



Draft Service and Performance Plan 2021/22

Lower Mary River Bulk Water Service Contract

25 March 2021

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At a glance

Our performance in 2019/20




Operating costs:
\$0.08 million (73.9% less than forecast)

Forecast operating costs in the 2019/20 Network Service Plan were overstated.




Annuity-funded costs:
\$0.04 million (11.0% less than forecast)

Sunwater replaced six customer meters in the scheme; one more than forecast. The additional meter was funded by the scheme’s contingency amount. The remainder of the contingency was not used.



Total water deliveries:
13,642 ML


Water delivered to irrigators: 11,864 ML



Service targets: Met

No exceptions.

Outlook for 2021/22



Forecast operating costs:
\$0.46 million

Significant areas of expenditure:

- operations (\$0.20 million)
- cost transfer from Lower Mary distribution for a share of the Owanyilla pump station and main channel costs (\$0.21 million).



Forecast annuity-funded costs:
\$0.23 million

Key projects planned:

- comprehensive inspections of Mary and Tinana Barrages (\$0.04 million)
- replacement of customer meters, as required, during the year (\$0.03 million)
- design and procurement for electrical work at Owanyilla pump station (\$0.15 million; bulk water share of costs).

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 Lower Mary River 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 that refurbishment and corrective work identified through our annual and five yearly comprehensive inspections at Mary Barrage and Tinana Barrage are implemented safely, timely and efficiently.

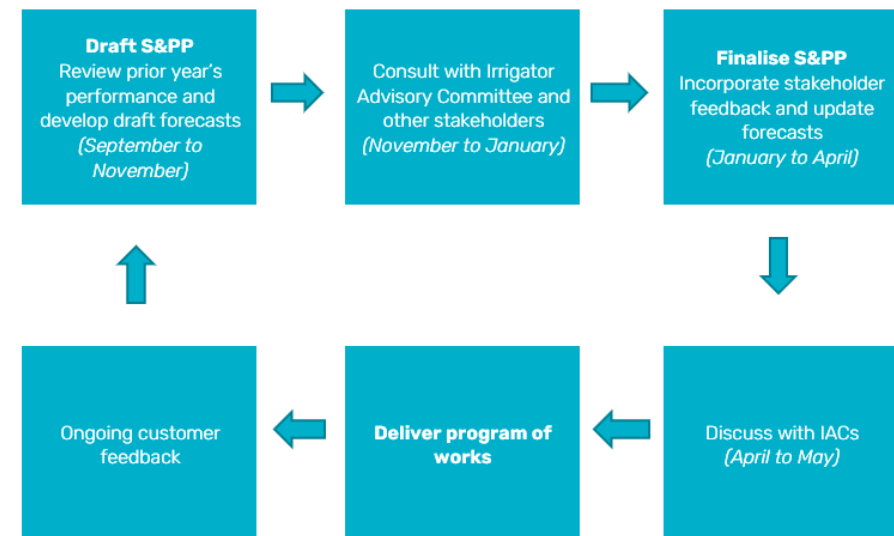
In addition to this S&PP, Sunwater has published an information sheet which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The information sheet is available at:

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

¹ All financial figures reported in this document are in nominal dollars, i.e. dollars of the day. Figures may not sum due to rounding.

Input from customers is a valuable part of Sunwater’s planning process and ensures that we invest in areas which support the services we provide to customers. Figure 1 outlines how Sunwater and customers work together in relation to S&PPs.

Figure 1: Customer consultation and S&PPs



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

Email: sppfeedback@sunwater.com.au

Post: S&PP Feedback
PO Box 15536
City East Qld 4002

Delivering services to our customers

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

Our customers

The majority of the 157 customers in this scheme were predominantly irrigators of sugar cane; however, transition to other crops and permanent plantings has increased. Water is also supplied to Wide Bay Water.

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 data¹

| Customer segment | Total water allocations (ML) | High priority water allocations (ML) | Medium priority water allocations (ML) | Total water deliveries 2019/20 (ML) |
|--------------------------------------|------------------------------|--------------------------------------|--|-------------------------------------|
| Irrigation | 19,707 | 0 | 19,707 | 11,864 |
| Industrial | 80 | 15 | 65 | 1 |
| Urban | 120 | 120 | 0 | 52 |
| Sunwater (excl. distribution losses) | 5580 | 0 | 5580 | 2 |
| Sunwater distribution losses | 4912 | 324 | 4588 | 1724 |
| Total | 30,399 | 459 | 29,940 | 13,642 |

1. Includes distribution.

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 Lower Mary River Bulk Water Service Contract does not need additional subsidies to recover irrigation's share of future renewals, maintenance and operating costs.

