sunwater

Final Service and Performance Plan

2021/22

Proserpine River Bulk Water Service Contract

18 August 2021

Contents

At a glance

Our performance in 2019/20

Operating costs:
$1.36 million (3.3% more than forecast)

The key driver of this cost variance was higher operations costs, due to training of support staff to undertake coverage or relieving duties at the storage.

Annuity-funded costs:
$0.24 million (48.0% less than forecast)

Key drivers of cost variance:
- the comprehensive risk assessment input study is now scheduled to be completed over two financial years
- the replacement of a corroded platform, rails and beams at Peter Faust Dam was undertaken as corrective maintenance in a previous financial year
- the scope of work for the seismic investigation of Peter Faust Dam was less than expected.

Total water deliveries:
27,753 ML

Water delivered to irrigators: 22,387 ML

Service targets: Met

No exceptions

Outlook for 2021/22

Forecast operating costs:
$1.43 million

Significant areas of expenditure budgeted:
- insurance ($0.36 million)
- operations ($0.74 million)
- preventative maintenance ($0.21 million)
- corrective maintenance ($0.12 million).

Forecast annuity-funded costs:
$0.14 million

Key projects planned:
- 20-year dam safety review of Peter Faust Dam ($0.05 million)
- replacement of river customer meters, as required, during the year ($0.06 million)
- refurbishment of two trash racks at Peter Faust Dam ($0.02 million).

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 Proserpine River Bulk Water Service Contract is to:

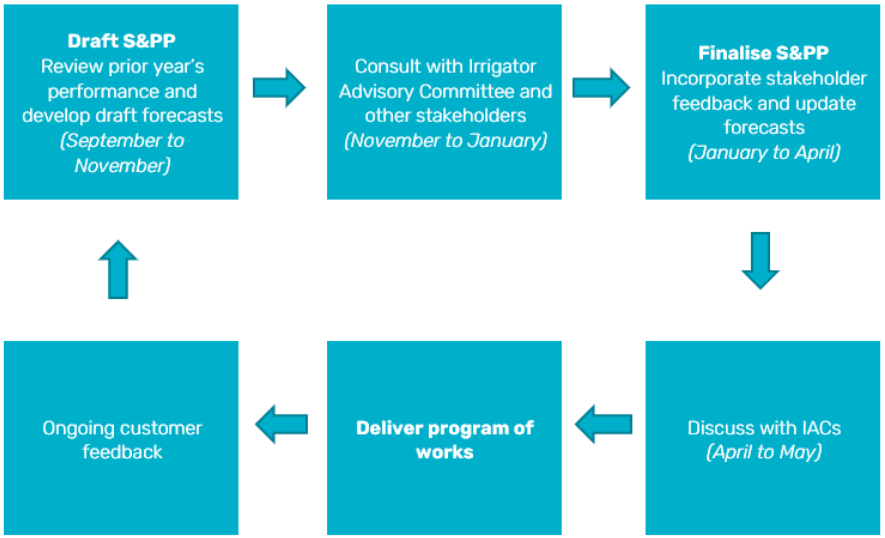
- present to customers Sunwater's projected costs[1] for the upcoming five-year period, i.e. 2021/22 to 2025/26
- consult with our customers on forecast operating and annuity-funded costs for 2021/22 and the forward program of works
- examine Sunwater's performance in 2019/20 against previous forecasts and service targets.

Our focus during 2021/22 will be on ensuring dam safety compliance is maintained and that any identified refurbishment and corrective works identified through our annual and five yearly comprehensive inspections and all operational activities are implemented safely, timely and efficiently. We are also continuing to implement an efficient and effective maintenance program, with a focus on ensuring the storage 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/

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

[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

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 87 customers in this scheme are irrigators of sugar cane. Water is also supplied to the Bowen Regional Council, Mackay Regional Council, Whitsunday Regional Council, Wilmar (Proserpine mill), Myrtle Creek, Kelsey Creek Pipeline and the 6 Mile Creek Water Board.

