



Final Service and Performance Plan 2023

Proserpine River Bulk Water Service Contract

13 December 2023

Contents

At a glance	2
Introduction	4
Delivering services to our customers	5
Cost of delivering services—Operating expenditure	7
Cost of delivering services—Renewals annuity and non-annuity funded expenditure	8
Comparison of forecast and actual annuity-funded projects for 2022-23 ..	10
Annuity-funded projects for 2023-24 and 2024-25.....	11

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.


At a glance

Our customers

The majority of the 84 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 Six Mile Creek Water Board.

Our irrigation charges

Table 1 - Irrigation charges for 2023-24

 Charges by tariff group 2023-24							
Proserpine River		Irrigation charge ¹		Cost-reflective charge ²		Δ to cost reflective	
River	Part A	\$12.61	\$/ML	\$15.16	\$/ML	-\$2.55	\$/ML
	Part B	\$3.09	\$/ML	\$3.71	\$/ML	-\$0.62	\$/ML
Kelsey Creek Water Board	Part A	\$12.61	\$/ML	\$15.16	\$/ML	-\$2.55	\$/ML
	Part B	\$3.09	\$/ML	\$3.71	\$/ML	-\$0.62	\$/ML

- Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.
- 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.

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	\$1,275.5	\$1,593.0	25% ▲
Forecast	2023-24	\$1,305.9	\$1,622.6	24% ▲



Expenditure funded by the annuity

		QCA \$'000	Sunwater \$'000	Δ to QCA
Actual	2022-23	\$948.7	\$315.6	-67% ▼
Forecast	2023-24	\$401.6	\$881.7	120% ▲
Actual + Forecast	Σ Price path	\$1,823.7	\$1,859.7	2.0% ◀▶

▲	△	◀▶	▼	▼
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		YoY change by group
2021-22	18,991	ML	13,911.8	ML	
2022-23	6,941	ML	2,176.1	ML	
	-63%	▼	-84%	▼	

▲	◀▶	▼
5%	0%	-5%



Service targets

Exceedances

Notes

2021-22	0	Planned shutdowns (notification) and maximum number of interruptions were not met.
2022-23	0	Planned shutdowns (notification) 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 Proserpine River is to:

- examine Sunwater's performance in 2022-23 against cost and service targets
- present to customers Sunwater's projected costs¹ 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.

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.

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

PO Box 15536

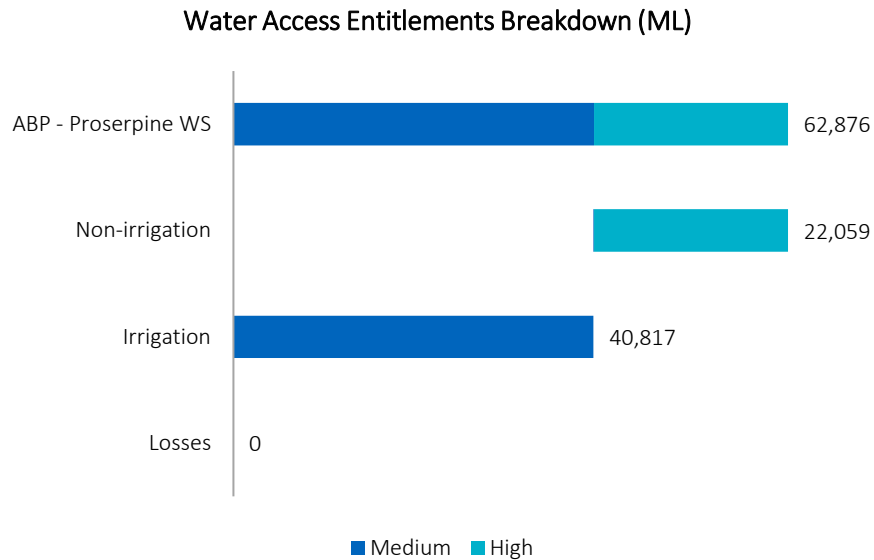
City East Qld 4002

Delivering services to our customers

Entitlements

The water allocations for each customer segment are shown below.

