



Final Service and Performance Plan

2021/22

Eton Bulk Water Service Contract

6 August 2021

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At a glance


Our performance in 2019/20



Operating costs:
\$1.68 million (6.6% less than forecast)

Key drivers of cost variance:


- a reduction in non-direct costs allocated to the service contract
- lower preventative maintenance costs due to the outsourcing of work to a contractor and the adoption of a stringent contractor selection, supervision and work process.



Annuity-funded costs:
\$0.41 million (50.2% less than forecast)


Several projects did not proceed, following risk assessments, or were deferred. Many of the other projects had lower contractor costs than anticipated, resulting in cost savings.

There were two non-scheduled works related to refurbishing pumps at Mirani pump station 3 and replacing actuators at Kinchant Dam.



Total water deliveries:
28,056 ML


Water delivered to irrigators: 18,940 ML



Service targets: Met

No exceptions

Outlook for 2021/22



Forecast operating costs:
\$2.00 million

Significant areas of expenditure:

- electricity (\$0.42 million)
- insurance (\$0.39 million)
- operations (\$0.75 million)
- preventative maintenance (\$0.26 million).



Forecast annuity-funded costs:
\$0.19 million

Sunwater plans to install an inlet tower at Kinchant Dam to provide safe access for operators.

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 Eton 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 dam safety compliance is maintained and that refurbishment and corrective work identified through our annual and five yearly comprehensive inspections at Kinchant Dam are implemented safely, timely and efficiently.

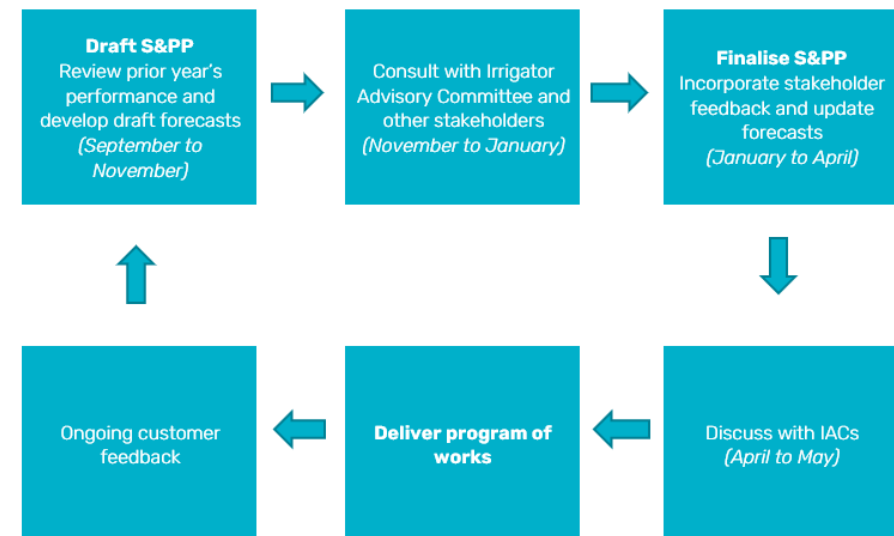
In addition to this S&PP, Sunwater has published an information sheet which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The information sheet is available at:

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 327 customers in this scheme are irrigators of sugar cane.

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-A priority water allocations (ML)	High-B priority water allocations (ML)	Risk priority water allocations (ML)	Total water deliveries 2019/20 (ML)
Irrigation	62,202	3089	58,609	504	18,940
Industrial	356	0	356	0	82
Urban	0	0	0	0	0
Sunwater (excl. distribution losses)	5	0	5	0	5
Sunwater distribution losses	0	0	0	0	9029 ¹
Total	62,563	3089	58,970	504	28,056

1. Related to 9384 ML of distribution loss allocations previously owned by Sunwater. These distribution loss allocations transitioned to Eton Irrigation Cooperative Ltd on 31 March 2020 and are included in the Irrigation figures above.