Table 2: Irrigation charges for 2021/22¹

| Tariff group | Product | 2021/22 (\$/ML) ² | QCA cost-reflective (\$/ML) ³ | Subsidy (\$/ML) |
|------------------------------------|----------------------------|------------------------------|--|--------------------|
| Lower Mary – Tinana and Teddington | Allocation Charge – Part A | 24.83 | 18.02 | n/a |
| | Allocation Water – Part B | 9.94 | 28.08 | 18.14 ⁴ |
| Lower Mary River – Mary Barrage | Allocation Charge – Part A | 15.10 | 6.35 | n/a |
| | Allocation Water – Part B | 0.88 | 0.88 | n/a |
| Lower Mary Channel | Allocation Charge – Part A | 6.35 | 6.35 | n/a |
| | Allocation Water – Part B | 0.88 | 0.88 | n/a |

1. This table includes bulk water charges only. For distribution charges, please refer to the Distribution Service Contract S&PP.
2. As recommended by the QCA. The Queensland Government has not yet determined the irrigation charges to apply in 2021/22.
3. Reflects the cost-reflective price determined by the 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.
4. Sunwater does not expect to receive a Community Service Obligation for this tariff group as the additional revenue to be received from Part A charges is likely to offset the unrecovered volumetric revenue.

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 Lower Mary River 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 | Unplanned shutdowns will be fixed so that at least partial supply can be resumed | 48 hours | 0 | 0 | 0 |
| Maximum number of interruptions ¹ | Planned or unplanned interruptions per water year | 6 | 0 | 0 | 0 |

1. This is the total number of bulk customers in the scheme that have been interrupted in excess of the target.

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

Table 4: Customer interactions service targets and performance

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

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

Key infrastructure

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

Table 5: Key infrastructure

| Asset | Description | Total storage capacity (ML) |
|----------------|--|-----------------------------|
| Mary Barrage | Concrete-capped steel sheet pile structure. Includes a vertical slot type fish ladder. | 12,000 |
| Tinana Barrage | Concrete-capped steel sheet pile structure. Includes a vertical slot type fish ladder. | 4700 |

Financial summary—Revenue and expenditure

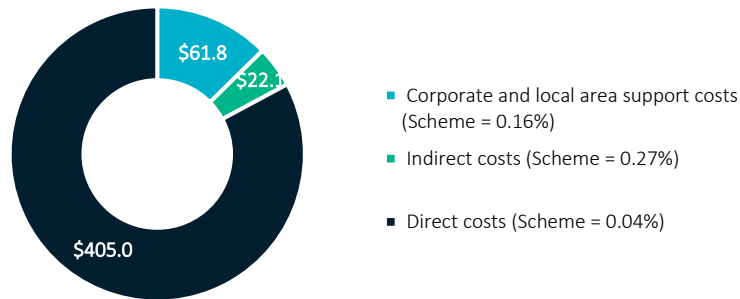
A high-level summary of the budgeted financial performance of the Lower Mary River Bulk Water Service Contract is presented in Table 6.

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 no material change to revenue for the Lower Mary River 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 Lower Mary River 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 scheme¹—2021/22 forecast (\$M)



1. Prior to the transfer of a portion of Owanilla pump station and main channel costs from the Lower Mary River Distribution Service Contract.

Table 6: Service contract financial summary

| Lower Mary River 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 | 195.1 | 209.3 | 220.3 | 204.5 | 205.3 |
| Community Service Obligation | - | - | - | - | - |
| Industrial ¹ | 6.6 | 6.7 | 6.8 | 6.8 | 7.0 |
| Urban ¹ | 94.7 | 95.3 | 123.1 | 69.5 | 71.2 |
| Revenue transfers ² | 114.2 | 103.3 | 115.8 | 105.3 | 107.9 |
| Drainage | - | - | - | - | - |
| Other | 32.4 | - | 10.3 | - | - |
| Revenue total | 443.0 | 414.7 | 476.4 | 386.1 | 391.4 |
| Less – Operating expenditure | 133.1 | 140.5 | 81.3 | 428.1 ³ | 458.9 ³ |
| Less | | | | | |
| Annuity-funded | 207.6 | 635.4 | 37.0 | 295.8 ³ | 231.5 ³ |
| Non-annuity funded ⁴ | 7.0 | - | 4.6 | - | - |
| Surplus (deficit) | 95.3 | (361.3) | 353.5 | (337.7) | (299.0) |

- 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 distribution system. The revenue accrues to the distribution system before it is transferred to the Bulk Water Service Contract as a contribution to the cost of the bulk water service.
- Includes a share of Owanilla pump station and main channel costs which have been transferred from the Lower Mary River Distribution Service Contract.
- This is expenditure which has not been funded by irrigation customers. An example of this in the Lower Mary River Bulk Water Service Contract is metered offtakes.