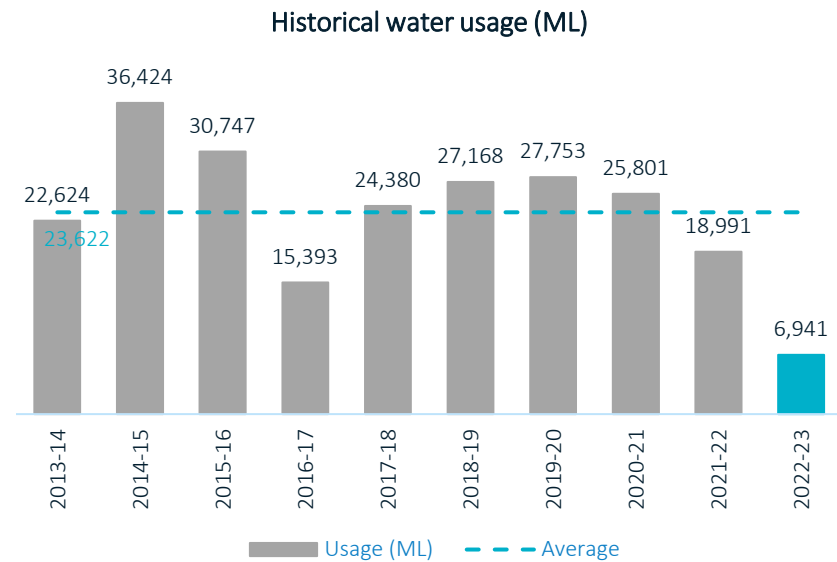
Figure 1 - Water access entitlements (as of 30 June 2023)



Historical water usage

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

Figure 2 - Historical water usage for the past 10-years



- Usage in 2022-23 was lower than the level of the 10-year average of 23,622 ML.
- Part B prices for the current period were set using a 20-year average of 25,373 ML.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for Proserpine River. 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 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 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%

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

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.

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 4 sets out actual and forecast operating expenditure for Proserpine River.

Our performance in 2022-23

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

Outlook for 2023-24

Proserpine River Bulk Water Service Contract’s total operations budget in 2023-24 is 24.3 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 continuing the implementation of the 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 4 - Operating expenditure¹

	2022-23 actuals \$'000			2023-24 forecast \$'000		
	QCA	Sunwater ³	Δ to QCA	QCA	Sunwater ³	Δ to QCA
Insurance	\$234.5	\$283.0	20.7% ▲	\$239.9	\$341.0	42.1% ▲
Electricity	\$8.3	\$0.0	-100.0% ▼	\$8.4	\$0.0	-100.0% ▼
Operations & maintenance	\$480.3	\$598.5	24.6% ▲	\$491.9	\$544.8	10.8% ▲
Support costs	\$552.3	\$711.5	28.8% ▲	\$565.7	\$736.8	30.2% ▲
Total opex²	\$1,275.5	\$1,593.0	24.9% ▲	\$1,305.9	\$1,622.6	24.3% ▲

▲	△	◀▶	▽	▼
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 5 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 6 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 and 2023-24 and 2024-25 period are set out in Table 7.

Table 5 - Annuity and non-annuity funded expenditure and roll-forward¹

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	\$(405.5)	➔	\$(392.0)	-3.3%	◄►	\$(870.5)	➔	\$(223.3)	-74.3%	▼
Annuity funded expenditure	E	\$(948.7)	➔	\$(315.6)	-66.7%	▼	\$(401.6)	➔	\$(881.7)	119.6%	▲
Annuity revenue ³	R	\$501.5	➔	\$501.5	-	-	\$505.3	➔	\$505.3	-	-
Interest	I	\$(17.7)	➔	\$(17.1)	-	-	\$(38.1)	➔	\$(9.8)	-	-
Closing balance	C	\$(870.5)	➔	\$(223.3)	-74.3%	▼	\$(804.8)	➔	\$(609.5)	-24.3%	▼
C = (O + E + R + I)											
Other expenditure (not part of prices)											
Dam improvement program		-		\$0.0	-		-		\$0.0	-	
Recreational facility projects ¹		-		\$0.0	-		-		\$0.0	-	
Metered offtakes and dividend reinvestment		-		\$0.0	-		-		\$23.6	-	

