

Mareeba-Dimbulah Water Supply Scheme

Scheme Summary

Irrigation pricing proposal

1 July 2025 to 30 June 2029

Context

Prices in the Mareeba-Dimbulah Water Supply Scheme (Mareeba) were set for the 2020-21 through to 2024-25 period (current period) via Rural Pricing Direction Notices issued by the Treasurer in 2020¹, 2021² and again in 2023³.

In early 2023 the Queensland Government also directed the Queensland Competition Authority (the QCA) to recommend prices for Mareeba irrigation services for the period **1 July 2025 to 30 June 2029**.

This scheme level summary forms part of Sunwater's submission to the QCA and has been prepared to provide irrigation customers with a summary of our proposal as it affects their scheme. It should be read in conjunction with the primary submission document and includes a scheme-level summary of:

- Proposed prices and the basis for those prices
- How we engaged with customers, what we heard from them and how we addressed their feedback
- Our operating and renewals expenditure forecasts
- The overall revenue requirement.

This scheme provides both a bulk water (supply) and a channel distribution (distribution) service.

Entitlements and usage

Mareeba holds total water access entitlements (WAE) of 204,424ML (**Figure 1**). Most entitlements are medium priority, held by customers who use water for irrigation purposes.

Mareeba has long-term (20-year) average annual usage equivalent to 62.0 per cent of total WAE, down from 64.7 per cent at the time of the 2020 review.

The distribution system holds 146,954ML and is supported by 32,892ML⁴ of loss entitlements. Long-term (20-year) usage in the distribution system is equivalent to 62.6 per cent of total distribution and loss WAE, down from 63.0 per cent at the time of the 2020 review).

Tariff groups

Mareeba has a universal access charge and six different tariff groups, five of which relate to the distribution service as set out in **Table 1**. Distribution service tariff groups are differentiated based on cost (electricity), service (extent to which supplemented water forms part of the service) and volume of entitlements.

¹ Queensland Government Gazette No. 67 (July 2020)
Sunwater Rural Water Pricing Direction Notice 2020

² Queensland Government Gazette No. 25 (June 2021)
Sunwater Rural Water Pricing Direction Notice 2021

³ Queensland Government Gazette No. 54 (March 2023)
Sunwater Irrigation Water Pricing Direction Notice 2023

⁴ This value includes the conversion of 11,508ML of WAE from a "distribution loss" to "any" purpose. Although the formal conversion process has not yet been concluded, Sunwater is passing on the full benefit of this change to prices as part of its proposal.

Figure 1 - Mareeba-Dimbulah water access entitlements (as at 30 June 2023)

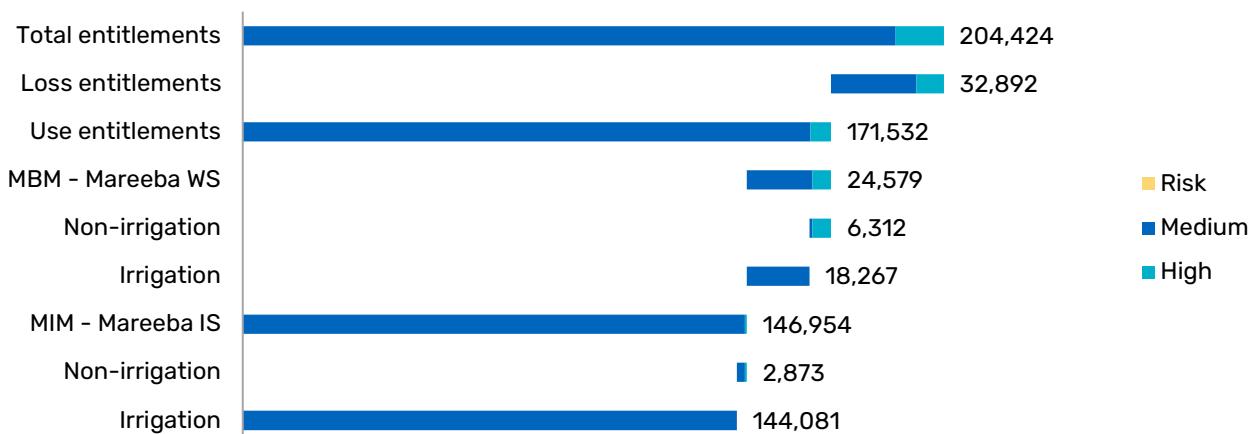


Table 1 - Mareeba-Dimbulah tariff groups

Tariff group	Sub-group	Basis for differentiation	Pricing exclusions
Access charge	N/A	WAE titles held – This price represents an estimate of the cost of managing a customer account – Sunwater proposes to continue current access charge levels in real terms.	Revenue from access charges is used as a revenue offset
Mareeba-Dimbulah – River Tinaroo / Barron	N/A	Customers who do not access Sunwater’s distribution system infrastructure.	Nil
River Supplemented Streams and Walsh River	N/A	The constructed channels in the Mareeba distribution system are used to supplement some natural watercourses. For this tariff group, fixed (Part A + Part C) and variable (Part B + Part D) cost-reflective prices are set to recover 60 per cent of the bundled bulk and distribution service price.	Relift electricity
Channel (outside a relift)	Up to 100ML WAE	Volume of entitlements held.	Relift electricity
	100ML-500ML WAE		
	Over 500ML WAE		
Channel (relift)	N/A	Relift pumps consume almost all the electricity used in the scheme and only benefit customers in the relift section.	Nil

The Tinaroo Falls Dam releases (unallocated) water to the Barron Falls Hydroelectric Power Station. At the 2020 review the QCA confirmed that the headworks utilisation factor (HUF) incorporates expected volumes to be released to the power station. It concluded that a portion of costs not allocated via the HUF should be allocated to the station.

Sunwater proposes to adopt the same approach in relation to the Barron Falls Hydro power station for the price path period, extending the averaging period to include more recent data and resulting in a transfer of 24 per cent of relevant operating costs.

Proposal in summary

During engagement with scheme customers, Sunwater outlined proposed operating costs and renewals expenditure required to deliver irrigation services over the next price path period; required revenue and price calculations; as well as two potential cost recovery changes with implications for customer prices.

Stage three engagement update

Sunwater notes that final prices presented in Stage 3 included indicative Part E (fixed electricity charges) and Part F (consumption-based electricity charges) alongside Part A / C and Part B / D charges. In some instances, presenting this material to customers led to concerns that adopting a pass-through would not be in their best interests, contrary to their earlier feedback.

Consistent with our position throughout our engagement with customers, Sunwater does not wish to pursue an electricity cost pass-through mechanism in the absence of customer support.

As a result of our Stage 3 engagement activities customers, Mareeba Dimbulah's Tinaroo Water Committee verbally advised they no longer support the ECPT proposal.

Balancing what we heard from customers with the benefits and risks of these changes we propose to:

1. recover renewals expenditure via a regulated asset base (RAB) methodology

2. refresh our Service and Performance Plans (S&PPs)
3. rescind our proposal to introduce an electricity cost pass-through mechanism.

Further information relating to engagement outcomes is provided in the following section.

Proposed prices by tariff group

The prevailing price for 2024-25 is shown for comparison purposes with forecast prices for the review period. All discounts have been removed for ease of comparison. The green bars within the chart reflect recommended irrigation prices for the price path period. Values shown at the top of the chart reflect cost-reflective prices for the charge. The grey bar element reflects the component of cost-reflective prices that Sunwater recovers via a community service obligation payment from the State government.

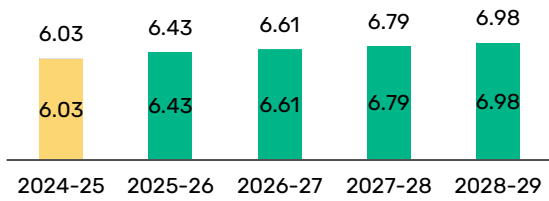
Prices reflect a RAB methodology and an electricity cost pass-through mechanism.

Legend:

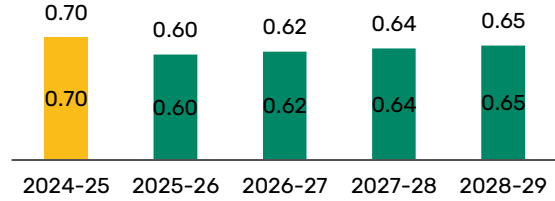
- / ■ Irrigation price (gazetted)
- / ■ Recommended irrigation price (proposed)
- / ■ Cost reflective irrigation price (proposed)

Mareeba-Dimbulah – River Tinaroo/Barron

Part A - Medium Priority (\$/ML)

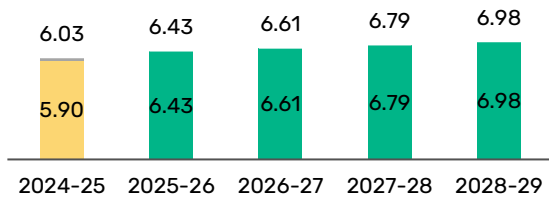


Part B (\$/ML)

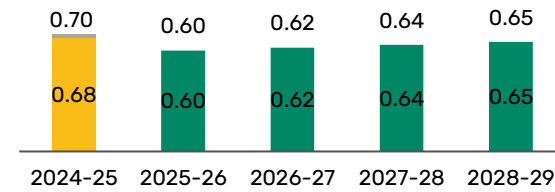


River Supplemented Streams and Walsh River

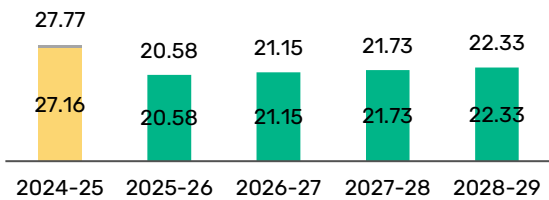
Part A - Medium Priority (\$/ML)