Irrigation charges

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

Table 2: Irrigation charges for 2021/22¹

Tariff group	Product	2021/22 (\$/ML) ²	QCA cost-reflective (\$/ML) ³
Bulk Water High-B Priority	Allocation Charge – Part A	28.53	34.31
	Allocation Water – Part B	3.49	4.20
Bulk Water – Local Management Supply High-B Priority	Allocation Charge – Part A	28.53	34.31
	Allocation Water – Part B	3.49	4.20
Bulk Water – Local Management Supply High-A Priority	Allocation Charge – Part A	104.13	128.10
	Allocation Water – Part B	3.49	4.20

1. This table includes bulk water charges only. Distribution charges are set by Eton Irrigation Cooperative Ltd.
2. Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.
3. 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 Eton 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 5 days	3 weeks	0	0	0
	For shutdowns planned to be less than 3 days	2 days	0	0	0
Unplanned shutdowns – duration ¹	Unplanned shutdowns during Peak Demand Period	72 hours	1	2	0
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions ²	Planned or unplanned interruptions per water year	10	0	0	0

1. This is the number of times that the unplanned shutdown has exceeded the shortest of the peak/off peak periods.
2. This is the total number of customers in the scheme that have been interrupted in excess of the target.

In addition, Sunwater has company-wide customer interactions service targets. Our performance in 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

Table 5 lists the key infrastructure used to deliver bulk water services to our customers in Eton.

Table 5: Key infrastructure

Asset	Description	Capacity
Kinchant Dam	Earth and rock fill embankment with an uncontrolled concrete ogee crest spillway. Classified as a referable dam under the <i>Water Supply (Safety and Reliability) Act 2008</i> .	62,800 ML
Mirani Diversion pump stations 1, 2 and 3	Seven submersible pumps.	910 ML/day
Mirani Diversion Channel		860 ML/day

Financial summary—Revenue and expenditure

A high-level summary of the budgeted financial performance of the Eton Bulk Water Service Contract is presented in Table 6.

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 an increase in revenue for the Eton 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 Eton 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)

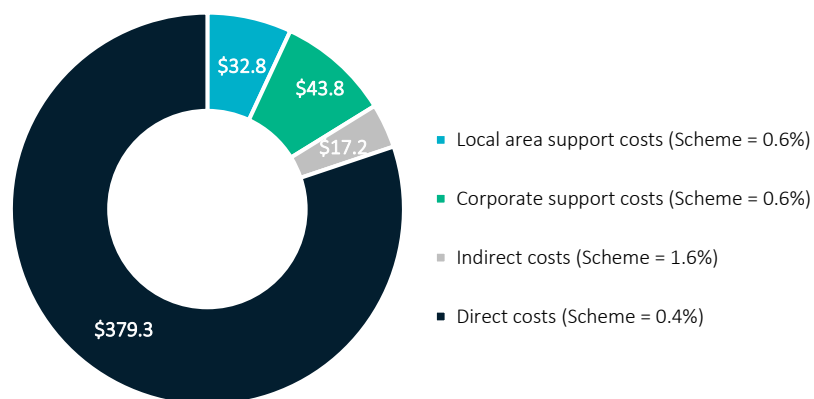


Table 6: Service contract financial summary

Eton 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	17.2	23.3	159.4	1791.3	1946.5
Community Service Obligation	-	-	-	-	-
Industrial ¹	-	0.8	-	-	-
Urban ¹	0.4	0.4	0.3	0.4	0.4
Revenue transfers ²	2202.3	2200.5	2073.0	-	-
Drainage	-	-	-	-	-
Other	178.4	-	-	-	-
Revenue total	2398.3	2225.0	2232.7	1791.7	1946.9
Less – Operating expenditure	1569.4	1656.2	1684.2	1928.4	2094.1
Less					
Annuity-funded	859.1	404.4	406.2	812.4	194.5
Non-annuity funded ³	-	-	-	51.2	-
Surplus (deficit)	(30.2)	164.4	142.3	(1000.3)	(341.7)

- Forecast revenues for industrial and urban customers are based on current contractual arrangements.
- Revenue transfers represent the cost of bulk water supplies delivered through the Eton distribution system. Since the transfer of the distribution system to Eton Irrigation Cooperative Ltd on 31 March 2020, Eton Irrigation has been invoiced directly for its contribution to the cost of the bulk water service. Therefore, this revenue is now part of "Irrigation" revenue.
- This is expenditure which has not been funded by irrigation customers. An example of this in the Eton Bulk Water Service Contract is recreational facility projects from 2020/21.

