



Draft Service and Performance Plan 2021/22

Macintyre Brook Bulk Water Service Contract

18 December 2020

Contents

At a glance2

Introduction3

Delivering services to our customers4

Financial summary—Revenue and expenditure6

Cost of delivering services—Operating expenditure7

Cost of delivering services—Annuity and non-annuity funded expenditure 9

Annuity balance 11

Appendix 1—Historical water usage 12

Appendix 2—Operating and annuity-funded costs by expense type 13

Appendix 3—Comparison of forecast and actual annuity-funded projects for 2019/20 14

Appendix 4—Annuity-funded projects for 2020/21 to 2025/26 16

At a glance


Our performance in 2019/20



Operating costs:
\$1.26 million (9.2% less than forecast)

Key drivers of cost variance:


- lower costs in the preventative and corrective maintenance areas driven by lower than budgeted labour costs, local area and corporate support costs, and indirect costs.



Annuity-funded costs:
\$0.39 million (29.6% more than forecast)


Key drivers of cost variance:

- increased scope of works associated with reconnecting the lower wheel on gate 5 at Coolmunda Dam to ensure personnel can safely work under the float wells
- the unplanned replacement of a leaking butterfly valve
- new projects to undertake topographic and bathymetric surveys at Coolmunda Dam and Greenup Weir to determine and update the volume storage curves.



Total water deliveries:
1926 ML


Water delivered to irrigators: 1594 ML



Service targets: Met

No exceptions


Outlook for 2021/22



Forecast operating costs:
\$1.41 million

Significant areas of expenditure:

- insurance (\$0.27 million)
- operations (\$0.81 million)
- preventative maintenance (\$0.27 million).



Forecast annuity-funded costs:
\$3.04 million

Key projects planned:

- potential refurbishment of Greenup Weir, pending the outcome of the 2020/21 options study/business case and customer consultation (\$2.74 million)
- guard valve refurbishment at Coolmunda Dam (\$0.15 million)
- bulkhead gate refurbishment at Coolmunda Dam (\$0.06 million).

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 Macintyre Brook 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 Coolmunda Dam are implemented safely, timely and efficiently. We also plan to investigate the role Greenup Weir should play in the water supply scheme in the long term and develop options/a business case for customer consideration.

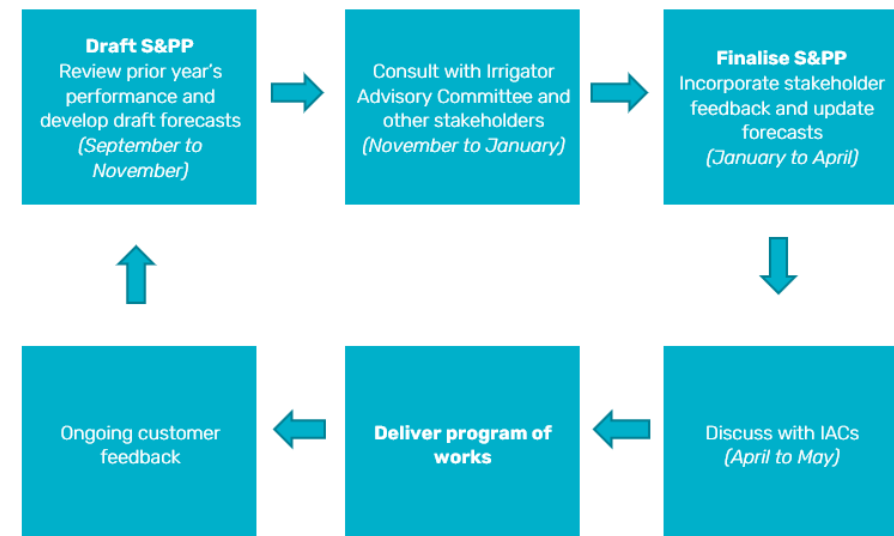
In addition to this S&PP, Sunwater has published an information sheet which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The information sheet is available at:

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 91 customers in this scheme are irrigators who grow lucerne, olives, cotton and cereal. Water is also supplied to the town of Inglewood.

