



Final Service and Performance Plan

2022/23

Eton Bulk Water Service Contract


28 July 2022

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At a glance

Our performance in 2020/21

 **Operating costs:**
\$1.70 million (4.8% less than QCA target)

Key drivers of cost variance:


- electricity
- preventative maintenance
- corrective maintenance.

 **Annuity-funded costs:**
\$0.33 million (43.8% less than QCA target)

Some projects were deferred due to access issues, while others were completed under budget.


 **Total water deliveries:**
23,936 ML¹

Water delivered to irrigators: 23,786 ML

 **Service targets: Met**

No exceptions

Outlook for 2022/23

 **Forecast operating costs:**
\$1.79 million

Significant areas of expenditure:

- electricity (\$0.34 million)
- insurance (\$0.32 million)
- operations (\$0.74 million)
- preventative maintenance (\$0.24 million).

 **Forecast annuity-funded costs:**
\$0.73 million

Key projects planned:

- install new inlet tower stairway access system at Kinchant Dam (\$0.18 million)
- comprehensive inspection of Kinchant Dam (\$0.17 million)
- refurbish outlet works guard valves 1 and 2 (\$0.14 million).

¹ 1 April 2020 to 31 March 2021

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 2020/21.

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

- present to customers Sunwater’s projected costs² for the upcoming five-year period, i.e. 2022/23 to 2026/27
- consult with our customers on forecast operating and annuity-funded costs for 2022/23 and the forward program of works
- examine Sunwater’s performance in 2020/21 against cost and service targets.

Our focus during 2022/23 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.

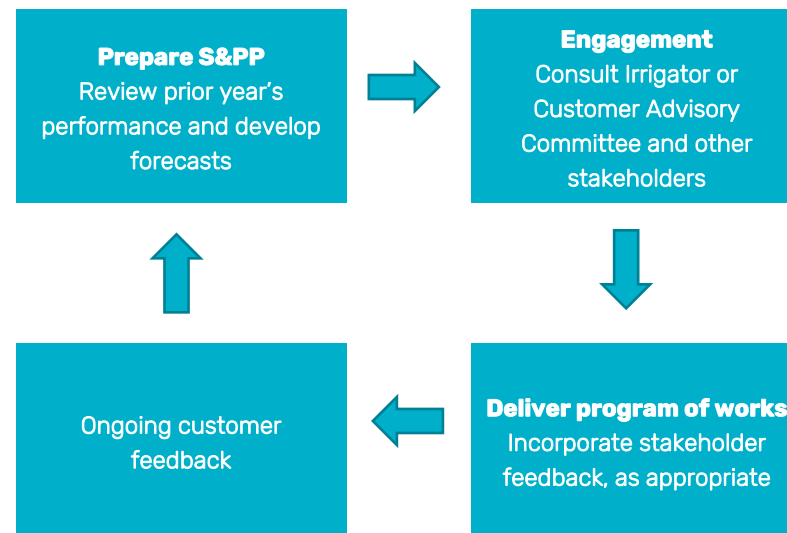
In addition to this S&PP, Sunwater has published an information sheet which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The information sheet is available at:

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

² 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 326 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 2020/21. 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 2020/21 ¹ (ML)
Irrigation ²	62,054	3089	58,461	504	23,786
Urban	175	0	175	0	51
Industrial	329	0	329	0	98
Sunwater	5	0	5	0	1
Total	62,563	3089	58,970	504	23,936

1. Represents water deliveries during the 1 April 2020 to 31 March 2021 water year.
2. Includes distribution loss allocations held by Eton Irrigation Co-operative Ltd.

Irrigation charges

The 2022/23 charges and cost per megalitre are shown in Table 2.

