



Final Service and Performance Plan 2023

Macintyre Brook Bulk Water Service Contract

7 December 2023

Contents

At a glance.....	2
Introduction	4
Delivering services to our customers	5
Cost of delivering services—Operating expenditure	7
Cost of delivering services—Renewals annuity and non-annuity funded expenditure	8
Comparison of forecast and actual annuity-funded projects for 2022-23 .	10
Annuity-funded projects for 2023-24 and 2024-25.....	12

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.

At a glance

Our customers

The majority of the 86 customers in this scheme are irrigators who grow lucerne, olives, cotton, and cereal. Water is also supplied to the town of Inglewood.

Our irrigation charges

Table 1 - Irrigation charges for 2023-24

\$ Charges by tariff group 2023-24							
Macintyre Brook Bulk		Irrigation charge ¹		Cost-reflective charge ²		Δ to cost reflective	
River – Medium Priority	Part A	\$50.51	\$/ML	\$66.41	\$/ML	-\$15.90	\$/ML
	Part B	\$3.65	\$/ML	\$4.39	\$/ML	-\$0.74	\$/ML

- Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.
- Is the cost-reflective price determined by the Queensland Competition Authority (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.

For more information on Sunwater's fees and charges, refer to:

www.sunwater.com.au/customer/fees-and-charges/

Our performance



Operations and maintenance costs

		QCA \$'000	Sunwater \$'000	Δ to QCA
Actual	2022-23	\$1,206.5	\$1,485.4	23.1% ▲
Forecast	2023-24	\$1,235.5	\$1,589.3	28.6% ▲



Expenditure funded by the annuity

		QCA \$'000	Sunwater \$'000	Δ to QCA
Actual	2022-23	\$54.0	\$4,859.1	8902.4% ▲
Forecast	2023-24	\$40.2	\$4,820.3	11891.9% ▲
Actual + Forecast	Σ Price path	\$456.2	\$14,585.9	3097.4% ▲

▲	△	◄	▽	▼
10% above the QCA target	5% above the QCA target	In line with the QCA target	5% below the QCA target	10% below the QCA target

	Water delivered	Total		To irrigators		YoY change by group
	2021-22	3,048	ML	2,845	ML	
	2022-23	13,776	ML	3,750	ML	
		352.0%	▲	31.8%	▲	

▲	◄	▼
5%	0%	-5%



Service targets

Exceedances

Notes

2021-22	0	Unplanned shutdowns (duration) and maximum number of interruptions were not met.
2022-23	0	Unplanned shutdowns (duration) and maximum number of interruptions were not met.

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 2022-23.

The purpose of this year's S&PP for the Macintyre Brook is to:

- present to customers Sunwater's projected costs¹ for 2023-24 and 2024-25
- consult with our customers on forecast operating and annuity-funded costs for 2024-25 and the forward program of works
- examine Sunwater's performance in 2022-23 against cost and service targets.

In addition to this S&PP, Sunwater submitted its irrigation pricing proposal to the Queensland Competition Authority (QCA) on 30 November 2023 which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The pricing proposal and associated customer material is available at: www.sunwater.com.au/projects/price-path/.

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.

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

The publication of an annual S&PP is an important part of the formal feedback process, providing a snapshot of Sunwater's performance over the most recently completed financial year, as well as an outline of the areas of focus for the current year.

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.

We welcome and encourage your feedback on this S&PP. To have your say please contact us via email or post:

Email: sppfeedback@sunwater.com.au

Post: S&PP Feedback

PO Box 15536

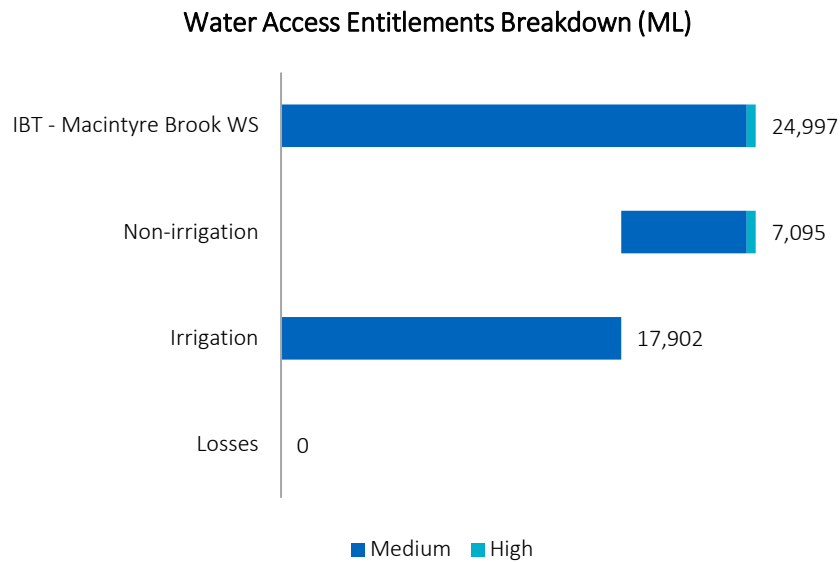
City East Qld 4002

Delivering services to our customers

Entitlements

The water allocations for each customer segment are shown below.

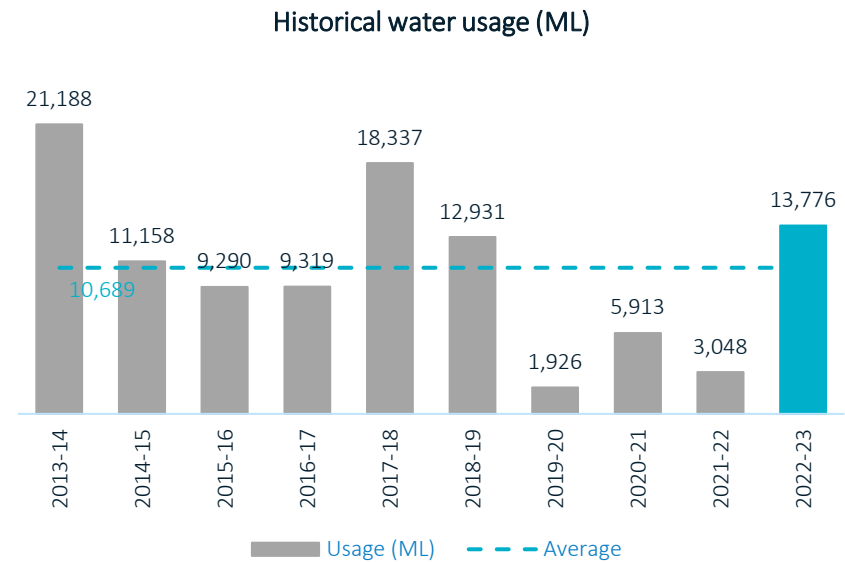
Figure 1 - Water access entitlements (as of 30 June 2023)



Historical water usage

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

Figure 2 - Scheme historical water usage for the past 10-years



- Usage in 2022-23 was higher than the level of the 10-year average of 10,689 ML
- Part B prices for the current period were set using a 20-year average of 15,391 ML.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Macintyre Brook Bulk Water Service Contract. Table 2 below sets out our recent performance against selected service targets for this scheme.

Table 2 - Scheme service targets and performance

Service target		Target	Number of exceptions		
			2020-21	2021-22	2022-23
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 2022-23 against these service targets is shown in Table 3.

Table 3 - Customer interactions service targets and performance

Service target	Target	2022-23
Telephone answering ¹	80.00%	92.50%
Requests actioned within Service Level Agreement (SLA) timeframes ²	> 95.00%	99.47%

- This target measures the percentage of 13 15 89 calls that are answered within 60 seconds.
- 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 4 lists the key infrastructure used to deliver bulk water services to our customers in Macintyre Brook.

Table 4 - 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> .	68,134
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

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 5 sets out actual and forecast operating expenditure for the Macintyre Brook Bulk Water Service Contract.

Our performance in 2022-23

In 2022-23, operating costs were higher than the QCA’s recommended cost target. Further information is provided in the pricing submission proposal and associated scheme summaries.