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 7 sets out actual and forecast operating expenditure for the Eton 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 lower than our previous forecast.² The primary reason for this was a reduction in non-direct costs allocated to the service contract. Savings were also achieved in the preventative maintenance space by outsourcing work to a contractor.

Table 7: Operating expenditure¹

Eton 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	1191.5	1248.3	1270.4	1209.7	(60.7)	1435.1	1345.7	1548.3	1409.1	1547.0	1584.7	1620.2	1656.9
Electricity	561.7	376.2	399.8	424.9	25.2	432.4	407.6	415.0	451.1	423.3	431.8	440.4	449.2
Insurance	182.2	194.7	212.1	218.2	6.1	294.4	245.2	386.3	250.1	394.1	401.9	410.0	418.2
Operations	447.6	677.3	658.5	566.6	(91.9)	708.4	692.8	747.0	707.8	729.7	751.0	769.9	789.5
Preventative maintenance	305.6	297.6	374.0	314.4	(59.6)	233.2	328.9	261.4	336.0	263.1	270.3	276.8	282.9
Corrective maintenance	72.3	110.3	158.4	160.0	1.6	169.3	110.3	186.8	112.6	188.2	193.2	197.8	202.1
Operating costs total	1569.4	1656.2	1802.8	1684.2	(118.6)	1837.6	1784.9	1996.4	1857.7	1998.3	2048.2	2094.9	2142.0
Recreational facility costs ³						90.8		97.7		96.5	99.3	101.7	104.2
Operating costs total (incl. recreational facility costs)	1569.4	1656.2	1802.8	1684.2	(118.6)	1928.4		2094.1		2094.9	2147.5	2196.6	2246.1

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/Eton/

Electricity

One of the key challenges for Sunwater is managing the cost of electricity. In 2019/20, Sunwater undertook the following energy improvement initiatives in the Eton Bulk Water Service Contract:

- a review of our electricity tariff selections, to ensure that we are using the most cost-effective tariffs. The review focused on pump stations as these assets consume the most electricity. There was one tariff change, resulting in a decrease from 26.01 c/kWh in 2018/19 to 23.73 c/kWh in 2019/20.
- an energy audit, which found:
 - the scheme's pump station assets are being operated efficiently
 - renewable generation is not viable due to pumping requirements/patterns
 - there is an opportunity for energy cost savings at Mirani pump station by changing the pumping philosophy. However, this opportunity is not being taken up by customers due to the increased risk of not harvesting all available water.

Outlook for 2021/22 Operations

Eton Bulk Water Service Contract's total operations budget in 2021/22 is 9.9 per cent above the QCA's recommended cost target. This variance is largely driven by higher insurance costs (see below) and non-direct costs than those recommended by the QCA.

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.

Electricity

In 2021/22, Sunwater will continue our focus on managing the cost of electricity in this service contract. The following energy improvement initiatives are currently planned:

- annual tariff optimisation analysis
- operational optimisation assessment (as required).

Preventative maintenance

The forecast preventative maintenance costs for the Eton Bulk Water Service Contract are 22.2 per cent below the QCA's recommended cost target. Nevertheless, Sunwater's combined preventative and corrective maintenance forecasts are expected to be broadly similar to the combined QCA targets for these cost categories.

Corrective maintenance

In 2021/22, Sunwater anticipates spending \$0.19 million on corrective maintenance in the Eton Bulk Water Service Contract. This is 65.9 per cent above the QCA's recommended cost target. However, as noted above, the combined preventative and corrective maintenance forecasts are in line with the QCA's allowances.

Electricity metrics

Table 8 sets out electricity usage and efficiency-related information for the Eton Bulk Water Service Contract. The service contract has large submersible pumps and there is no industry benchmark available for this type of asset in relation to the pump energy indicator. The closest in design to compare efficiency are sewage pump stations which are expected to operate between 3.7–5.5 kWh/ML/m, depending on the size and design of the pump stations.