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	17,319	0	17,319	1594
Industrial	6410	10	6400	4
Urban	342	342	0	157
Sunwater	926	136	790	171
Total	24,997	488	24,509	1926

Irrigation charges

The 2021/22 charges and cost per megalitre from the Queensland Competition Authority's (QCA) 2020–2024 irrigation price investigation are shown in Table 2. The Macintyre Brook Bulk Water Service Contract is not expected to fully recover irrigation's share of costs.

Table 2: Irrigation charges for 2021/22

Tariff group	Product	2021/22 (\$/ML) ¹	QCA cost-reflective (\$/ML) ²	Subsidy (\$/ML) ³
River – Medium Priority	Allocation Charge – Part A	55.69	63.53	7.84
	Allocation Water – Part B	4.20	4.20	n/a

- As recommended by the QCA (excluding dam improvement costs). The Queensland Government has not yet determined the irrigation charges to apply in 2021/22.
- Reflects the cost-reflective price determined by the QCA in its 2020–2024 irrigation price investigation (excluding dam improvement costs). 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.
- The Queensland Government provides a separate Community Service Obligation to Sunwater for irrigators' share of prudent and efficient dam improvement costs, as determined by the QCA.

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 Macintyre Brook 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

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

Table 5: Key infrastructure

Asset	Description	Total storage capacity (ML)
Coolmunda Dam	Earth and rock fill wall structure with a gated concrete spillway. Classified as a referable dam under the <i>Water Supply (Safety and Reliability) Act 2008</i> .	69,000
Ben Dor Weir	Mass concrete gravity weir with central ogee spillway. Flows are regulated via outlet works.	700
Whetstone Weir	Sheet piling weir with concrete cap.	506
Greenup Weir	Timber piled structure.	370

Financial summary—Revenue and expenditure

A high-level summary of the budgeted financial performance of the Macintyre Brook 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 Macintyre Brook Bulk Water Service Contract in 2021/22.

In 2021/22, Sunwater expects to spend \$489 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 Macintyre Brook 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)

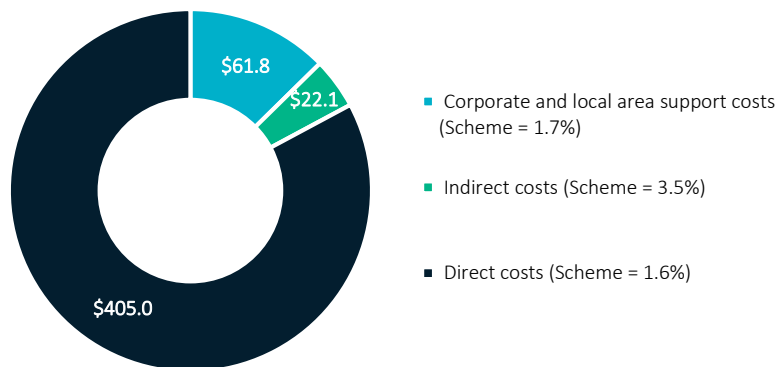


Table 6: Service contract financial summary

Macintyre Brook 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	839.1	845.4	839.1	889.0	1011.3
Community Service Obligation	-	-	-	-	-
Industrial ¹	336.3	332.2	326.7	361.1	386.2
Urban ¹	125.2	121.9	122.5	74.3	76.2
Revenue transfers	-	-	-	-	-
Drainage	-	-	-	-	-
Other	10.1	8.3	3.6	-	-
Revenue total	1310.8	1307.8	1291.9	1324.4	1473.6
Less – Operating expenditure	943.0	1138.3	1262.7	1398.8	1439.7
Less					
Annuity-funded	177.2	141.6	394.1	786.2	3038.3
Non-annuity funded ²	-	-	589.1	1701.2	3839.0
Surplus (deficit)	190.5	27.9	(954.0)	(2561.8)	(6843.4)