Table 5 - Operating expenditure²

Operations and maintenance costs - by sub-category								
	2022-23 actuals \$'000				2023-24 forecast \$'000			
	QCA ¹	Sunwater	Δ to QCA		QCA ¹	Sunwater	Δ to QCA	
Insurance	\$221.3	\$230.2	4.0%	◄►	\$226.4	\$277.3	22.5%	▲
Electricity	\$3.9	\$7.6	94.0%	▲	\$4.0	\$9.6	142.1%	▲
Operations & maintenance	\$338.6	\$483.5	42.8%	▲	\$346.9	\$511.1	47.3%	▲
Support costs	\$642.7	\$764.0	18.9%	▲	\$658.2	\$791.2	20.2%	▲
Total opex	\$1,206.5	\$1,485.4	23.1%	▲	\$1,235.5	\$1,589.3	28.6%	▲

▲	△	◄►	▽	▼
10% above the QCA target	5% above the QCA target	In line with the QCA target <5%	5% below the QCA target	10% below the QCA target

1. Reflects the QCA’s 2020–2024 irrigation price investigation final recommendations. Excludes recreational facility costs.
2. From 1 July 2020, irrigation customers no longer contribute towards the cost of operating and maintaining recreational facilities. These costs have been excluded from the total operating expenditure.
3. Sunwater’s 2022-23 actual expenditure figures presented in this table are pre-adjustment and will differ from our Irrigation Pricing Proposal and its engagement materials. Sunwater’s 2023-24 figures align with our pricing submission, these figures may differ from the budget.

Outlook for 2023-24

Macintyre Brook Bulk Water Service Contract’s total operations budget in 2023-24 is 28.6 per cent above the QCA’s recommended cost target. Insurance is one of Sunwater’s largest expenditure items. These costs have increased significantly in recent years due to multiple flood events in Queensland and global insurable events impacting premiums. The escalation of insurance premiums has directly contributed to the rise in Sunwater’s operating expenditure.

Sunwater’s focus in 2023-24 is on water delivery functionality after returning to drier years after several considerably wet years and supporting multiple planned projects.

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

Renewals discussion

Sunwater recovers expenditure required to renew (maintain the current level of service an asset provides) its assets via a renewals annuity. The annuity treats all renewals related expenditure as an expense (i.e., not capital) and amortises a multi-year expenditure forecast (30-years) such that the amount customers pay is smoothed, relative to the actual expenditure profile. Negative opening balances reflect expenditure incurred by Sunwater which has not yet been recovered via the annuity contribution amount, while positive opening balances reflect expenditure which has been pre-recovered via the annuity contribution amount. Forecast annuity balances, and the impacts of budgeted spend, are shown in Table 6 below.

The QCA and Sunwater closing balances differ due to differences in the expenditure profile allowed by the QCA in its 2020-24 final recommendations and actual expenditure incurred by Sunwater in 2022-23 and what we expect to spend in 2023-24.

Annuity-funded expenditure includes funds for planned corrective maintenance (PCM), as well as large, one-off operations activities. Activities include monitoring of the asset condition to inform when an asset needs to be refurbished or replaced under the PCM program.

Non-annuity funded expenditure largely relates to Sunwater’s Dam Improvement Program and recreational facility costs.

Our performance in 2022-23 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.

Further explanation of our performance is provided in the pricing submission and scheme summaries.

Project level cost variances

Table 7 provides a comparison of the annuity-funded projects planned for 2022-23 and the actual projects undertaken, together with justification for the variances.

Outlook

Details of the major annuity-funded projects planned for the 2023-24 and 2024-25 period are set out in Table 8.