Table 2: Irrigation charges for 2022/23¹

Tariff group	Product	2022/23 (\$/ML) ²	QCA cost-reflective (\$/ML) ³
Bulk Water High-B Priority	Allocation Charge – Part A	29.16	35.08
	Allocation Water – Part B	3.57	4.29
Bulk Water – Local Management Supply High-B Priority	Allocation Charge – Part A	29.16	35.08
	Allocation Water – Part B	3.57	4.29
Bulk Water – Local Management Supply High-A Priority	Allocation Charge – Part A	108.53	130.97
	Allocation Water – Part B	3.57	4.29

1. This table includes bulk water charges only. Distribution charges are set by Eton Irrigation Co-operative 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		
			2018/19	2019/20	2020/21
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	2	0	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 2020/21 against these service targets is shown in Table 4.

Table 4: Customer interactions service targets and performance

Service target	Target	2020/21
Telephone answering ¹	80.00%	90.93%
Requests actioned within Service Level Agreement (SLA) timeframes ²	> 95.00%	99.14%

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

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 2022/23.

In 2022/23, Sunwater expects to spend \$501 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. Details on the planned spend for this scheme are outlined on subsequent pages of this S&PP.

Figure 2: Total Sunwater cost pools and allocation to scheme—2022/23 forecast (\$M)

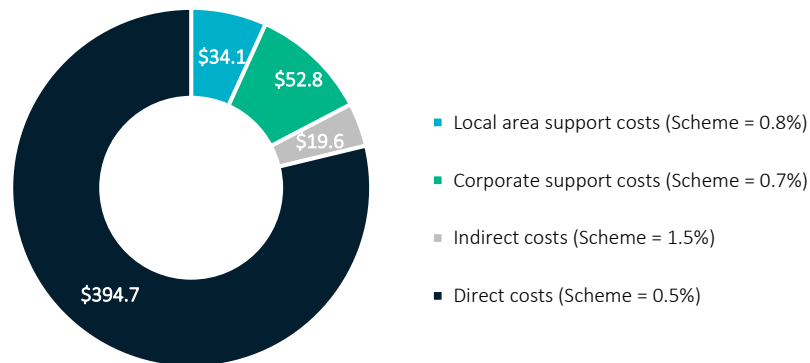


Table 6: Service contract financial summary

Eton Bulk Water Service Contract	2018/19 Sunwater / QCA Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000
Revenue					
Irrigation	23.3	159.4	2280.8	1946.5	2205.7
Community Service Obligation	-	-	147.4	-	-
Industrial ¹	0.8	-	16.1	-	-
Urban ¹	0.4	0.3	5.7	0.4	-
Revenue transfers ²	2200.5	2073.0	-	-	-
Drainage	-	-	-	-	-
Other	-	-	13.1	-	-
Revenue total	2225.0	2232.7	2463.1	1946.9	2205.7
Less – Operating expenditure	1656.2	1684.2	1754.4	2092.5	1886.5
Less					
Annuity-funded	404.4	406.2	328.1	194.5	726.5
Non-annuity funded ³	-	-	52.6	-	121.3
Surplus (deficit)	164.4	142.3	328.0	(340.1)	(528.5)

- 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 2020/21

In 2020/21, operating costs were lower than the QCA’s recommended cost target. Increases in insurance and operations costs were offset by lower electricity, preventative maintenance, and corrective maintenance costs due to some works being completed under budget.

Table 7: Operating expenditure¹

Eton Bulk Water Service Contract	2018/19	2019/20	2020/21			2021/22		2022/23		2023/24	2024/25	2025/26	2026/27
	Sunwater Actual \$'000	Sunwater Actual \$'000	QCA Target \$'000 ²	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	1248.3	1209.7	1345.7	1373.2	27.5	1546.8	1409.1	1399.6	1438.4	1459.3	1513.5	1573.4	1641.3
Electricity	376.2	424.9	407.6	357.8	(49.8)	415.0	451.1	339.0	457.5	348.3	357.9	367.7	377.9
Insurance	194.7	218.2	245.2	290.7	45.4	386.3	250.1	319.4	255.9	344.6	371.8	401.1	432.7
Operations	677.3	566.6	692.8	724.7	31.9	745.5	707.8	741.3	725.0	766.4	783.8	804.6	830.8
Preventative maintenance	297.6	314.4	328.9	279.5	(49.5)	261.4	336.0	235.1	344.1	242.2	248.9	255.2	263.3
Corrective maintenance	110.3	160.0	110.3	46.0	(64.3)	186.8	112.6	159.0	115.3	163.7	168.2	172.5	177.9
Operating costs total	1656.2	1684.2	1784.9	1698.6	(86.3)	1995.0	1857.7	1793.7	1897.8	1865.2	1930.5	2001.1	2082.5
Recreational facility costs ³				55.8		97.6		92.8		95.8	98.2	100.7	104.0
Operating costs total (incl. recreational facility costs)	1656.2	1684.2		1754.4		2092.5		1886.5		1961.1	2028.7	2101.9	2186.5

