sunwater

Service and Performance Plan 2024

Boyne River and Tarong

Bulk Water Service Contract

13 November 2024

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This Service and Performance Plan has been prepared by Sunwater to provide indicative information to its customers for the purpose of consultation. It contains estimates and forecasts which are based on 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 to make 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

Most customers in this scheme are irrigators who grow a range of different crops including pecans, grain fodder crops and blueberries. The Boondooma to Tarong Pipeline also provides water to the Tarong Power Station and the towns of Kingaroy and Wondai.

Our irrigation charges

Table 1 Irrigation charges for 2024-25[1]

Charges by tariff group 2024-25							
Boyne River		Irrigation charge[2]		Cost-reflective charge[3]		Δ to cost-reflective	
Fixed charges							
Boyne River and Tarong	Part A	16.19	$/ML	19.05	$/ML	2.86	$/ML
Variable charge							
Boyne River and Tarong	Part B	1.82	$/ML	2.14	$/ML	0.32	$/ML

1. *Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.*
2. *The cost-reflective prices are based on the previous year's prices set by the Queensland Competition Authority (QCA), escalated by 2.24 per cent, the average inflation rate forecast set by QCA in 2020.*

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	**2023-24**	1002.4	1354.6	35.1%	▲
Forecast[1]	**2024-25**	1024.8	1344.2	31.2%	▲

1. *The 2024-25 operating expenditure forecast is based on the 2023-24 allowance escalated by the 2.24 per cent inflation rate set by QCA in 2020.*

Expenditure funded by the annuity

		QCA $'000	Sunwater $'000	Δ to QCA	
Actual	**2023-24**	183.1	497.5	171.7%	▲
Forecast	**2024-25**	384.1	307.9	-19.8%	▼
Actual + Forecast	**∑ Price path[1]**	799.8	2329.6	191.3%	▲

1. *The original four-year price path period has been extended by an additional year. The updated price path summary differs from the previous S&PP's summary in that it now summarises five years.*

▲	△	⧫	▽	▼
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		
2022-23	25,868	ML	1929	ML	
2023-24	31,703	ML	3094	ML	
	22.6%	▲	60.4%	▲	*Year-on-year change by group*

▲	⧫	▼
5%	0%	-5%

Service targets	Exceedances	Notes
2022-23	0	Unplanned shutdowns (duration) and maximum number of interruptions were not met.
2023-24	0	

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 2023-24.

The purpose of this year's S&PP for Boyne River and Tarong is to:

- examine Sunwater's performance in 2023-24 against cost allowances and service targets
- present Sunwater's projected costs for 2024-25 and 2025-26
- consult with customers on forecast operating and annuity-funded costs for 2024-25 and the forward program of works.

Input from customers is a valuable part of Sunwater's planning process and ensures that it invests in areas that support the services provided to customers.

Sunwater engages with its customers both formally and informally throughout the year and customer feedback is a valuable part of its 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.

Sunwater welcomes and encourages your feedback on this S&PP. To have your say, please contact Sunwater via email or post:

Email: sppfeedback@sunwater.com.au
Post: S&PP Feedback
PO Box 15536
City East Qld 4002

All financial figures reported in this document are in nominal dollars i.e. dollars of the day. Figures may not sum due to rounding.

Irrigation Prices Review 2025

In March 2023, the Queensland Government directed QCA to undertake a review of Sunwater's irrigation prices. The purpose of this review is for QCA to recommend irrigation prices to apply from 1 July 2025 to 30 June 2029.

Sunwater submitted its irrigation pricing proposal to QCA on 30 November 2023.

QCA will publish its final report and recommended prices in February 2025.

