



Final Service and Performance Plan

2021/22

Chinchilla Weir Bulk Water Service Contract


27 July 2021

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At a glance

Our performance in 2019/20


 **Operating costs:**
\$0.09 million (22.2% less than forecast)

In 2019/20, operations and preventative maintenance costs were lower than forecast. Corrective maintenance costs were higher, due to costs associated with customer meter maintenance (replacing controller cards) and repairs to pressure relief holes in the weir.

 **Annuity-funded costs:**
\$0.36 million (14.9% less than forecast)

Key drivers of cost variance:

- no meters required replacement
- part of the works to replace the gate valve on the right conduit was deferred to 2020/21
- the scheme’s contingency amount was not used.


 **Total water deliveries:**
2759 ML

Water delivered to irrigators: 2219 ML

 **Service targets: Met**


No exceptions

Outlook for 2021/22

 **Forecast operating costs:**
\$0.16 million

Significant areas of expenditure:

- insurance (\$0.03 million)
- operations (\$0.09 million)
- preventative maintenance (\$0.03 million).

 **Forecast annuity-funded costs:**
\$0.06 million

Sunwater plans to undertake a comprehensive inspection of Chinchilla Weir and replace customer meters, as required, during the year.

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 compares Sunwater’s actual costs for 2019/20 with our previous forecasts for this scheme.

The purpose of this year’s S&PP for the Chinchilla Weir Bulk Water Service Contract is to:

- present to customers Sunwater’s projected costs¹ for the upcoming five-year period, i.e. 2021/22 to 2025/26
- consult with our customers on forecast operating and annuity-funded costs for 2021/22 and the forward program of works
- examine Sunwater’s performance in 2019/20 against previous forecasts and service targets.

Our focus during 2021/22 will be on ensuring operations activities are implemented safely, timely and efficiently. We will be continuing to replace customer meters on an as needs basis to ensure our customers have accurate water metering in place. A comprehensive inspection of Chinchilla Weir will also be carried out to inform our future maintenance program.

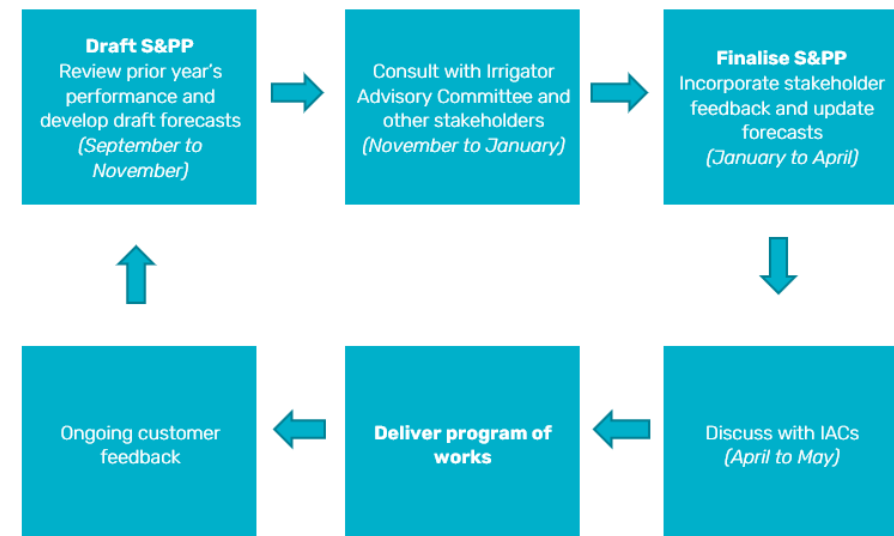
In addition to this S&PP, Sunwater has published an information sheet which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The information sheet is available at:

www.sunwater.com.au/customer/products-and-services/service-and-performance-plans/

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.

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. Figure 1 outlines how Sunwater and customers work together in relation to S&PPs.

Figure 1: Customer consultation and S&PPs



We welcome and encourage your feedback on this S&PP. To have your say and shape future S&PPs, 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

At Sunwater we are committed to working collaboratively with our customers to deliver value and fit-for-purpose water solutions.

Our customers

The majority of the 28 customers in this scheme are irrigators who grow cereal and cotton, as well as pasture and fodder crops. Water is also supplied to the town of Chinchilla.