1. Sunwater’s 2022/23 to 2026/27 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.

Electricity

Sunwater continues to manage the cost of electricity. In 2020/21, 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 and did not result in any tariff changes in 2020/21.
- commencement of Operational Electricity Dashboard Reporting with key electricity metrics monitored on a continual basis to identify efficiency opportunities.³

Outlook for 2022/23 Operations

Eton Bulk Water Service Contract's total operations budget in 2022/23 is 2.7 per cent below the QCA's recommended cost target. Sunwater expects electricity costs to be lower than the QCA's target, while insurance costs are forecast to be higher.

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.

Our insurance broker has indicated that prior to the early 2022 flood events, premium increases were trending downwards from a peak in late 2020 (with some exceptions). However, with another significant natural disaster in Australia, this is now likely to change. Insurance premiums in 2022/23 are therefore expected to be higher than the QCA's recommended allowance and historical costs.

Electricity

In 2022/23, 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
- monitoring of asset energy operational performance.

Preventative maintenance

The forecast preventative maintenance costs for the Eton Bulk Water Service Contract are 31.7 per cent below the QCA's recommended cost target due to a re-evaluation of the preventative program providing efficiencies.

Corrective maintenance

In 2022/23, Sunwater anticipates spending \$0.16 million on corrective maintenance in the Eton Bulk Water Service Contract. This is 37.9 per cent above the QCA's recommended cost target because of increased supply chain pressures, such as contractor costs.

³ Some measuring points are not currently available at all pump stations. Sunwater is working towards capturing this information in the future.

Electricity metrics

Table 8 sets out electricity usage and efficiency-related information for the Eton Bulk Water Service Contract.

Table 8: Electricity usage and efficiency-related metrics

Metric	2017/18	2018/19	2019/20	2020/21
Electricity usage (kWh)	1,993,968	1,492,668	1,725,268	1,287,834
Volume pumped (ML)	35,378	26,801	28,778	23,753
Actual electricity cost per ML (\$/ML pumped)	15.88	14.04	14.77	15.06
Average pump energy indicator (kWh/ML/per metre of head)	4.70	4.64	5.00	4.56

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.

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

Annuity-funded expenditure include funds for preventative and corrective maintenance, as well as large, one-off operations activities. Preventative maintenance activities monitor the asset condition and inform when an asset needs to be refurbished or replaced under the corrective maintenance program.

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 for this service contract.

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

Eton Bulk Water Service Contract	2018/19	2019/20	2020/21			2021/22		2022/23		2023/24	2024/25	2025/26	2026/27
	Sunwater / QCA Actual \$'000 ³	Sunwater Actual \$'000	QCA Target \$'000 ⁴	Sunwater Actual \$'000	Variance \$'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	-	-	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	399.2	406.2	584.0	328.1	(255.9)	194.5	62.3	726.5	426.1	544.5	1626.5	593.7	1236.9
Unplanned corrective maintenance	5.2	-	-	-	-	-	-	-	-	-	-	-	-
Annuity-funded total	404.4	406.2	584.0	328.1	(255.9)	194.5	62.3	726.5	426.1	544.5	1626.5	593.7	1236.9
Non-annuity funded													
Dam Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facility projects	-	-	-	52.6	-	-	-	121.3	-	534.7	69.2	149.1	20.1
Metered offtakes and dividend reinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-annuity total	-	-	-	52.6	-	-	-	121.3	-	534.7	69.2	149.1	20.1

1. Sunwater’s 2022/23 to 2026/27 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 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.