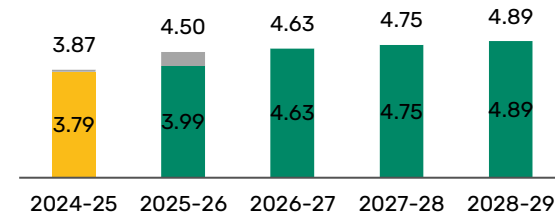
Part B (\$/ML)



Part C (\$/ML)

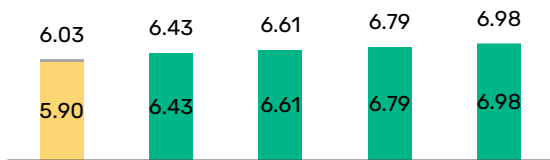


Part D (\$/ML)

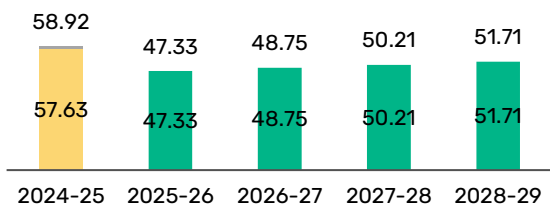


Mareeba-Dimbulah – outside a relift up to 100ML

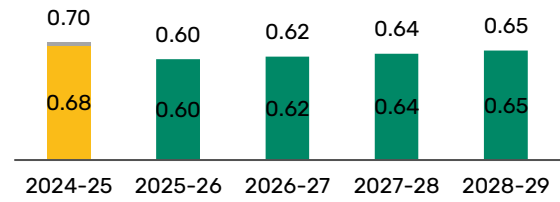
Part A - Medium Priority (\$/ML)



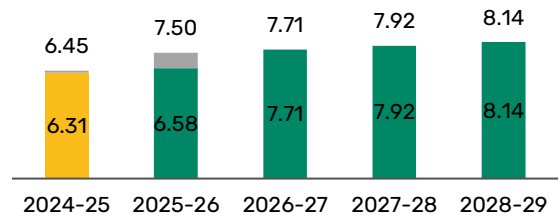
Part C (\$/ML)



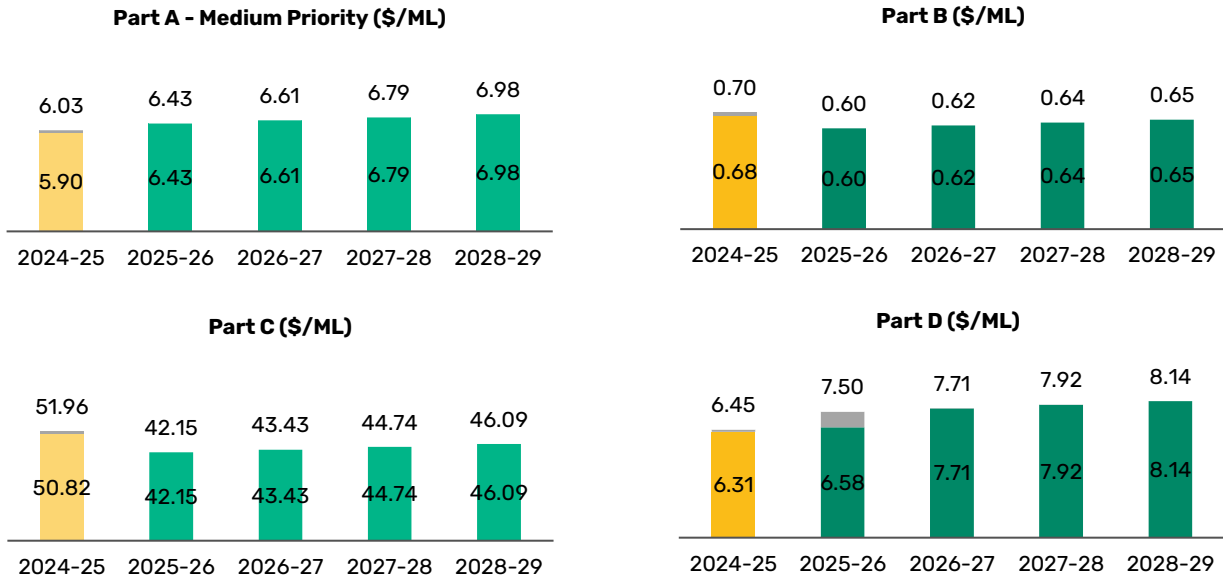
Part B (\$/ML)



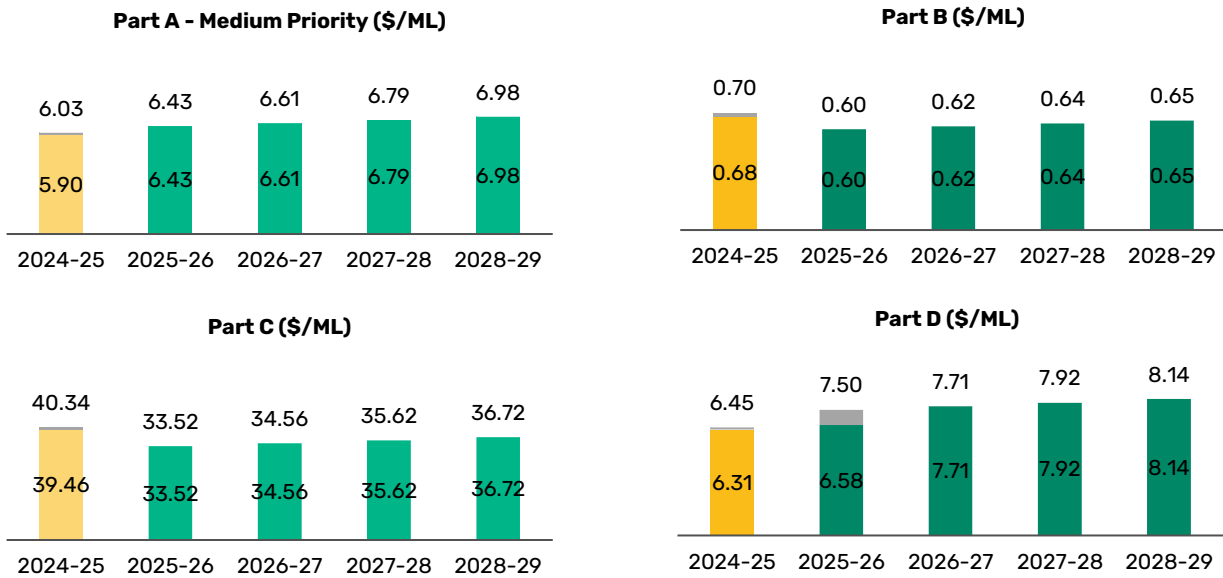
Part D (\$/ML)



Mareeba-Dimbulah – outside a relift 100ML to 500ML



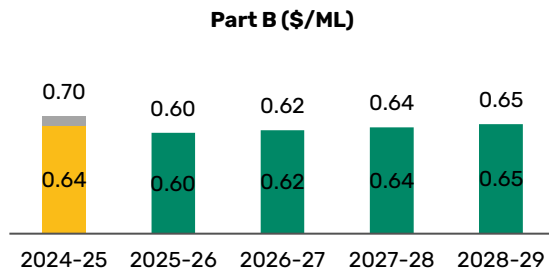
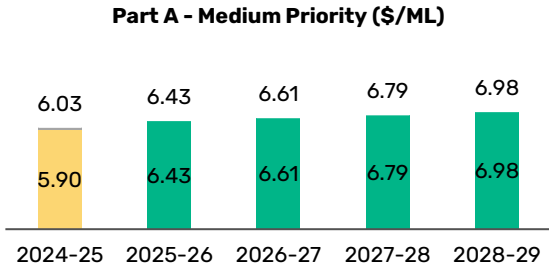
Mareeba-Dimbulah – outside a relift over 500ML



Mareeba-Dimbulah – Channel Relift

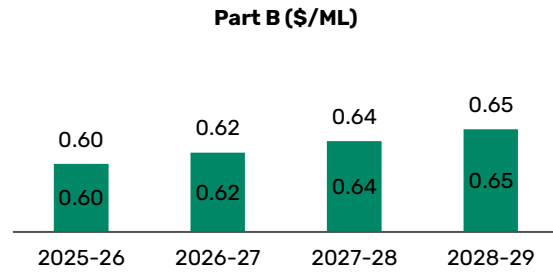
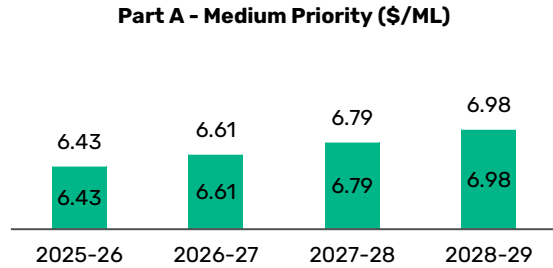
Prices *inclusive* of electricity

Part A and Part B cost reflective charges are unaffected by the pass-through proposal