Table 6 - Annuity and non-annuity funded expenditure and roll-forward¹

Annuity funded expenditure (and roll forward)										
	2022-23 actuals \$'000					2023-24 forecast \$'000				
		QCA ²		Sunwater ⁴	Δ to QCA		QCA ²		Sunwater ⁴	Δ to QCA
Opening balance	<i>O</i>	\$(2,568.5)	➔	\$(7,280.4)	183.4% ▲		\$(2,065.3)	➔	\$(11,788.3)	470.8% ▲
Annuity funded expenditure	<i>E</i>	\$(54.0)	➔	\$(4,859.1)	8902.4% ▲		\$(40.2)	➔	\$(4,820.3)	11891.9% ▲
Annuity revenue ³	<i>R</i>	\$669.5	➔	\$669.5	- -		\$676.4	➔	\$676.4	- -
Interest	<i>I</i>	\$(112.3)	➔	\$(318.3)	- -		\$(90.3)	➔	\$(515.4)	- -
Closing balance	<i>C</i>	\$(2,065.3)	➔	\$(11,788.3)	470.8% ▲		\$(1,519.3)	➔	\$(16,447.6)	982.6% ▲
<i>C = (O + E + R + I)</i>										
Other expenditure (not part of prices)										
Dam improvement program		-		\$0.0	-		-		\$0.0	-
Recreational facility projects ¹		-		\$0.0	-		-		\$0.0	-
Metered offtakes and dividend reinvestment		-		\$0.0	-		-		\$71.5	-

▲	△	◄►	▽	▼
10% above the QCA target	5% above the QCA target	In line with the QCA target <5%	5% below the QCA target	10% below the QCA target

1. Forecast annuity-funded costs from 2020-21 exclude recreational facility projects.
2. Reflects the QCA's 2020–2024 irrigation price investigation final recommendations.
3. The annuity contribution is included in the prices paid by bulk water and distribution customers. From 2020-21 to 2023-24, the annuity contribution is based on the QCA's irrigation price investigation 2020–2024 final recommendations.
4. Sunwater's 2022-23 actual expenditure figures presented in this table are pre-adjustment and will differ from our Irrigation Pricing Proposal and its engagement materials. Sunwater's 2023-24 figures align with our pricing submission, these figures may differ from the budget.

Comparison of forecast and actual annuity-funded projects for 2022-23

The below table sets out the major annuity-funded projects planned for the Macintyre Brook Bulk Water Service Contract in 2022-23² and the actual projects undertaken.

Table 7 - Comparison of forecast and actual annuity-funded projects for 2022-23

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
Scheme	Replace – customer meters based on known asset condition and age.	90	70	The budget allowed for additional funds to cover meter failures.
Greenup Weir	Study – investigate impacts on groundwater recharge at Greenup Weir.	181	56	The study was brought forward to FY22. The condition assessment report and groundwater recharge report were completed in 2021-22. The options analysis study was then commenced in 2022-2023 and planned to be completed in 2023-24.
Coolmunda Dam	Replace – spillway gate seals to overcome friction and reduce losses (Stage 1).	181	103	This project was delivered under budget due to a competitive tendering process.
Coolmunda Dam	Replace – conduct variable counterweight condition assessment and replace counterweights at Gates 1 and 2.	3636	2919	This is a multi-year project which was planned to be completed in 2022-23. The project was not completed due to grout failure between the structure and the railway guides which required repair before the replacement works could re-commence. This project will be completed in 2023-24.
Coolmunda Dam	Replace – intake screen on left and right header pipe intakes based on known asset condition and age.	108	29	This project was completed in conjunction with other works resulting in savings.
Coolmunda Dam	Risk reduction program – investigation phase.	488	0	This project was removed from the program.
Multiple	Various projects.	439	134	<p>Most of this expenditure related to the 5-year comprehensive inspections at Ben Dor and Whetstone Weirs insufficient funds were allocated to complete the inspections resulting in \$18k spent over budget.</p> <p>Three projects were unable to be completed, these include:</p> <ul style="list-style-type: none"> The actuator installation on both cone valves at Coolmunda Dam required further scoping to complete the design, supply and installation of the hydraulic system for the operations of the 12” and 30” regulation valves (\$58k less) Work will be completed in 2023-24. Safe access could not be provided to inspect and maintain the larger cone valve at Coolmunda Dam (\$28k less) as a result further scope was required to complete the design, supply and installation of the hydraulic system. This work is planned to be completed in 2023-24.