Our performance in 2020/21

Performance against the QCA target

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

In 2020/21, total annuity-funded costs were lower than the QCA's recommended cost target. This was primarily driven by deferrals of some projects due to unavailability of access to assets and some projects being completed under budget.

Project level cost variances

Appendix 3 provides a comparison of the annuity-funded projects planned for 2020/21 and the actual projects undertaken, together with justification for the variances.

Outlook

Details of the major annuity-funded projects planned for the 2022/23 to 2026/27 period are set out in **Appendix 4**. In 2022/23, Sunwater plans to install a new inlet tower stairway access system at Kinchant Dam and refurbish outlet works guard valves.

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.⁴

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 2022/23 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 SAP Analytic Cloud should also allow asset condition data to be trended over time. This will present asset condition decay curves which can be used to predict when an asset should be

⁴ See pages 58 to 60, www.qca.org.au/wp-content/uploads/2020/02/irrigation-price-review-part-b-sunwater-final-report.pdf

scheduled for maintenance. The asset data will provide a greater insight to asset performance, condition, and refurbishment and replacement planning.

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 undertook an asset valuation exercise in 2021 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 informs the replacement values underpinning forecast annuity-funded costs outside of the immediate program of works.

Options analyses

Sunwater has implemented 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 is subject to an options analysis. High value, high complexity work will also be assessed against the relevant criteria to determine if it meets Sunwater’s project, program, and portfolio management framework (P3MF) for project management guidelines.

Options analyses 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	2018/19 QCA Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000
Opening balance ¹	(1323.6)	(1172.6)	(995.6)	(612.1)	(71.9)	(25.4)	220.6	(870.3)	(968.4)
Spend ²	(404.4)	(406.2)	(328.1)	(194.5)	(726.5)	(544.5)	(1626.5)	(593.7)	(1236.9)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution ³	654.6	670.9	755.2	761.5	776.1	791.6	526.0	533.6	560.2
Interest/financing costs	(99.1)	(87.8)	(43.5)	(26.8)	(3.1)	(1.1)	9.6	(38.0)	(42.3)
Sunwater – Closing balance	(1172.6)	(995.6)	(612.1)	(71.9)	(25.4)	220.6	(870.3)	(968.4)	(1687.4)
QCA – Closing balance	(1172.6)	(1350.4)	(1238.2)	(593.2)	(269.2)	89.4			
Difference	-	354.7	626.1	521.3	243.7	131.2			

1. The opening balances for 2018/19 and 2019/20 reflect the QCA's 2020–2024 irrigation price investigation final recommendations.
2. The spend for 2018/19 reflects the QCA's 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater's actual costs. The 2019/20 and 2020/21 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 19-year average for the 2002/03 to 2020/21 period. Water use is shown for the water year, 1 April to 31 March.

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
2020/21	23,936
19-year historical average	25,095

