



# **St George Water Supply Scheme**

Scheme Summary

Friday 10 November 2023

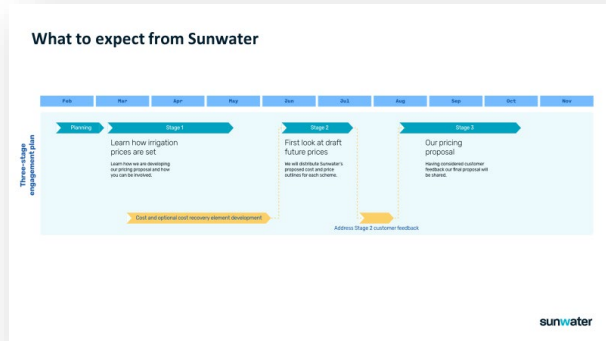
# First Nations Commitment Statement

Sunwater acknowledges Aboriginal and Torres Strait Islander peoples as the first peoples of this country and Traditional Owners and Custodians of the land and water we rely on. We respect and value their continued sacred connection to Country, including the diverse, rich traditions, languages and customs that are the longest living in the world. We acknowledge their resilience in the face of significant and ongoing historical, cultural and political change within Australia. We recognise and value the importance of truth-telling today, and our role to listen and learn. Our vision for reconciliation is that we are a nation of unity and fairness for all; a nation that owns its history and acknowledges its First Nations peoples, their strength and their living culture.

Our goal is to work together to realise mutual benefits with First Nations peoples through authentic relationships and respect for cultural value; fostering a sense of belonging and pride in our people, community, customers and stakeholders. We can learn so much from Traditional Custodians who have cared for Country for thousands of years in the way we sustainably manage water and land. Going beyond compliance and embedding reconciliation into core business practices and decision making brings to life our purpose of Delivering Water for Prosperity through Valuing People, Working Together and Taking Responsibility.

This commitment has been endorsed by our Board and Executive Leadership team and reflects what our people, communities, and Shareholders expect of us. Aligned with our Code of Conduct, which describes how we work together no matter our role or where we are located, this commitment statement will be enabled through an Aboriginal and Torres Strait Islander recognition, engagement and participation strategy.

# Agenda for today



We told you we would deliver 3 stages of engagement

This is Stage 3 and today will go over:

Process

How we got to this point, where to next

Opex

Review outcomes, final forecast

Renewals

Feedback

What customers have told us, how we have responded

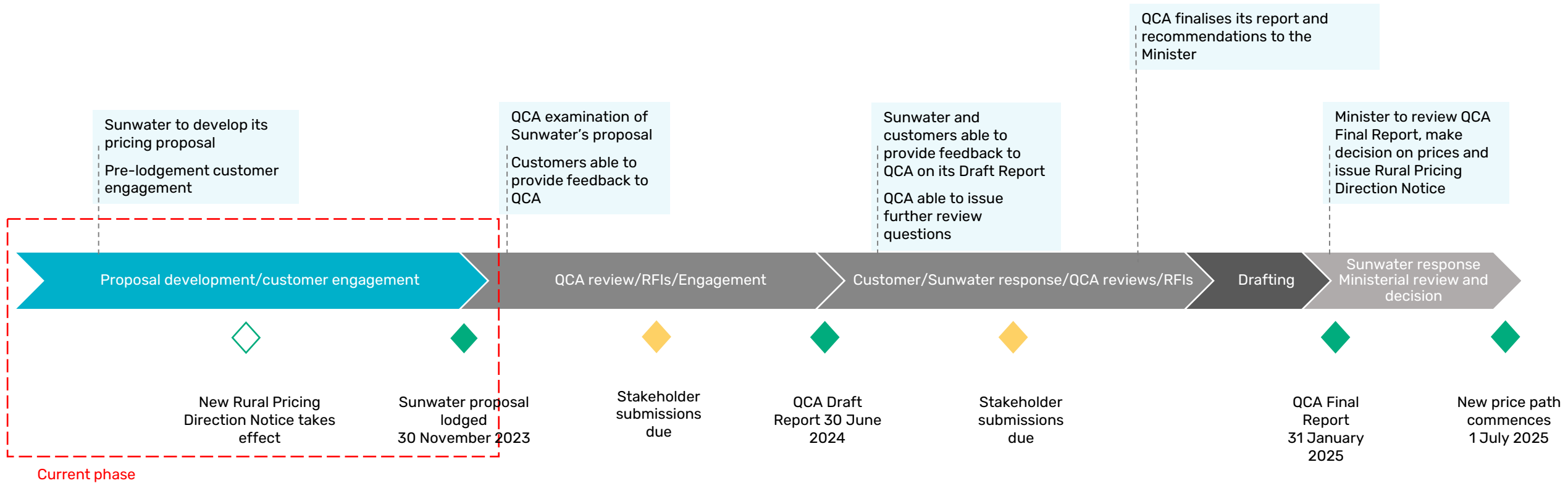
Proposal

Sunwater's final proposal

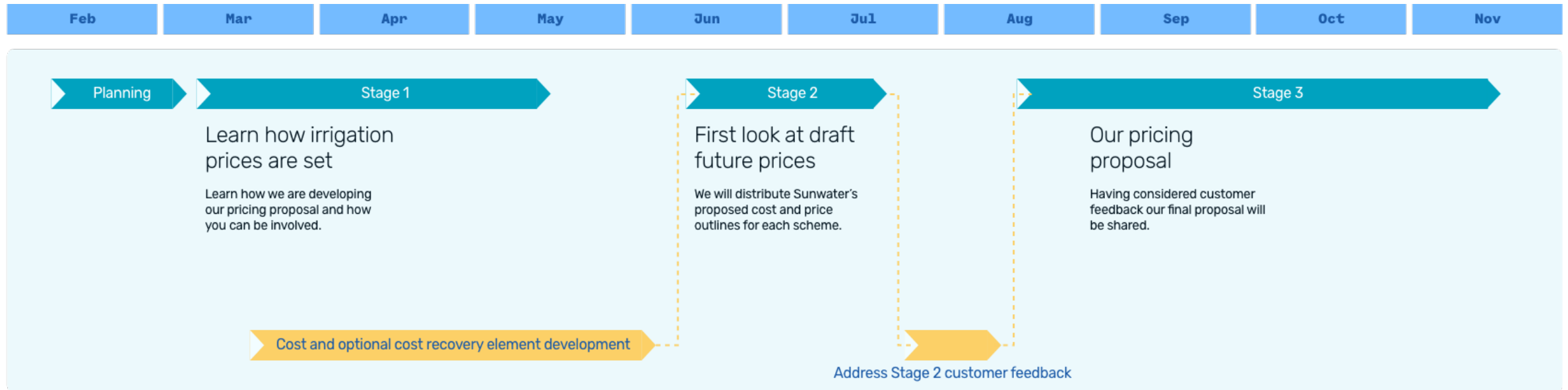
Prices

Cost reflective and recommended

# Recap – Timeline to 1 July 2025



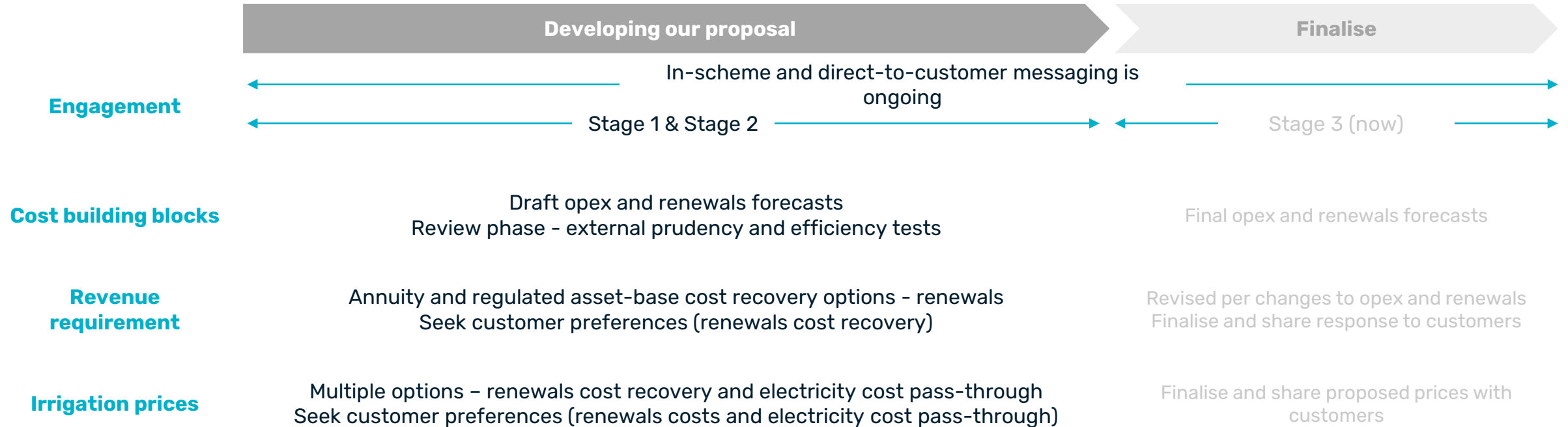
# Customer engagement



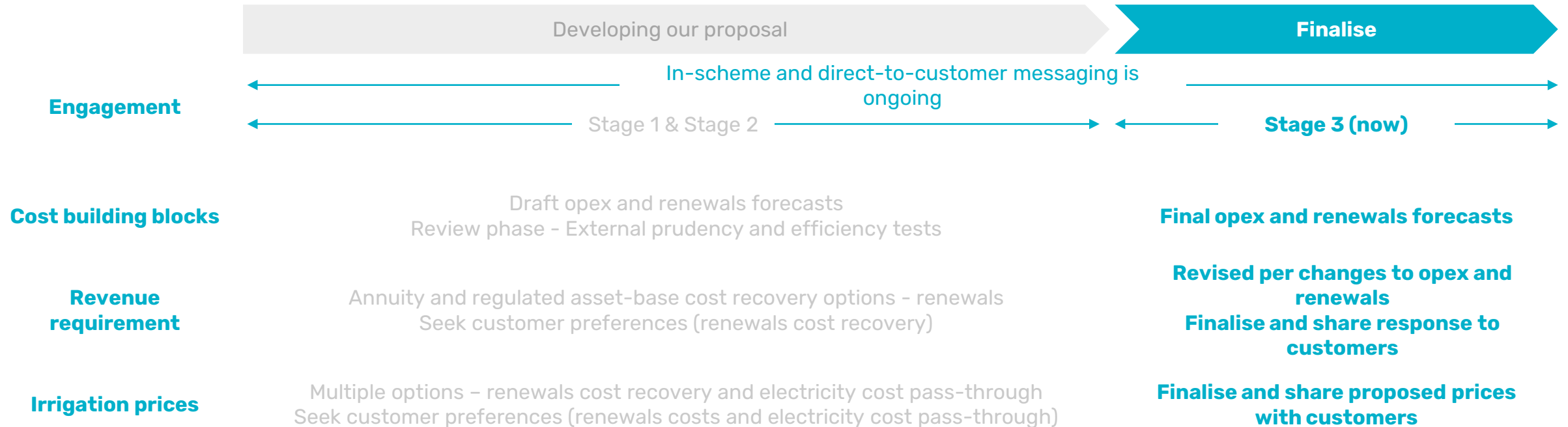
## Customer feedback

What customers requested:	What we did:
<ul style="list-style-type: none"> <li>Further information about how other businesses have benefited from the RAB, the expenditure "true-up" mechanism under a RAB and under-forecasting</li> </ul>	<ul style="list-style-type: none"> <li>✓ Sunwater wrote to those who attended the Stage 2 customer meeting to elaborate further on these topics</li> </ul>
<ul style="list-style-type: none"> <li>more detailed information on scheme-specific costs including specific details on renewals expenditure</li> </ul>	<ul style="list-style-type: none"> <li>✓ Our Stage 3 engagement materials include details on scheme specific opex costs and renewals projects</li> </ul>

# Our customers have helped shape our proposal

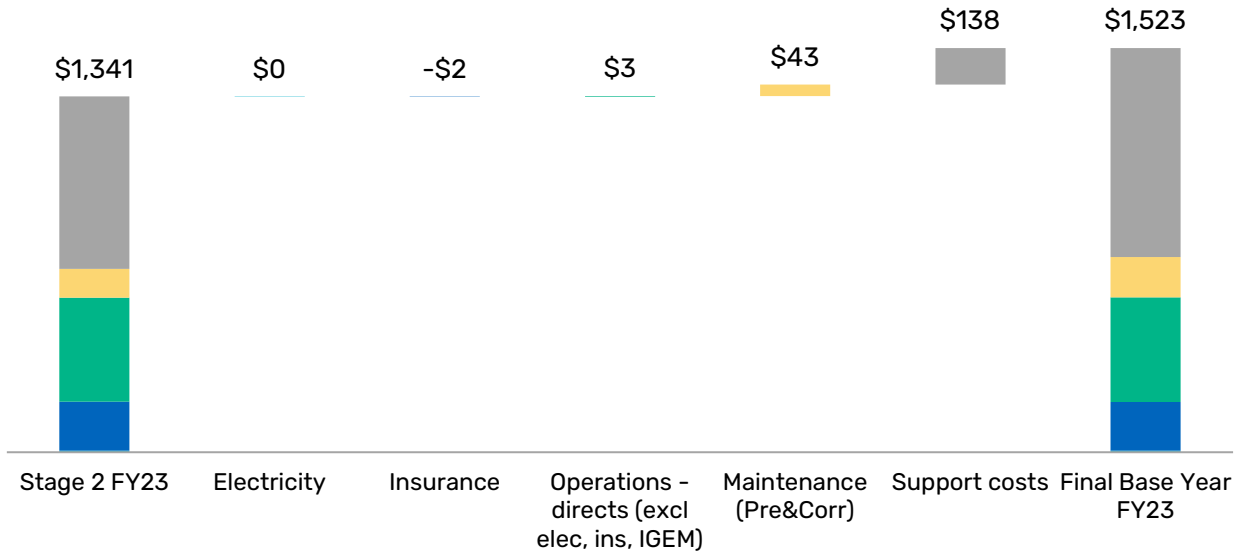


# Our customers have helped shape our proposal – now it's ready to finalise



# Opex base-year and how it changed from Stage 2

Derivation of opex base year - from Stage 2 to Stage 3 engagement ('000s)



