



# Final Service and Performance Plan

## 2021/22

Lower Mary River Bulk Water Service Contract

27 July 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:**  
\$0.44 million

Significant areas of expenditure:

- operations (\$0.15 million)
- cost transfer from Lower Mary distribution for a share of the Owanyilla pump station and main channel costs (\$0.22 million).

 **Forecast annuity-funded costs:**  
\$0.43 million

Key projects planned:

- comprehensive inspections of Mary and Tinana Barrages (\$0.04 million)
- replacement of customer meters, as required, during the year (\$0.04 million)
- refurbishment of the C2 pipeline across Marry Barrage crest (\$0.05 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 costs<sup>1</sup> 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.

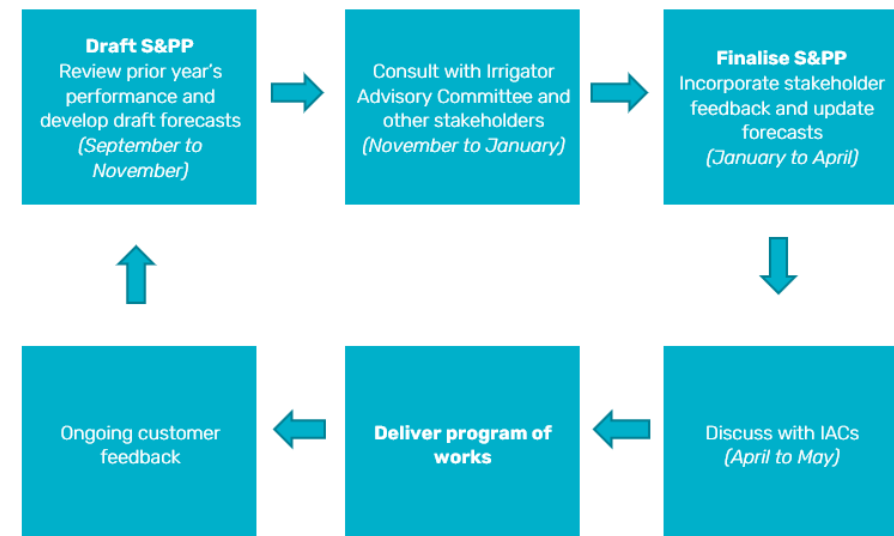
In addition to this S&PP, Sunwater has published an information sheet which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The information sheet is available at:

[www.sunwater.com.au/customer/products-and-services/service-and-performance-plans/](http://www.sunwater.com.au/customer/products-and-services/service-and-performance-plans/)

<sup>1</sup> 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](mailto: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 data<sup>1</sup>

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
<b>Total</b>	<b>30,399</b>	<b>459</b>	<b>29,940</b>	<b>13,642</b>

1. Includes distribution.

## Irrigation charges

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

Table 2: Irrigation charges for 2021/22<sup>1</sup>

Tariff group	Product	2021/22 (\$/ML) <sup>2</sup>	QCA cost-reflective (\$/ML) <sup>3</sup>
Lower Mary – Tinana and Teddington	Allocation Charge – Part A	21.11	18.02
	Allocation Water – Part B	8.26	28.08
Lower Mary River – Mary Barrage	Allocation Charge – Part A	12.84	6.35
	Allocation Water – Part B	0.73	0.88
Lower Mary Channel	Allocation Charge – Part A	5.28	6.35
	Allocation Water – Part B	0.73	0.88

1. This table includes bulk water charges only. For distribution charges, please refer to the Distribution Service Contract S&PP.
2. Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to [www.rdmw.qld.gov.au](http://www.rdmw.qld.gov.au) for more information.
3. Is the cost-reflective price determined by the Queensland Competition Authority (QCA) in its 2020–2024 irrigation price investigation. Costs reflect lower bound cost recovery, i.e. recovery of future replacement and ongoing maintenance and operations. Charges do not allow for any returns on existing assets.