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

Eton Bulk Water Service Contract	2018/19	2019/20	2020/21			2021/22		2022/23		2023/24	2024/25	2025/26	2026/27
	Sunwater / QCA Actual \$'000	Sunwater Actual \$'000	QCA Target \$'000	Sunwater Actual \$'000	Variance \$'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	1248.3	1209.7	1345.7	1373.2	27.5	1546.8	1409.1	1399.6	1438.4	1459.3	1513.5	1573.4	1641.3
Labour	152.6	158.3	148.1	161.7	13.6	168.4	151.5	175.3	155.4	180.6	186.0	191.6	197.3
Contractors	39.0	13.4	55.4	98.5	43.1	37.0	56.5	32.4	57.9	33.2	34.2	35.1	36.1
Materials	1.3	0.8	4.7	2.9	(1.8)	4.6	4.8	4.6	4.9	4.7	4.9	5.0	5.2
Electricity	376.2	424.9	407.6	357.8	(49.8)	415.0	451.1	339.0	457.5	348.3	357.9	367.7	377.9
Insurance	194.7	218.2	245.2	290.7	45.4	386.3	250.1	319.4	255.9	344.6	371.8	401.1	432.7
Other	72.8	71.5	69.6	56.9	(12.7)	80.6	71.0	81.7	72.6	82.9	84.1	87.8	89.1
Local area support costs	133.1	91.7	71.5	89.8	18.3	109.9	73.1	114.1	74.8	117.5	121.0	124.7	128.4
Corporate support costs	145.8	121.4	114.4	149.4	35.0	160.0	116.9	166.6	119.7	171.6	176.7	182.0	187.5
Indirect costs	132.7	109.5	229.1	165.6	(63.5)	185.0	234.0	166.6	239.7	175.9	176.9	178.4	187.2
Preventative maintenance	297.6	314.4	328.9	279.5	(49.5)	261.4	336.0	235.1	344.1	242.2	248.9	255.2	263.3
Labour	65.9	75.8	72.2	63.9	(8.4)	45.3	73.9	38.3	75.8	39.4	40.6	41.8	43.1
Contractors	85.0	83.7	92.9	57.5	(35.4)	92.4	94.8	92.4	97.0	95.0	97.6	100.3	103.0
Materials	4.2	3.1	7.9	3.1	(4.8)	7.4	8.0	7.4	8.2	7.6	7.8	8.0	8.2
Other	2.6	3.3	13.7	7.6	(6.1)	12.9	14.0	13.9	14.3	14.2	14.6	15.0	15.5
Local area support costs	59.2	40.0	34.9	36.7	1.8	29.5	35.6	24.9	36.5	25.6	26.4	27.2	28.0
Corporate support costs	53.5	57.5	55.8	61.8	6.0	43.0	57.0	36.4	58.4	37.4	38.6	39.7	40.9
Indirect costs	27.2	51.0	51.5	48.9	(2.6)	30.8	52.6	21.9	53.9	22.9	23.3	23.1	24.6
Corrective maintenance	110.3	160.0	110.3	46.0	(64.3)	186.8	112.6	159.0	115.3	163.7	168.2	172.5	177.9
Labour	5.6	7.8	15.6	1.8	(13.8)	29.0	16.0	21.3	16.4	21.9	22.6	23.2	23.9
Contractors	79.3	76.6	42.7	32.4	(10.2)	69.3	43.5	69.3	44.6	71.2	73.2	75.2	77.3
Materials	1.9	9.5	10.1	4.3	(5.8)	9.2	10.3	9.2	10.6	9.5	9.8	10.0	10.3
Other	9.3	50.9	11.1	3.3	(7.8)	12.9	11.4	12.9	11.6	13.3	13.7	14.0	14.4
Local area support costs	7.1	4.1	7.5	1.0	(6.5)	18.9	7.7	13.8	7.9	14.2	14.7	15.1	15.6
Corporate support costs	3.7	5.8	12.1	1.7	(10.4)	27.6	12.3	20.2	12.6	20.8	21.4	22.1	22.7
Indirect costs	3.3	5.4	11.1	1.4	(9.7)	19.7	11.4	12.2	11.6	12.7	12.9	12.8	13.6
Operating costs total	1656.2	1684.2	1784.9	1698.6	(86.3)	1995.0	1857.7	1793.7	1897.8	1865.2	1930.5	2001.1	2082.5
Annuity-funded costs													
Labour		15.2	70.4	39.6	(30.8)	32.0	10.3	121.6	71.4	91.1	272.9	100.1	208.1
Contractors		232.2	337.0	189.4	(147.7)	35.2	11.3	133.8	78.5	100.0	298.8	109.3	226.7
Materials		119.6	0.3	0.2	(0.1)	35.2	11.3	133.8	78.5	100.0	298.8	109.3	226.7
Other		8.8	14.4	8.1	(6.3)	19.2	6.2	73.0	42.8	54.5	163.0	59.6	123.7
Local area support costs		12.1	36.6	20.6	(16.0)	20.8	6.7	79.1	46.4	59.2	177.4	65.0	135.3
Corporate support costs		8.1	70.9	39.9	(31.1)	30.4	9.7	115.6	67.8	86.6	259.3	95.1	197.7
Indirect costs		10.1	54.3	30.5	(23.8)	21.7	7.0	69.6	40.8	53.0	156.4	55.3	118.7
Annuity-funded total¹	404.4	406.2	584.0	328.1	(255.9)	194.5	62.3	726.5	426.1	544.5	1626.5	593.7	1236.9
Total costs²	2060.7	2090.4	2368.9	2026.7	(342.2)	2189.5	1920.0	2520.2	2323.9	2409.7	3557.0	2594.8	3319.4