These numbers take the base year and add

- Billing system renewal opex allowance (\$59k per annum)
- Inflation forecasts

## Change

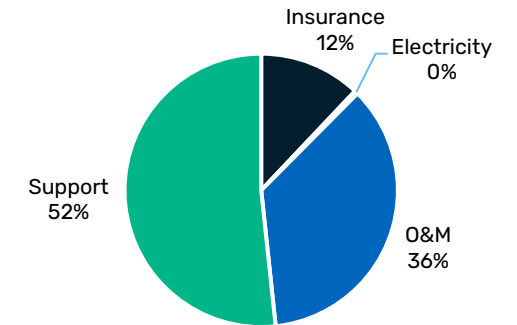
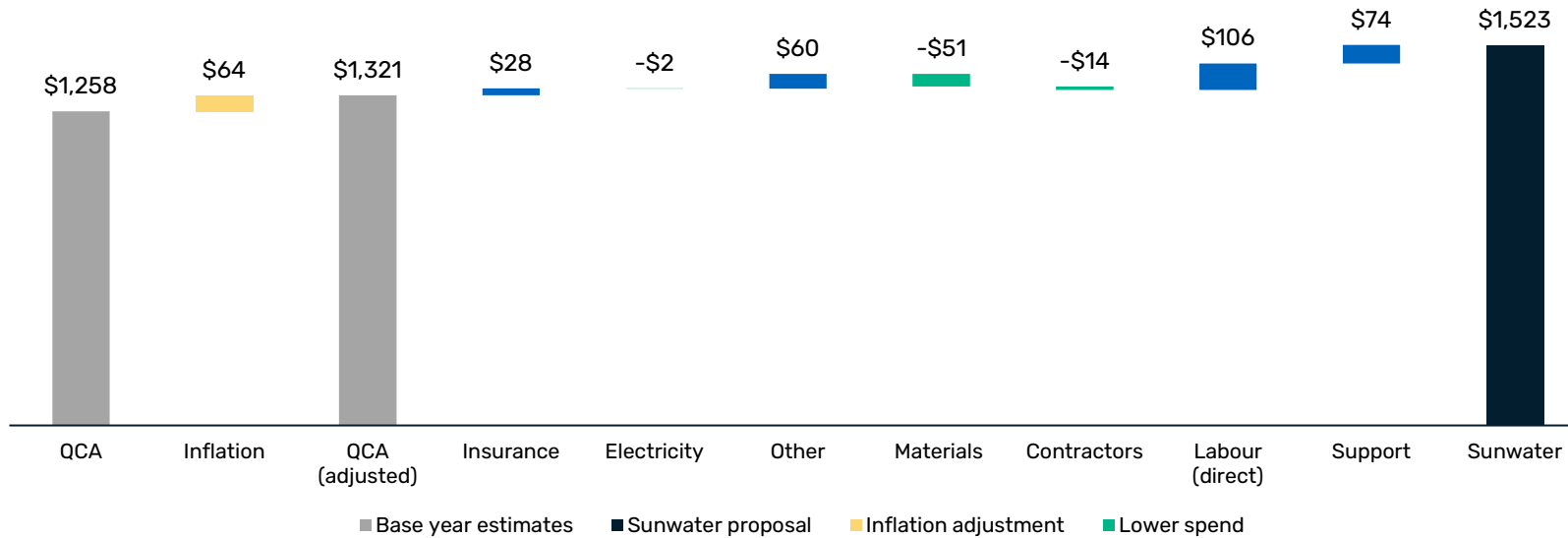
	Electricity	Insurance	Operations - directs (excl elec, ins, IGEM)	Maintenance (Pre&Corr)	Support costs	Total
EOFY	+0	-2	+23	+13	+138	+173
Pricing	+0	+0	-20	+30	+0	+10
<b>Total</b>	<b>+0</b>	<b>-2</b>	<b>+3</b>	<b>+43</b>	<b>+138</b>	<b>+183</b>

Cost categories	2025-26	2026-27	2027-28	2028-29
Insurance	\$249.9	\$255.8	\$261.6	\$266.8
Electricity	\$7.9	\$8.1	\$8.3	\$8.5
Ops & Maint	\$597.6	\$612.0	\$624.9	\$637.3
Support costs	\$920.6	\$939.4	\$959.6	\$979.0
<b>Opex total</b>	<b>\$1,776.1</b>	<b>\$1,815.4</b>	<b>\$1,854.4</b>	<b>\$1,891.6</b>



# Base year comparison with QCA

Drivers of difference by cost category (after inflation effects) (\$'000s)



Base year broken into major spend categories

# Renewals expenditure - Current pricing period

## Current pricing period expenditure and renewals 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		-\$2,750.2	-\$5,342.9	-\$5,517.8	-\$5,879.6	-\$6,013.4	-\$6,233.3	
Expenditure		-\$3,180.0	-\$761.7	-\$946.0	-\$754.0	-\$844.5	-\$995.0	
Insurance proceeds								
Annuity Contribution		\$707.5	\$820.4	\$825.5	\$877.2	\$887.6	\$907.5	
Interest		-\$120.2	-\$233.6	-\$241.3	-\$257.1	-\$262.9	-\$272.5	
<b>Closing Balance</b>	<b>-\$2,750.2</b>	<b>-\$5,342.9</b>	<b>-\$5,517.8</b>	<b>-\$5,879.6</b>	<b>-\$6,013.4</b>	<b>-\$6,233.3</b>	<b>-\$6,593.3</b>	

Aggregate spend  
-\$7,481.2

1. Sunwater expects to have delivered \$7.48M in renewals activities for the 2019-20 to 2024-25 period.
2. The QCA allowance for the same period was \$5.49M.
3. St George Water Supply Scheme is forecast to have a negative annuity closing balance.
4. The opening RAB balance for the Scheme has been set at \$6.59M.

