



Final Service and Performance Plan 2023

Lower Mary River Bulk Water Service Contract

10 January 2024

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This Service and Performance Plan has been prepared by Sunwater to provide indicative information to our customers for the purpose of consultation. It contains estimates and forecasts which are based upon a number of assumptions. The actual financial performance of the service contract to which this plan relates, and the operations and activities actually undertaken by Sunwater during the relevant periods, may vary materially from the information contained in this plan. This plan should not be relied upon beyond its purpose as a tool for consultation and you should not rely on the information contained in this plan in making decisions about your circumstances. Sunwater will not be responsible or liable for any loss (including consequential loss), claim or damage (including in tort) that is in any way connected with the use of this plan or the information contained within it.

At a glance

Our customers

The majority of the 156 customers in this scheme were predominantly irrigators of sugar cane; however, transition to other crops and permanent plantings such as macadamias has increased. Water is also supplied to Wide Bay Water.

Our irrigation charges

Table 1 - Irrigation charges for 2023-24¹

\$ Charges by tariff group 2023-24							
Lower Mary Bulk		Irrigation charge ²		Cost-reflective charge ³		Δ to cost reflective	
Tinana and	Part A	\$16.01	\$/ML	\$18.84	\$/ML	\$2.83	\$/ML
Teddington	Part B	\$8.64	\$/ML	\$29.36	\$/ML	\$20.72	\$/ML
Mary Barrage	Part A	\$5.64	\$/ML	6.64	\$/ML	\$1.00	\$/ML
	Part B	\$0.76	\$/ML	0.92	\$/ML	\$0.16	\$/ML
Lower Mary Channel	Part A	\$5.52	\$/ML	\$6.64	\$/ML	\$1.12	\$/ML
	Part B	\$0.76	\$/ML	\$0.92	\$/ML	\$0.16	\$/ML


- This table includes bulk water charges only. For distribution charges, please refer to the Distribution Service Contract S&PP.*
- 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	\$143.2	\$164.6	15.0% ▲
Forecast	2023-24	\$146.6	\$159.7	8.9% △


 Operations and maintenance cost transfer from Owanilla pump station and main channel				
		QCA \$'000	Sunwater \$'000	Δ to QCA
Actual	2022-23	\$187.29	\$233.83	24.9% ▲
Forecast	2023-24	\$190.74	\$242.49	27.1% ▲

 Expenditure funded by the annuity				
		QCA \$'000	Sunwater \$'000	Δ to QCA
Actual	2022-23	\$43.1	\$46.1	7.0% △
Forecast	2023-24	\$28.1	\$97.1	245.6% ▲
Actual + Forecast	Σ Price path	\$229.7	\$353.5	53.9% ▲

▲	△	◄	▽	▼
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		YoY change by group
	2021-22	2,131	ML	1,688.0	ML	
	2022-23	3,893	ML	3,346.6	ML	
		82.7%	▲	98.3%	▲	

▲	◄	▼
5%	0%	-5%

			
Service targets	Exceedances	Notes	
2021-22	0	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 Lower Mary River Bulk 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