² Based on information extracted from Sunwater’s systems in mid-2023. See the 2023 S&PP at www.sunwater.com.au/schemes/Macintyre-Brook/

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
				<ul style="list-style-type: none"> The installation of the new valve controls at Whetstone Weir will be completed in 2023-24 due to a delay in receiving materials (\$57k less) <p>The below projects were completed in line with or under budget due to competitive tendering processes and packaging with other similar works.</p> <ul style="list-style-type: none"> New boat at Coolmunda Dam (\$71k less) Refurbishing the left embankment access ramp Safety sign replacements (\$18k) <p>The project to replace the header pipe intake bulkheads was removed from the program (\$72k).</p>
Multiple	Non-scheduled projects	-	1585	<p>Most of this expenditure relates to repairing the scoured section along the left bank at Coolmunda Dam caused by inflows (\$833k)</p> <p>In addition, the following unplanned works were undertaken in 2022-23:</p> <ul style="list-style-type: none"> arc flash 1 was completed to understand and assess the arc flash assets in the Service Contract from a risk category rating perspective. This is a multi-year project required to comply with updated arc flash standards and will lead into secondary program (\$19k) expenditure from three projects incorrectly journaled from the variable counter weight (VCM) project (27k) repairs to the fuse plug at Coolmunda Dam and trash rack replacement at Whetstone Weir caused by water inflows (\$62k) refurbishing the toe drain access road due to safety concerns (18k) a project was created to observe the seepage and boils discovered at Coolmunda Dam and to update the comprehensive risk assessment (\$25k) investigation of a piping issue at Coolmunda Dam. This covered design and installation of the filter system at the toe of the dam (\$247k) investigating the extent of damage in the drain line which was caused by the blockage in gate 5 righthand side float well drain (\$26k) a study looking at options for remote operation and surveillance at Ben Dor Weir (\$15k) the purchase of an electrical sign board (\$23k) unplanned carryover project to relocate the existing switchboard, VSD and upgrade electrical cables (\$272k) <p>There were three projects completed in 2021-22 that were invoiced and paid in 2022-23 (\$29k).</p>
2022-23 Total		5123	4896	

Annuity-funded projects for 2023-24 and 2024-25

The below table sets out Sunwater’s currently planned annuity-funded projects for 2023-24 and 2024-25³ 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. The data in Table 8 is presented at a granular level and may not align with the overarching program names in our pricing submission.

Table 8 - Forecast annuity-funded projects planned for 2023-24 and 2024-25

Year	Facility	Activity description	Forecast \$'000
2023-24	Coolmunda Dam	Replace – install spillway gate tilt sensors to monitor irregular movement during flood events.	116
	Coolmunda Dam	Replace – install hydraulic system based on condition and age.	465
	Coolmunda Dam	Replace – install actuators on both cone valves to mitigate known safety risk.	79
	Coolmunda Dam	Replace – all radial gate seals.	93
	Coolmunda Dam	Replace – install a programmable logic controller system to operate the valves remotely for staff efficiency gains.	35
	Scheme	Replace – customer meters based on known asset condition and age.	59
	Coolmunda Dam	Study – geological assessment of the dam foundations to determine probability and consequences of a piping failure.	1237
	Coolmunda Dam	Study – compaction tests on the fuse plug to determine its core strength	58
	Coolmunda Dam	Refurbish – continuation of variable counter weights (VCW) based on GHD assessment report.	1750
	Coolmunda Dam	Replace – spillway gantry crane for operator safety. Covers design and procurement.	929
		2023-24 Total	
2024-25	Coolmunda Dam	Arc Flash Program.	84
	Coolmunda Dam	Refurbish – repaint downstream face of gates 3, 5 and 6 based on known condition.	326
	Scheme	Replace – customer meters based on known asset condition and age.	60
	Coolmunda Dam	Replace – spillway gantry crane for operator safety. Covers installation.	298
	Confirm facility	Replace – supervisory control and data acquisition (SCADA) software.	484
	Coolmunda Dam	Study – as low as reasonably possible (ALARP) investigation to evaluate dam safety risk.	139

³ The project forecasts provided in this table align with our pricing submission. It is important to acknowledge that these projects are inherently dynamic and susceptible to changes influenced by various factors.

Year	Facility	Activity description	Forecast \$'000
	Coolmunda Dam	Replace – install gate movement sensors.	119
	Coolmunda Dam	Study – hydro-demolition at two locations to expose foundation anchors and test them for pull out capacity.	116
	Coolmunda Dam	Refurbish – reinstate water level sensor 01 to assist with dam condition monitoring.	2
	2024-25 Total		1629