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

[www.sunwater.com.au/customer/fees-and-charges/](http://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 <sup>1</sup>	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 <sup>1</sup>	80.00%	94.87%
Requests actioned within Service Level Agreement (SLA) timeframes <sup>2</sup>	> 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

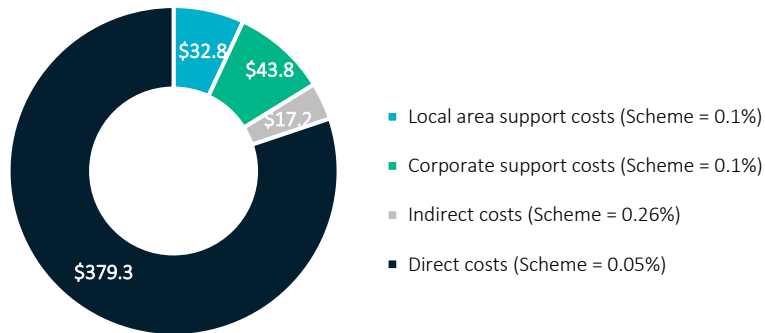
A high-level summary of the budgeted financial performance of the Lower Mary River Bulk Water Service Contract is presented in Table 6.

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 a decrease in revenue for the Lower Mary River Bulk Water Service Contract in 2021/22.

In 2021/22, Sunwater expects to spend \$473 million across all parts of our business, i.e. regulated and non-regulated. A breakdown of the forecast total cost pool at the direct and non-direct cost level is shown in Figure 2, together with the percentage of these costs allocated to the 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 scheme<sup>1</sup>—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 <sup>1</sup>	6.6	6.7	6.8	6.8	7.0
Urban <sup>1</sup>	94.7	95.3	123.1	69.5	71.8
Revenue transfers <sup>2</sup>	114.2	103.3	115.8	105.3	89.8
Drainage	-	-	-	-	-
Other	32.4	-	10.3	-	-
<b>Revenue total</b>	<b>443.0</b>	<b>414.7</b>	<b>476.4</b>	<b>386.1</b>	<b>374.0</b>
Less – Operating expenditure	133.1	140.5	81.3	428.1 <sup>3</sup>	437.2 <sup>3</sup>
Less					
Annuity-funded	207.6	635.4	37.0	295.8 <sup>3</sup>	425.2 <sup>3</sup>
Non-annuity funded <sup>4</sup>	7.0	-	4.6	-	-
<b>Surplus (deficit)</b>	<b>95.3</b>	<b>(361.3)</b>	<b>353.5</b>	<b>(337.7)</b>	<b>(488.4)</b>

- 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 expenditure<sup>1</sup>

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 <sup>2</sup>	Sunwater Forecast \$'000	QCA Target \$'000 <sup>2</sup>	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	165.7	127.7	154.9	159.6	163.7	167.4
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	9.6	14.7	11.0	11.3	0.3	15.3	18.5	20.0	18.9	20.4	20.8	21.2	21.7
Operations	115.7	112.5	226.8	41.7	(185.1)	190.4	106.5	145.7	108.8	134.5	138.7	142.4	145.7
Preventative maintenance	5.3	13.4	45.8	7.0	(38.8)	27.7	5.5	35.8	5.6	35.7	36.9	37.9	38.8
Corrective maintenance	2.5	-	28.1	21.2	(6.9)	11.4	6.3	11.9	6.5	11.9	12.2	12.5	12.8
Owanyilla pump station cost transfer from Lower Mary River distribution <sup>3</sup>						183.3	157.8	223.8	183.7	222.9	228.4	233.6	238.8
<b>Operating costs total</b>	<b>133.1</b>	<b>140.5</b>	<b>311.7</b>	<b>81.3</b>	<b>(230.5)</b>	<b>428.1</b>	<b>294.7</b>	<b>437.2</b>	<b>323.5</b>	<b>425.3</b>	<b>437.0</b>	<b>447.7</b>	<b>457.8</b>
Recreational facility costs <sup>4</sup>						-		-		-	-	-	-
<b>Operating costs total (incl. recreational facility costs)</b>	<b>133.1</b>	<b>140.5</b>	<b>311.7</b>	<b>81.3</b>	<b>(230.5)</b>	<b>428.1</b>		<b>437.2</b>		<b>425.3</b>	<b>437.0</b>	<b>447.7</b>	<b>457.8</b>

1. Sunwater's 2022/23 to 2025/26 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
2. Reflects the QCA's 2020–2024 irrigation price investigation final recommendations. Excludes recreational facility costs.
3. 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/](http://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 previous forecast<sup>2</sup> 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 29.8 per cent above the QCA's recommended cost target primarily due to a budgeted increase in contractor costs and labour costs (and associated local area support and corporate support costs).