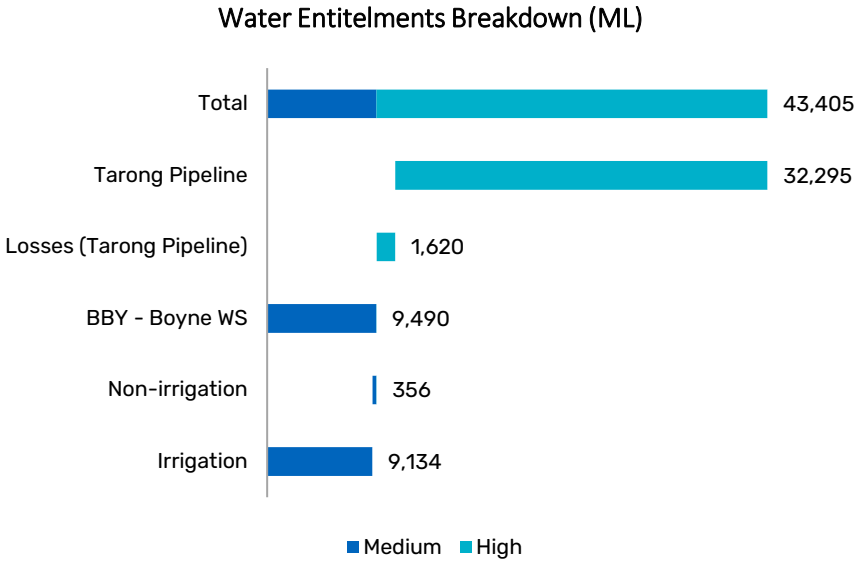
The information that Sunwater has submitted to QCA as part of the irrigation pricing review is available at: www.sunwater.com.au/projects/price-path/

Delivering services to our customers

Entitlements

The water allocations for each customer segment are shown below.

Figure 1 - Water access entitlements (as at 30 June 2024)[1]

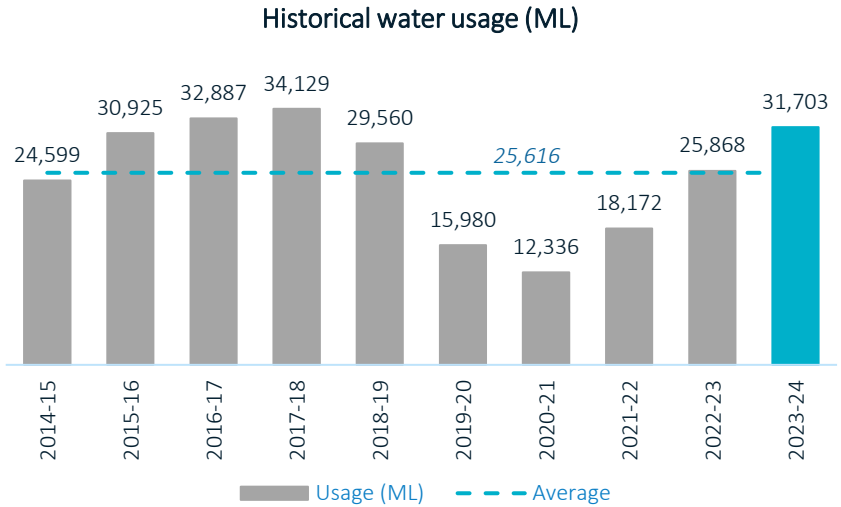


1. Includes Tarong Pipeline.

Irrigation charges

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

Figure 2 Historical water usage for the past 10 years



- Usage in 2023-24 was above the level of the 10-year average of 25,616 ML.
- Part B prices for the current period were set using a 20-year average of 24,202 ML.

Service targets

Sunwater and customers have agreed water supply arrangements and service targets for the Boyne River and Tarong Bulk Water System.

Table 2 sets out Sunwater's recent performance against selected service targets for this scheme.

Table 2 Scheme service targets and performance

Service target		Target	Number of exceptions		
			2021-22	2022-23	2023-24
Planned shutdowns – notification	For shutdowns planned to exceed two weeks	8 weeks	0	0	0
	For shutdowns planned to exceed three days	2 weeks	0	0	0
	For shutdowns planned to be less than three 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	Planned or unplanned interruptions per water year	6	0	0	0

Sunwater has also company-wide customer interactions service targets. Performance in 2023-24 against these targets is shown in Table 3.