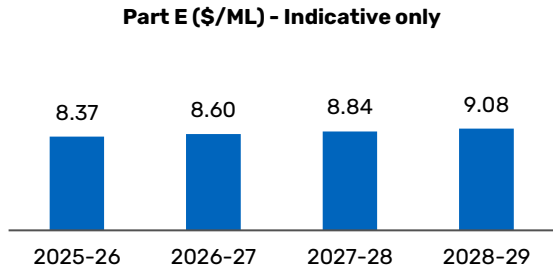
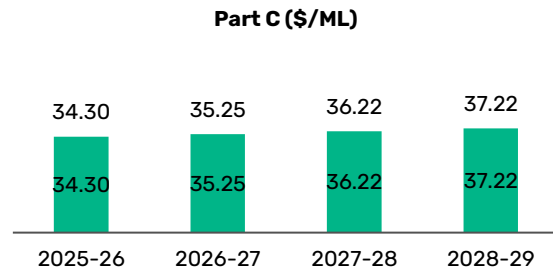
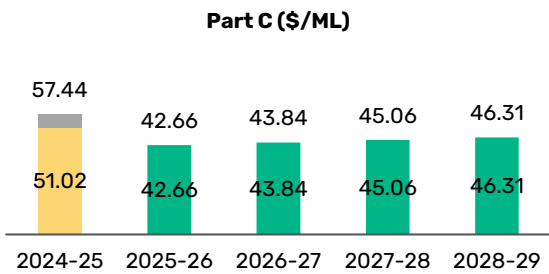


Prices under pass-through

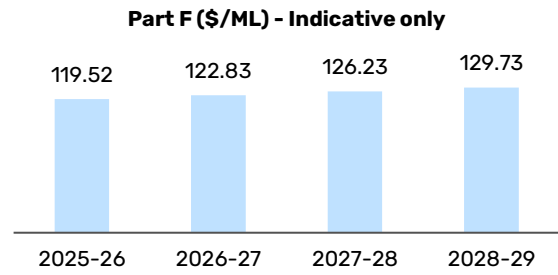
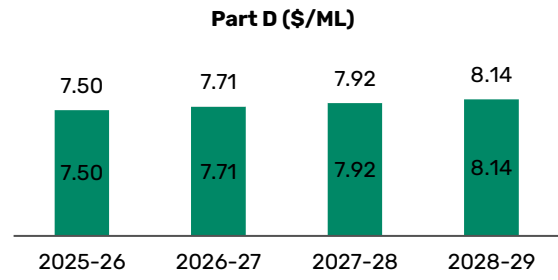
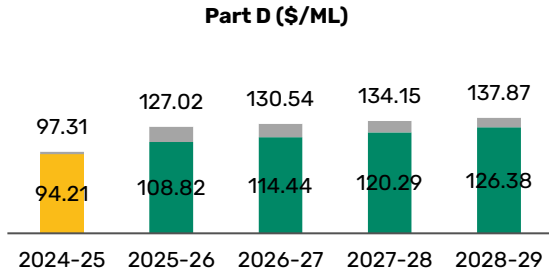
Recommended Part A and Part B charges are calculated as a bundle with Part C and Part D charges and may differ under a pass-through



The Part C charge will be split into a Part C and a Part E charge under a pass-through



The Part D charge will be split into a Part D and a Part F charge under a pass-through



Engagement

Sunwater contacted all Mareeba irrigation customers during the development of its pricing proposal.

How we engaged

Over the course of the last price path Sunwater has implemented a series of initiatives to improve customer experience and enable us to better understand and meet customers' needs and expectations. These initiatives include the Sunwater Customer App, the Online Portal, the introduction of the Water Trading Board, a formalised complaints and feedback process, and the establishment of Customer Advisory Committee forums.

Reflecting this shift, Sunwater established a three-stage stakeholder engagement strategy for this price path to inform and consult with customers during the submission development process.

We ensured every irrigation customer who wanted to engage could do so, by hosting:

- face-to-face customer meetings in this scheme during each of the three stages of engagement
- three online forums open to irrigation customers in all schemes.

We distributed and published project communication materials, including factsheets and copies of presentations delivered at meetings, to ensure all customers had the opportunity to:

- learn about how irrigation prices are set
- review draft future costs and prices
- learn about and provide feedback on proposed changes to:
 - Service and Performance Plans
 - renewals expenditure recovery through irrigation prices
 - a permanent, symmetrical electricity cost pass-through mechanism.



- ✓ Dedicated project website and email



- ✓ Emails and SMS sent about proposals and GoVote process
- ✓ Invitations sent via email, SMS and letter
- ✓ SMS reminders



- ✓ Five fact sheets
 - RAB
 - ECPT
 - S&PPs
 - Stage 1 & 2 scheme-specific fact sheets



- ✓ Irrigation Customer Invoice Calculator



- ✓ 3 face-to-face meetings
- ✓ 3 online meetings
- ✓ 1 supplementary meeting with Tinaroo Water Committee

What we heard

During our customer meetings we discussed matters of interest (**Table 2**) to Mareeba customers.

Based on discussions with customers during these meetings, Sunwater has provided additional information on renewals expenditure in our Stage 3 engagement material on future costs for the scheme (depicted by cost spikes in the renewals forecast).

This information is contained in the **Expenditure Focus** section of this summary.

We also hosted a supplementary meeting with the Tinaroo Water Committee.

GoVote

Sixty-two customers within Mareeba responded to the online survey, representing approximately 6.4 per cent of eligible irrigation customers. Customers received multiple communications about the opportunity to participate from both Sunwater and the provider, GoVote.

For a full explanation of the GoVote process and how Sunwater used this information to finalise its proposal, refer to the Customer Engagement chapter of Sunwater's pricing submission.

Other feedback

Sunwater received correspondence from two representative groups (refer **Appendix**).

Table 2 - Key customer interests

Forum details	Attendees	Key customer interests
Stage 1 engagement		
<i>Theme:</i> Learn how irrigation prices are set and how you can be involved in influencing Sunwater's pricing submission to the QCA	10	Operations outside of Sunwater's remit (riparian rights) RAB v annuity How annuity is calculated Customer losses Capital expenditure
<i>Forum:</i> Teams webinar, all schemes invited <i>Theme:</i> Learn how irrigation prices are set and how you can be involved in influencing Sunwater's pricing submission to the QCA	12	How prices are set - general
Stage 2 engagement		
<i>Theme:</i> Draft future prices and the following proposals for customer feedback: <ul style="list-style-type: none"> changes to Service and Performance Plans changes to the way renewals expenditure is recovered through irrigation prices a permanent, symmetrical electricity cost pass-through mechanism in seven schemes. 	16	How Sunwater reduces electricity costs Indirect costs - new billing system QCA's pricing model RAB v annuity - positive and negative annuity balances ECPT - impacts on prices Increased prices - impacts on customers
<i>Forum:</i> Supplementary <u>Mareeba-Dimbulah</u> meeting with the Tinaroo Water Committee <i>Theme:</i> Draft future prices and proposals for customer feedback	-	Draft prices
<i>Forum:</i> Teams webinar, all schemes invited <i>Theme:</i> Draft future prices and proposals for customer feedback	15	Community Service Obligation

Stage 3 engagement		
<p><i>Forum:</i> Face-to-face engagement with <u>Mareeba Dimbulah</u> customers</p> <p><i>Theme:</i> Outline Sunwater's pricing proposal, having taken into account customer feedback and preferences</p>	16	Pricing proposal - general
<p><i>Forum:</i> Teams webinar, <u>all schemes</u> invited</p> <p><i>Theme:</i> Outline Sunwater's pricing proposal, having taken into account customer feedback and preferences</p>	7	RAB v annuity

Proposal to change the method of renewal cost recovery

This proposal was put forward as a change to all water supply schemes. Considering feedback from all sources (including the GoVote results shown on **Figure 2**, **Figure 3** and **Figure 4**), and the benefits to be gained, Sunwater has included a shift to a RAB-based recovery of renewals expenditure as part of its submission.

Our full reasoning for adopting a RAB-based renewals recovery proposal is outlined in Sunwater's pricing submission.

Proposal to refresh Service and Performance Plans

This proposal was put forward as a change to all water supply schemes. Considering feedback from all sources, and the benefits to be gained, Sunwater proposes to adopt the refreshed S&PPs format and process.

Our full reasoning is outlined in Sunwater's pricing submission.

Figure 5 reproduces the overall responses we received during our GoVote process.

Proposal to recover electricity costs via a pass-through

This was the only proposal Sunwater committed to evaluating and adopting on a scheme-by-scheme basis.

Channel – Relift customers were able to provide feedback on the electricity cost pass-through mechanism proposal. Six “strongly agree” and one “agree” responses were received – accounting for 78 per cent of responses received from eligible customers (**Figure 6**).

Sunwater does not propose to adopt an ECPT mechanism for the Mareeba Channel – Relift tariff group on the basis of more recent verbal feedback received from the Tinaroo Water Committee following Stage 3 engagement.

Service standards

The current service standards (**Table 3**) that apply for the Mareeba scheme were included as part of our Stage 2 engagement. These are the customer service standards that drive the work we do, and influence operations, maintenance, and renewals expenditure in this scheme.