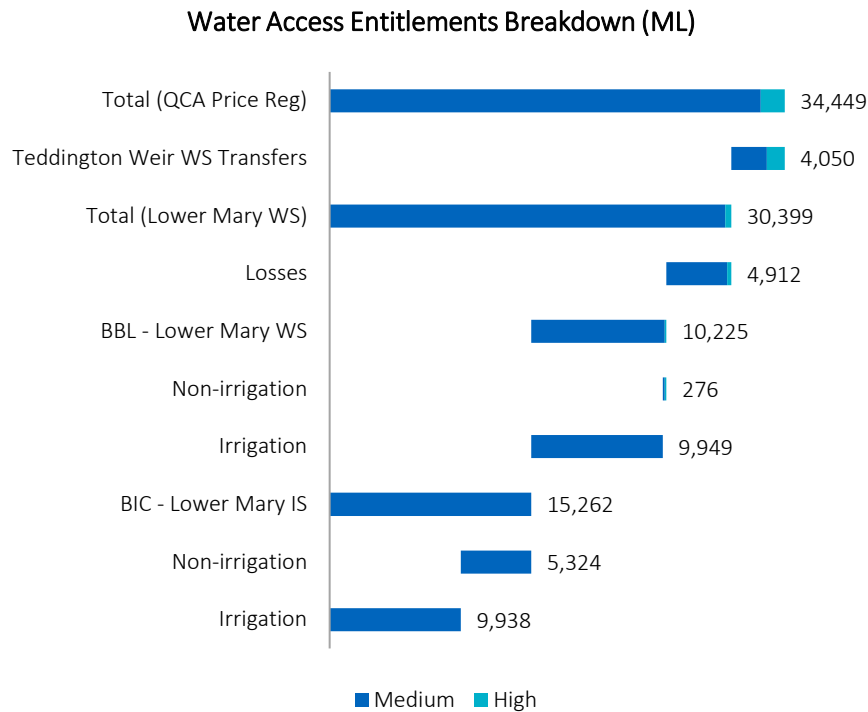
City East Qld 4002

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)¹

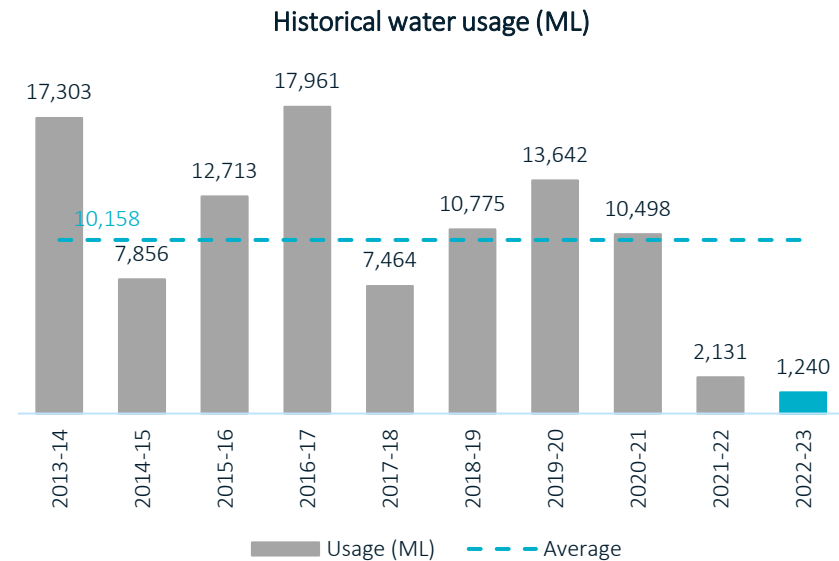


1. Includes distribution.

Historical water usage

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

Figure 2 - Scheme historical water usage for the past 10 years



- Usage in 2022-23 was the lowest level in the past 10-years.
- Part B prices for the current period were set using a 20-year average of 6,154 ML.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for Lower Mary River 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	Unplanned shutdowns will be fixed so that at least partial supply can be resumed	48 hours	0	0	0
Maximum number of interruptions ¹	Planned or unplanned interruptions per water year	6	0	0	0

1. 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%	90.93%
Requests actioned within Service Level Agreement (SLA) timeframes ²	> 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

Table 4 lists the key infrastructure used to deliver bulk water services to our customers in Lower Mary River.

Table 4 - Key infrastructure

Asset	Description	Total storage capacity (ML)
Mary Barrage	Concrete-capped steel sheet pile structure. Includes a vertical slot type fish ladder.	12,000
Tinana Barrage	Concrete-capped steel sheet pile structure. Includes a vertical slot type fish ladder.	4700

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 Lower Mary River Bulk.

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

Lower Mary River Bulk Water Service Contract’s total operations budget (prior to cost transfers) in 2023-24 is 19.2 per cent above the QCA forecast.

Sunwater's focus in 2023-24 is on performing operation and maintenance activities to a standard that ensures the scheme reliability and functionality for delivering water to customers within agreed service standards, while also meeting current asset maintenance standards and compliance.

In addition, upgrading meter offtakes for improved delivery efficiencies and refreshing scheme furniture such as marker posts, signage, and surrounds.

Table 5 - Operating expenditure¹

	Operations and maintenance costs - by sub-category							
	2022-23 actuals \$'000				2023-24 forecast \$'000			
	QCA	Sunwater ⁴	Δ to QCA		QCA	Sunwater ⁴	Δ to QCA	
Insurance	\$19.3	\$15.2	-21.0%	▽	\$19.7	\$18.4	-7.0%	▽
Electricity	\$0.0	\$0.0	0.0%	◀▶	\$-	\$-	0.0%	◀▶
Operations & maintenance	\$51.3	\$61.1	19.1%	▲	\$52.6	\$49.9	-5.1%	▽
Support costs	\$72.6	\$88.3	21.6%	▲	\$74.3	\$91.4	23.0%	▲
Owanyilla pump station and main channel cost transfer from Lower Mary River Distribution ²	\$187.3	\$233.8	24.9%	▲	\$190.7	\$242.5	27.1%	▲
Total opex³	\$330.5	\$398.4	20.6%	▲	\$337.4	\$402.1	19.2%	△
	▲	△	◀▶		▽		▼	
	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. The Owanyilla pump station and main channel (part of the Lower Mary River distribution system) perform a bulk water function as they supplement the Tinana Barrage and Teddington Weir. In its 2020–2024 irrigation price investigation final recommendations, the QCA transferred a share of the Owanyilla pump station and main channel costs from the Lower Mary River Distribution Service Contract to the Lower Mary River Bulk Water Service Contract. Refer to section 6.4.4 of the QCA’s final Part B report at: www.qca.org.au/project/rural-water/irrigation-price-investigations/.
3. 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.
4. Sunwater’s 2022-23 actual expenditure figures presented in this table are pre-adjustment and will differ from our Irrigation Pricing Proposal and its engagement materials. Sunwater’s 2023-24 figures align with our pricing submission, these figures may 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 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.