Table 8: Electricity usage and efficiency-related metrics

Metric	2016/17	2017/18	2018/19	2019/20
Electricity usage (kWh)	545,419	1,993,968	1,492,668	1,725,268
Water usage (ML)	17,547	26,702	26,007	28,056
Actual electricity cost per ML (\$/ML delivered)	8.63	21.04	14.47	15.15
Average pump energy indicator (kWh/ML/per metre of head)	4.82	4.70	4.64	5.00

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 9 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 9: Annuity and non-annuity funded expenditure^{1,2}

Eton 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	10.5	-	143.4	-	(143.4)	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	845.9	399.2	672.2	406.2	(266.0)	812.4	584.0	194.5	62.3	369.1	291.8	600.5	613.6
Unplanned corrective maintenance	2.6	5.2	-	-	-	-	-	-	-	-	-	-	-
Annuity-funded total	859.1	404.4	815.6	406.2	(409.4)	812.4	584.0	194.5	62.3	369.1	291.8	600.5	613.6
Non-annuity funded													
Dam Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facility projects						51.2		-		108.5	457.7	60.9	151.3
Metered offtakes and dividend reinvestment	-	-	-	-	-	-		-		-	-	-	-
Non-annuity total	-	-	-	-	-	51.2		-		108.5	457.7	60.9	151.3

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 10 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 10: Annuity balance

Eton 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	(1026.2)	(1323.6)	(1172.6)	(995.6)	(1096.3)	(577.3)	(195.6)	295.7	568.2
Spend ²	(859.1)	(404.4)	(406.2)	(812.4)	(194.5)	(369.1)	(291.8)	(600.5)	(613.6)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution ³	638.6	654.6	670.9	755.2	761.5	776.1	791.6	860.0	872.1
Interest/financing costs	(76.9)	(99.1)	(87.8)	(43.5)	(47.9)	(25.2)	(8.6)	12.9	24.8
Sunwater – Closing balance	(1323.6)	(1172.6)	(995.6)	(1096.3)	(577.3)	(195.6)	295.7	568.2	851.5
QCA – Closing balance	(1323.6)	(1172.6)	(1350.4)	(1238.2)	(593.2)	(269.2)	89.4		
Difference	-	-	354.7	141.9	15.9	73.6	206.3		

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	5009
2011/12	16,347
2012/13	24,804
2013/14	23,029
2014/15	28,785
2015/16	33,913
2016/17	17,547
2017/18	26,702
2018/19	26,007
2019/20	28,056
18-year historical average	25,160