Figure 2 - How schemes responded to the RAB proposal – question and responses

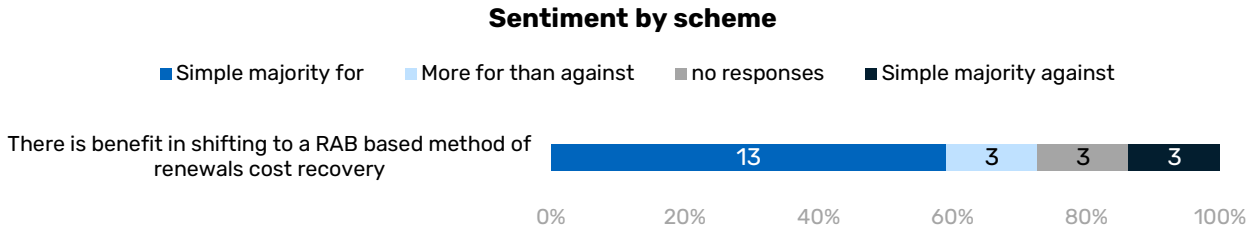


Figure 3 - How Mareeba responded to the RAB proposal – question and responses

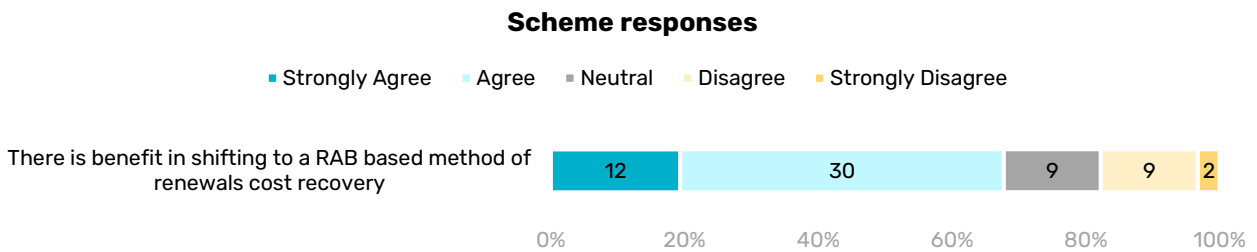


Figure 4 - How Sunwater’s irrigation customers responded to the RAB proposal – question and responses

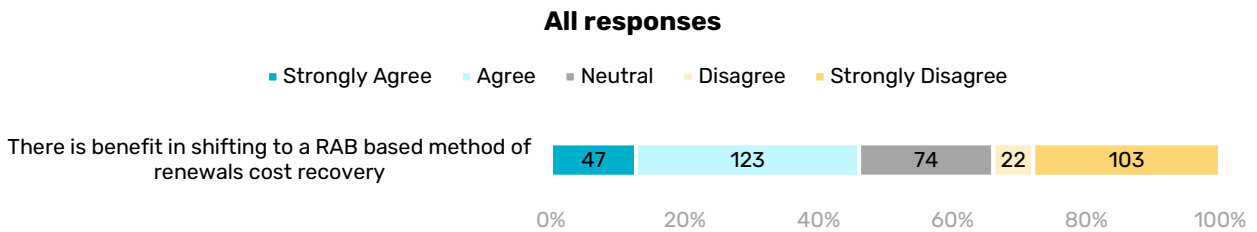


Figure 5 - How Sunwater’s irrigation customers responded to the S&PP proposal – question and responses

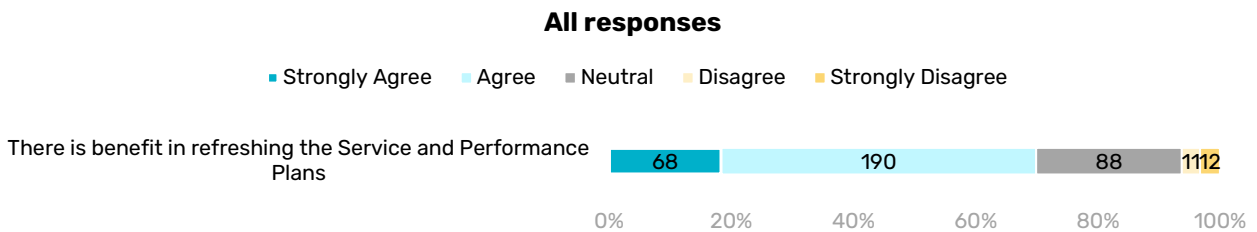


Figure 6 - How customers in Mareeba (Channel Relift) responded to the ECPT proposal – question and responses

Mareeba Dimbulah

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

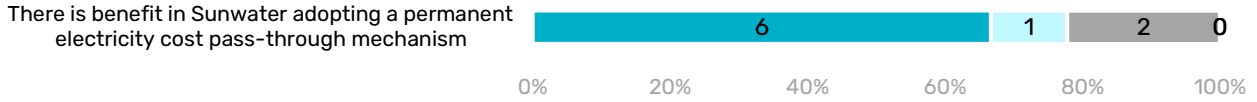


Table 3 - Service standards for Mareeba

Service standards	Standard	Target
<i>Planned shutdowns - notification</i>	For shutdowns planned to exceed 2 weeks	6 months
	For shutdowns planned to exceed 3 days	4 weeks
	For shutdowns planned to be less than 4 days	5 days
<i>Unplanned shutdowns - duration</i>	During Peak Demand Period	72 hours
	Outside Peak Demand Period	5 working days
<i>Unplanned shutdowns - notification</i>	Affected customers will be notified of the likely duration of the interruption to supply	Within 24 hours of Sunwater learning of the event or by the end of the first business day following the event, whichever is the earlier
<i>Maximum number of interruptions</i>	Planned or unplanned interruptions per water year	10
<i>Meter repairs</i>	Faults causing restrictions to supply will be repaired	10 working days
<i>Complaints and enquiries</i>	Initial response (Acknowledge)	5 working days
	Resolve or provide written response	21 days

Expenditure focus

This section shows the final forecast operating expenditure (opex) and renewals expenditure for the Mareeba scheme.

Supply and distribution service forecasts are provided separately.

Operating expenditure

Base year (2022-23) – Supply

Sunwater’s opex forecast was developed using the base-step-trend methodology presented in our pricing submission.

Sunwater’s proposed base year (2022-23 actuals after adjustments) of \$1.55M is shown on **Figure 7** and is \$0.01M (1 per cent) lower than the QCA’s allowance for the same year (after adjustment for actual inflation).

The primary driver of this lower value is lower expenditure against contractors and other costs (including land tax, rates and vehicle leasing, which was previously captured under support costs), offset by increases in insurance, direct labour and support costs.

Support costs include indirect activities (those that support a specific direct activity such as dam safety, pricing and regulation, and water planning); and local and corporate support, such as depots, local administration teams and offices, finance, payroll, procurement, human resources, information and communications technology, cybersecurity, and other necessary costs of doing business.

Operations and maintenance have been split into other direct costs, materials, contractors, and direct labour.

Price path forecast – Supply

The Mareeba Supply opex forecast for the price path period is shown in **Table 4**.

The base-step-trend approach to develop our forecasts is described in detail in Sunwater’s pricing submission. In summary, we take the base-year (**Figure 7**) and apply assumptions relating to inflation plus a step change in opex associated with our billing system renewal.

Table 5 shows how the relative mix of opex cost categories is changing under Sunwater’s forecast prices.

Figure 7 - Mareeba Supply – Difference between Sunwater’s base year and QCA allowance (2022-23)

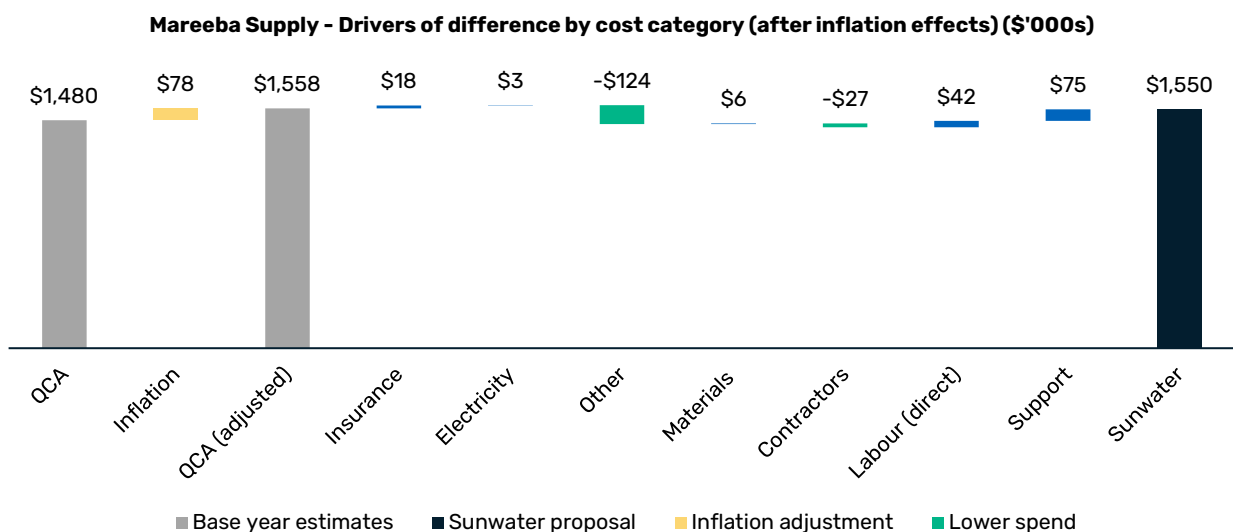
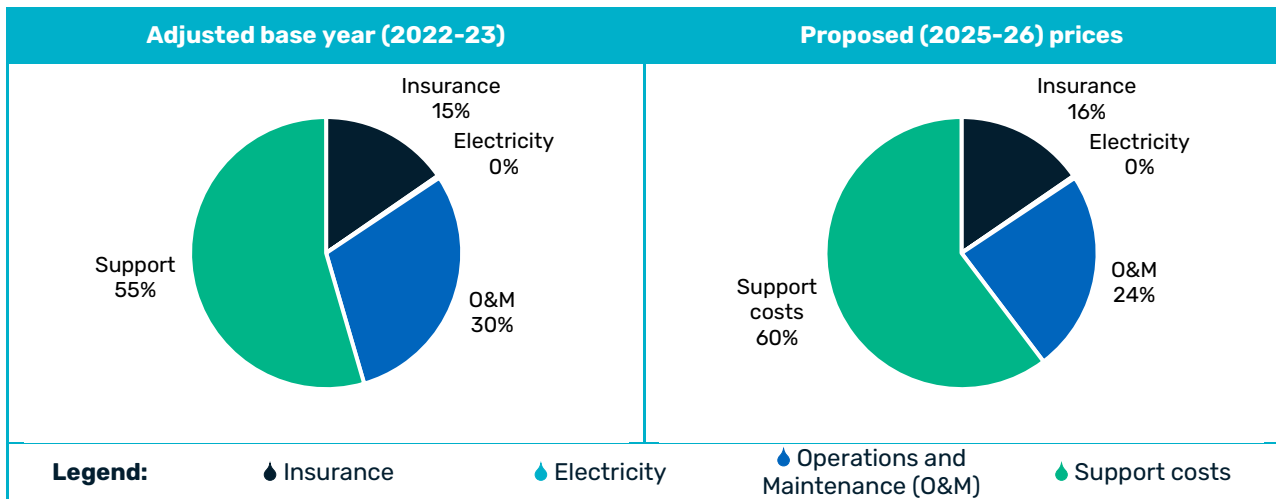


Table 4 - Mareeba Supply – Opex forecasts for price path period (values in thousands)

Cost categories	2025-26	2026-27	2027-28	2028-29
Insurance	\$324.5	\$332.1	\$339.6	\$346.4
Electricity	\$5.7	\$5.8	\$5.9	\$6.0
Operations and maintenance ¹	\$506.0	\$518.2	\$529.1	\$539.6
Support costs	\$1,270.2	\$1,280.2	\$1,309.4	\$1,337.2
Opex - BST sub-total	\$2,106.3	\$2,136.4	\$2,184.1	\$2,229.3
Renewals opex	\$96.2	\$411.8	\$771.9	\$87.2
Opex total	\$2,202.5	\$2,548.2	\$2,956.0	\$2,316.4

Note 1: Includes preventative and corrective maintenance categories.