- Forecast revenues for industrial and urban customers are based on current contractual arrangements.
- This is expenditure which has not been funded by irrigation customers. An example of this in the Macintyre Brook Bulk Water Service Contract is the Dam Improvement Program and 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 Macintyre Brook 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 what we previously forecast.² This was predominantly due to lower costs in the preventative and corrective maintenance areas driven by lower than budgeted labour costs, local area and corporate support costs, and indirect costs.

Table 7: Operating expenditure¹

Macintyre Brook 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	589.3	783.4	979.0	961.0	(18.0)	1053.2	811.0	1083.2	828.2	1144.1	1150.8	1199.7	1193.6
Electricity	6.6	4.7	3.6	6.1	2.5	3.6	3.8	3.6	3.9	3.9	3.9	4.4	4.5
Insurance	156.9	168.4	186.7	191.9	5.3	259.1	212.1	265.6	216.3	272.2	279.0	286.0	293.1
Operations	425.8	610.3	788.7	763.0	(25.7)	790.5	595.1	814.0	608.0	868.0	867.9	909.3	895.9
Preventative maintenance	311.8	280.1	367.8	273.0	(94.9)	259.3	308.3	267.6	315.1	289.5	286.7	303.7	304.9
Corrective maintenance	41.9	74.8	43.4	28.7	(14.6)	55.1	34.1	56.7	34.8	60.3	60.4	63.3	64.0
Operating costs total	943.0	1138.3	1390.2	1262.7	(127.5)	1367.5	1153.4	1407.5	1178.1	1493.9	1497.9	1566.7	1562.4
Recreational facility costs ³						31.2		32.2		34.4	34.4	36.1	35.8
Operating costs total (incl. recreational facility costs)	943.0	1138.3	1390.2	1262.7	(127.5)	1398.8		1439.7		1528.3	1532.2	1602.8	1598.2

1. Sunwater's 2021/22 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/Macintyre-Brook/

Outlook for 2021/22

Operations

Macintyre Brook Bulk Water Service Contract's total operations budget in 2021/22 is 30.8 per cent above the QCA's recommended cost target. This variance is largely driven by higher estimates of insurance and local area and corporate support costs in the operation of the scheme.

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 Macintyre Brook Bulk Water Service Contract are 15.1 per cent below the QCA's recommended cost target. This is because of lower labour costs and associated local area and corporate support costs.

Corrective maintenance

In 2021/22, Sunwater anticipates spending \$56.7k on corrective maintenance in the Macintyre Brook Bulk Water Service Contract. This is 63.0 per cent above the QCA's recommended cost target, primarily due to a budgeted increase in labour costs (and associated local area and corporate support costs) for conducting corrective maintenance activities.

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 8 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 8: Annuity and non-annuity funded expenditure^{1,2}

Macintyre Brook 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	12.7	4.8	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	164.6	136.8	304.2	394.1	89.9	786.2	268.6	3038.3	93.4	67.7	54.1	323.4	603.8
Unplanned corrective maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Annuity-funded total	177.2	141.6	304.2	394.1	89.9	786.2	268.6	3038.3	93.4	67.7	54.1	323.4	603.8
Non-annuity funded													
Dam Improvement Program	-	-	825.5	558.5	(267.0)	1701.2	-	3530.0	-	593.2	-	-	-
Recreational facility projects	-	-	-	-	-	-	-	309.0	-	323.0	-	-	14.3
Metered offtakes and dividend reinvestment	-	-	-	30.5	30.5	-	-	(0.0)	-	-	-	-	-
Non-annuity total	-	-	825.5	589.1	(236.4)	1701.2	-	3839.0	-	916.2	-	-	14.3

1. Sunwater’s 2021/22 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 specific potential improvements and the broader asset management and planning processes as outlined below. We will report on our progress on the implementation of these initiatives in the final S&PP for 2021/22.