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

Eton Bulk Water Service Contract	2017/18	2018/19	Sunwater Forecast \$'000	2019/20	Variance \$'000	2020/21		2021/22		2022/23	2023/24	2024/25	2025/26
	Sunwater Actual \$'000	Sunwater Actual \$'000		Sunwater Actual \$'000		Sunwater Forecast \$'000	QCA Target \$'000	Sunwater Forecast \$'000	QCA Target \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operating costs													
Operations	1191.5	1248.3	1270.4	1209.7	(60.7)	1435.1	1345.7	1548.3	1409.1	1547.0	1584.7	1620.2	1656.9
Labour	118.3	152.6	132.7	158.3	25.6	145.0	148.1	168.4	151.5	168.1	173.1	178.3	183.7
Contractors	11.5	39.0	35.0	13.4	(21.6)	32.4	55.4	37.0	56.5	36.3	37.0	37.8	38.5
Materials	3.1	1.3	10.0	0.8	(9.2)	4.6	4.7	4.6	4.8	4.7	4.8	4.9	5.0
Electricity	561.7	376.2	399.8	424.9	25.2	432.4	407.6	415.0	451.1	423.3	431.8	440.4	449.2
Insurance	182.2	194.7	212.1	218.2	6.1	294.4	245.2	386.3	250.1	394.1	401.9	410.0	418.2
Other	34.1	72.8	96.8	71.5	(25.3)	81.1	69.6	80.6	71.0	81.1	81.8	82.5	85.6
Local area support costs	92.3	133.1	71.5	91.7	20.2	84.9	71.5	109.9	73.1	109.4	112.7	116.0	119.5
Corporate support costs	57.7	145.8	99.1	121.4	22.2	108.8	114.4	160.0	116.9	159.7	164.5	169.4	174.5
Indirect costs	130.7	132.7	213.4	109.5	(103.9)	251.5	229.1	186.4	234.0	170.4	177.1	181.0	182.7
Preventative maintenance	305.6	297.6	374.0	314.4	(59.6)	233.2	328.9	261.4	336.0	263.1	270.3	276.8	282.9
Labour	60.8	65.9	78.2	75.8	(2.4)	38.5	72.2	45.3	73.9	46.7	48.1	49.5	51.0
Contractors	107.1	85.0	120.0	83.7	(36.3)	92.4	92.9	92.4	94.8	94.3	96.2	98.1	100.1
Materials	2.5	4.2	8.0	3.1	(4.9)	7.4	7.9	7.4	8.0	7.5	7.7	7.8	8.0
Other	12.2	2.6	15.0	3.3	(11.7)	13.9	13.7	12.9	14.0	13.2	13.5	13.7	14.0
Local area support costs	47.3	59.2	40.1	40.0	(0.1)	22.3	34.9	29.5	35.6	30.3	31.2	32.2	33.2
Corporate support costs	29.8	53.5	58.4	57.5	(0.9)	28.9	55.8	43.0	57.0	44.3	45.7	47.0	48.5
Indirect costs	45.9	27.2	54.4	51.0	(3.3)	29.7	51.5	30.8	52.6	26.7	27.9	28.4	28.2
Corrective maintenance	72.3	110.3	158.4	160.0	1.6	169.3	110.3	186.8	112.6	188.2	193.2	197.8	202.1
Labour	6.0	5.6	25.9	7.8	(18.1)	25.1	15.6	29.0	16.0	29.9	30.8	31.7	32.7
Contractors	27.5	79.3	60.0	76.6	16.6	69.3	42.7	69.3	43.5	70.7	72.1	73.6	75.0
Materials	12.1	1.9	8.0	9.5	1.5	9.2	10.1	9.2	10.3	9.4	9.6	9.8	10.0
Other	12.6	9.3	14.0	50.9	36.9	12.9	11.1	12.9	11.4	13.2	13.5	13.7	14.0
Local area support costs	4.7	7.1	13.1	4.1	(9.1)	14.6	7.5	18.9	7.7	19.4	20.0	20.6	21.3
Corporate support costs	4.9	3.7	19.3	5.8	(13.5)	18.8	12.1	27.6	12.3	28.4	29.3	30.2	31.1
Indirect costs	4.5	3.3	18.0	5.4	(12.6)	19.4	11.1	19.7	11.4	17.1	17.9	18.2	18.1
Operating costs total	1569.4	1656.2	1802.8	1684.2	(118.6)	1837.6	1784.9	1996.4	1857.7	1998.3	2048.2	2094.9	2142.0
Annuity-funded costs													
Labour			91.8	15.2	(76.6)	89.8	64.5	32.0	10.3	46.8	27.5	79.4	82.4
Contractors			363.1	232.2	(131.0)	426.3	306.4	35.2	11.3	154.4	168.4	284.7	190.8
Materials			184.9	119.6	(65.3)	97.7	70.2	35.2	11.3	66.1	28.8	51.1	121.9
Other			-	8.8	8.8	12.5	9.0	19.2	6.2	-	7.1	12.4	41.0
Local area support costs			43.3	12.1	(31.2)	49.6	35.6	20.8	6.7	30.7	18.0	51.9	53.6
Corporate support costs			68.6	8.1	(60.5)	67.3	48.4	30.4	9.7	44.5	26.1	75.5	78.3
Indirect costs			63.8	10.1	(53.7)	69.3	49.8	21.7	7.0	26.8	16.0	45.5	45.6
Annuity-funded total¹	859.1	404.4	815.6	406.2	(409.4)	812.4	584.0	194.5	62.3	369.1	291.8	600.5	613.6
Total costs²	2428.5	2060.7	2618.4	2090.4	(528.0)	2650.0	2368.9	2191.0	1920.0	2367.5	2340.0	2695.3	2755.6

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 Eton Bulk Water Service Contract in 2019/20 and the actual projects undertaken.