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 Lower Mary River Bulk Water Service Contract. For a more detailed breakdown by cost category, refer to **Appendix 2**.

Table 7: Operating expenditure¹

| Lower Mary River 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 | 125.2 | 127.2 | 237.8 | 53.0 | (184.7) | 205.6 | 125.0 | 212.2 | 127.7 | 229.7 | 227.3 | 241.0 | 241.8 |
| Electricity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Insurance | 9.6 | 14.7 | 11.0 | 11.3 | 0.3 | 15.3 | 18.5 | 15.6 | 18.9 | 16.0 | 16.4 | 16.8 | 17.3 |
| Operations | 115.7 | 112.5 | 226.8 | 41.7 | (185.1) | 190.4 | 106.5 | 196.6 | 108.8 | 213.7 | 210.9 | 224.2 | 224.6 |
| Preventative maintenance | 5.3 | 13.4 | 45.8 | 7.0 | (38.8) | 27.7 | 5.5 | 28.6 | 5.6 | 31.1 | 30.7 | 32.6 | 32.7 |
| Corrective maintenance | 2.5 | - | 28.1 | 21.2 | (6.9) | 11.4 | 6.3 | 11.8 | 6.5 | 12.7 | 12.6 | 13.3 | 13.4 |
| Owanyilla pump station cost transfer from Lower Mary River distribution ³ | | | | | | 183.3 | 157.8 | 206.3 | 183.7 | 214.3 | 218.0 | 193.4 | 196.2 |
| Operating costs total | 133.1 | 140.5 | 311.7 | 81.3 | (230.5) | 428.1 | 294.7 | 458.9 | 323.5 | 487.8 | 488.5 | 480.3 | 484.1 |
| Recreational facility costs ⁴ | | | | | | - | | - | | - | - | - | - |
| Operating costs total (incl. recreational facility costs) | 133.1 | 140.5 | 311.7 | 81.3 | (230.5) | 428.1 | | 458.9 | | 487.8 | 488.5 | 480.3 | 484.1 |

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. The Owanyilla pump station and main channel (part of the Lower Mary River distribution system) perform a bulk water function as they supplement the Tinana Barrage and Teddington Weir. In its 2020–2024 irrigation price investigation final recommendations, the QCA transferred a share of the Owanyilla pump station and main channel costs from the Lower Mary River Distribution Service Contract to the Lower Mary River Bulk Water Service Contract. Refer to section 6.4.4 of the QCA's final Part B report at: www.qca.org.au/project/rural-water/irrigation-price-investigations/
4. 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.

Our performance in 2019/20

In 2019/20, operating costs were lower than our previously forecast² due to the forecast expenditure being overstated at the time of developing the 2019/20 Network Service Plan. Sunwater has revised our forecast costs (prior to cost transfers) downwards from 2020/21.

Outlook for 2021/22

Operations

Lower Mary River Bulk Water Service Contract's total operations budget (prior to cost transfers) in 2021/22 is 66.2 per cent above the QCA's recommended cost target primarily due to a budgeted increase in labour costs (and associated local area support and corporate support costs). Some of this variance also relates to forecasting errors; only prudent and efficient costs required to operate the system will be applied.

Preventative maintenance

The forecast preventative maintenance costs (prior to cost transfers) for the Lower Mary River Bulk Water Service Contract are 408.6 per cent above the QCA's recommended cost target. A large portion of the variance relates to forecasting errors; only prudent and efficient costs will be applied to the delivery of preventive maintenance functions.

Corrective maintenance

In 2021/22, Sunwater anticipates spending \$11.8k on corrective maintenance (prior to cost transfers) in the Lower Mary River Bulk Water Service Contract. This is 81.8 per cent above the QCA's recommended cost target, primarily due to a budgeted increase in labour costs (and associated local area support and corporate support costs) for conducting corrective maintenance activities. The forecast expenditure aligns to average spend in previous years.

² See the 2019/20 Network Service Plan at www.sunwater.com.au/schemes/Lower-Mary-River/