The water allocations for each customer segment are included in Table 1, together with water deliveries in 2019/20. Historical total water usage is available in **Appendix 1**.

Table 1: Water allocations and usage data

Customer segment	Total water allocations (ML)	High priority water allocations (ML)	Medium priority water allocations (ML)	Total water deliveries 2019/20 (ML)
Irrigation	2533	0	2533	2219
Industrial	350	0	350	3
Urban	1160	1160	0	538
Sunwater	6	5	1	0
Total	4049	1165	2884	2759

Irrigation charges

The 2021/22 charges and cost per megalitre are shown in Table 2.

Table 2: Irrigation charges for 2021/22

Tariff group	Product	2021/22 (\$/ML) ¹	QCA cost-reflective (\$/ML) ²
River – Medium Priority	Allocation Charge – Part A	25.64	19.95
	Allocation Water – Part B	3.00	3.77

1. Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.
2. 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. Charges do not allow for any returns on existing assets.

For more information on Sunwater's fees and charges, refer to: www.sunwater.com.au/customer/fees-and-charges/

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Chinchilla Weir Bulk Water Service Contract.

Table 3 below sets out our recent performance against selected service targets for this scheme.

Table 3: Scheme service targets and performance

Service target		Target	Number of exceptions		
			2017/18	2018/19	2019/20
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 ¹	Unplanned shutdowns during Peak Demand Period	48 hours	0	0	0
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions	Planned or unplanned interruptions per water year	6	0	0	0

1. This is the number of times that the unplanned shutdown has exceeded the shortest of the peak/off peak periods.

In addition, Sunwater has company-wide customer interactions service targets. Our performance in 2019/20 against these service targets is shown in Table 4.

Table 4: Customer interactions service targets and performance

Service target	Target	2019/20
Telephone answering ¹	80.00%	94.87%
Requests actioned within Service Level Agreement (SLA) timeframes ²	> 95.00%	95.46%

1. This target measures the percentage of 13 15 89 calls that are answered within 60 seconds. The 2019/20 result reflects the average monthly performance over the November 2019 to June 2020 period.
2. This target measures the percentage of email or workflow requests (such as property transfers and temporary transfers) to the Customer Support email address that are completed within the agreed SLAs. The SLA timeframes range between two and 10 business days, depending on the request. The 2019/20 result covers the October 2019 to June 2020 period.

Key infrastructure

Chinchilla Weir is the key infrastructure used to deliver bulk water services to our customers in Chinchilla. It is a concrete faced, earth fill weir and has a total storage capacity of 9780 ML.

Financial summary—Revenue and expenditure

A high-level summary of the budgeted financial performance of the Chinchilla Weir Bulk Water Service Contract is presented in Table 5.

The revenue Sunwater receives from urban and industrial customers is agreed by term contract. The revenue we receive from irrigation customers is determined by the Queensland Government, based on recommendations made by the QCA as part of its review of irrigation prices.

Sunwater anticipates a minor increase in revenue for the Chinchilla Weir Bulk Water Service Contract in 2021/22.

In 2021/22, Sunwater expects to spend \$473 million across all parts of our business, i.e. regulated and non-regulated. A breakdown of the forecast total cost pool at the direct and non-direct cost level is shown in Figure 2, together with the percentage of these costs allocated to the Chinchilla Weir Bulk Water Service Contract. Detail on the planned spend for this scheme is outlined on subsequent pages of this S&PP.

Figure 2: Total Sunwater cost pools and allocation to scheme—2021/22 forecast (\$M)