Table 5 - Mareeba Supply – Relative contribution of major opex categories to total opex (prior to cost transfers)



For each dollar of total opex spent, the percentages shown reflect the cents the category contributes.

Additional billing system opex (circa \$0.34M per annum) contributes to the higher share of support costs in 2025-26.

This billing system step change means that support costs will account for a more significant portion of total opex for Mareeba over the price path period.

Renewals opex has not been included in this table as it is a new category that applies under a RAB-based recovery of renewals expenditure.

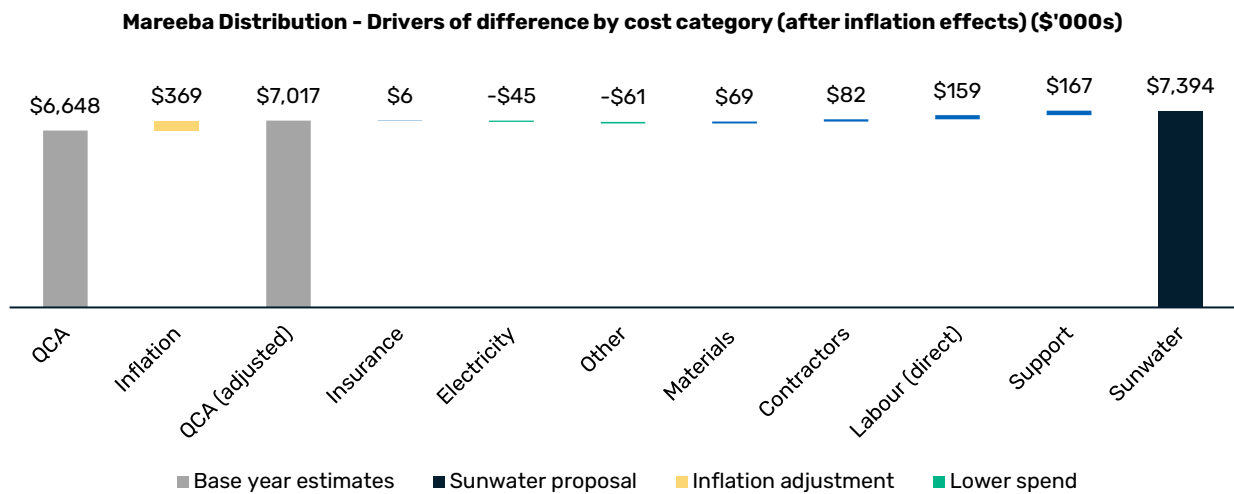
Base year (2022-23) – Distribution

Sunwater’s opex forecast was developed using the base-step-trend methodology presented in our pricing submission.

Sunwater’s proposed base year (2022-23 actuals after adjustments) of \$7.4M is shown on **Figure 8** and is \$0.4M (5 per cent) higher than the QCA’s allowance for the same year (after adjustment for actual inflation).

The primary drivers of this uplift are materials, contractors, and direct labour, which brings with it an increase in support costs. These are partially offset by decreases in insurance and electricity costs.

Figure 8 - Mareeba Distribution – Difference between Sunwater's base year and QCA allowance (2022-23)



Support costs include indirect activities (those that support a specific direct activity such as dam safety, pricing and regulation, and water planning); and local and corporate support, such as depots, local administration teams and offices, finance, payroll, procurement, human resources, information and communications technology, cybersecurity, and other necessary costs of doing business.

Operations and maintenance have been split into other direct costs, materials, contractors, and direct labour.

Price path forecast – Distribution

The Mareeba Distribution opex forecast for the price path period is shown in **Table 6**.

The base-step-trend approach to develop our forecasts is described in detail in Sunwater’s pricing submission. In summary, we take the base-year (**Figure 8**) and apply assumptions relating to inflation.

No step changes have been applied to the Mareeba Distribution opex forecast.

Table 7 shows how the relative mix of opex cost categories is changing under Sunwater’s forecast prices.

For each dollar of total opex spent, the percentages shown reflect the cents the category contributes.

Renewals opex has not been included in this table as it is a new category that applies under a RAB-based recovery of renewals expenditure.

Renewals (capital)

This section addresses actual renewals expenditure for the 2019-20 to 2022-23 period, forecasts for the remainder of the current pricing period (2023-24 to 2024-25) and forecasts relevant for the price path period. Sunwater’s approach to the delivery and forecast of renewals expenditure is set out in our pricing submission.

Discussion of current period expenditure is presented with reference to the annuity funding methodology, while forecasts for the price path period refer to the RAB-funding methodology.

As Sunwater’s RAB-funding methodology is a proposal for assessment by the QCA and Government, the full forecast required for an annuity-funding methodology is presented for completeness.

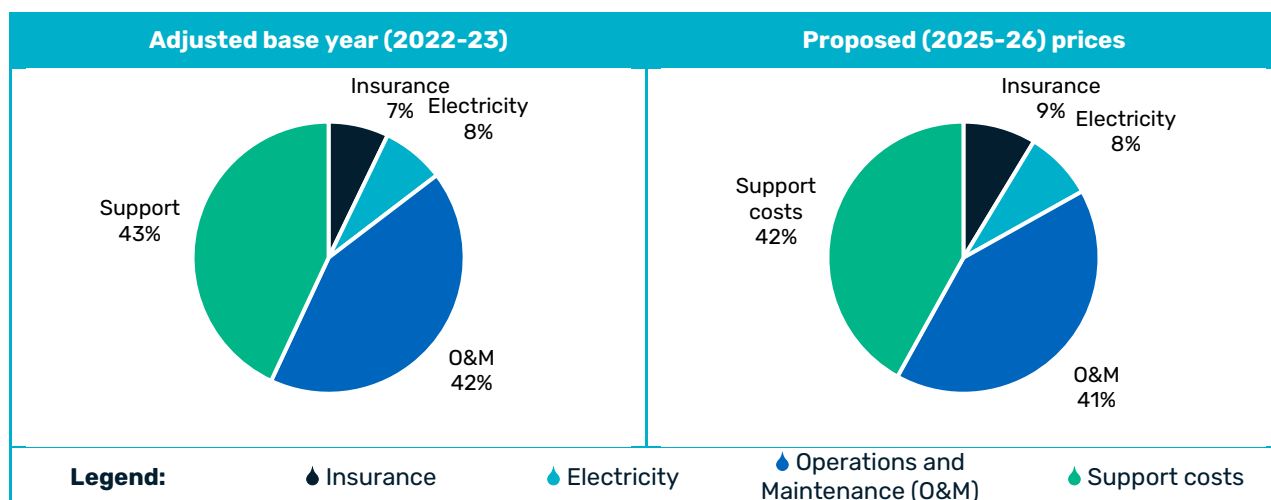
Separate forecasts are provided for Mareeba’s supply and distribution services.

Table 6 - Mareeba Distribution – Opex forecasts for price path period (\$'000s)

Cost categories	2025-26	2026-27	2027-28	2028-29
Insurance	\$719.6	\$736.7	\$753.2	\$768.3
Electricity	\$682.6	\$699.0	\$715.1	\$729.4
Operations and maintenance ¹	\$3,417.9	\$3,500.2	\$3,574.7	\$3,645.7
Support costs	\$3,481.4	\$3,566.0	\$3,641.3	\$3,713.7
Opex - BST sub-total	\$8,301.6	\$8,501.8	\$8,684.3	\$8,857.1
Renewals opex	\$272.5	\$657.5	\$2,436.3	\$1,009.8
Opex total	\$8,574.0	\$9,159.4	\$11,120.6	\$9,866.9

Note 1: Includes preventative and corrective maintenance categories.

Table 7 - Mareeba Distribution – Relative contribution of major opex categories to total opex (prior to cost transfers)



Current period (plus roll-forward) – Supply

Sunwater expects to have delivered \$3.2M in renewals activities for the 2019-20 to 2024-25 period. The QCA allowance⁵ for the same period was \$2.8M. This is shown in **Table 8** which also includes the roll-forward of annuity expenditure from the QCA's 2018-19 closing balance to 30 June 2025.

Mareeba Supply is forecast to have a negative annuity closing balance.

The opening RAB balance for the Mareeba Supply service has been set at \$0.14M, consistent with the approach set out in Sunwater's pricing submission.

Significant projects delivered (or forecast to be delivered) in this period (by value) are shown in **Table 9**.