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}

| Lower Mary River Bulk Water Service Contract | 2017/18 | 2018/19 | 2019/20 | | Variance \$'000 | 2020/21 | | 2021/22 | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|-------------------------------------|-------------------------------------|--------------------------|------------------------|-----------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Sunwater Actual \$'000 ³ | Sunwater Actual \$'000 ³ | Sunwater Forecast \$'000 | Sunwater Actual \$'000 | | Sunwater Forecast \$'000 | QCA Target \$'000 ⁴ | Sunwater Forecast \$'000 | QCA Target \$'000 ⁴ | Sunwater Forecast \$'000 | Sunwater Forecast \$'000 | Sunwater Forecast \$'000 | Sunwater Forecast \$'000 |
| Annuity-funded | | | | | | | | | | | | | |
| Operations | 0.3 | - | - | - | - | - | - | - | - | - | - | - | - |
| Preventative maintenance | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Planned corrective maintenance | 207.3 | 635.4 | 41.6 | 37.0 | (4.6) | 101.1 | 93.5 | 66.5 | 65.0 | 43.9 | 61.8 | 187.4 | 97.0 |
| Unplanned corrective maintenance | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Owanyilla pump station and main channel cost transfer from Lower Mary River distribution ⁵ | | | | | | 194.7 | 71.0 | 165.0 | 142.1 | 374.2 | 419.3 | 10.7 | 7.6 |
| Annuity-funded total | 207.6 | 635.4 | 41.6 | 37.0 | (4.6) | 295.8 | 164.5 | 231.5 | 207.1 | 418.2 | 481.2 | 198.1 | 104.5 |
| Non-annuity funded | | | | | | | | | | | | | |
| Dam Improvement Program | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreational facility projects | | | | | | - | - | - | - | - | - | - | - |
| Metered offtakes and dividend reinvestment | 7.0 | - | - | 4.6 | 4.6 | - | - | - | - | - | - | - | - |
| Non-annuity total | 7.0 | - | - | 4.6 | 4.6 | - | - | - | - | - | - | - | - |

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.
5. In its 2020–2024 irrigation price investigation final recommendations, the QCA transferred a share of the Owanyilla pump station and main channel costs from the Lower Mary River Distribution Service Contract to the Lower Mary River Bulk Water Service Contract. Refer to section 6.4.4 of the QCA’s final Part B report at: www.qca.org.au/project/rural-water/irrigation-price-investigations/

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—Bulk water

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

| Lower Mary River 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 | (1575.4) | (1789.2) | (2440.2) | (2542.6) | (2532.6) | (2485.3) | (2411.8) | (2351.3) | (2386.8) |
| Spend ² | (207.6) | (635.4) | (37.0) | (101.1) | (66.5) | (43.9) | (61.8) | (187.4) | (97.0) |
| Insurance proceeds receipts (if applicable) | | | | | | | | | |
| Prior year | - | - | - | - | - | - | - | - | - |
| Current year | - | 4.0 | - | - | - | - | - | - | - |
| Annuity contribution ³ | 111.7 | 114.5 | 117.4 | 222.3 | 224.4 | 226.2 | 227.7 | 254.8 | 256.0 |
| Interest/financing costs | (118.0) | (134.0) | (182.8) | (111.2) | (110.7) | (108.7) | (105.4) | (102.8) | (104.4) |
| Sunwater – Closing balance | (1789.2) | (2440.2) | (2542.6) | (2532.6) | (2485.3) | (2411.8) | (2351.3) | (2386.8) | (2332.1) |
| QCA – Closing balance | (1789.2) | (2440.2) | (2540.0) | (2522.2) | (2473.0) | (2398.0) | (2303.2) | | |
| Difference | - | - | (2.6) | (10.4) | (12.3) | (13.8) | (48.1) | | |

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.

Annuity balance—Owanyilla pump station and main channel

The Owanyilla pump station and main channel, which form part of the Lower Mary River distribution system, perform a bulk water function as they supplement the Tinana Barrage and Teddington Weir. In recognition of this, a share of the Owanyilla pump station and main channel annuity-funded costs is transferred from the Lower Mary River Distribution Service Contract to the Lower Mary River Bulk Water Service Contract. These costs are allocated to the Tinana Barrage and Teddington Weir tariff group and recovered in customers' prices via the annuity contribution.

Table 10 shows the forecast annuity balances and budgeted spend for the Owanyilla pump station and main channel, split between the bulk water and distribution system service contracts. Further detail on the annuity-funded expenditure is provided in **Appendix 5**.

In 2021/22, the annuity contribution included in prices paid by customers in the Tinana Barrage and Teddington Weir tariff group is \$95.9k. The remainder of the annuity contribution is recovered through distribution prices.