1. The 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 2020/21

The below table sets out the major annuity-funded projects planned for the Eton Bulk Water Service Contract in 2020/21⁵ and the actual projects undertaken.

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
Kinchant Dam	Study – comprehensive risk assessment (CRA) and CRA inputs (hydrology, consequence, geotechnical, stability etc.).	213	145	The CRA was removed from the 2020/21 program of works and will be undertaken in the future. The input studies were above budget.
Kinchant Dam	Refurbish – outlet works guard valve 1 and 2 refurbishment (seals and bearings and replacement of actuators).	118	1	This project was deferred to 2022/23, with some minor expenditure incurred in 2020/21 in relation to the scoping and options review.
Mirani Diversion Channel	Refurbish – diversion channel crossings, protection works, guard rails and road surfaces (18 in total).	114	48	The scope of work was less than anticipated.
Kinchant Dam	Refurbish – regulating valve actuator, seals and bearings on outlet works valve 1.	89	60	The cost of replacing the actuator was more expensive than budgeted due to an increased scope of work arising from electrical issues during installation. The remainder of the works were completed under budget due to lower than anticipated contractor costs.
Mirani pump station 3	Study – options analyses to determine the most cost effective and prudent strategy to replace the existing low voltage and high voltage (HV) switchboards, and supervisory control and data acquisition (SCADA) controls and panels.	61	22	Contractor costs were lower than anticipated and part of the works were deferred to 2021/22.
Scheme	Study – asset revaluation.	43	0	This project was not undertaken as part of the annuity-funded program of works.
Scheme	Study – audit and review of all scheme switchboards and distribution boards to reassess arc flash rating.	40	33	Sunwater was unable to fully complete this project during the financial year due to operational demands limiting the ability to affect an outage to gain access to the infrastructure.
Multiple	Various projects.	134	8	An inspection of outlet conduits and valves was deferred (\$26k less), as was the relocation of a repeater (\$50k less). A project to investigate an inlet tower support column crack was unable to be completed due to high water levels (\$15k less) and the service contract's contingency budget of \$35k was not required.
Multiple	Various projects.	0	10	Expenditure relates to projects carried over from previous financial years.
2020/21 Total		812	328	

⁵ Based on information extracted from Sunwater's systems in mid-2020. See the 2021/22 S&PP at www.sunwater.com.au/schemes/Eton/