Asset management performance growth

This initiative provides the opportunity to improve predictive maintenance capability and focuses on monitoring asset performance data of critical assets. The asset data will provide a greater insight into asset performance, condition, and refurbishment and replacement planning.

Asset management planning

A change to Sunwater’s asset planning cycle has improved the near-term cost estimation of annuity-funded work. The change targets 18 months of fully cost-estimated work and will help improve future asset replacement values.

Asset management improvement

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 we identify and deliver maintenance work. 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 Portfolio, Program and Project Management Framework (P3MF). P3MF defines the management and governance of projects including when an options analysis is required.

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

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 9 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 9: Annuity balance

Macintyre Brook 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	(2845.3)	(2960.2)	(3041.1)	(3373.6)	(3696.1)	(6275.5)	(5948.0)	(5585.7)	(5289.5)
Spend ²	(177.2)	(141.6)	(394.1)	(786.2)	(3038.3)	(67.7)	(54.1)	(323.4)	(603.8)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution ³	275.5	282.4	289.4	611.2	620.5	669.5	676.4	863.8	867.6
Interest/financing costs	(213.1)	(221.7)	(227.8)	(147.5)	(161.6)	(274.4)	(260.1)	(244.2)	(231.3)
Sunwater – Closing balance	(2960.2)	(3041.1)	(3373.6)	(3696.1)	(6275.5)	(5948.0)	(5585.7)	(5289.5)	(5257.0)
QCA – Closing balance	(2960.2)	(3041.1)	(3264.8)	(3065.0)	(2671.8)	(2173.1)	(1631.8)		
Difference	-	-	(108.8)	(631.1)	(3603.6)	(3774.9)	(3953.8)		

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	6742
2011/12	12,536
2012/13	13,705
2013/14	21,188
2014/15	11,158
2015/16	9290
2016/17	9319
2017/18	18,337
2018/19	12,931
2019/20	1926
18-year historical average	14,719