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 data

Customer segment	Total water allocations (ML)	High-A priority water allocations (ML)	Medium-A1 priority water allocations (ML)	Medium-A2 priority water allocations (ML)	Medium-A3 priority water allocations (ML)	Total water deliveries 2019/20 (ML)
Irrigation	40,817	0	27,817	3000	10,000	22,387
Industrial	550	550	0	0	0	339
Urban	11,001	10,942	59	0	0	5027
Sunwater	10,508	10,508	0	0	0	0
Total	**62,876**	**22,000**	**27,876**	**3000**	**10,000**	**27,753**

Irrigation charges

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

Table 2: Irrigation charges for 2021/22

Tariff group	Product	2021/22 ($/ML)[1]	QCA cost-reflective ($/ML)[2]
River	Allocation Charge – Part A	12.06	14.51
	Allocation Water – Part B	2.95	3.55
Kelsey Creek Water Board	Allocation Charge – Part A	12.06	14.51
	Allocation Water – Part B	2.95	3.55

1. Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to 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/

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Proserpine River 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		
			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 5 days	3 weeks	0	0	0
	For shutdowns planned to be less than 3 days	7 days	0	0	0
Maximum number of interruptions	Planned or unplanned interruptions per water year	6	0	0	0

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

Peter Faust Dam is the key infrastructure used to deliver bulk water services to our customers in Proserpine River. It is an earth and rock fill structure, with a total storage capacity of 491,000 ML. It is a referable dam under the *Water Supply (Safety and Reliability) Act 2008*.

Financial summary—Revenue and expenditure

A high-level summary of the budgeted financial performance of the Proserpine River 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 no material change in revenue for the Proserpine River Bulk Water 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 Proserpine River Bulk Water 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)

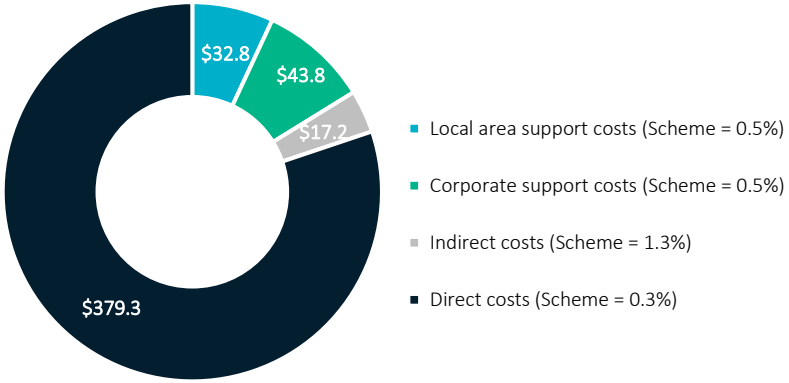


Table 5: Service contract financial summary

Proserpine River Bulk Water Service Contract	2017/18 Actual $'000	2018/19 Actual $'000	2019/20 Actual $'000	2020/21 Forecast $'000	2021/22 Forecast $'000
Revenue					
Irrigation	476.1	591.0	550.3	567.9	639.8
Community Service Obligation	-	-	-	-	-
Industrial[1]	290.0	294.4	299.2	310.2	309.2
Urban[1]	2217.3	2264.6	2299.3	2372.3	2374.9
Revenue transfers	-	-	-	-	-
Drainage	-	-	-	-	-
Other[2]	213.9	217.6	222.3	219.4	224.3
Revenue total	**3197.3**	**3367.6**	**3371.1**	**3469.7**	**3548.3**
Less – Operating expenditure	1022.6	1077.0	1361.4	1347.7	1428.5
Less					
Annuity-funded	596.7	172.1	238.4	408.4	138.8
Non-annuity funded	-	150.0	-	-	-
Surplus (deficit)	**1578.0**	**1968.5**	**1771.4**	**1713.6**	**1981.0**

1. Forecast revenues for industrial and urban customers are based on current contractual arrangements.
2. Revenue received from Whitsunday Regional Council for flood mitigation benefits provided by Peter Faust Dam.

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 Proserpine River Bulk Water 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 marginally higher than our previous forecast.[2] This was due to training of support staff to undertake coverage and relieving duties at the storage. The increase in preventative maintenance costs was offset by lower than expected corrective maintenance costs, driven by our reliability-based preventive maintenance program which marginally reduced the occurrence of breakdowns and associated corrective maintenance costs.