Table 3 Customer interactions service targets and performance

Service target	Target	2023-24
Telephone answering[1]	80.00%	83.00%
Requests actioned within Service Level Agreement (SLA) timeframes[2]	> 95.00%	96.97%

1. *The percentage of 13 15 89 calls answered within 60 seconds.*
2. *The percentage of email or workflow requests (such as property transfers and temporary transfers) to the Customer Support team that are completed within agreed SLAs. SLA timeframes range between two and 10 business days, depending on the request.*

Key infrastructure

Boondooma Dam is the key infrastructure used to deliver bulk water services to customers in the Boyne River and Tarong Bulk Water System. It consists of two rock-fill concrete-faced embankment sections, with a spillway cut through rock in the left bank. The total storage capacity is 204,200 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 the Boyne River and Tarong Bulk Water Service.

Our performance in 2023-24

In 2023-24, operating costs were higher than QCA's recommended cost target.

Outlook for 2024-25

The Boyne River and Tarong Bulk Water Service Contract's total operations budget in 2024-25 is 31.2 per cent above 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 focus in 2024-25 is on performing operation and maintenance activities to a standard that ensures the scheme's reliability and functionality for delivering water to customers within agreed service standards, while also meeting current asset maintenance standards and compliance obligations.

Table 4 Operating expenditure[1,2]

Operations and maintenance costs - by sub-category

	2023-24 actuals $'000				2024-25 forecast $'000			
	QCA	Sunwater[3]	Δ to QCA		QCA[4]	Sunwater[3]	Δ to QCA	
Insurance	405.0	510.8	26.1%	▲	414.0	563.0	36.0%	▲
Electricity	0.0	2.5	0.0%	◆	0.0	3.0	0.0%	◆
Operations & maintenance	254.1	369.0	45.2%	▲	259.8	349.5	34.5%	▲
Support costs	343.3	472.3	37.6%	▲	351.0	428.7	22.1%	▲
Total opex	1002.4	1354.6	35.1%	▲	1024.8	1344.2	31.2%	▲

▲	△	◆	▽	▼
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 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 2023-24 actual expenditure figures presented in this table are pre-adjustment and will differ from its Irrigation Pricing Proposal and engagement materials. Sunwater's 2024-25 figures align with its pricing submission; these figures may differ from the budget.*
4. *QCA's 2024-25 allowance is based on the previous year's allowance, escalated by 2.24 per cent, the inflation rate set by QCA in 2020.*

Cost of delivering services—Annuity and non-annuity funded expenditure

Renewals discussion

Sunwater recovers expenditure required to renew its assets i.e. maintain the current level of service an asset provides, via a renewals annuity. The annuity treats all renewals related expenditure as an expense i.e. not capital and amortises a multiyear 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.

QCA and Sunwater closing balances differ due to differences in the expenditure profile allowed by QCA in its 2020-24 final recommendations and actual expenditure incurred by Sunwater in 2023-24 and what it expects to spend in 2024-25.

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 2023-24

Performance against the QCA target

Sunwater updates its program of works based on its 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 QCA. At a project level, cost variances may also occur due to changes in the scope of work and cost inputs.

Project level cost variances

Table 6 provides a comparison of the annuity-funded projects planned for 2023-24 and the actual projects undertaken, together with justification for the variances.

Outlook

Details of the major annuity-funded projects planned for 2024-25 and 2025-26 are set out in Table 7.