## Significant projects (by value) delivered in this period (\$'000s )

Project name	Year	Value
16BAL12 - Install a Filter Zone between Thuraggi Inlet and Outlet - Beardmore Dam	2016-21	\$3,468
19BAL07 Repair Concrete on Spillway, Causeway & Downstream Face - Beardmore Dam	2021-22	\$837
20BAL07 Beardmore Dam - Comprehensive Risk Assessment (CRA)	2020-23	\$703

# Renewals expenditure – Forecast

## Internal and external prudence and efficiency review

Recommended cost and timing adjustments

Identified new programs

Program	Adjustment to timing (years)	Percentage adjustment to costs
Switchboard and Control Renewal	1	13.8%
Meters	0	-1.3%
Instrumentation	0	-0.6%
Valve Renewal and Replacement	5	-7.3%
Dam-Related Works	0	-2.8%
Safety and Security Assets	0	-22.3%
Pump & Motor	0	-3.8%
Gates	6	-15.2%
SCADA	0	-38.0%
Pipeline Refurbishment / Replacement	15	-7.3%
Channel re-lining and re-shaping	0	2.0%
Civil and Roads (inlet / outlet towers)	1	-2.3%
Mechanical / Minor Works	0	0
Individual Projects	2	-6.1%

# Renewals expenditure – Forecast

## Internal and external prudence and efficiency review

Recommended cost and timing adjustments

Identified new programs

★ Most significant additions for your scheme shown on next slide

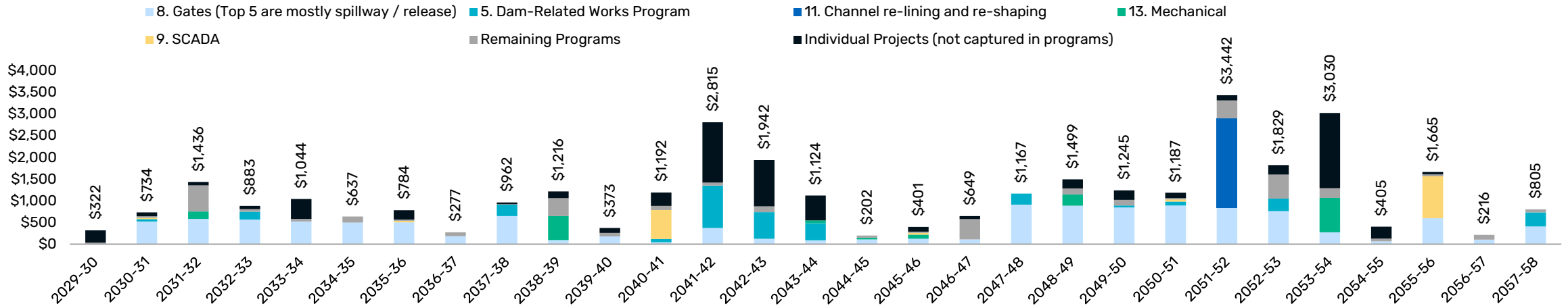
Program	Scope	Range	Recommended
Dam Instrumentation	<ul style="list-style-type: none"> <li>Inconsistencies / gaps in monitoring and management of safety instrumentation across dam sites</li> <li>A risk-based approach for the management and monitoring of instrumentation to provide early warning of the development of trends and behaviours</li> <li>Program of works covering the FY21 to FY28 period</li> </ul>	Low = \$8M High = \$35M	<b>\$18M</b> covering project definition, business case development for recommended site improvements, and construction activities associated with 10 most critical sites
Arc Flash	<ul style="list-style-type: none"> <li>Staff entering and operating facilities with switchboards are exposed to arcflash risks</li> <li>Possibility to cause serious long-term harm or death</li> <li>Review of all relevant Sunwater sites – identified 109 sites for investment to mitigate risk</li> </ul>	Low = \$4.3M High = \$50.5M	<b>\$11M</b> covering triage and installation of upstream protection devices and Arc Flash detection relays
Smart Meters	<ul style="list-style-type: none"> <li>Improved ability to manage water, compliance and safety risks via deployment of smart meters</li> </ul>	Low = \$2.1M High = \$8.4M	<b>\$4.2M</b> applying meters to gauging stations and 80% of volume in priority schemes
Dam Safety Management	<ul style="list-style-type: none"> <li>Risk management planning and ALARP activities require a range of activities including investigative studies – compliance driven</li> </ul>	Low = \$0M High = \$18.4M	<b>\$8.3M</b> covering required studies for priority dams considered to have a low likelihood of capital intervention