Table 6: Operating expenditure[1]

Proserpine River Bulk Water 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	749.6	826.5	989.5	1038.3	48.7	1062.8	950.4	1104.7	970.4	1115.8	1143.7	1171.6	1197.8
Electricity	-	-	7.7	-	(7.7)	7.7	8.1	7.7	8.2	7.8	8.0	8.1	8.3
Insurance	168.1	178.4	197.8	203.3	5.5	274.6	224.8	360.4	229.3	367.6	375.0	382.5	390.1
Operations	581.5	648.0	784.0	835.0	50.9	780.6	717.5	736.7	732.9	740.4	760.8	781.0	799.3
Preventative maintenance	256.3	214.6	207.5	220.2	12.8	173.4	198.5	207.7	202.8	207.9	214.2	219.8	224.8
Corrective maintenance	16.7	35.9	120.5	102.9	(17.6)	111.5	71.0	116.0	72.5	116.4	119.8	122.8	125.6
Operating costs total	**1022.6**	**1077.0**	**1317.5**	**1361.4**	**43.8**	**1347.7**	**1219.9**	**1428.5**	**1245.7**	**1440.1**	**1477.7**	**1514.2**	**1548.1**
Recreational facility costs[3]						-		-		-	-	-	-
Operating costs total (incl. recreational facility costs)	**1022.6**	**1077.0**	**1317.5**	**1361.4**	**43.8**	**1347.7**		**1428.5**		**1440.1**	**1477.7**	**1514.2**	**1548.1**

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. 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/Proserpine-River/

Outlook for 2021/22

Operations

Proserpine River Bulk Water Service Contract's total operations budget in 2021/22 is 13.8 per cent above the QCA's recommended cost target. This variance is largely driven by higher insurance costs, with a minor increase in operations costs due to long-term leave coverage from the Burdekin office of a Peter Faust Dam staff member.

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.

Preventative maintenance

The forecast preventative maintenance costs for the Proserpine River Bulk Water Service Contract are broadly in line with the QCA's recommended cost target (2.4 per cent above).

Corrective maintenance

In 2021/22, Sunwater anticipates spending $116.0k on corrective maintenance in the Proserpine River Bulk Water Service Contract. This is 60.1 per cent above the QCA's recommended cost target, reflecting Sunwater's expectation that there will be a greater number of end-of-life asset failures in the future due to the age of the service contract's assets. Sunwater is committed to remedying any failure in a timely fashion, to ensure continuity and reliability of supply to our customers.

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 7 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 7: Annuity and non-annuity funded expenditure[1,2]

Proserpine River Bulk Water Service Contract	2017/18	2018/19	2019/20			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	Variance $'000	Sunwater Forecast $'000	QCA Target $'000[4]	Sunwater Forecast $'000	QCA Target $'000[4]	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000
Annuity-funded													
Operations	5.1	-	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	511.0	172.1	458.3	238.4	(220.0)	408.4	210.0	138.8	263.4	801.6	399.4	364.2	411.0
Unplanned corrective maintenance	80.7	-	-	-	-	-	-	-	-	-	-	-	-
Annuity-funded total	**596.7**	**172.1**	**458.3**	**238.4**	**(220.0)**	**408.4**	**210.0**	**138.8**	**263.4**	**801.6**	**399.4**	**364.2**	**411.0**
Non-annuity funded													
Dam Improvement Program	-	-	-	-	-	-		-		-	-	-	-
Recreational facility projects						-		-		5.2	-	15.4	26.3
Metered offtakes and dividend reinvestment	-	150.0	-	-	-	-		-		-	-	-	-
Non-annuity total	**-**	**150.0**	**-**	**-**	**-**	**-**		**-**		**5.2**	**-**	**15.4**	**26.3**

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.

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 has also recently undertaken an asset valuation exercise 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 will inform the replacement values underpinning forecast annuity-funded costs.

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.