Table 10: Owanyilla pump station and main channel annuity balance

| Owanyilla pump station and main channel | 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 | 260.0 | 333.5 | 362.7 | 253.3 | 96.4 | (16.6) | (487.0) | (1054.7) | (985.0) |
| Spend ² | (93.3) | (146.7) | (291.3) | (329.9) | (279.7) | (634.3) | (710.8) | (18.1) | (12.8) |
| Allocated to Lower Mary River bulk | | | | (194.7) | (165.0) | (374.2) | (419.3) | (10.7) | (7.6) |
| Allocated to Lower Mary River distribution | | | | (135.3) | (114.7) | (260.1) | (291.4) | (7.4) | (5.3) |
| Insurance proceeds receipts (if applicable) | | | | | | | | | |
| Prior year | - | - | - | - | - | - | - | - | - |
| Current year | - | - | - | - | - | - | - | - | - |
| Annuity contribution ³ | 147.3 | 151.0 | 154.7 | 161.9 | 162.5 | 164.6 | 164.3 | 133.9 | 133.7 |
| Interest/financing costs | 19.5 | 25.0 | 27.2 | 11.1 | 4.2 | (0.7) | (21.3) | (46.1) | (43.1) |
| Sunwater – Closing balance | 333.5 | 362.7 | 253.3 | 96.4 | (16.6) | (487.0) | (1054.7) | (985.0) | (907.2) |
| Annuity contribution to Lower Mary River bulk ⁴ | | | | 95.5 | 95.9 | 97.1 | 97.0 | 79.0 | 78.9 |

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 bulk water and distribution customers. For 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.
4. Reflects the share of the annuity contribution included in the prices paid by customers in the Tinana Barrage and Teddington Weir tariff group.

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 | 909 |
| 2011/12 | 3565 |
| 2012/13 | 10,677 |
| 2013/14 | 17,303 |
| 2014/15 | 7856 |
| 2015/16 | 12,713 |
| 2016/17 | 17,961 |
| 2017/18 | 7464 |
| 2018/19 | 10,775 |
| 2019/20 | 13,642 |
| 18-year historical average | 9626 |