⁵ Revenue Model issued by QCA with its Final Model (January 2020)

Table 8 - Mareeba Supply – Current pricing period expenditure and renewals annuity roll-forward (\$'000s)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	
			<i>Current price path period</i>					
Opening balance		-\$398.6	-\$450.6	-\$420.7	-\$530.6	-\$406.2	-\$68.3	
Expenditure		-\$164.1	-\$619.2	-\$766.7	-\$543.1	-\$351.7	-\$793.8	
		<i>Aggregate spend for roll-forward period =-\$3,238.4</i>						
Insurance proceeds								
Annuity Contribution		\$129.5	\$668.8	\$675.1	\$690.7	\$707.3	\$723.2	
Interest		-\$17.4	-\$19.7	-\$18.4	-\$23.2	-\$17.8	-\$3.0	
Closing Balance¹	-\$398.6	-\$450.6	-\$420.7	-\$530.6	-\$406.2	-\$68.3	-\$141.9	

Note 1: Closing balance for 2018-19 was set by the QCA at the last pricing review. The calculated (forecast) 2024-25 value is used to set the opening balance of the regulated asset base for the price path period.

Table 9 - Mareeba Supply – Significant projects (by value) delivered in this period (\$'000s)

Project name	Year	Value
Comprehensive Risk Assessment - Tinaroo Falls Dam	2020-22	\$694.2
Testing of post tensioning permanent strand anchors at Tinaroo Falls Dam	2022	\$358.1
23TI02-Replace SCADA & Controls TID	2021-23	\$260.9

Price path period – Supply

Sunwater’s submission document describes in detail the way we have developed our renewals expenditure forecast for the next price path period.

Table 10 shows the forecast for Mareeba for the price path period, with a focus on the top five programs by aggregate spend. Each program forecast comprises a mix of capex and opex, with values separated at the bottom of the table used for the setting of prices.

A program comprises several individual projects that have common characteristics. For example, a valve replacement program will comprise multiple valve replacements over the period. The justification (need) for each project within a program is generally the same and similar approaches are typically adopted for the estimation of project costs.

The largest projects (outside major programs) forecast to be delivered in this period (by value) are shown in **Table 11**.

An additional \$8.7M in capital expenditure (not shown **Table 10**) has been added to 2025-26 as the Mareeba portion of the \$42.4M (project capital cost inflated to 1 July 2025 for pricing purposes) whole-of-business project to renew Sunwater’s billing system.

Beyond price path period – Supply

Expenditure beyond the price path is not relevant to the setting of prices for the 2025-26 to 2028-29 period under a RAB methodology. It is presented in **Figure 9** for completeness. This profile underpins the alternative annuity-base prices presented in the **Revenue and Pricing** section of this summary.

Significant (by value) projects forecast for completion between 2029-30 and 2057-58 are shown in **Table 12**.

Expenditure commencement dates are shown. For programs, expenditure will typically occur throughout the period.

Table 10 - Mareeba Supply – Price path period – forecast renewals expenditure (\$'000s)

Category	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
18. Dam Instrumentation Program	\$0.0	\$0.0	\$2,506.2	\$0.0	\$2,506.2	42%
20. Dam Safety Management Program	\$1,209.5	\$0.0	\$0.0	\$451.8	\$1,661.3	28%
5. Dam-Related Works Program	\$0.0	\$356.2	\$507.3	\$0.0	\$863.5	15%
17. Arc Flash Program	\$216.3	\$134.0	\$0.0	\$0.0	\$350.2	6%
1. Switchboard and Control Renewal Program	\$0.0	\$47.3	\$0.0	\$14.8	\$62.1	1%
Remaining programs	\$106.3	\$0.0	\$0.0	\$0.0	\$106.3	2%
Sub-total programs	\$1,532.1	\$537.5	\$3,013.5	\$466.5	\$5,549.7	93%
Projects not captured in programs	\$0.0	\$55.6	\$264.6	\$72.4	\$392.6	7%
Total	\$1,532.1	\$593.1	\$3,278.1	\$538.9	\$5,942.3	100%
Capex	\$1,435.9	\$181.3	\$2,506.2	\$451.8	\$4,575.2	77%
Renewals opex	\$96.2	\$411.8	\$771.9	\$87.2	\$1,367.1	23%

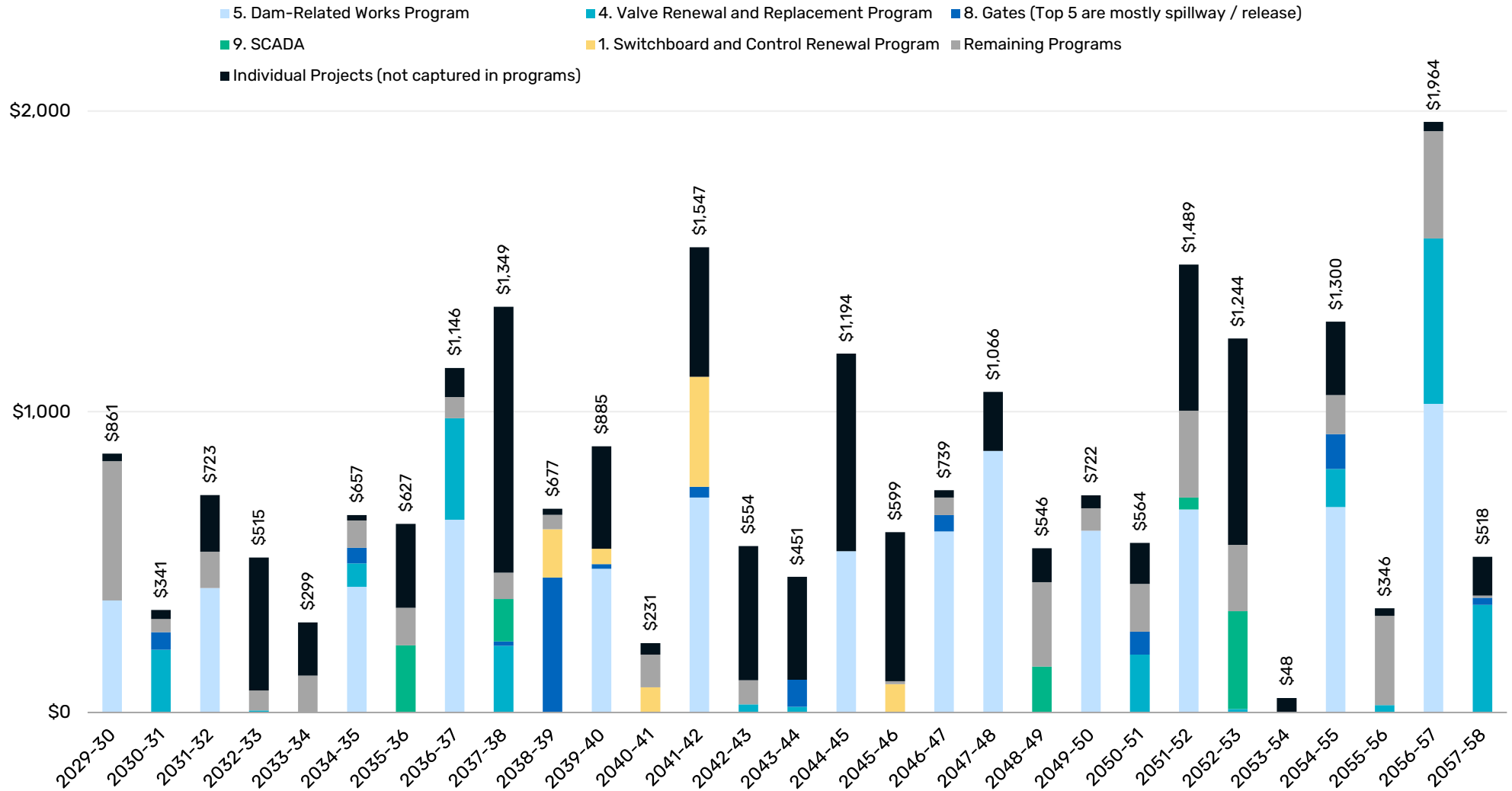
Table 11 - Mareeba Supply – Significant individual projects (by value) to be delivered during the price path period (\$'000s)

Project name	Year	Value	Percentage total
20 Year Dam Safety Review - Tinaroo Dam	2028	\$507.3	9%
Testing of post tensioned anchors - Tinaroo Falls Dam	2025	\$356.2	6%

Table 12 - Mareeba Supply – Key projects beyond the price path period (2029-30 to 2057-58) period (\$'000s)

Project name	Commencement Year	Value	Percentage total
Testing of post tensioned anchors - Tinaroo Falls Dam	2025	\$4,630	20%
Study: Dam Safety Inspection - Tinaroo Dam	2025	\$1,925	8%
Refurbish Channel Bench Flume 0-320.04M - Tinaroo Dam - Irrigation Supply	2038	\$1,137	5%
Refurbish 1300Mm Cone Valve - Tinaroo Dam - Outlet Works	2037	\$887	4%
20 Year Dam Safety Review - Tinaroo Dam	2028	\$870	4%
Other	Varies	\$13,752	59%
Total		\$23,201	

Figure 9 - Mareeba Supply - Expenditure by major program beyond the price path period (relevant under an annuity method of cost recovery)



Current period (plus roll-forward) – Distribution

Sunwater expects to have delivered \$7.7M in renewals activities for the 2019-20 to 2024-25 period. The QCA allowance⁶ for the same period was \$5.4M. This is shown in **Table 13** which also includes the roll-forward of annuity expenditure from the QCA's 2018-19 closing balance to 30 June 2025.

Mareeba Distribution is forecast to have a positive annuity closing balance. The opening RAB balance for Mareeba Distribution been set at \$0M, consistent with the approach set out in Sunwater's pricing submission.

The \$13.1M positive balance will be returned to customers during the price path via a revenue adjustment.

Significant projects delivered (or forecast to be delivered) in this period (by value) are shown in **Table 14**.