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

Macintyre Brook 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	589.3	783.4	979.0	961.0	(18.0)	1053.2	811.0	1083.2	828.2	1144.1	1150.8	1199.7	1193.6
Labour	116.6	156.2	165.0	195.3	30.3	152.9	123.1	157.5	125.9	162.2	166.3	170.4	174.7
Contractors	7.4	9.5	15.0	30.9	15.9	14.6	14.0	15.0	14.3	15.3	15.7	16.1	16.5
Materials	3.9	2.5	6.0	7.7	1.7	5.8	2.2	6.0	2.2	6.1	6.3	6.4	6.6
Electricity	6.6	4.7	3.6	6.1	2.5	3.6	3.8	3.6	3.9	3.9	3.9	4.4	4.5
Insurance	156.9	168.4	186.7	191.9	5.3	259.1	212.1	265.6	216.3	272.2	279.0	286.0	293.1
Other	22.6	54.1	75.7	116.1	40.4	74.6	44.6	74.6	45.5	76.3	78.0	78.4	78.7
Local area support costs	90.9	128.7	145.7	128.3	(17.4)	136.0	82.3	140.0	84.1	144.2	147.8	151.5	155.3
Corporate support costs	55.0	131.3	123.2	149.3	26.1	114.7	95.1	118.1	97.2	121.7	124.7	127.8	131.0
Indirect costs	129.4	128.0	258.1	135.3	(122.8)	291.8	233.9	302.9	239.0	342.1	329.1	358.6	333.1
Preventative maintenance	311.8	280.1	367.8	273.0	(94.9)	259.3	308.3	267.6	315.1	289.5	286.7	303.7	304.9
Labour	102.2	91.9	105.0	87.3	(17.7)	71.4	90.9	73.5	93.0	75.7	77.6	79.5	81.5
Contractors	6.2	7.3	10.0	2.8	(7.2)	8.8	9.9	9.0	10.1	9.2	9.4	9.7	9.9
Materials	2.8	2.0	5.0	2.3	(2.7)	4.9	5.9	5.0	6.1	5.1	5.2	5.4	5.5
Other	3.1	3.1	3.0	2.1	(0.9)	1.9	5.8	2.0	6.0	2.0	2.1	2.1	2.2
Local area support costs	79.7	70.6	93.4	53.2	(40.2)	63.7	60.8	65.7	62.1	67.6	69.3	71.1	72.8
Corporate support costs	40.4	63.9	78.4	66.8	(11.6)	53.5	70.2	55.1	71.7	56.8	58.2	59.7	61.2
Indirect costs	77.4	41.3	73.0	58.4	(14.5)	55.1	64.8	57.4	66.2	73.1	64.8	76.3	71.8
Corrective maintenance	41.9	74.8	43.4	28.7	(14.6)	55.1	34.1	56.7	34.8	60.3	60.4	63.3	64.0
Labour	2.0	19.1	7.0	2.6	(4.4)	10.1	3.3	10.4	3.4	10.7	11.0	11.3	11.6
Contractors	34.0	22.1	15.0	20.8	5.8	15.6	22.5	15.9	22.9	16.3	16.8	17.2	17.6
Materials	0.3	0.1	5.0	0.4	(4.6)	4.9	1.0	5.0	1.1	5.1	5.2	5.4	5.5
Other	-	1.9	-	0.7	0.7	-	0.1	-	0.1	-	-	-	-
Local area support costs	1.6	6.4	6.3	1.5	(4.8)	9.1	2.2	9.4	2.3	9.7	9.9	10.2	10.4
Corporate support costs	2.5	12.4	5.2	1.4	(3.8)	7.6	2.6	7.8	2.6	8.1	8.3	8.5	8.7
Indirect costs	1.5	12.8	4.9	1.3	(3.5)	7.8	2.4	8.1	2.4	10.4	9.2	10.8	10.2
Operating costs total	943.0	1138.3	1390.2	1262.7	(127.5)	1367.5	1153.4	1407.5	1178.1	1493.9	1497.9	1566.7	1562.4
Annuity-funded costs													
Labour			27.7	59.8	32.2	45.7	15.6	135.5	4.2	6.2	3.4	30.7	70.5
Contractors			120.7	216.9	96.2	504.9	172.5	1150.5	35.4	41.9	26.2	89.9	157.9
Materials			102.0	0.8	(101.2)	137.2	46.9	1478.1	45.4	3.9	17.3	133.5	174.5
Other			0.4	4.6	4.2	-	-	-	-	-	-	-	29.3
Local area support costs			13.6	26.2	12.6	28.9	9.9	66.7	2.1	5.2	1.9	16.8	56.8
Corporate support costs			20.7	46.9	26.3	34.3	11.7	101.7	3.1	4.6	2.5	23.0	52.8
Indirect costs			19.2	38.9	19.6	35.2	12.0	105.8	3.3	5.9	2.8	29.5	62.0
Annuity-funded total¹	177.2	141.6	304.2	394.1	89.9	786.2	268.6	3038.3	93.4	67.7	54.1	323.4	603.8
Total costs²	1120.2	1279.9	1694.4	1656.8	(37.5)	2153.7	1422.1	4445.8	1271.4	1561.6	1551.9	1890.1	2166.3