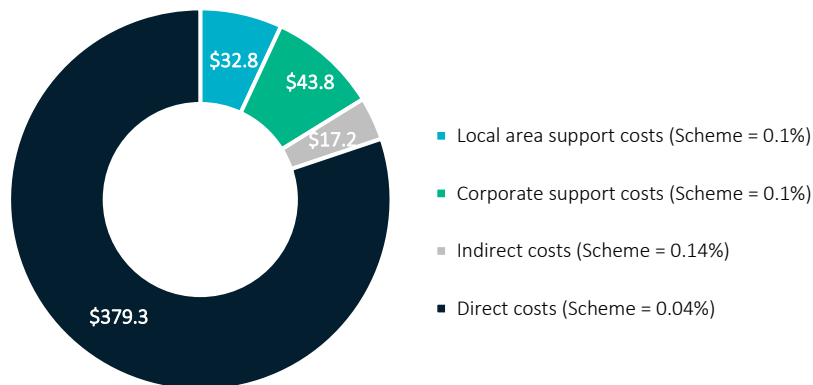


Table 5: Service contract financial summary

Chinchilla Weir Bulk Water Service Contract	2017/18 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000
Revenue					
Irrigation	84.2	88.3	87.0	89.8	90.1
Community Service Obligation	-	-	-	-	-
Industrial ¹	52.2	53.9	54.7	54.7	56.6
Urban ¹	89.4	95.9	97.5	96.7	100.8
Revenue transfers	-	-	-	-	-
Drainage	-	-	-	-	-
Other ²	11.0	-	0.5	1.0	1.0
Revenue total	236.7	238.0	239.7	242.3	248.5
Less – Operating expenditure	139.2	92.7	86.9	123.7	155.9
Less					
Annuity-funded	36.9	19.8	359.5	55.6	57.4
Non-annuity funded	-	-	-	-	-
Surplus (deficit)	60.6	125.6	(206.7)	63.0	35.1

- Forecast revenues for industrial and urban customers are based on current contractual arrangements.
- Primarily relates to revenue received from other fees and charges.

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 6 sets out actual and forecast operating expenditure for the Chinchilla Weir Bulk Water Service Contract. For a more detailed breakdown by cost category, refer to **Appendix 2**.

Our performance in 2019/20

In 2019/20, operating costs were below our previous forecast.² Both operations and preventative maintenance were less than budgeted, while corrective maintenance was greater than expected due to costs associated with customer meter maintenance (replacing controller cards) and repairs to pressure relief holes in the weir.

Table 6: Operating expenditure¹

Chinchilla Weir Bulk Water Service Contract	2017/18	2018/19	2019/20		2020/21		2021/22		2022/23	2023/24	2024/25	2025/26	
	Sunwater Actual \$'000	Sunwater Actual \$'000	Sunwater Forecast \$'000	Sunwater Actual \$'000	Variance \$'000	Sunwater Forecast \$'000	QCA Target \$'000 ²	Sunwater Forecast \$'000	QCA Target \$'000 ²	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operations	109.6	73.5	81.0	53.8	(27.1)	88.5	97.7	114.8	99.8	111.5	114.6	117.4	120.0
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	12.7	13.5	14.9	15.4	0.4	20.7	17.0	27.2	17.3	27.7	28.3	28.8	29.4
Operations	96.9	60.0	66.0	38.5	(27.6)	67.8	80.7	87.7	82.5	83.8	86.3	88.6	90.6
Preventative maintenance	18.8	10.6	21.0	15.7	(5.4)	23.2	11.7	29.2	12.0	29.1	30.1	30.9	31.6
Corrective maintenance	10.8	8.5	9.7	17.4	7.7	12.0	4.9	11.9	5.0	12.0	12.3	12.6	12.9
Operating costs total	139.2	92.7	111.7	86.9	(24.8)	123.7	114.3	155.9	116.8	152.6	156.9	160.8	164.4
Recreational facility costs ³						-		-		-	-	-	-
Operating costs total (incl. recreational facility costs)	139.2	92.7	111.7	86.9	(24.8)	123.7		155.9		152.6	156.9	160.8	164.4

1. Sunwater's 2022/23 to 2025/26 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
2. Reflects the QCA's 2020–2024 irrigation price investigation final recommendations. Excludes recreational facility costs.
3. From 1 July 2020, irrigation customers no longer contribute towards the cost of operating and maintaining recreational facilities. Forecast costs have been separately identified for transparency.

² See the 2019/20 Network Service Plan at www.sunwater.com.au/schemes/Chinchilla-Weir/

Outlook for 2021/22

Operations

Chinchilla Weir Bulk Water Service Contract's total operations budget in 2021/22 is 15.1 per cent above the QCA's recommended cost target. This variance is largely driven by higher insurance costs being forecast for the service contract than the QCA's target.