Price path period – Distribution

Sunwater's submission document describes in detail the way we have developed our renewals expenditure forecast for the next price path period.

Table 15 shows the forecast for Mareeba for the price path period, with a focus on the top five programs by aggregate spend. Each program forecast comprises a mix of capex and opex, with values separated at the bottom of the table used for the setting of prices.

A program comprises several individual projects that have common characteristics. For example, a valve replacement program will comprise multiple valve replacements over the period. The justification (need) for each project within a program is generally the same and similar approaches are typically adopted for the estimation of project costs.

The largest projects (outside major programs) forecast to be delivered in this period (by value) are shown in **Table 16**.

Table 13 – Mareeba Distribution – Current pricing period expenditure and renewals annuity roll-forward (\$'000s)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	
			<i>Current price path period</i>					
Opening balance		\$10,556.5	\$12,364.5	\$13,094.2	\$13,397.9	\$12,740.2	\$12,465.9	
Expenditure		-\$991.6	-\$640.2	-\$1,178.3	-\$2,181.3	-\$1,818.8	-\$909.2	
		<i>Aggregate spend for roll-forward period = -\$7,719.4</i>						
Insurance proceeds								
Annuity Contribution		\$2,338.1	\$829.2	\$909.5	\$937.8	\$987.5	\$1,009.6	
Interest		\$461.6	\$540.6	\$572.5	\$585.8	\$557.0	\$545.0	
Closing Balance¹	\$10,556.5	\$12,364.5	\$13,094.2	\$13,397.9	\$12,740.2	\$12,465.9	\$13,111.3	

Note 1: Closing balance for 2018-19 was set by the QCA at the last pricing review. The calculated (forecast) 2024-25 value is used to set the opening balance of the regulated asset base for the price path period.

⁶ Revenue Model issued by QCA with its Final Model (January 2020)

Table 14 – Mareeba Distribution – Significant projects (by value) delivered in this period (\$'000s)

Project name	Year	Value
Replace Reg Gate 26 West Barron Main Channel	2023	\$685.8
North Walsh Distribution - Pipeline Section Replacements	2020-23	\$610.9
Replace Customer Meters	2021-23	\$508.3

Table 15 – Mareeba Distribution – Price path period – forecast renewals expenditure (\$'000s)

Category	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
11. Channel re-lining and re-shaping	\$155.2	\$174.9	\$1,754.3	\$169.1	\$2,253.5	29%
2. Meter Renewal Program	\$318.3	\$621.4	\$383.0	\$269.2	\$1,591.9	21%
17. Arc Flash Program	\$650.0	\$402.6	\$0.0	\$0.0	\$1,052.6	14%
12. Civil and Roads (inlet/outlet towers)	\$0.0	\$0.0	\$149.0	\$480.7	\$629.8	8%
15. Minor Works	\$166.7	\$26.2	\$98.7	\$3.5	\$295.3	4%
Remaining programs	\$222.5	\$29.8	\$95.2	\$248.6	\$596.1	8%
Sub-total – programs	\$1,512.8	\$1,255.0	\$2,480.3	\$1,171.1	\$6,419.1	84%
Projects not captured in programs	\$0.0	\$464.8	\$339.0	\$452.9	\$1,256.7	16%
Total	\$1,512.8	\$1,719.8	\$2,819.3	\$1,624.0	\$7,675.8	100%
Capex	\$1,240.3	\$1,062.3	\$383.0	\$614.2	\$3,299.8	43%
Renewals opex	\$272.5	\$657.5	\$2,436.3	\$1,009.8	\$4,376.1	57%

Table 16 – Mareeba Distribution – Significant individual projects (by value) to be delivered during the price path period (\$'000s)

Project name	Year	Value	Percentage total
Concrete Synthetic Lining Replacement - Mareeba System	2028	\$1,038.4	14%
Concrete Lining Refurbishment Works - Distribution Pipelines	2025	\$645.5	8%
Replace Synth/Lin Chnl 8.38-702.75M - North Walsh Irrigation - Main Channel	2028	\$554.8	7%
Bench Flume Joint Repairs - Mareeba System	2029	\$480.7	6%

Beyond price path period – Distribution

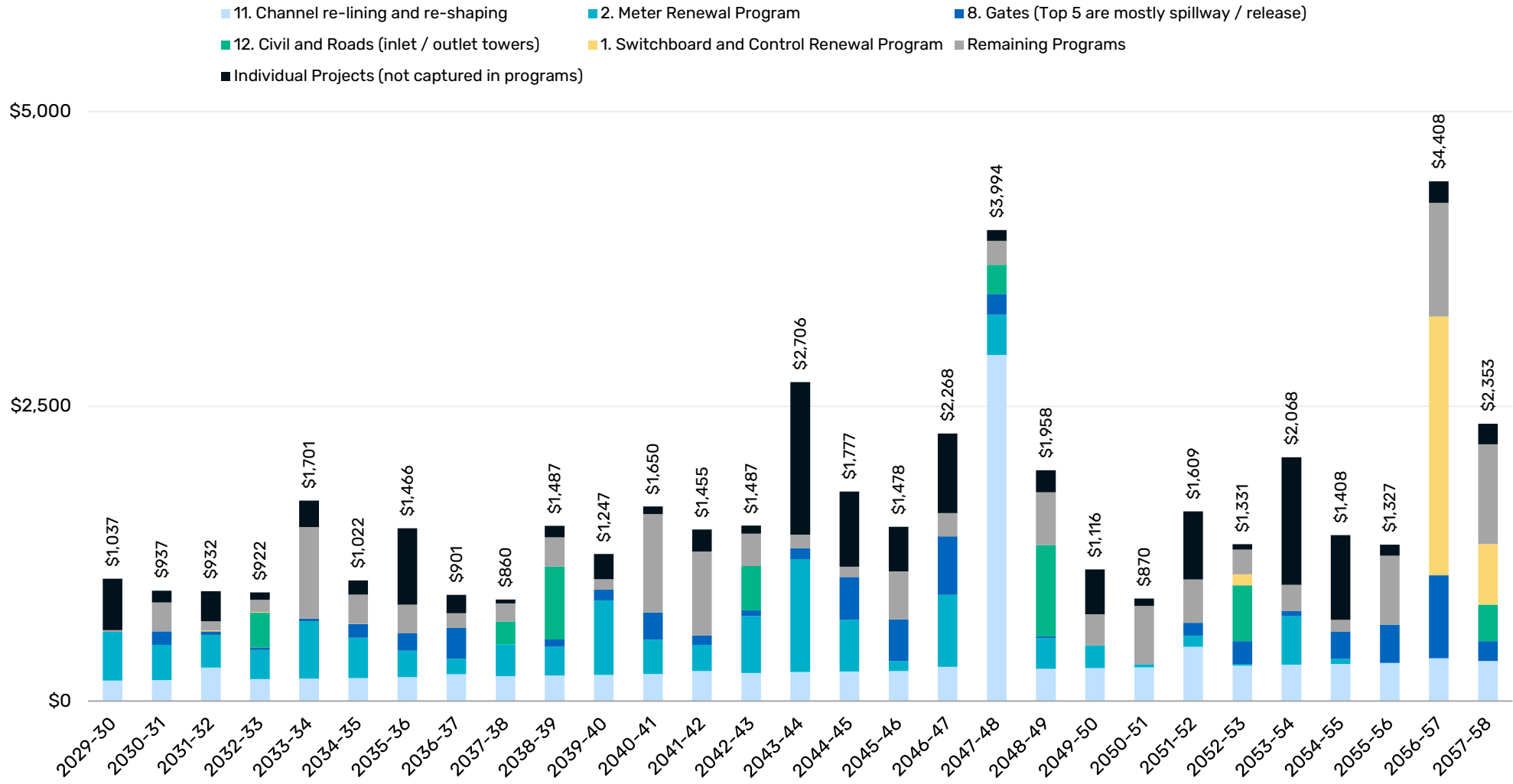
Expenditure beyond the price path is not relevant to the setting of prices for the 2025-26 to 2028-29 period under a RAB methodology. It is presented in **Figure 10** for completeness. This profile underpins the alternative annuity-base prices presented in the **Revenue and pricing** section of this summary.

Significant (by value) projects forecast for completion between 2029-30 and 2057-58 are shown in **Table 17**. Expenditure commencement dates are shown. For programs, expenditure will typically occur throughout the period.

Table 17 - Mareeba Distribution – Key projects beyond the price path period (2029-30 to 2057-58) period (\$'000s)

Project name	Commencement year	Value	Percentage total
Concrete Lining Refurbishment Works - Distribution Pipelines	2025	\$7,203	15%
Replace Switchboard - South Walsh Irrigation - South Walsh Relift	2057	\$2,194	5%
Bench Flume Joint Repairs - Mareeba System	2029	\$1,878	4%
Concrete Synthetic Lining Replacement - Mareeba System	2028	\$1,737	4%
Refurbish Roads - Mareeba Distribution	2028	\$1,406	3%
Other	Varies	\$33,357	70%
Total		\$47,776	

Figure 10 - Mareeba Distribution - Expenditure by major program beyond the price path period (relevant under an annuity method of cost recovery) ('000s)



Revenue and pricing

This section shows the final revenue requirement at scheme level. Values shown are prior to allocation to fixed (high or medium priority) or variable charges. These values represent Sunwater’s estimate of the revenue required to continue to meet customer service standards and regulatory obligations under the current regulatory framework.

Revenue requirement

Table 18 and **Table 19** bring together the price-path related expenditure building blocks for the Supply and Distribution services respectively.

This includes a revenue offset building block as well as adjustments for the return of annuity positive balance funds (where applicable to a scheme), insurance review event funds and the QCA’s review fee, which is applied only to irrigation entitlements.

It also includes a transfer of revenue out of the Supply service to account for operating costs that should be apportioned to the Barron Falls Hydroelectric Power Station.