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

Project	Forecast \$'000	Actual \$'000	Commentary
Coolmunda Dam – Regulating valve No. 2 refurbishment (20MAB05)	56	53	This project was delivered within budget.
Coolmunda Dam – Light Detection and Ranging (LIDAR) survey (20MAB03)	28	-	The LIDAR survey for Coolmunda Dam was included in the scope of works for the Dam Improvement Program project. Irrigation customers do not currently contribute towards dam improvement costs.
Coolmunda Dam – Install standpipes (20MAB02)	26	7	Sunwater decided that the benefit of installing new instrumentation at the dam needs to be demonstrated before works can proceed. The benefits will be assessed as part of the next comprehensive risk assessment.
Coolmunda Dam – Gate 4 non-destructive testing (20MAB10)	68	75	Quotes provided by the market were more than originally estimated.
Meter replacements (20MAB12)	23	17	Fewer meters required replacement than originally planned.
Other works	104	145	<p>Key cost variances related to:</p> <ul style="list-style-type: none"> reconnecting the lower wheel on the left-hand side of gate 5 at Coolmunda Dam (20MAB04, \$55k above forecast). The required scope of works was significantly greater than forecast as additional works were required to ensure personnel can safely work under the floats without the risk of crushing the worker. A Registered Professional Engineer Queensland drawing and approval was needed on the man box, wheel and railings to ensure they were fit-for-purpose. An effective rescue plan was also required prior to undertaking the works. This project is being carried over into 2020/21. the re-establishment of security fencing at Greenup Weir (20MAB06, \$8k). The project was deferred to 2020/21 due to the low storage level at Coolmunda Dam and Goondiwindi Regional Council trucks requiring access to the weir to obtain water for town supply. the replacement of electrical cabling at Coolmunda Dam (20MAB09, \$10k above forecast). Additional cabling and labour were required to complete the work. <p>The scheme's contingency amount (\$14k) was re-allocated to other projects.</p>
Non-scheduled works	-	97	<p>Most of the costs related to the following non-scheduled projects:</p> <ul style="list-style-type: none"> review of the davit crane accessibility (19MAB04, \$13k). This project was carried over to 2019/20 due to additional resources that were required to

Project	Forecast \$'000	Actual \$'000	Commentary
			<p>complete the project, i.e. hire a crane and experienced contractor to install the davit crane safely within the valve house.</p> <ul style="list-style-type: none"> • replacement of a leaking 750 mm butterfly valve at the Whetstone Weir outlet works (20MAB13, \$42k) • a topographic and bathymetric survey at Greenup Weir to determine and update the volume storage curve (20MAB16, \$23k). Once updated, this volume storage curve can then be used to supply accurate data to customers to determine the available volume of water available at a given time.
2019/20 Total	305	394	

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	Project title	Project scope	Forecast \$'000
2020/21	Greenup Weir – Options study	The extended drought has highlighted the need to re-consider the role Greenup Weir plays in the water supply scheme. An option study into refurbishing Greenup Weir is planned. Greenup Weir currently has a 'no maintenance' strategy.	300
	Coolmunda Dam – Install electric actuators on cone valves	The original manually operated actuation is ageing and becoming harder for the staff to open and close, posing a workplace health and safety risk through back strain. The actuators will be replaced with electric actuators to overcome this.	57
	Coolmunda Dam – Gate 5 float well wheel	One of the guide wheels on the gate five float well has become dislodged from the guide. It needs to be reinstated to ensure the gate operates as it should during floods. There are significant safety issues to be overcome to do this.	99
	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	36
	Coolmunda Dam – Comprehensive inspection	The Queensland Dam Safety Management Guidelines require Sunwater to undertake a comprehensive dam safety inspection every five years. The inspection identifies any defects and allows Sunwater to assess their risks and prioritise their scheduled work in accordance with the asset planning methodology.	135
	Other works	There are seven other projects planned for 2020/21 consisting of a trash rack refurbishment; crane maintenance; an options analysis for replacing the emergency gate pump; changing out the final gatic covers at Coolmunda Dam; an arc flash study to improve electrical safety; an asset revaluation and a contingency allowance.	158
	2020/21 Total		785
2021/22	Coolmunda Dam – Upstream rip rap refurbishment	During the 2019 annual inspection some areas of rip rap on the upstream face, above the full supply level, were identified as being deficient in rock volume. Additional rock will be brought to site and placed where needed to ensure the embankment is not scoured during flood events.	41
	Coolmunda Dam – Bulkhead gate refurbishment	The bulkhead gates are starting to corrode. It is estimated by 2022 that they will need a full repaint as patch-painting is no longer considered a viable maintenance option.	64
	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	37
	Greenup Weir – Refurbishment	Refurbishment of Greenup Weir, pending the outcome of the 2020/21 options study.	2743