Insurance

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. Although Sunwater is subject to market forces in the pricing of insurance premiums, we have also been actively managing insurance premium costs by reviewing coverage levels and policy specifications (including deductibles) to ensure that our insurance coverage is appropriate and reflective of the risks faced by our business.

In 2020/21, Sunwater experienced a significant price increase in insurance premiums. Our insurance broker has indicated this is the beginning of an upward trend in premiums due to, among other factors, the number and size of natural disasters that have occurred in Australia over the past 12 months. Insurance premiums in 2021/22 are therefore expected to be higher than the QCA's recommended allowance and historical costs.

Preventative maintenance

The forecast preventative maintenance costs for the Chinchilla Weir Bulk Water Service Contract are 143.6 per cent above the QCA's recommended cost target. This is because of increased labour and non-direct costs. However, the forecast is in line with historical expenditure allowing for general labour and materials cost escalation. Sunwater will continue to seek efficient ways to deliver the preventative maintenance program, with a view to aligning with the QCA target.

Corrective maintenance

In 2021/22, Sunwater anticipates spending \$11.9k on corrective maintenance in the Chinchilla Weir Bulk Water Service Contract. This is 138.4 per cent above the QCA's recommended cost target because of increased contractor and materials costs. However, the expenditure is in line with historical expenditure allowing for general contractor and materials cost escalation.

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

Annuity expenditure include funds for preventative and corrective maintenance, as well as large, one-off operations activities. The preventative maintenance activities monitor the asset condition and inform the corrective maintenance program when an asset needs to be refurbished or replaced. Non-annuity funded expenditure largely relates to Sunwater’s Dam Improvement Program and recreational facility costs.

Table 7 outlines our annuity and non-annuity funded expenditure. A comparison of forecast and actual annuity-funded projects for 2019/20 is provided in **Appendix 3**, with details of the major annuity-funded projects planned for the 2020/21 to 2025/26 period set out in **Appendix 4**.

Table 7: Annuity and non-annuity funded expenditure^{1,2}

Chinchilla Weir Bulk Water Service Contract	2017/18	2018/19	2019/20		Variance \$'000	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26		
	Sunwater Actual \$'000 ³	Sunwater Actual \$'000 ³	Sunwater Forecast \$'000	Sunwater Actual \$'000		Sunwater Forecast \$'000	QCA Target \$'000 ⁴	Sunwater Forecast \$'000	QCA Target \$'000 ⁴	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Annuity-funded													
Operations	0.4	-	-	-	-	-	-	-	-	-	-	-	
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	
Planned corrective maintenance	36.5	19.8	422.6	359.5	(63.1)	55.6	15.4	57.4	57.8	11.9	12.2	12.5	17.0
Unplanned corrective maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Annuity-funded total	36.9	19.8	422.6	359.5	(63.1)	55.6	15.4	57.4	57.8	11.9	12.2	12.5	17.0
Non-annuity funded													
Dam Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facility projects	-	-	-	-	-	-	-	-	-	-	-	-	-
Metered offtakes and dividend reinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-annuity total	-	-	-	-	-	-	-	-	-	-	-	-	-

1. Sunwater’s 2022/23 to 2025/26 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
2. Forecast annuity-funded costs from 2020/21 exclude recreational facility projects.
3. The annuity-funded spend for 2017/18 and 2018/19 reflects the QCA’s 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater’s actual costs.
4. Reflects the QCA’s 2020–2024 irrigation price investigation final recommendations.

Asset management and planning improvements

In its final report for the 2020–2024 irrigation price investigation, the QCA identified several potential improvements to Sunwater’s asset management and planning framework. It suggested Sunwater should:

- improve our predictive maintenance and asset condition reporting arrangements to better inform the timing of asset replacement
- review our cost estimation approach and ensure that asset values are based on modern equivalent replacement values where appropriate
- develop transparent guidelines for options analyses.³

Sunwater acknowledges there is room for improvement in our asset management system and is working on several initiatives to address these potential improvements, as outlined below.

Predictive maintenance and asset condition reporting

A focus during 2021/22 and beyond is to better leverage data to make more informed decisions and to ensure operations and maintenance activities are implemented safely, timely and efficiently.