Prices

As outlined above (and in detail in our pricing submission), Sunwater is proposing to shift to a RAB-based recovery of renewals expenditure. Prices under a RAB methodology are presented in the **Proposal in summary** section.

Table 18 – Mareeba Supply – Forecast revenue requirement (inclusive of revenue adjustments) (\$’000s)

Building block	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
Price path related expenditure						
Opex	\$2,106.3	\$2,136.4	\$2,184.1	\$2,229.3	\$8,656.0	77.3%
Renewals opex	\$96.2	\$411.8	\$771.9	\$87.2	\$1,367.1	12.2%
Capital returns	\$179.8	\$379.8	\$456.0	\$524.2	\$1,539.8	13.7%
Tax allowance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Sub-total	\$2,382.3	\$2,928.0	\$3,412.0	\$2,840.6	\$11,562.9	103.2%
Revenue adjustments						
Revenue transfer ¹	-\$179.3	-\$181.1	-\$185.2	-\$189.1	-\$734.6	-6.6%
Revenue offsets	-\$75.3	-\$77.4	-\$79.6	-\$81.6	-\$313.8	-2.8%
Insurance review	\$72.7	\$74.8	\$76.8	\$78.8	\$303.0	2.7%
QCA fee ²	\$92.5	\$95.0	\$97.7	\$100.4	\$385.5	3.4%
Sub-total	-\$89.4	-\$88.7	-\$90.2	-\$91.5	-\$359.8	-3.2%
Total	\$2,292.9	\$2,839.3	\$3,321.8	\$2,749.1	\$11,203.0	100.0%

Note 1: Consistent with past practice Sunwater has transferred (out of the Mareeba Supply service) a portion of revenue associated with the Barron Falls Hydroelectric Power Station.

Note 2: The QCA fee is apportioned to each scheme on the basis of irrigation entitlements.

Table 19 – Mareeba Distribution – Forecast revenue requirement (inclusive of revenue adjustments) (\$'000s)

Building block	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
Price path related expenditure						
Opex	\$8,301.6	\$8,501.8	\$8,684.3	\$8,857.1	\$34,344.8	93.0%
Renewals opex	\$272.5	\$657.5	\$2,436.3	\$1,009.8	\$4,376.1	11.8%
Capital returns	\$21.1	\$63.7	\$95.4	\$116.5	\$296.8	0.8%
Tax allowance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Sub-total	\$8,595.1	\$9,223.1	\$11,216.0	\$9,983.4	\$39,017.6	105.6%
Revenue adjustments						
Revenue transfer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Revenue offsets	-\$629.4	-\$647.4	-\$665.2	-\$681.8	-\$2,623.8	-7.1%
Insurance review	\$130.3	\$134.1	\$137.7	\$141.2	\$543.3	1.5%
QCA fee ¹	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Sub-total	-\$499.0	-\$513.3	-\$527.4	-\$540.6	-\$2,080.4	-5.6%
Total	\$8,096.1	\$8,709.7	\$10,688.6	\$9,442.8	\$36,937.2	100.0%
Returned annuity balance	-\$3,375.6	-\$3,472.4	-\$3,567.9	-\$3,657.1	-\$14,073.0	-38.1%
Total (net of returns)	\$4,720.5	\$5,237.3	\$7,120.7	\$5,785.7	\$22,864.2	

Note 1: The QCA fee is apportioned to each scheme on the basis of irrigation entitlements.

The following tables show recommended irrigation prices (by tariff group) for the price path period for both the RAB and annuity cost recovery methodologies. They also show the difference between the two to highlight the impact of the change on irrigators.

Mareeba Supply

Recommended prices for the River Tinaroo / Barron tariff group are shown in **Table 20**.

Mareeba Distribution

Recommended prices for the various distribution service tariff groups are shown below:

- River Supplemented Streams and Walsh River – **Table 21**
- Mareeba-Dimbulah – outside a relift – **Table 22**
- Mareeba-Dimbulah – Channel Relift – **Table 23** *inclusive* of electricity.

The Channel Relift group pays for electricity and is eligible for the Part E and Part F tariffs proposed under an electricity cost pass-through mechanism.

Table 20 - Comparison of recommended prices – River Tinaroo / Barron tariff group

Charge	Methodology	2025-26	2026-27	2027-28	2028-29
Part A (\$/ML)	Proposed (RAB)	\$6.43	\$6.61	\$6.79	\$6.98
	Annuity	\$7.30	\$7.50	\$7.71	\$7.92
	Difference	-\$0.87	-\$0.89	-\$0.92	-\$0.94
Part B (\$/ML)	Proposed (RAB)	\$0.60	\$0.62	\$0.64	\$0.65
	Annuity	\$0.60	\$0.62	\$0.64	\$0.65
	Difference	+\$0.00	+\$0.00	+\$0.00	+\$0.00

Table 21 - Comparison of recommended prices – River Supplemented Streams and Walsh River tariff group

Charge	Methodology	2025-26	2026-27	2027-28	2028-29
Part A (\$/ML)	Proposed (RAB)	\$6.43	\$6.61	\$6.79	\$6.98
	Annuity	\$7.30	\$7.50	\$7.71	\$7.92
	Difference	-\$0.87	-\$0.89	-\$0.92	-\$0.94
Part B (\$/ML)	Proposed (RAB)	\$0.60	\$0.62	\$0.64	\$0.65
	Annuity	\$0.60	\$0.62	\$0.64	\$0.65
	Difference	+\$0.00	+\$0.00	+\$0.00	+\$0.00
Part C (\$/ML)	Proposed (RAB)	\$20.58	\$21.15	\$21.73	\$22.33
	Annuity	\$29.21	\$32.63	\$34.24	\$35.19
	Difference	-\$8.64	-\$11.49	-\$12.50	-\$12.85
Part D (\$/ML)	Proposed (RAB)	\$3.99	\$4.63	\$4.75	\$4.89
	Annuity	\$3.99	\$4.10	\$4.75	\$4.89
	Difference	+\$0.00	+\$0.52	+\$0.00	+\$0.00

Table 22 – Comparison of recommended prices – Mareeba-Dimbulah - outside a relief

Charge	Methodology	2025-26	2026-27	2027-28	2028-29
<i>Part A and Part B charges are common to all tiers</i>					
Part A (\$/ML)	Proposed (RAB)	\$6.43	\$6.61	\$6.79	\$6.98
	Annuity	\$7.30	\$7.50	\$7.71	\$7.92
	Difference	-\$0.87	-\$0.89	-\$0.92	-\$0.94
Part B (\$/ML)	Proposed (RAB)	\$0.60	\$0.62	\$0.64	\$0.65
	Annuity	\$0.60	\$0.62	\$0.64	\$0.65
	Difference	+\$0.00	+\$0.00	+\$0.00	+\$0.00
<i>Tier 1 – up to 100ML</i>					
Part C (\$/ML)	Proposed (RAB)	\$47.33	\$48.75	\$50.21	\$51.71
	Annuity	\$60.53	\$64.82	\$69.29	\$73.97
	Difference	-\$13.20	-\$16.07	-\$19.08	-\$22.26
Part D (\$/ML)	Proposed (RAB)	\$6.58	\$7.71	\$7.92	\$8.14
	Annuity	\$6.58	\$6.76	\$6.95	\$7.14
	Difference	+\$0.00	+\$0.95	+\$0.97	+\$1.00
<i>Tier 2 – 100ML to 500ML</i>					
Part C (\$/ML)	Proposed (RAB)	\$42.15	\$43.43	\$44.74	\$46.09
	Annuity	\$53.53	\$57.62	\$61.90	\$66.37
	Difference	-\$11.38	-\$14.19	-\$17.16	-\$20.28
Part D (\$/ML)	Proposed (RAB)	\$6.58	\$7.71	\$7.92	\$8.14
	Annuity	\$6.58	\$6.76	\$6.95	\$7.14
	Difference	+\$0.00	+\$0.95	+\$0.97	+\$1.00
<i>Tier 3 – over 500ML</i>					
Part C (\$/ML)	Proposed (RAB)	\$33.52	\$34.56	\$35.62	\$36.72
	Annuity	\$41.86	\$45.62	\$49.57	\$53.70
	Difference	-\$8.34	-\$11.07	-\$13.95	-\$16.98
Part D (\$/ML)	Proposed (RAB)	\$6.58	\$7.71	\$7.92	\$8.14
	Annuity	\$6.58	\$6.76	\$6.95	\$7.14
	Difference	+\$0.00	+\$0.95	+\$0.97	+\$1.00

Table 23 - Comparison of recommended prices – Mareeba-Dimbulah – Channel Relift tariff group

Charge	Methodology	2025-26	2026-27	2027-28	2028-29
Part A (\$/ML)	Proposed (RAB)	\$6.43	\$6.61	\$6.79	\$6.98
	Annuity	\$7.30	\$7.50	\$7.71	\$7.92
	Difference	-\$0.87	-\$0.89	-\$0.92	-\$0.94
Part B (\$/ML)	Proposed (RAB)	\$0.60	\$0.62	\$0.64	\$0.65
	Annuity	\$0.60	\$0.62	\$0.64	\$0.65
	Difference	+\$0.00	+\$0.00	+\$0.00	+\$0.00
Part C (\$/ML)	Proposed (RAB)	\$42.66	\$43.84	\$45.06	\$46.31
	Annuity	\$53.74	\$57.83	\$62.12	\$66.60
	Difference	-\$11.07	-\$13.99	-\$17.06	-\$20.29
Part D (\$/ML)	Proposed (RAB)	\$108.82	\$114.44	\$120.29	\$126.38
	Annuity	\$96.88	\$99.56	\$102.31	\$105.15
	Difference	+\$11.94	+\$14.88	+\$17.98	+\$21.23