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 information is provided in the pricing submission proposal and associated scheme summaries.

Project level cost variances

Table 8 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 2023-24 and 2024-25 period are set out in Table 9.

Table 6 - 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	Δ to QCA		QCA ²		Sunwater ⁴	Δ to QCA
Opening balance	O	\$(2,394.9)	➔	\$(2,443.4)	2.0% ◀▶		\$(2,316.5)	➔	\$(2,370.0)	2.3% ◀▶
Annuity funded expenditure	E	\$(43.1)	➔	\$(46.1)	7.0% ▲		\$(28.1)	➔	\$(97.1)	245.6% ▲
Annuity revenue ³	R	\$226.2	➔	\$226.2	- -		\$227.7	➔	\$227.7	- -
Interest	I	\$(104.7)	➔	\$(106.8)	- -		\$(101.3)	➔	\$(103.6)	- -
Closing balance	C	\$(2,316.5)	➔	\$(2,370.0)	2.3% ◀▶		\$(2,218.2)	➔	\$(2,343.1)	5.6% ▲
<i>C = (O + E + R + I)</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		-		\$24.7	-		-		\$0.0	-

▲	△	◀▶	▽	▼
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 Irrigation Pricing Proposal and its engagement materials. Sunwater's 2023-24 figures align with our pricing submission, these figures may differ from the budget.

Annuity balance—Owanyilla pump station and main channel

The Owanyilla pump station and main channel, which form part of the Lower Mary River distribution system, perform a bulk water function as they supplement the Tinana Barrage and Teddington Weir. In recognition of this, a share of the Owanyilla pump station and main channel annuity-funded costs is transferred from the Lower Mary River Distribution Service Contract to the Lower Mary River Bulk Water Service Contract.

These costs are allocated to the Tinana Barrage and Teddington Weir tariff group and recovered in customers prices via the annuity contribution.

Table 7 shows the actual and forecast annuity balances and budgeted spend for the Owanyilla pump station and main channel. In 2023-24, the annuity contribution included in prices paid by customers in the Tinana Barrage and Teddington Weir tariff group is \$97.0k.

Table 7 - Owanyilla pump station and main channel annuity-funded expenditure and roll-forward²

Annuity funded expenditure (and roll forward)											
	2022-23 actuals \$'000					2023-24 forecast \$'000					
		QCA	Sunwater	Δ to QCA		QCA	Sunwater	Δ to QCA			
Opening balance	<i>O</i>	\$241.0	➔	\$176.2	-26.9%	▼	\$(178.9)	➔	\$26.8	-85.0%	▼
Annuity funded expenditure	<i>E</i>	\$595.0	➔	\$375.4	-36.9%	▼	\$(731.0)	➔	\$(2,237.7)	206.1%	▲
Annuity revenue ¹	<i>R</i>	\$164.6	➔	\$164.6	0.0%	-	\$164.3	➔	\$164.3	0.0%	-
Interest	<i>I</i>	\$10.5	➔	\$7.7	-26.9%	-	\$(7.8)	➔	\$(1.2)	-85.0%	-
Closing balance	<i>C</i>	\$(178.9)	➔	\$(26.8)	-85.0%	▼	\$(753.4)	➔	\$(2,101.3)	178.9%	▲
<i>C = (O + E + R + I)</i>											

▲	△	◄►	▽	▼
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

- The annuity contribution is included in the prices paid by bulk water and distribution customers. For 2020-21 to 2023-24, the annuity contribution is based on the QCA's 2020-2024 irrigation price investigation final recommendations.
- In its 2020-2024 irrigation price investigation final recommendations, the QCA transferred a share of the Owanyilla pump station and main channel costs from the Lower Mary River Distribution Service Contract to the Lower Mary River Bulk Water Service Contract. Refer to section 6.4.4 of the QCA's final Part B report at: www.qca.org.au/project/rural-water/irrigation-price-investigations/.
- The annuity contribution included in the prices paid by customers in the Tinana Barrage and Teddington Weir tariff group in 2022-23 is \$97.1k.

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

The below table sets out the major annuity-funded projects planned for the Lower Mary River Bulk Water Service Contract in 2022-23² and the actual projects undertaken.