To achieve this, Sunwater has invested in a new Enterprise Asset Management system (SAP). The new system and other IT infrastructure changes, such as a mobility solution that enables near real-time data to be loaded into the system and data automation initiatives, have presented a significant opportunity to transition to a data driven decision-making business.

In addition, Sunwater is improving predictive maintenance capability by monitoring asset performance data of critical assets. For example, the preventative maintenance program for pump stations is transitioning to usage-based intervals and energy and condition data is being analysed via remote dashboards. The asset data will provide a greater insight to asset performance, condition, and refurbishment and replacement planning.

³ See pages 58 to 60, www.qca.org.au/wp-content/uploads/2020/02/irrigation-price-review-part-b-sunwater-final-report.pdf

Cost estimation approach

A change to Sunwater’s asset planning cycle in 2019 has improved the near-term cost estimation of annuity funded work. The change targets two years of fully cost-estimated work and has increased the visibility of the forward program.

Sunwater has also recently undertaken an asset valuation exercise to estimate the value of fully replacing high value assets including dams and pipelines using a bottom-up assessment of material line items. This data will inform the replacement values underpinning forecast annuity-funded costs.

Options analyses

Sunwater is implementing improvements to our asset management system with a fit-for-purpose alignment to the ISO55001 asset management standard. Key to the alignment is the simplification of how maintenance work is identified and delivered.

Low value, low complexity work follows a standard work management methodology and is managed at a service contract level. High value, high complexity work is managed at an individual level and follows Sunwater’s project, program and portfolio management framework (P3MF) and is subject to an options analysis.

Options analyses under P3MF examine a range of options and assess the shortlisted options against selected criteria, including financial, regulatory, social and environmental factors.

Annuity balance

Annuities are managed by Sunwater on behalf of each service contract. They allow for customer charges to reflect a constant amount necessary to recoup the costs of refurbishment/replacement of the assets over a pre-determined period of time. The forecast annuity balances, and the impacts of budgeted spend, are shown in Table 8 below.

The QCA and Sunwater closing balances differ due to differences in the expenditure profile allowed by the QCA in its 2020–2024 final recommendations and actual expenditure incurred by Sunwater in 2019/20 and what we expect to spend thereafter.

Table 8: Annuity balance

Chinchilla Weir Bulk Water Service Contract	2017/18 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000
Opening balance ¹	86.5	60.5	49.8	(301.3)	(192.6)	(80.0)	84.6	262.1	448.8
Spend ²	(36.9)	(19.8)	(359.5)	(55.6)	(57.4)	(11.9)	(12.2)	(12.5)	(17.0)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution ³	4.4	4.5	4.7	177.5	178.4	180.1	186.0	187.7	187.7
Interest/financing costs	6.5	4.5	3.7	(13.2)	(8.4)	(3.5)	3.7	11.5	19.6
Sunwater – Closing balance	60.5	49.8	(301.3)	(192.6)	(80.0)	84.6	262.1	448.8	639.2
QCA – Closing balance	60.5	49.8	(336.9)	(189.5)	(77.2)	87.1	264.2		
Difference	-	-	35.5	(3.1)	(2.9)	(2.4)	(2.0)		

1. The opening balances for 2017/18, 2018/19 and 2019/20 reflect the QCA's 2020–2024 irrigation price investigation final recommendations.
2. The spend for 2017/18 and 2018/19 reflects the QCA's 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater's actual costs. The 2019/20 spend reflects Sunwater's actual costs. Thereafter, the spend is based on Sunwater's forecasts.
3. The annuity contribution is included in the prices paid by customers. It was set by the QCA from 2012/13 to 2016/17 and was rolled forward with the Consumer Price Index (CPI) for 2017/18, 2018/19 and 2019/20. From 2020/21 to 2023/24, the annuity contribution is based on the QCA's 2020–2024 irrigation price investigation final recommendations. Thereafter, it is based on Sunwater's projections.

Appendix 1—Historical water usage

The below table contains the scheme’s recent water use, together with the 18-year average for the 2002/03 to 2019/20 period.