▲	△	◄►	▽	▼
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

- Forecast annuity-funded costs from 2020-21 exclude recreational facility projects.
- Reflects the QCA's 2020–2024 irrigation price investigation final recommendations.
- 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.
- 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 Proserpine River in 2022-23² and the actual projects undertaken.

Table 6 - Comparison of forecast and actual annuity-funded projects for 2022-23

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
Peter Faust Dam	Study – spillway stability assessment as an input into the 20-year dam safety review, a regulatory requirement to better understand asset condition and risk.	1194	0	The dam safety review will commence in 2024-25.
Proserpine River	Refurbish – guard valve 1 (blast, paint, seals, bearings, body, and flanges) based on known asset condition and age.	132	119	The market value of procured goods was lower than anticipated.
Scheme	Refurbish – discharge regulator 1 (blast, paint, seals, bearings, body, and flanges) based on known asset condition and age.	132	0	This project was completed with the refurbishment of guard valve 1. See above.
Multiple	Replace – customer meters to Australian Standard (AS) 4747 to meet regulatory compliance.	72	55	The market value of procured goods and labour was lower than anticipated.
Kelsey Creek Pipeline	Refurbish – offtake pipework (blast and paint).	48	72	The market value of materials and labour was higher than estimated.
Proserpine River	Install – new river monitoring stations at two locations.	24	12	The scope of work is still under review. Work will continue in FY24.
Multiple	Non-scheduled projects	-	56	This expenditure relates to the following projects: <ul style="list-style-type: none"> continuation of the Arc Flash study (\$8k) two projects deferred in FY22 to review the conduit total pressure cells and storage drainage curve (\$51k) replacing the main switchboard at Peter Faust Dam (\$4k) installation of a storage rack for the baulk lifting frame. Work will continue in FY24 (\$4k) flood damage repairs following January 2023 wet season (\$4k) In addition, an accrual of \$34k was carried over from 2021-22.
2022-23 Total		1622	316	

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

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 2024-25³ 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 7 is presented at a granular level and may not align with the overarching program names in our pricing submission.

Table 7 - Forecast annuity-funded projects planned for 2023-24 and 2024-25

Year	Facility	Activity description	Forecast \$'000
2023-24	Peter Faust Dam	Study – 20-year dam safety review based on regulatory requirements and to better understand asset condition and risk.	288
	Peter Faust Dam	Refurbish – discharge regulator 1 based on known asset condition and age.	135
	Peter Faust Dam	Refurbish – guard valve 1 based on known asset condition and age	135
	Peter Faust Dam	Study – 5-year comprehensive dam safety inspection to align with dam safety regulatory requirements	104
	Peter Faust Dam	Study – as low as reasonably practical investigation to determine if work is needed to improve public dam safety.	92
	Proserpine River	Replace – customer meters to Australian Standard (AS) 4747 to meet regulatory compliance.	69
	Peter Faust Dam	Study – 20-year comprehensive dam safety review to comply with the dam safety regulatory requirements	58
	2023-24 Total		882
2024-25	Peter Faust Dam	Study – 20-year comprehensive risk assessment	276
	Proserpine River	Replace – customer meters to Australian Standard (AS) 4747 to meet regulatory compliance.	70
	Scheme	Study – arc flash risk assessment program to identify arc flash hazards and comply with new standards.	42
	Peter Faust Dam	Refurbish – electric piezometers instrumentation panel based on conditions and age	12
	2024-25 Total		400

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.