# Renewals expenditure – Forecast (four years RAB aligned)

Category	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
18. Dam Instrumentation Program ★	\$0.0	\$0.0	\$2,649.0	\$0.0	<b>\$2,649.0</b>	39%
9. SCADA	\$1,752.1	\$860.8	\$0.0	\$0.0	<b>\$2,612.9</b>	38%
20. Dam Safety Management Program ★	\$767.9	\$0.0	\$0.0	\$0.0	<b>\$767.9</b>	11%
17. Arc Flash Program ★	\$218.2	\$135.1	\$0.0	\$0.0	<b>\$353.3</b>	5%
5. Dam-Related Works Program	\$0.0	\$0.0	\$148.2	\$0.0	<b>\$148.2</b>	2%
Remaining programs	\$30.9	\$39.7	\$0.0	\$160.4	<b>\$231.0</b>	3%
Sub-total – programs	\$2,769.0	\$1,035.7	\$2,797.2	\$160.4	<b>\$6,762.2</b>	99%
Projects not captured in programs	\$0.0	\$0.0	\$0.0	\$47.9	<b>\$47.9</b>	1%
<b>Total</b>	<b>\$2,769.0</b>	<b>\$1,035.7</b>	<b>\$2,797.2</b>	<b>\$208.2</b>	<b>\$6,810.1</b>	<b>100%</b>
<i>Capex</i>	\$2,769.0	\$1,020.8	\$2,649.0	\$0.0	<b>\$6,438.8</b>	95%
<i>Renewals opex</i>	\$0.0	\$14.9	\$148.2	\$208.2	<b>\$371.2</b>	5%

Our review process has lowered the 4-year forecast:  
\$8M to \$6.8M (↓\$1.2M)

## Renewals expenditure - Forecast (rest of the annuity period - out to 2057-58)



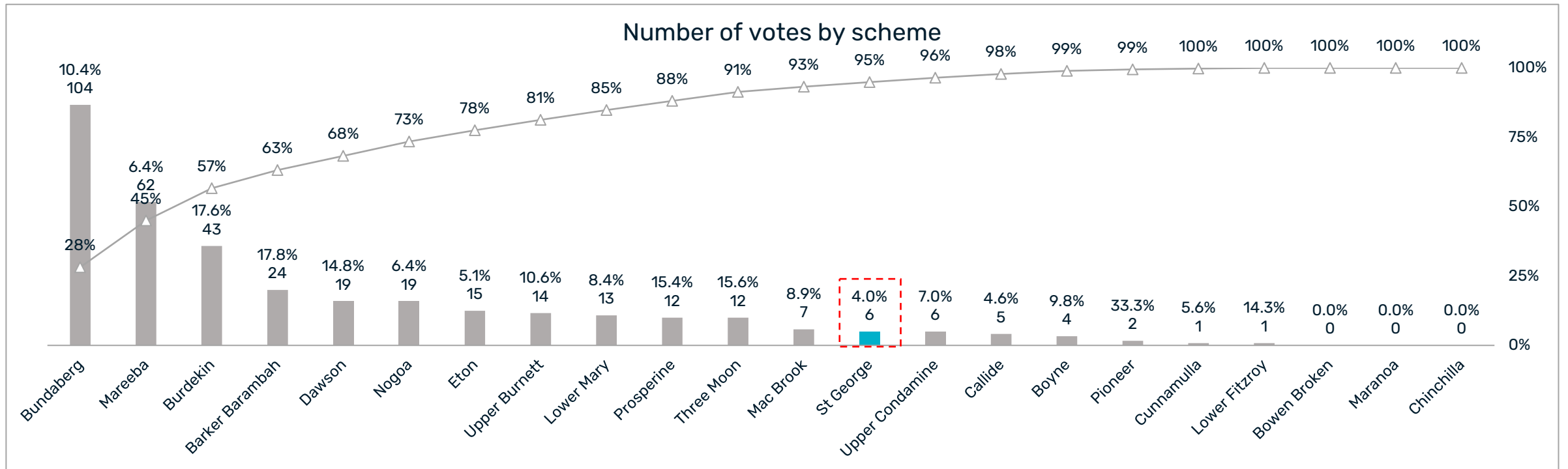
Project name	Commencement Year	Value	Percentage total
Refurbish Structure - EJ Beardmore Dam - Spillway	2031	\$5,055	15%
Refurbish Regulating Gate - Jack Taylor Weir 229.6km - Spillway	2031	\$2,966	9%
Comprehensive Risk Assessment Inspection - EJ Beardmore Dam	2028	\$1,463	4%
Refurbish 36T Gantry Crane - EJ Beardmore Dam - Spillway	2029	\$1,411	4%
Refurbish Outlet Conduit 1 (1524 X 1524) - EJ Beardmore Dam - Outlet Works	2052	\$1,031	3%
Other	Varies	\$21,555	64%
<b>Total</b>		<b>\$33,481</b>	<b>100%</b>

Projects shown in this table may include multiple instances of a planned corrective maintenance activity due to occur at intervals throughout the 2029-30 to 2057-58 period

Our review process has lowered the aggregate forecast for the 2029-30 to 2057-58 period: \$43.8M to 33.5M (↓\$10.3M)