Year	Usage (ML)
2010/11	737
2011/12	3197
2012/13	2340
2013/14	3383
2014/15	2439
2015/16	1986
2016/17	2786
2017/18	2234
2018/19	3072
2019/20	2759
18-year historical average	2283

Appendix 2—Operating and annuity-funded costs by expense type

Chinchilla Weir Bulk Water Service Contract	2017/18	2018/19	Sunwater Forecast \$'000	2019/20	Variance \$'000	2020/21	QCA Target \$'000	2021/22	QCA Target \$'000	2022/23	2023/24	2024/25	2025/26
	Sunwater Actual \$'000	Sunwater Actual \$'000		Sunwater Actual \$'000		Sunwater Forecast \$'000		Sunwater Forecast \$'000		Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operating costs													
Operations	109.6	73.5	81.0	53.8	(27.1)	88.5	97.7	114.8	99.8	111.5	114.6	117.4	120.0
Labour	24.7	17.7	15.0	8.9	(6.1)	15.4	20.7	20.1	21.2	20.7	21.4	22.0	22.7
Contractors	1.1	1.6	3.0	1.3	(1.7)	3.0	1.4	7.0	1.4	3.1	3.1	3.2	3.2
Materials	0.1	-	1.0	-	(1.0)	1.0	0.1	1.0	0.1	1.0	1.0	1.1	1.1
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	12.7	13.5	14.9	15.4	0.4	20.7	17.0	27.2	17.3	27.7	28.3	28.8	29.4
Other	21.6	4.7	14.0	10.8	(3.2)	13.0	14.0	13.0	14.3	13.3	13.5	13.8	14.1
Local area support costs	19.3	12.5	11.4	4.8	(6.7)	12.0	13.8	13.7	14.1	14.1	14.6	15.0	15.4
Corporate support costs	11.3	14.2	11.2	6.7	(4.5)	11.5	16.0	19.1	16.3	19.7	20.3	20.9	21.5
Indirect costs	18.7	9.3	10.4	6.0	(4.4)	11.9	14.8	13.7	15.1	11.9	12.4	12.6	12.5
Preventative maintenance	18.8	10.6	21.0	15.7	(5.4)	23.2	11.7	29.2	12.0	29.1	30.1	30.9	31.6
Labour	6.3	3.0	6.0	4.8	(1.2)	6.5	3.4	8.5	3.5	8.8	9.0	9.3	9.6
Contractors	-	0.8	1.0	-	(1.0)	1.0	0.2	1.0	0.2	1.0	1.0	1.1	1.1
Materials	0.3	0.5	-	-	-	-	0.8	-	0.8	-	-	-	-
Other	-	-	-	0.6	0.6	-	-	-	-	-	-	-	-
Local area support costs	4.9	2.9	5.4	3.3	(2.1)	5.8	2.3	5.8	2.3	6.0	6.2	6.4	6.6
Corporate support costs	2.5	2.1	4.5	3.6	(0.9)	4.9	2.6	8.1	2.7	8.3	8.6	8.8	9.1
Indirect costs	4.8	1.4	4.2	3.4	(0.8)	5.0	2.4	5.8	2.5	5.0	5.2	5.3	5.3
Corrective maintenance	10.8	8.5	9.7	17.4	7.7	12.0	4.9	11.9	5.0	12.0	12.3	12.6	12.9
Labour	2.6	1.5	1.7	3.1	1.4	1.8	1.1	1.8	1.2	1.8	1.9	1.9	2.0
Contractors	2.7	2.2	2.0	3.2	1.2	4.0	0.6	4.0	0.6	4.1	4.2	4.2	4.3
Materials	0.4	1.3	2.0	5.6	3.6	2.0	0.6	2.0	0.6	2.0	2.1	2.1	2.2
Other	-	0.5	-	-	-	-	0.1	-	0.1	-	-	-	-
Local area support costs	2.0	0.4	1.5	1.2	(0.3)	1.6	0.8	1.2	0.8	1.3	1.3	1.3	1.4
Corporate support costs	1.2	1.6	1.3	2.5	1.2	1.3	0.9	1.7	0.9	1.7	1.8	1.8	1.9
Indirect costs	2.0	1.0	1.2	1.9	0.7	1.4	0.8	1.2	0.8	1.0	1.1	1.1	1.1
Operating costs total	139.2	92.7	111.7	86.9	(24.8)	123.7	114.3	155.9	116.8	152.6	156.9	160.8	164.4
Annuity-funded costs													
Labour			49.5	43.1	(6.4)	7.0	1.9	4.3	4.4	0.9	0.9	1.0	1.4
Contractors			177.9	233.1	55.3	17.3	4.8	19.5	19.6	4.1	4.1	4.2	5.7
Materials			40.3	-	(40.3)	12.1	3.4	23.8	23.9	5.0	5.1	5.2	7.0
Other			58.4	1.0	(57.4)	5.0	1.4	-	-	-	-	-	-
Local area support costs			25.2	20.3	(4.9)	3.6	1.0	2.8	2.9	0.6	0.6	0.6	0.9
Corporate support costs			37.0	32.5	(4.5)	5.2	1.4	4.1	4.1	0.9	0.9	0.9	1.3
Indirect costs			34.4	29.5	(4.9)	5.4	1.5	2.9	3.0	0.5	0.5	0.6	0.7
Annuity-funded total¹	36.9	19.8	422.6	359.5	(63.1)	55.6	15.4	57.4	57.8	11.9	12.2	12.5	17.0
Total costs²	176.1	112.5	534.3	446.4	(87.9)	179.3	129.7	213.3	174.6	164.5	169.2	173.3	181.5