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

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

Proserpine River Bulk Water 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]	(159.5)	(561.8)	(564.4)	(628.3)	(616.3)	(298.8)	(611.9)	(532.7)	262.5
Spend[2]	(596.7)	(172.1)	(238.4)	(408.4)	(138.8)	(801.6)	(399.4)	(364.2)	(411.0)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution[3]	206.4	211.5	216.8	447.8	483.3	501.5	505.3	1182.8	1186.9
Interest/financing costs	(11.9)	(42.1)	(42.3)	(27.5)	(26.9)	(13.1)	(26.8)	(23.3)	11.5
Sunwater – Closing balance	**(561.8)**	**(564.4)**	**(628.3)**	**(616.3)**	**(298.8)**	**(611.9)**	**(532.7)**	**262.5**	**1049.9**
QCA – Closing balance	**(561.8)**	**(564.4)**	**(819.6)**	**(617.7)**	**(424.7)**	**(890.5)**	**(825.7)**		
Difference	-	-	191.4	1.4	125.9	278.6	293.0		

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	6285
2011/12	20,313
2012/13	22,810
2013/14	22,624
2014/15	36,424
2015/16	30,747
2016/17	15,393
2017/18	24,380
2018/19	27,168
2019/20	27,753
18-year historical average	**26,907**

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

Proserpine River Bulk Water Service Contract	2017/18 Sunwater Actual $'000	2018/19 Sunwater Actual $'000	2019/20 Sunwater Forecast $'000	2019/20 Sunwater Actual $'000	Variance $'000	2020/21 Sunwater Forecast $'000	2020/21 QCA Target $'000	2021/22 Sunwater Forecast $'000	2021/22 QCA Target $'000	2022/23 Sunwater Forecast $'000	2023/24 Sunwater Forecast $'000	2024/25 Sunwater Forecast $'000	2025/26 Sunwater Forecast $'000
Operating costs													
Operations	749.6	826.5	989.5	1038.3	48.7	1062.8	950.4	1104.7	970.4	1115.8	1143.7	1171.6	1197.8
Labour	134.4	133.9	160.5	205.9	45.4	155.3	137.2	152.8	140.3	157.4	162.1	167.0	172.0
Contractors	38.7	25.6	30.0	12.4	(17.6)	30.0	46.0	30.0	46.9	30.6	31.2	31.8	32.5
Materials	1.2	1.9	7.0	1.2	(5.8)	5.0	10.1	5.0	10.3	5.1	5.2	5.3	5.4
Electricity	-	-	7.7	-	(7.7)	7.7	8.1	7.7	8.2	7.8	8.0	8.1	8.3
Insurance	168.1	178.4	197.8	203.3	5.5	274.6	224.8	360.4	229.3	367.6	375.0	382.5	390.1
Other	91.9	130.2	157.4	188.6	31.2	144.2	126.0	139.3	128.5	142.2	143.5	147.0	150.1
Local area support costs	102.7	111.3	102.5	128.7	26.2	91.0	97.5	99.4	99.6	102.4	105.4	108.6	111.8
Corporate support costs	66.5	123.7	119.9	162.7	42.9	116.5	106.0	145.2	108.3	149.6	154.0	158.7	163.4
Indirect costs	146.1	121.5	206.8	135.4	(71.4)	238.5	194.8	165.0	199.0	153.1	159.2	162.6	164.1
Preventative maintenance	256.3	214.6	207.5	220.2	12.8	173.4	198.5	207.7	202.8	207.9	214.2	219.8	224.8
Labour	70.2	55.9	54.6	64.4	9.8	42.5	51.2	50.5	52.4	52.0	53.6	55.2	56.9
Contractors	41.4	26.5	30.0	20.6	(9.4)	28.0	25.7	28.0	26.3	28.6	29.1	29.7	30.3
Materials	0.5	3.1	4.0	1.1	(2.9)	3.0	4.6	3.0	4.7	3.1	3.1	3.2	3.2
Other	7.1	3.0	6.0	1.8	(4.2)	11.0	4.6	11.0	4.6	11.2	11.4	11.7	11.9
Local area support costs	54.5	49.3	34.2	39.8	5.6	24.1	36.4	32.8	37.2	33.8	34.8	35.9	37.0
Corporate support costs	29.7	49.2	40.8	49.8	9.1	31.9	39.6	48.0	40.4	49.4	50.9	52.5	54.0
Indirect costs	52.9	27.7	37.9	42.6	4.7	32.8	36.5	34.3	37.3	29.8	31.2	31.6	31.5
Corrective maintenance	16.7	35.9	120.5	102.9	(17.6)	111.5	71.0	116.0	72.5	116.4	119.8	122.8	125.6
Labour	2.9	4.4	29.0	21.3	(7.7)	25.6	7.8	25.6	8.0	26.4	27.2	28.0	28.8
Contractors	7.2	18.0	20.0	31.7	11.7	20.0	33.2	20.0	33.9	20.4	20.8	21.2	21.6
Materials	0.1	0.5	4.0	1.9	(2.1)	3.0	9.0	3.0	9.2	3.1	3.1	3.2	3.2
Other	0.6	0.2	7.0	4.2	(2.8)	9.0	3.9	9.0	4.0	9.2	9.4	9.6	9.7
Local area support costs	2.2	5.6	18.7	13.4	(5.3)	14.9	5.5	16.7	5.7	17.2	17.7	18.2	18.7
Corporate support costs	1.5	4.3	21.7	17.0	(4.6)	19.2	6.0	24.3	6.1	25.1	25.8	26.6	27.4
Indirect costs	2.2	2.9	20.2	13.4	(6.7)	19.8	5.5	17.4	5.7	15.1	15.8	16.0	16.0
Operating costs total	**1022.6**	**1077.0**	**1317.5**	**1361.4**	**43.8**	**1347.7**	**1219.9**	**1428.5**	**1245.7**	**1440.1**	**1477.7**	**1514.2**	**1548.1**
Annuity-funded costs													
Labour			42.3	27.3	(15.0)	41.0	21.1	6.9	13.2	98.6	69.1	43.5	63.9
Contractors			288.5	101.5	(186.9)	208.7	107.4	80.0	151.8	363.5	147.6	149.4	102.6
Materials			46.2	44.4	(1.8)	73.8	37.9	31.0	58.9	122.4	31.8	64.7	73.6
Other			-	7.5	7.5	-	-	5.0	9.5	2.5	-	12.0	33.4
Local area support costs			20.3	18.5	(1.8)	22.6	11.6	4.5	8.6	64.3	45.1	28.4	41.6
Corporate support costs			31.6	20.9	(10.6)	30.7	15.8	6.6	12.5	93.7	65.7	41.3	60.7
Indirect costs			29.4	18.1	(11.3)	31.6	16.3	4.7	8.9	56.4	40.2	24.9	35.3
Annuity-funded total[1]	**596.7**	**172.1**	**458.3**	**238.4**	**(220.0)**	**408.4**	**210.0**	**138.8**	**263.4**	**801.6**	**399.4**	**364.2**	**411.0**
Total costs[2]	**1619.3**	**1249.1**	**1775.9**	**1599.7**	**(176.1)**	**1756.1**	**1429.9**	**1567.3**	**1509.0**	**2241.7**	**1877.1**	**1878.5**	**1959.2**