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

| Lower Mary River Bulk Water Service Contract | 2017/18 Sunwater Actual \$'000 | 2018/19 Sunwater Actual \$'000 | Sunwater Forecast \$'000 | 2019/20 Sunwater Actual \$'000 | Variance \$'000 | 2020/21 Sunwater Forecast \$'000 | QCA Target \$'000 | 2021/22 Sunwater Forecast \$'000 | QCA Target \$'000 | 2022/23 Sunwater Forecast \$'000 | 2023/24 Sunwater Forecast \$'000 | 2024/25 Sunwater Forecast \$'000 | 2025/26 Sunwater Forecast \$'000 |
|--|---|---|--------------------------------|---|--------------------|---|----------------------|---|----------------------|---|---|---|---|
| Operating costs | | | | | | | | | | | | | |
| Operations | 125.2 | 127.2 | 237.8 | 53.0 | (184.7) | 205.6 | 125.0 | 212.2 | 127.7 | 229.7 | 227.3 | 241.0 | 241.8 |
| Labour | 36.6 | 30.2 | 76.1 | 11.0 | (65.2) | 57.9 | 32.8 | 59.6 | 33.5 | 61.4 | 63.0 | 64.5 | 66.1 |
| Contractors | - | 7.7 | 4.0 | - | (4.0) | 3.0 | 3.6 | 3.1 | 3.7 | 3.2 | 3.2 | 3.3 | 3.4 |
| Materials | 0.1 | - | 1.0 | - | (1.0) | 1.0 | 0.2 | 1.0 | 0.2 | 1.1 | 1.1 | 1.1 | 1.1 |
| Electricity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Insurance | 9.6 | 14.7 | 11.0 | 11.3 | 0.3 | 15.3 | 18.5 | 15.6 | 18.9 | 16.0 | 16.4 | 16.8 | 17.3 |
| Other | 7.4 | 7.8 | 8.0 | 9.5 | 1.5 | 8.0 | 7.4 | 8.2 | 7.5 | 8.4 | 8.6 | 8.8 | 9.1 |
| Local area support costs | 28.6 | 18.2 | 27.9 | 5.5 | (22.3) | 32.4 | 13.9 | 33.4 | 14.2 | 34.4 | 35.2 | 36.1 | 37.0 |
| Corporate support costs | 15.1 | 29.3 | 56.9 | 8.5 | (48.4) | 43.4 | 25.3 | 44.7 | 25.9 | 46.1 | 47.2 | 48.4 | 49.6 |
| Indirect costs | 27.8 | 19.3 | 52.9 | 7.2 | (45.7) | 44.7 | 23.4 | 46.5 | 23.9 | 59.3 | 52.5 | 61.9 | 58.2 |
| Preventative maintenance | 5.3 | 13.4 | 45.8 | 7.0 | (38.8) | 27.7 | 5.5 | 28.6 | 5.6 | 31.1 | 30.7 | 32.6 | 32.7 |
| Labour | 1.8 | 3.9 | 15.3 | 2.1 | (13.2) | 8.4 | 1.8 | 8.6 | 1.8 | 8.9 | 9.1 | 9.3 | 9.6 |
| Contractors | - | - | 3.0 | - | (3.0) | 2.0 | 0.1 | 2.1 | 0.1 | 2.1 | 2.2 | 2.2 | 2.3 |
| Materials | - | 0.1 | - | - | - | - | 0.1 | - | 0.1 | - | - | - | - |
| Other | - | 0.9 | - | 0.5 | 0.5 | - | 0.1 | - | 0.1 | - | - | - | - |
| Local area support costs | 1.4 | 3.3 | 5.4 | 1.3 | (4.1) | 4.6 | 0.8 | 4.7 | 0.8 | 4.9 | 5.0 | 5.1 | 5.3 |
| Corporate support costs | 0.7 | 3.0 | 11.4 | 1.7 | (9.7) | 6.3 | 1.4 | 6.5 | 1.4 | 6.7 | 6.8 | 7.0 | 7.2 |
| Indirect costs | 1.4 | 2.2 | 10.6 | 1.4 | (9.3) | 6.5 | 1.3 | 6.7 | 1.3 | 8.6 | 7.6 | 9.0 | 8.4 |
| Corrective maintenance | 2.5 | - | 28.1 | 21.2 | (6.9) | 11.4 | 6.3 | 11.8 | 6.5 | 12.7 | 12.6 | 13.3 | 13.4 |
| Labour | 0.1 | - | 9.0 | 2.7 | (6.3) | 2.7 | 1.8 | 2.8 | 1.8 | 2.9 | 3.0 | 3.1 | 3.1 |
| Contractors | 2.3 | - | 3.0 | 8.0 | 5.0 | 3.0 | 0.4 | 3.1 | 0.4 | 3.2 | 3.2 | 3.3 | 3.4 |
| Materials | - | - | - | 2.9 | 2.9 | - | 0.6 | - | 0.6 | - | - | - | - |
| Other | - | - | - | 2.0 | 2.0 | - | 0.2 | - | 0.2 | - | - | - | - |
| Local area support costs | 0.0 | - | 3.2 | 1.7 | (1.5) | 1.5 | 0.8 | 1.6 | 0.8 | 1.6 | 1.6 | 1.7 | 1.7 |
| Corporate support costs | 0.1 | - | 6.7 | 2.3 | (4.5) | 2.1 | 1.4 | 2.1 | 1.4 | 2.2 | 2.2 | 2.3 | 2.3 |
| Indirect costs | 0.0 | - | 6.2 | 1.5 | (4.7) | 2.1 | 1.3 | 2.2 | 1.3 | 2.8 | 2.5 | 2.9 | 2.8 |
| Cost transfer from Lower Mary River distribution | | | | | | 183.3 | 157.8 | 206.3 | 183.7 | 214.3 | 218.0 | 193.4 | 196.2 |
| Operating costs total | 133.1 | 140.5 | 311.7 | 81.3 | (230.5) | 428.1 | 294.7 | 458.9 | 323.5 | 487.8 | 488.5 | 480.3 | 484.1 |
| Annuity-funded costs | | | | | | | | | | | | | |
| Labour | | | 1.9 | 4.1 | 2.2 | 8.7 | 8.0 | 5.1 | 5.0 | 3.7 | 13.3 | 21.6 | 13.1 |
| Contractors | | | 25.2 | 9.3 | (15.9) | 31.6 | 29.2 | 22.8 | 22.3 | 13.3 | 9.7 | 76.7 | 23.2 |
| Materials | | | 11.0 | 15.4 | 4.4 | 43.0 | 39.7 | 27.9 | 27.2 | 18.7 | 11.8 | 39.8 | 25.9 |
| Other | | | (0.0) | 0.0 | 0.0 | - | - | - | - | - | - | - | 6.2 |
| Local area support costs | | | 0.7 | 2.3 | 1.6 | 4.7 | 4.4 | 2.9 | 2.8 | 2.0 | 6.0 | 12.4 | 7.2 |
| Corporate support costs | | | 1.4 | 3.3 | 1.9 | 6.5 | 6.0 | 3.8 | 3.8 | 2.7 | 10.0 | 16.2 | 9.8 |
| Indirect costs | | | 1.3 | 2.5 | 1.2 | 6.7 | 6.2 | 4.0 | 3.9 | 3.5 | 11.1 | 20.7 | 11.5 |
| Cost transfer from Lower Mary River distribution | | | | | | 194.7 | 71.0 | 165.0 | 142.1 | 374.2 | 419.3 | 10.7 | 7.6 |
| Annuity-funded total¹ | 207.6 | 635.4 | 41.6 | 37.0 | (4.6) | 295.8 | 164.5 | 231.5 | 207.1 | 418.2 | 481.2 | 198.1 | 104.5 |
| Total costs² | 340.7 | 776.0 | 353.3 | 118.3 | (235.0) | 723.9 | 459.2 | 690.4 | 530.6 | 906.0 | 969.7 | 678.3 | 588.6 |

1. The 2017/18 and 2018/19 costs reflect the QCA's 2020–24 irrigation price investigation final recommendations, which included adjustments to Sunwater's actual costs. Sunwater has provided cost information at the lowest level of granularity available.
2. Excludes recreational facility costs from 2020/21.