1. The 2017/18 and 2018/19 costs reflect the QCA's 2020–24 irrigation price investigation final recommendations, which included adjustments to Sunwater's actual costs. Sunwater has provided cost information at the lowest level of granularity available.

2. Excludes recreational facility costs from 2020/21.

Appendix 3—Comparison of forecast and actual annuity-funded projects for 2019/20

The below table sets out the major annuity-funded projects planned for the Chinchilla Weir Bulk Water Service Contract in 2019/20 and the actual projects undertaken.

Project	Forecast \$'000	Actual \$'000	Commentary
Meter replacements (20CHW04)	11	-	No meters required replacement.
Chinchilla Weir – Valve replacements (20CHW01 and 20CHW02)	392	311	The project was carried over to 2020/21 as a sufficient seal could not be obtained on the outlet conduit once the bulkhead was installed. This meant the replacement works could not be undertaken safely, resulting in an underspend. Two minor valve replacements were also planned to be undertaken as part of this project. We subsequently identified that these valves are not used. Once the seal is obtained, these valves will be removed and decommissioned via blank capping.
Other works	20	-	The scheme's contingency amount was not used.
Non-scheduled works	-	48	A new project was created to complete a topographic and bathymetric survey at Chinchilla Weir, taking advantage of the low water levels, to update the storage curve.
2019/20 Total	423	360	

Appendix 4—Annuity-funded projects for 2020/21 to 2025/26

The below table sets out Sunwater’s currently planned annuity-funded projects for the 2020/21 to 2025/26 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.

Year	Facility	Activity description	Forecast \$'000
2020/21 ⁴	Chinchilla Weir	Refurbish – right-hand conduit at Chinchilla Weir by way of a repaint and patching of the conduit pipework.	24
	Scheme	Study – an arc flash safety study is required following recently updated safety guidelines. The study will re-calculate the possible severity of an arc flash at various electrical installations to determine the required personal protective equipment to be worn, as well as other safety risk mitigation measures.	14
	Scheme	Replace – customer meters based on known asset condition and age.	12
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	4
	Scheme	A contingency amount for unplanned capital replacements.	2
	2020/21 Total		56
2021/22	Chinchilla Weir	Study – comprehensive inspection based on asset management standards and to better understand asset condition and risk.	46
	Scheme	Replace – customer meters based on known asset condition and age.	12
	2021/22 Total		57
2022/23	Scheme	Replace – customer meters based on known asset condition and age.	12
	2022/23 Total		12
2023/24	Scheme	Replace – customer meters based on known asset condition and age.	12
	2023/24 Total		12
2024/25	Scheme	Replace – customer meters based on known asset condition and age.	12
	2024/25 Total		12
2025/26	Scheme	Replace – customer meters based on known asset condition and age.	13
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	4
	2025/26 Total		17

⁴ Based on the program of works underpinning the 2020/21 annuity-funded budget figures presented in this S&PP. This data was extracted from Sunwater’s systems in mid-2020 and has been provided to facilitate future reporting of our performance against forecast costs. Changes to the 2020/21 program of works since the date of extraction are not incorporated here.

Contact us

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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.