Year	Project title	Project scope	Forecast \$'000
	Coolmunda Dam – Guard valve refurbishment	The large guard valve at the dam is corroding and is difficult to open. It will be removed, refurbished and an electrical actuator added to reduce safety risks.	154
	Other works	There are no other annuity-funded projects planned for 2021/22.	-
	2021/22 Total		3039
2022/23	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	38
	Coolmunda Dam – Float well assessments	Sunwater conducts condition assessments of the float wells at Coolmunda Dam to ensure the floats remain attached and are in the guide slots, the discharge pipework is not full of sediment and there are no other defects that prevent the gates from opening as they are intended.	16
	Weir comprehensive inspections – Two sites	These projects are to conduct a comprehensive inspection of the Ben Dor and Whetstone Weirs to inform Sunwater of any future refurbishment work and keep the asset condition and risk data up to date, which will allow us to prepare an optimised maintenance plan for the weirs.	13
	Other works	There are no other annuity-funded projects planned for 2022/23.	-
	2022/23 Total		67
2023/24	Coolmunda Dam – Outlet building pump refurbishment	The emergency pump and motor need minor refurbishment to ensure they work and open the gates as needed.	15
	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	39
	Other works	There are no other annuity-funded projects planned for 2023/24.	-
	2023/24 Total		54
2024/25	Coolmunda Dam – Gates 3, 5 and 6 downstream repaint	Monitoring the thickness and condition of the paint coatings on gates 3, 5 and 6 has determined that a full repaint will be needed in about 2024/25. The coating system will be applicable to water quality and other environmental conditions to extend the life of the gates as much as possible. This work is for the downstream face only.	231
	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	40
	Coolmunda Dam – Floating weed boom replacement	The floating weed booms are showing signs of ultraviolet damage and have been scheduled for replacement in 2024/25. Ongoing monitoring will determine if this project can be safely deferred beyond this year.	46
	Other works	There is one other annuity-funded project planned for 2024/25 related to a minor winch refurbishment on the gantry crane.	6
	2024/25 Total		323
2025/26	Coolmunda Dam – Comprehensive inspection	The Queensland Dam Safety Management Guidelines require Sunwater to undertake a comprehensive dam safety inspection every five years. The inspection identifies any defects and allows Sunwater to assess their risks and prioritise their scheduled work in accordance with the asset planning methodology.	155

Year	Project title	Project scope	Forecast \$'000
	Coolmunda Dam – Gates 3 and 4 upstream repaint	Monitoring the thickness and condition of the paint coatings on gates 3 and 4 has determined that a full repaint will be needed in about 2025/26. The coating system will be applicable to water quality and other environmental conditions to extend the life of the gates as much as possible.	214
	Meter replacements	This is an allowance to replace customer meters if they fail during the year. If none are replaced, the funds will remain in the annuity.	41
	Coolmunda Dam – Headwater gauge	The headwater gauge will be replaced pending further assessment of its accuracy closer to 2025/26.	42
	Coolmunda Dam – Gate 7 crest seal	The crest seal is starting to fail as observed by seepage past it. It will be replaced.	46
	Other works	There are five other projects planned for 2025/26 consisting of minor crane refurbishment work; an asset revaluation; stream gauging equipment replacements; a condition assessment of the Coolmunda Dam float wells; and an electrical condition assessment to be undertaken at the same time as the comprehensive inspection.	106
	2025/26 Total		604

Contact us

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