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

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

| Project | Forecast \$'000 | Actual \$'000 | Commentary |
|----------------------|--------------------|------------------|---|
| Meter replacements | 25 | 37 | The meter replacement program at Mary River was completed in line with the budget (20MVA01). The meter replacement program at Tinana Stream (20MVA03) allowed for two meter offtake upgrades in 2019/20. An additional meter was replaced due to failure. It was funded from the contingency budget. |
| Other works | 16 | - | This was the contingency budget for the scheme. The budget was used for the additional meter outlet replacement (see above). |
| 2019/20 Total | 41 | 37 | |

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 | Tinana Barrage – Refurbish fishway baffle supports | The steel painted baffle supports at the barrage are corroding and need to be replaced to ensure the concrete baffles remain vertical. The baffles slow the flow of water, so fish can traverse the fish ladder. Stainless steel supports proved to be the most cost effective for the Ben Anderson Barrage in Bundaberg. | 66 |
| | 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. | 26 |
| | Asset revaluation | Revalue the assets for insurance purposes; update asset replacement costs and Bill of Materials; and identify gaps in asset hierarchy data. | 5 |
| | Other works | A contingency amount for unplanned capital replacements. | 5 |
| | 2020/21 Total | | 102 |
| 2021/22 | 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. | 27 |
| | Mary and Tinana Barrages – Comprehensive inspections | Sunwater conducts comprehensive inspections on all dams and weirs every five years to maintain our asset condition knowledge that will help to optimise the planned corrective maintenance program. | 40 |
| | Other works | There are no other annuity-funded projects planned for 2021/22. | - |
| | 2021/22 Total | | 67 |
| 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. | 28 |
| | Mary Barrage – Headwater level recorder | The headwater level recorder is showing signs of ageing and is scheduled to be replaced in 2023. If it is still working adequately, this project will be deferred. | 16 |
| | Other works | There are no other annuity-funded projects planned for 2022/23. | - |
| | 2022/23 Total | | 44 |
| 2023/24 | 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. | 28 |
| | Mary Barrage – Refurbish upstream protection works | The right bank upstream protection works are slowly being undermined by flood and tidal waters. A short-term solution has been implemented; however, to maintain long-term protection, a range of options will be assessed. This project also includes the design phase, with implementation to occur in 2024/25. | 33 |

| Year | Project title | Project scope | Forecast \$'000 |
|---------|---|---|--------------------|
| | Other works | There are no other annuity-funded projects planned for 2023/24. | - |
| | 2023/24 Total | | 61 |
| 2024/25 | 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. | 29 |
| | Mary Barrage – Access road refurbishment | This is an allowance to refurbish the short access road into Mary Barrage (repair potholes and drainage etc.). If the condition remains good, the funds will remain in the annuity. | 57 |
| | Tinana Barrage – Fence, gates and grids refurbishment | This is an allowance to repair any damaged fences, gates and grids at Tinana Barrage. If the condition remains good, the funds will remain in the annuity. | 12 |
| | Mary Barrage – Refurbish upstream protection works | This is an allowance to implement the outcome of the 2023/24 options study. An updated cost estimate will be part of the options study deliverables. | 89 |
| | Other works | There are no other annuity-funded projects planned for 2024/25. | - |
| | 2024/25 Total | | 187 |
| 2025/26 | Asset revaluation | Revalue the assets for insurance purposes; update asset replacement costs and Bill of Materials; and identify gaps in asset hierarchy data. | 5 |
| | 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. | 30 |
| | Tinana Barrage – Replace marker buoys | Damaged marker buoys will be replaced at Tinana Barrage. Prior to it happening, the marker buoy policy will be reviewed to determine if the buoys need to remain on the waterway. | 20 |
| | Tinana Barrage – Joint filler replacement | Worn and damaged joint filler between the face slabs will be replaced to ensure water does not penetrate the barrage itself. | 17 |
| | Tinana Barrage – Headwater gauge replacement | The headwater level recorder is showing signs of ageing and is scheduled to be replaced in 2025/26. If it is still working adequately, this project will be deferred. | 24 |
| | Other works | There are no other annuity-funded projects planned for 2025/26. | - |
| | 2025/26 Total | | 96 |

Appendix 5—Owanyilla pump station and main channel annuity-funded projects for 2020/21 to 2025/26

The below table sets out Sunwater’s currently planned Owanyilla pump station and main channel annuity-funded projects for the 2020/21 to 2025/26 period. Customers in the Tinana Barrage and Teddington Weir tariff group contribute towards 59 per cent of these costs.