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 Proserpine River Bulk Water Service Contract in 2019/20 and the actual projects undertaken.

Project	Forecast $'000	Actual $'000	Commentary
Peter Faust Dam – Comprehensive risk assessment (CRA) inputs	225	45	The CRA input study is to be completed over two financial years to deliver efficiencies with similar studies in other schemes. The project costs in 2019/20 relate to a review of previous studies, confirmation of input study scope and commencement of individual input studies.
Peter Faust Dam – Seismic investigation	51	34	Less investigation work was required than allowed for in the forecast.
Peter Faust Dam – Inlet tower beams and platforms	35	2	Unplanned corrective maintenance required at the dam addressed almost all of the corrosion issues to be addressed as part of this project.
Peter Faust Dam – Spillway flip bucket access	35	14	Based on a risk assessment an operational strategy was implemented and no further work was required.
Peter Faust Dam – Intake tower design review	40	8	Based on a risk assessment an operational strategy was implemented and no further work was required.
Other works	72	92	The customer meter program was $57k more than forecast, due to additional fabrication requirements and the installation of two additional meters. These increased costs were partially offset by a decision not to proceed with an options analysis into the replacement of facility switchboards (4) at Peter Faust Dam, following a condition assessment ($16k less than forecast). The scheme's contingency amount of $22k was also not required.
Non-scheduled works	-	42	Costs related to the installation of a radar sensor at the Bruce Highway bridge, which was a carryover project from 2018/19.
2019/20 Total	**458**	**238**	