Project	Forecast \$'000	Actual \$'000	Commentary
Kinchant Dam – Comprehensive risk assessment (CRA) inputs and seismic study (20KIN03 and 20KIN04)	197	140	The seismic investigation was undertaken within budget, while the cost of the remaining input studies was significantly lower than expected due to lower contractor costs.
Kinchant Dam – Recreational facilities (20KIN12)	143	-	Negotiations with the Mackay Regional Council regarding the handover of the recreational facilities were not finalised.
Kinchant Dam – Boundary fencing upgrades (Stage 1) (20KIN10)	85	36	Contractor costs were lower than anticipated, and there was a reduced scope of works based on a risk assessment.
Kinchant Dam – Observation bores (20KIN01)	69	-	This project was not required.
Mirani Diversion Channel – Channel refurbishment (20KIN09)	61	46	Contractor costs were lower than anticipated.
Mirani pump station 3 – Radio repeater reinstatement (Stage 2) (20KIN06)	50	2	This project was deferred to 2020/21 due to a new agreement with the Mackay Regional Council. The need for the project will be reassessed at that time.
Mirani pump station – Switchboard replacement (16KIN12)	50	6	The project was largely completed in the previous financial year. Actual costs in 2019/20 relate to supervisory control and data acquisition (SCADA) expenditure and the administrative project closure process, such as finalising drawings.
Kinchant Dam inlet tower – Tower strengthening (Stage 1) (20KIN05)	34	-	This project was not required, following a risk assessment.
Other works	127	41	<p>Cost variances were due to:</p> <ul style="list-style-type: none"> the deferral of a project, due to high water levels, to reinstate the lower tower access handrails and platforms at Kinchant Dam (16KIN05, \$18k) the removal of a project to build a new shed, as Sunwater is now renting a shed from Eton Irrigation (17KIN02, \$8k) efficiencies being delivered through contractor mobilisation for the refurbishment of catch drain infrastructure at the Mirani Diversion Channel (20KIN08, \$11k less than forecast) lower than anticipated contractor costs to refurbish an outlet dissipator slab at the Mirani Diversion Channel (20KIN11, \$11k less than forecast) lower than anticipated contractor costs to remove trees near the saddle dam at Kinchant Dam (20KIN02, \$11k less than forecast). <p>In addition, the contingency amount was not used in this scheme.</p>
Non-scheduled works	-	134	<p>Most of these costs related to the following non-scheduled works:</p> <ul style="list-style-type: none"> refurbishment of pumps 2 and 3 at Mirani pump station 3 following the identification of a fault

Project	Forecast \$'000	Actual \$'000	Commentary
			<ul style="list-style-type: none"> replacement of two actuators on the regulating valves at Kinchant Dam. The actuators have had significant repairs carried out to each of them previously, and were aged, outdated and nearing the end of their reliable functional life.
2019/20 Total	816	406	

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	Kinchant Dam	Study – comprehensive risk assessment (CRA) based on regulatory requirements to better understand asset condition and risk. The project includes CRA inputs (hydrology, consequence, geotechnical, stability etc.).	213
	Kinchant Dam	Refurbish – outlet works guard valve 1 and 2 refurbishment (seals, bearings and replacement of actuators) based on known asset condition and age.	118
	Mirani Diversion Channel	Refurbish – diversion channel crossings, protection works, guard rails and road surfaces (18 in total) based on known asset condition and age.	114
	Kinchant Dam	Refurbish – regulating valve actuator, seals and bearings on outlet works valve 1 based on known asset condition and age.	89
	Mirani pump station 3	Study – options analyses to determine the most cost effective and prudent strategy to replace the existing low voltage (LV) and high voltage (HV) switchboards, and SCADA controls and panels.	61
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	43
	Scheme	Study – audit and review of all scheme switchboards and distribution boards to reassess arc flash rating in accordance with Australian Standards.	40
	Multiple	There were four other annuity-funded projects planned for 2020/21 including an internal inspection via remote operated vehicle of the two outlet works conduits at Kinchant Dam for condition assessment and dam safety reporting requirements; the relocation of repeaters at Mirani Water Tower (now planned for 2022/23); and a contingency amount for unplanned capital replacements.	134
	2020/21 Total		812
2021/22	Kinchant Dam	Install – inlet tower to provide safe access to mitigate a known safety risk.	182
	Kinchant Dam	Refurbish – risk assess, survey and design spillway discharge channel drainage system based on known asset condition and age.	12
	2021/22 Total		194
2022/23	Kinchant Dam	Study – comprehensive inspection to meet regulatory compliance.	141

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.