# What customers told us – feedback process

- 4 per cent scheme response rate

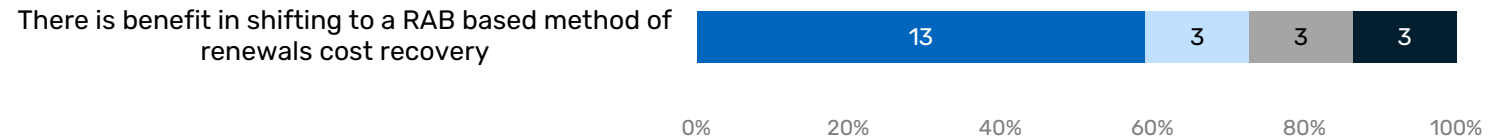


# What customers told us – RAB Proposal

- Put forward as a change to all water supply schemes
- Sunwater has included a shift to a RAB as part of its submission
- GoVote results show broad customer support

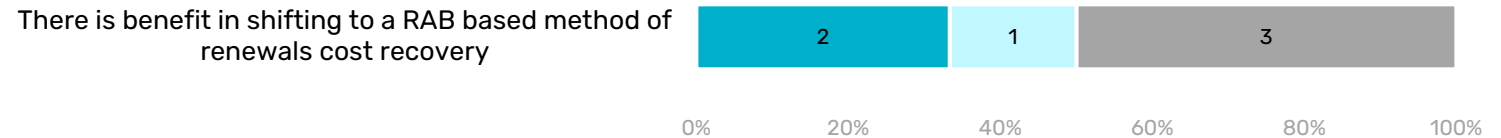
## Sentiment by scheme

■ Simple majority for ■ More for than against ■ no responses ■ Simple majority against



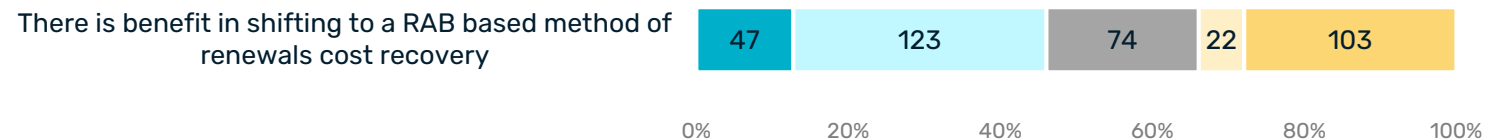
## Scheme responses

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



## All responses

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

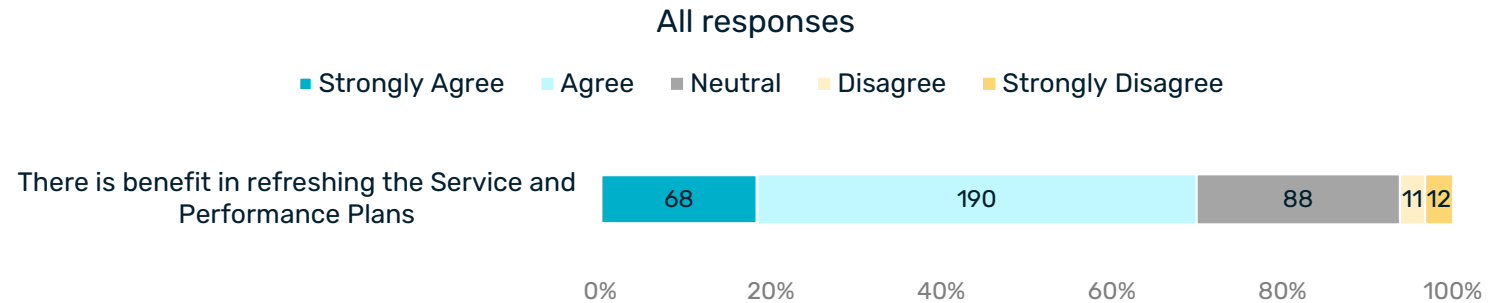




# What customers told us – Other proposals

## Service and Performance Plans (S&PPs)

- Clear customer support for a refresh of the S&PPs
- Working on publishing 2022-23 actuals in December 2023
- Sunwater welcomes feedback on the content of the refreshed S&PPs



# Sunwater's proposal for St George Water Supply Scheme

**Total 4-year scheme-level revenue requirement of \$10.3M**

**Prices that reflect a RAB methodology**

**Refreshed S&PPs**

## Forecast revenue requirement (inclusive of revenue adjustments) (\$'000s)

Numbers may not add due to rounding

Building block	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
Price path related expenditure						
Opex	\$1,776.1	\$1,815.4	\$1,854.4	\$1,891.6	\$7,337.6	70.9%
Renewals opex	\$0.0	\$14.9	\$148.2	\$208.2	\$371.2	3.6%
Capital returns	\$389.9	\$503.3	\$599.7	\$662.7	\$2,154.7	20.8%
Tax allowance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
<b>Sub-total</b>	<b>\$2,165.1</b>	<b>\$2,333.6</b>	<b>\$2,602.3</b>	<b>\$2,762.6</b>	<b>\$9,863.6</b>	<b>95.3%</b>
Revenue adjustments						
Revenue offsets	-\$2.3	-\$2.4	-\$2.5	-\$2.5	-\$9.8	-0.1%
Insurance review	\$71.5	\$73.6	\$75.6	\$77.5	\$298.1	2.9%
QCA fee <sup>1</sup>	\$46.3	\$47.6	\$48.9	\$50.3	\$193.1	1.9%
<b>Sub-total</b>	<b>\$115.5</b>	<b>\$118.7</b>	<b>\$122.0</b>	<b>\$125.2</b>	<b>\$481.5</b>	<b>4.7%</b>
<b>Total</b>	<b>\$2,280.5</b>	<b>\$2,452.3</b>	<b>\$2,724.4</b>	<b>\$2,887.8</b>	<b>\$10,345.0</b>	<b>100.0%</b>