Appendix 4—Annuity-funded projects for 2022/23 to 2026/27

The below table sets out Sunwater’s currently planned annuity-funded projects for the 2022/23 to 2026/27 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
2022/23	Kinchant Dam	Replace – install new inlet tower stairway access system (safe access).	179
	Kinchant Dam	Study – comprehensive inspection to meet regulatory compliance.	170
	Kinchant Dam	Refurbish – emergency spillway discharge channel drainage and earthworks.	60
	Kinchant Dam	Refurbish – outlet works guard valves 1 and 2 (refurbish seals and bearings and replace actuators).	137
	Mirani pump station 3	Refurbish – pump motor starters for units 1 to 5.	61
	Mirani pump station 3	Refurbish – submersible pump unit 1 based on known asset condition and age.	72
	Mirani pump station 3	Replace – fire alarm system based on known asset condition and age.	30
	Kinchant Dam	Study – planned carryover of inlet tower crack investigation works.	17
		2022/23 Total	
2023/24	Mirani pump station 3	Replace – switchboard 2 (subject to business case). Covers design and procurement.	125
	Mirani pump station 3	Replace – HV switchboard (subject to business case). Covers design and procurement.	63
	Kinchant Dam	Refurbish – outlet works discharge channel earthworks and protection systems.	60
	Kinchant Dam	Refurbish – inlet structure trash rack based on known asset condition and age.	48
	Kinchant Dam	Refurbish – outlet works handrails and undertake safety and maintenance upgrades.	30
	Mirani pump station 3	Refurbish – submersible pump unit 4 based on known asset condition and age.	59
	Mirani pump station 3	Refurbish – submersible pump unit 5 based on known asset condition and age.	59
	Mirani pump station 1	Refurbish – blast and paint bulkhead gates (subject to operational requirements and condition).	35
	Multiple	There are three other annuity-funded projects planned for 2023/24 related to inlet tower lighting and power and Mirani pump station 3 SCADA works.	65
	2023/24 Total		544
2024/25	Kinchant Dam	Refurbish – embankment pavement based on known asset condition and age.	164
	Mirani pump station 3	Replace – HV switchboard. Covers fabrication, installation, and commissioning.	456

Year	Facility	Activity description	Forecast \$'000
	Mirani pump station 3	Replace – switchboard 2. Covers fabrication, installation, and commissioning.	443
	Kinchant Dam	Refurbish – office access road based on known asset condition and age.	120
	Mirani pump station 1	Refurbish – pump unit 1 based on known asset condition and age.	70
	Mirani pump station 1	Refurbish – pump unit 2 based on known asset condition and age.	70
	Mirani pump station 3	Replace – SCADA switchboard 2. Covers fabrication, installation, and commissioning.	65
	Kinchant Dam	Refurbish – bulkhead gate (blast, paint, and seals) based on known asset condition and age.	44
	Kinchant Dam	Replace – trash racks and release mechanism based on known asset condition and age.	43
	Multiple	There are eight other annuity-funded projects planned for 2024/25 related to discharge pipe inspections at Mirani pump station 3; trash screen refurbishments at Mirani pump station 1; drain refurbishments at Kinchant Dam; outlet works lighting and power; and fencing and gate refurbishments at Mirani pump station 3 and Kinchant Dam.	152
	2024/25 Total		1627
2025/26	Mirani Diversion Channel	Refurbish – various sections of drainage overpass based on known asset condition and age.	194
	Mirani Diversion Channel	Refurbish – boundary fencing based on known asset condition and age.	152
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	58
	Mirani pump station 3	Refurbish – submersible pump unit 2 based on known asset condition and age.	42
	Mirani pump station 3	Refurbish – submersible pump unit 3 based on known asset condition and age.	42
	Multiple	There are 11 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; an outlet works discharge channel slide gate refurbishment at Kinchant Dam; a crest survey at Kinchant Dam; and various fencing refurbishments at Kinchant Dam spillway.	105
	2025/26 Total		594
2026/27	Mirani Diversion Channel	Replace – access bridge at 7503.0 m (subject to condition assessment and options analysis).	643
	Mirani Diversion Channel	Refurbish – earth lined channel profile and erosion protection systems in three sections.	201
	Mirani pump station 1 and 3	Replace – a rising main flow meter at pump station 1 and five meters at pump station 3.	142
	Mirani Diversion Channel	Refurbish – reline channel (5180 m to 8257 m) and repair potential channel seepage (section CHE-005).	149
	Multiple	There are nine other annuity-funded projects planned for 2026/27 related to handrail refurbishments at Kinchant Dam and Mirani Diversion Channel; main circuit breaker replacements on Mirani pump station 3 switchboards; and other minor works.	102
	2026/27 Total		1237

Contact us

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