Year	Facility	Activity description	Forecast \$'000
	Kinchant Dam	Study – bathymetric survey of Kinchant Dam to meet asset management, condition and risk standards.	62
	Mirani pump station 3	Refurbish – relocate existing (Mirani Water Tower) repeater to increase asset performance.	52
	Mirani pump station 3	Refurbish – submersible pump unit 1 based on known asset condition and age.	42
	Mirani pump station 3	Replace – fire alarm system based on known asset condition and age.	20
	Multiple	There are five other annuity-funded projects planned for 2022/23 related to refurbishing the motor starters of pump units 1 to 5 at Mirani pump station 3.	52
	2022/23 Total		369
2023/24	Kinchant Dam	Refurbish – reinstate discharge channel profile and capacity into Kinchant Dam to increase asset performance.	56
	Kinchant Dam	Refurbish – inlet structure trash rack based on known asset condition and age.	43
	Mirani pump station 3	Refurbish – submersible pump unit 4 based on known asset condition and age.	38
	Mirani pump station 3	Refurbish – submersible pump unit 5 based on known asset condition and age.	38
	Mirani pump station 1	Refurbish – bulkhead gates (blast) and closed bulks (paint) based on known asset condition and age.	31
	Kinchant Dam	Refurbish – outlet works handrails and other minor maintenance upgrades to mitigate a known safety risk.	27
	Multiple	There are four other annuity-funded projects planned for 2023/24 related to refurbishing two discharge pipe units at Mirani pump station 3 (dewater pit and inspect/replace fixings); inlet tower electrical works at Kinchant Dam; and replacing SCADA computer and software at Mirani pump station 3.	59
	2023/24 Total		292
2024/25	Kinchant Dam	Refurbish – embankment pavement based on known asset condition and age.	141
	Kinchant Dam	Refurbish – office access road based on known asset condition and age.	108
	Mirani pump station 1	Refurbish – pump unit 1 based on known asset condition and age.	58
	Mirani pump station 1	Refurbish – pump unit 2 based on known asset condition and age.	58
	Kinchant Dam	Replace – trash racks and release mechanism based on known asset condition and age.	37
	Kinchant Dam	Refurbish – bulkhead gate (blast, paint and seals) based on known asset condition and age.	37
	Multiple	There are 10 other annuity-funded projects planned for 2024/25 related to discharge pipe inspections at Mirani pump station 3; electrical works at Mirani pump station 3; trash screen refurbishments at Mirani pump station 1; drain refurbishments at Kinchant Dam; electrical works at Kinchant Dam; and fencing/gate refurbishments at Mirani pump station 3 and Kinchant Dam.	162
	2024/25 Total		601
2025/26	Mirani Diversion Channel	Refurbish – various sections of drainage overpass based on known asset condition and age.	197

Year	Facility	Activity description	Forecast \$'000
	Mirani Diversion Channel	Refurbish – boundary fencing based on known asset condition and age.	130
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	48
	Mirani pump station 3	Refurbish – submersible pump unit 2 based on known asset condition and age.	40
	Mirani pump station 3	Refurbish – submersible pump unit 3 based on known asset condition and age.	40
	Kinchant Dam	Refurbish – crest access road based on known asset condition and age.	39
	Multiple	There are 12 other annuity-funded projects planned for 2025/26 related to outlet structure refurbishments at Mirani pump station 3; a bulkhead gate refurbishment at Mirani pump station 3; protection works repairs at Mirani Diversion Channel; a piezometer hut refurbishment at Kinchant Dam; outlet works discharge channel slide gate refurbishment at Kinchant Dam; a crest survey at Kinchant Dam; and various fencing refurbishments at Kinchant Dam.	119
	2025/26 Total		613

Contact us

To have your say and shape future Service and Performance Plans, please contact us via email or post:

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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.