site before fabricating the stainless steel plate.</p> <p>Due to excessive inflows the project was carried over to 2021/22 and was completed in October 2021.</p>
<b>2020/21 Total</b>		<b>56</b>	<b>277</b>	

<sup>3</sup> Based on information extracted from Sunwater's systems in mid-2020. See the 2021/22 S&PP at [www.sunwater.com.au/schemes/Chinchilla-Weir/](http://www.sunwater.com.au/schemes/Chinchilla-Weir/)

## Appendix 4—Annuity-funded projects for 2022/23 to 2026/27

The below table sets out Sunwater’s currently planned annuity-funded projects for the 2022/23 to 2026/27 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
2022/23	Scheme	Replace – customer meters to meet the Murray-Darling Basin measurement policy.	385
	Chinchilla Weir	Study – bathymetric survey to determine storage volume.	72
	Chinchilla Weir	Study – investigate valve hydraulic counter fault.	18
	Scheme	Replace – safety signage for public safety improvements.	18
	<b>2022/23 Total</b>		<b>494</b>
2023/24	Scheme	Replace – customer meters to meet the Murray-Darling Basin measurement policy.	397
	Chinchilla Weir	Refurbish – hydraulic counters based on study undertaken in 2022/23.	68
	<b>2023/24 Total</b>		<b>465</b>
2024/25	Scheme	Replace – customer meters to meet the Murray-Darling Basin measurement policy. Requirement to be reviewed based on work completed in previous years and completion against legislative timeframes.	408
	<b>2024/25 Total</b>		<b>408</b>
2025/26	Scheme	Replace – customer meters to meet the Murray-Darling Basin measurement policy. Requirement to be reviewed based on work completed in previous years and completion against legislative timeframes.	418
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	5
	<b>2025/26 Total</b>		<b>423</b>
2026/27	Scheme	Replace – customer meters to meet the Murray-Darling Basin measurement policy. Requirement to be reviewed based on work completed in previous years and completion against legislative timeframes	432
	Chinchilla Weir	Study – comprehensive inspection based on asset management standards and to better understand asset condition and risk.	62
	Chinchilla Weir	Refurbish – left and right abutment protection works.	120
	Chinchilla Weir	Refurbish – power and lighting circuits.	27
	Chinchilla Weir	Refurbish – switchboard based on condition and risk.	7
	Chinchilla Weir	Refurbish – boundary fencing based on age, condition, and risk.	13
	<b>2026/27 Total</b>		<b>662</b>



## Contact us

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

Email: [sppfeedback@sunwater.com.au](mailto:sppfeedback@sunwater.com.au)

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

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.