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 | Total forecast project costs \$'000 | Bulk water share of forecast project costs \$'000 |
|---------|---|---|--|--|
| 2020/21 | Owanyilla pump station – Replace flow meter sensors and control unit | The bulk flow meter needs to be replaced to assist in determining pump efficiencies. Understanding changes in pump efficiency can help reduce running costs and predict future maintenance requirements. | 50 | 29 |
| | Owanyilla pump station – Electrical control system design and procurement | Design and procurement stage of the control system upgrade based on the outcome of the 2019 options analysis. The control system is beyond its standard life with few spare parts available. It needs to be replaced before it fails. | 56 | 33 |
| | Owanyilla pump station – Pump unit No. 2 | The pump, motor and suction valves on pump unit No. 2 were refurbished during 2019/20 but were not able to be re-installed by the end of the financial year. The discharge valve will also now be refurbished, and the complete unit reinstalled. | 189 | 111 |
| | Owanyilla pump station – Pump unit No. 1 | The discharge valve on pump unit No. 1 will be refurbished based on current known condition—the external coating is starting to fail, and the seal is not providing adequate protection. | 35 | 21 |
| | Other works | There are no other annuity-funded projects planned for 2020/21. | - | - |
| | 2020/21 Total | | 330 | 194 |
| 2021/22 | Owanyilla pump station – Electrical control system replacement (Stage 1) | This is Stage 1 of the replacement works following the design and procurement phase in 2020/21. This will involve the initial supply of services and installation. Once the final design and procurement phase has been completed, typical supply and installation takes six to 12 months as the old and new system need to operate concurrently to allow continuity of supply. | 248 | 146 |
| | Main Road pump station – Electrical upgrade | The electrical reticulation system between the pump station and channel outlet to Teddington Weir has failed. This means it is not possible to measure discharges and flow rates to the weir. | 32 | 19 |
| | Other works | There are no other annuity-funded projects planned for 2021/22. | - | - |

| Year | Project title | Project scope | Total forecast project costs \$'000 | Bulk water share of forecast project costs \$'000 |
|---------|--|---|--|--|
| | 2021/22 Total | | 280 | 165 |
| 2022/23 | Owanyilla pump station – Electrical control system replacement (Stage 2) | This is Stage 2 of the replacement works to continue the installation and commissioning of the new electrical control system. | 353 | 208 |
| | Owanyilla pump station – Switchboard 2 replacement | This is Stage 1 of the low voltage switchboard replacement. Stage 1 will consist of options and design work. | 244 | 144 |
| | Owanyilla pump station – Inlet screen refurbishment | The inlet screens into the pump station are corroding and need to be removed and repainted with a protective coating to preserve and extend their life. | 31 | 18 |
| | Owanyilla pump station – High voltage (HV) testing | Sunwater's HV switchboard testing standard requires condition assessment and safety testing every three years to ensure the boards remain functional and safe for operators. | 6 | 4 |
| | Other works | There are no other annuity-funded projects planned for 2022/23. | - | - |
| | 2022/23 Total | | 634 | 374 |
| 2023/24 | Owanyilla pump station – Switchboard 2 replacement works (Stage 2) | Installation and commissioning of materials and equipment. This project will conclude the switchboard and control system activities at the pump station. | 486 | 286 |
| | Owanyilla pump station – Mains cable replacement | Cable replacement to be coordinated with switchboard and control system site works. Scope of works, timing and budget are subject to the 2019/20 options analysis. | 183 | 108 |
| | Owanyilla pump station – Switchboard 1 replacement works | The switchboard work includes installation and commissioning of materials and equipment. This project will be run in conjunction with the Switchboard 2 and cable replacement works. | 43 | 25 |
| | Other works | There are no other annuity-funded projects planned for 2023/24. | - | - |
| | 2023/24 Total | | 712 | 419 |
| 2024/25 | Owanyilla pump station | The only works at the pump station for 2024/25 are allowances for some minor access road and fencing refurbishments. | 18 | 11 |
| | 2024/25 Total | | 18 | 11 |
| 2025/26 | Owanyilla pump station | The only works at the pump station for 2025/26 is a project to review current operations and maintenance practices following the major electrical upgrades and develop an operating manual. | 13 | 8 |
| | 2025/26 Total | | 13 | 8 |

Contact us

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

Email: sppfeedback@sunwater.com.au

Post: S&PP Feedback
PO Box 15536
City East Qld 4002

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