Table 5 Annuity and non-annuity funded expenditure including roll-forward[1]

Annuity-funded expenditure (and roll-forward)		2023-24 actuals $'000				2024-25 forecast $'000			
		QCA[2]		Sunwater[3]	Δ to QCA	QCA[2]		Sunwater[3]	Δ to QCA
Opening balance	*O*	(45,130.7)	→	(17,218.6)	-61.8% ▼	(44,814.0)	→	(15,995.9)	-64.3% ▼
Annuity-funded expenditure	***E***	(183.1)	→	(497.5)	**171.7%** ▲	(384.1)	→	(307.9)	-19.8% ▼
Annuity revenue[4]	*R*	2473.0)	→	2473.0	0.0% ◆▶	2528.4	→	2528.4	0.0% ◆▶
Interest	*I*	(1973.2)	→	(752.8)	-61.8% ▼	(1959.4)	→	(699.4)	-64.3% ▼
Closing balance	*C*	(44,814.0)	→	(15,995.9)	-64.3% ▼	(44,629.0)	→	(14,474.8)	-67.6% ▼
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	-
Dividend reinvestment		-		0.0	-	-		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 QCA's 2020–2024 irrigation price investigation final recommendations.*
3. *Sunwater's 2023-24 actual expenditure and the forecast presented in this table are pre-adjustments and will differ from its Irrigation Pricing Proposal and engagement material.*
4. *The annuity contribution is included in the prices paid by bulk water and distribution customers. From 2020-21 to 2024-25, the annuity contribution is based on QCA's irrigation price investigation 2020–2024 final recommendations.*

Comparison of forecast and actual annuity-funded projects for 2023-24

The below table sets out the major annuity-funded projects planned for Boyne River and Tarong in 2023-24[1] and the actual projects undertaken.

Table 6 Budget vs actual annuity-funded expenditure for 2023-24

Facility	Activity description	Budget $'000	Actual $'000	Commentary
Boondooma Dam	Study – hazard identification hydrographic survey using bathymetric and Lidar.	-	20	This work carried over from the previous year.
Boondooma Dam	Study – options study to eliminate dissimilar metal risk at Boondooma Dam valve house.	-	34	This work was an unplanned engineering activity required to inform future scope of asset works.
Boyne Supply	Replace – meters based on known asset condition and age.	71	50	Fewer meters were replaced than planned.
Boondooma Dam	Study - five-yearly comprehensive inspection at Boondooma Dam.	168	165	This project was completed within budget.
Boondooma Dam	Study – level 2 bridge assessment of Boondooma Dam intake tower bridge.	51	13	An alternative inspection methodology was used, resulting in a significant saving for this inspection.
Boondooma Dam	Replace – obsolete relay and resolve outstanding operation defects.	34	52	Scope added to undertake additional work.
Boondooma Dam	Refurbish – remediate scour holes at the interface between the unlined spillway channel and right and left bank walls.	57	89	The extent of the scour had increased since the budget was set, requiring more materials and labour to repair.
Boyne Supply	Arc flash program.	-	32	Budget set at the regional level.
Boondooma Dam	Install – modified central floor grating and grating over the trash screen slots in the Boondooma Dam Intake Tower	-	41	The remainder of the 2022-23 project carried over to the start of 2023-24.
2023-24 total		**382**	**497**	

[1] *Based on information extracted from Sunwater's systems in August 2024.*

Annuity-funded projects for 2024-25 and 2025-26

The below table sets out Sunwater's currently planned annuity-funded projects for this scheme for 2024-25 and 2025-26[2] . 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 Sunwater's pricing submission.

Table 7 Forecast annuity-funded projects planned for 2024-25 and 2025-26.

Year	Facility	Activity description	Forecast $'000
2024-25	Boondooma Dam	Arc flash program.	41
	Scheme	Replace – customer meters based on known asset condition and age.	73
	Scheme	Study – 'as low as reasonably practical' (ALARP) investigation.	137
	Boondooma Dam	Study – comprehensive risk assessment to revise spillway capacity and understand the discharge capacity of the dam.	57
	2024-25 total		**308**
2025-26	Scheme	Arc flash program.	107
	Offtakes of Boyne River	Replace – meter program based on known asset condition and age.	68
	Scheme	Replace – gauging equipment based on known asset condition and age.	41
	Boondooma Dam	Asset revaluation.	17
	2025-26 total		**233**

[2] *The project forecasts provided in this table align with Sunwater's pricing submission. It is important to acknowledge that these projects are inherently dynamic and susceptible to changes influenced by various factors.*