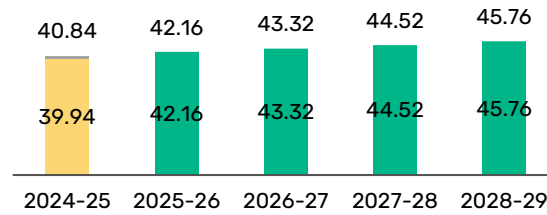
Note 1: The QCA fee is apportioned to each scheme on the basis of irrigation entitlements.

# Prices

St George

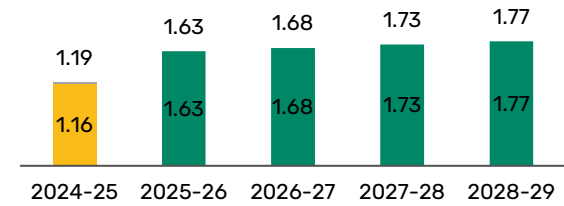
**PO Change**  
-22.5%

**Part A - High Priority (\$/ML)**



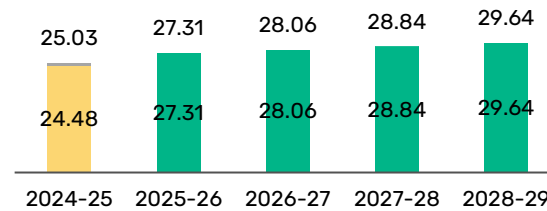
**PO Change**  
-16%

**Part B (\$/ML)**



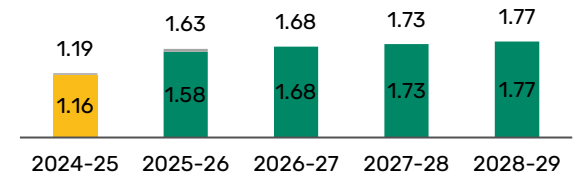
**PO Change**  
-24.7%

**Part A - Medium Priority (\$/ML)**

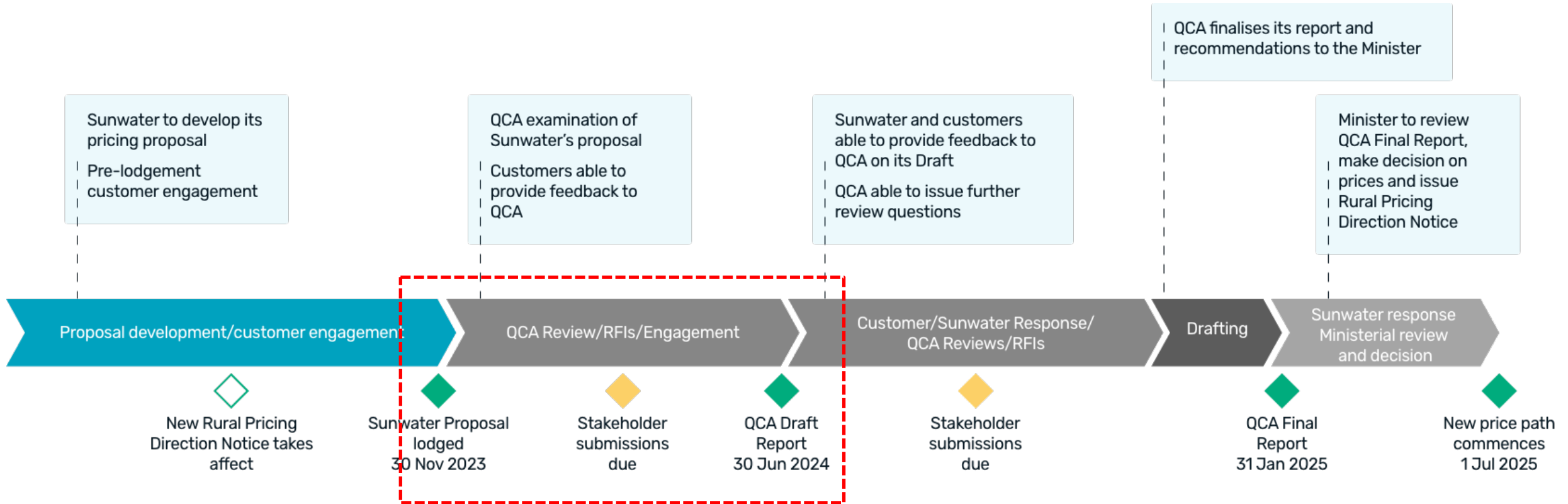


**PO Change**  
-16%

**Part B (\$/ML)**



# Recap and next steps



You will also have the opportunity to provide comment / feedback to QCA

**Delivering water** for prosperity