Table 8 - Comparison of forecast and actual annuity-funded projects completed in 2022-23 for Lower Mary Bulk Service Contract

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
Scheme	Replace – customer meters based on known asset condition and age.	83	43	Fewer meters were identified for replacement than planned.
Mary Barrage	Refurbish – pipeline across the barrage based on known condition.	12	0	This project was deferred due to river flows.
Mary Barrage	Replace – headwater level recorder based on known asset condition and age.	18	0	This project was deferred.
Multiple	Non-scheduled projects	-	3	This expenditure relates to settlement of flood repair costs completed in 2021-22.
2022-23 Total		113	46	

² Based on information extracted from Sunwater's systems in mid-2023. See the 2023 S&PP at www.sunwater.com.au/schemes/Lower-Mary-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 9 is presented at a granular level and may not align with the overarching program names in our pricing submission.

Table 9 - Forecast annuity-funded projects planned for 2023-24 and 2024-25

Year	Facility	Activity description	Forecast \$'000
2023-24	Mary River Barrage	Refurbish – C2 pipeline based on known asset condition and age.	17
	Scheme	Replace – customer meters based on known asset condition and age.	80
	2023-24 Total		97
2024-25	Scheme	Replace – customer meters based on known asset condition and age.	82
	Tinana Barrage	Refurbish – fences, gates and grids based on known asset condition and age.	18
	2024-25 Total		100

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.

Comparison of forecast and actual Owanilla pump station and main channel annuity-funded projects for 2022-23

The below table sets out the major annuity-funded projects planned for Owanilla pump station and main channel in 2022-23⁴ and the actual projects undertaken. Customers on the Tinana Barrage and Teddington Weir tariff group contributed towards 59 per cent of these costs.

Table 10 - Comparison of forecast and actual Owanilla pump station and main channel annuity-funded projects for 2022-23

Facility	Activity description	Total forecast project costs \$'000	Bulk water share of forecast project costs \$'000	Total actual project costs \$'000	Bulk water share of actual project costs \$'000	Commentary
Owanilla pump station	Replace – electrical control system based on known asset condition and age (Stage 2).	321	189	0	0	This project was combined with other works to replace electrical cabling and switchboards at Owanilla pump station. The scope of work was reduced to align manufacturing and installation timing. Works deferred to 2023-24.
Owanilla pump station	Replace – electrical cables based on known asset condition and age.	218	128	0	0	This project was combined with other works to replace electrical cabling and switchboards at Owanilla pump station. The scope of work was reduced to align manufacturing and installation timing. Works deferred to 2023-24.
Owanilla pump station	Replace – low voltage (LV) switchboard 2 based on known asset condition and age.	745	439	0	0	This project was combined with other works to replace electrical cabling and switchboards at Owanilla pump station. The scope of work was reduced to align manufacturing and installation timing. Works deferred to 2023-24.
Owanilla pump station	Replace – damaged concrete lining based on known asset condition.	80	47	0	0	This project was deferred.
Owanilla pump station	Replace – LV switchboard 1 based on known asset condition and age.	424	250	337	199	This project was combined with other works to replace electrical cabling and switchboards at Owanilla pump station. The scope of work was reduced to align manufacturing and installation timing. Most of the work is deferred to 2023-24.
Multiple	Non-scheduled projects	-	-	38	23	Most of this expenditure relates to the settlement of project costs carried over from 2021-22.
2022-23 Total		1788	1055	375	222	

⁴ Based on information extracted from Sunwater's systems in mid-2023. See the 2023 S&PP at www.sunwater.com.au/schemes/Lower-Mary-River/

Owanyilla pump station and main channel annuity-funded projects for 2023-24 and 2024-25

The below table sets out Sunwater’s currently planned Owanyilla pump station and main channel annuity-funded projects for 2023-24 and 2024-25⁵ period. Customers on the Tinana Barrage and Teddington Weir tariff group contribute towards 59 per cent of these costs. 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 11 is presented at a granular level and may not align with the overarching program names in our pricing submission.

Table 11 - Owanyilla pump station and main channel annuity-funded projects for 2023-24 and 2024-25

Year	Facility	Activity description	Total forecast project costs \$'000	Bulk water share of forecast project costs \$'000
2023-24	Owanyilla pump station	Replace – electrical control system based on known asset condition and age (Stage 2).	336	198
	Owanyilla pump station	Replace – LV switchboard 1 based on known asset condition and age.	560	330
	Owanyilla pump station	Replace – low voltage (LV) switchboard 2 based on known asset condition and age.	1342	792
	2023-24 Total		2238	1320
2024-25	Owanyilla Pumpstation	Replace – design storage area and procure storage racks for trash screens and bulkheads.	17	10
	2024-25 Total		17	10

⁵ 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.