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]	Peter Faust Dam	Study – comprehensive risk assessment to assess the level of risks identified and further refine their priority for refurbishment, in accordance with regulatory requirements.	289
	Proserpine River	Replace – customer meters to Australian Standard (AS) 4747 to meet regulatory compliance.	49
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	31
	Multiple	The balance of works includes drawing updates; an instrumentation review; an arc flash study; and a contingency amount for unplanned capital replacements.	39
	2020/21 Total		**408**
2021/22	Proserpine River	Replace – customer meters to AS4747 to meet regulatory compliance.	56
	Peter Faust Dam	Study – 20-year dam safety review based on regulatory requirements to better understand asset condition and risk.	50
	Peter Faust Dam	Refurbish – blast and paint two trash racks based on known asset condition and age.	22
	Peter Faust Dam	Refurbish – valve house switchboard based on known asset condition and age.	10
	2021/22 Total		**138**
2022/23	Peter Faust Dam	Study – 20-year dam safety review (continuation) based on regulatory requirements to better understand asset condition and risk.	496
	Peter Faust Dam	Refurbish – guard valve 1 (blast, paint, seals, bearings, body and flanges) based on known asset condition and age.	115
	Peter Faust Dam	Refurbish – discharge regulator 1 (blast, paint, seals, bearings, body and flanges) based on known asset condition and age.	115
	Proserpine River	Replace – customer meters to AS4747 to meet regulatory compliance.	57
	Kelsey Creek Pipeline	Replace – supervisory control and data acquisition (SCADA) computer and software based on known asset condition and age.	18

[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
	2022/23 Total		**801**
2023/24	Peter Faust Dam	Refurbish – discharge regulator 2 (blast, paint, seals, bearings, body and flanges) based on known asset condition and age.	118
	Peter Faust Dam	Refurbish – guard valve 2 (blast, paint, seals, bearings, body and flanges) based on known asset condition and age.	118
	Peter Faust Dam	Study – comprehensive inspection based on regulatory requirements and to better understand asset condition and risk.	90
	Proserpine River	Replace – customer meters to AS4747 to meet regulatory compliance.	58
	Peter Faust Dam	Study – remote operated vehicle inspection of the spillway flip bucket gallery to mitigate known safety risk.	15
	2023/24 Total		**399**
2024/25	Kelsey Creek Pipeline	Refurbish – 900mm diameter guard valve based on known asset condition and age.	143
	Proserpine River	Replace – customer meters to AS4747 to meet regulatory compliance.	60
	Kelsey Creek Pipeline	Refurbish – 600mm diameter regulator valve based on known asset condition and age.	54
	Kelsey Creek Pipeline	Refurbish – protection works at 556m and 630m based on known asset condition and age.	38
	Peter Faust Dam	Replace – water level gauging recorder based on known asset condition and age.	32
	Multiple	There are three other annuity-funded projects planned for 2024/25. These projects include refurbishments at Peter Faust Dam of a bulkhead gate; electric piezometers/instrumentation panel; and a main distribution switchboard.	37
	2024/25 Total		**364**
2025/26	Peter Faust Dam	Refurbish – embankment crest access road based on known asset condition and age.	118
	Peter Faust Dam	Refurbish – outlet works hydraulic system based on known asset condition and age.	66
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	34
	Peter Faust Dam	Refurbish – regulating valve 1 actuator hydraulic ram/cylinders based on known asset condition and age.	27
	Peter Faust Dam	Refurbish – regulating valve 2 actuator hydraulic ram/cylinders based on known asset condition and age.	27
	Peter Faust Dam	Refurbish – various sections of fencing at the site based on known asset condition and age.	59
	Multiple	There are three other annuity-funded projects planned for 2025/26. These projects include refurbishments at Peter Faust Dam of the embankment crest road guard rails, valve house ladders, platforms and handrails, and valve house structure.	79
	2025/26 Total		**410**

Contact us

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