### Preventative maintenance

The forecast preventative maintenance costs (prior to cost transfers) for the Lower Mary River Bulk Water Service Contract are 536.6 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 \$11.9k on corrective maintenance (prior to cost transfers) in the Lower Mary River Bulk Water Service Contract. This is 83.0 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.

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<sup>2</sup> See the 2019/20 Network Service Plan at [www.sunwater.com.au/schemes/Lower-Mary-River/](http://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<sup>1,2</sup>

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 <sup>3</sup>	Sunwater Actual \$'000 <sup>3</sup>	Sunwater Forecast \$'000	Sunwater Actual \$'000		Sunwater Forecast \$'000	QCA Target \$'000 <sup>4</sup>	Sunwater Forecast \$'000	QCA Target \$'000 <sup>4</sup>	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
<b>Annuity-funded</b>													
Operations	0.3	-	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	207.3	635.4	41.6	37.0	(4.6)	101.1	93.5	134.8	65.0	57.5	43.1	55.0	89.7
Unplanned corrective maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Owanyilla pump station and main channel cost transfer from Lower Mary River distribution <sup>5</sup>						194.7	71.0	290.4	142.1	345.7	413.9	8.6	3.8
<b>Annuity-funded total</b>	<b>207.6</b>	<b>635.4</b>	<b>41.6</b>	<b>37.0</b>	<b>(4.6)</b>	<b>295.8</b>	<b>164.5</b>	<b>425.2</b>	<b>207.1</b>	<b>403.3</b>	<b>457.0</b>	<b>63.6</b>	<b>93.5</b>
<b>Non-annuity funded</b>													
Dam Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facility projects						-	-	-	-	-	-	-	-
Metered offtakes and dividend reinvestment	7.0	-	-	4.6	4.6	-	-	-	-	-	-	-	-
<b>Non-annuity total</b>	<b>7.0</b>	<b>-</b>	<b>-</b>	<b>4.6</b>	<b>4.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1. Sunwater’s 2022/23 to 2025/26 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
2. Forecast annuity-funded costs from 2020/21 exclude recreational facility projects.
3. The annuity-funded spend for 2017/18 and 2018/19 reflects the QCA’s 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater’s actual costs.
4. Reflects the QCA’s 2020–2024 irrigation price investigation final recommendations.
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/](http://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.<sup>3</sup>

Sunwater acknowledges there is room for improvement in our asset management system and is working on several initiatives to address these potential improvements, as outlined below.

### Predictive maintenance and asset condition reporting

A focus during 2021/22 and beyond is to better leverage data to make more informed decisions and to ensure operations and maintenance activities are implemented safely, timely and efficiently.

To achieve this, Sunwater has invested in a new Enterprise Asset Management system (SAP). The new system and other IT infrastructure changes, such as a mobility solution that enables near real-time data to be loaded into the system and data automation initiatives, have presented a significant opportunity to transition to a data driven decision-making business.

In addition, Sunwater is improving predictive maintenance capability by monitoring asset performance data of critical assets. For example, the preventative maintenance program for pump stations is transitioning to usage-based intervals and energy and condition data is being analysed via remote dashboards. The asset data will provide a greater insight to asset performance, condition, and refurbishment and replacement planning.

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<sup>3</sup> See pages 58 to 60, [www.qca.org.au/wp-content/uploads/2020/02/irrigation-price-review-part-b-sunwater-final-report.pdf](http://www.qca.org.au/wp-content/uploads/2020/02/irrigation-price-review-part-b-sunwater-final-report.pdf)

## Cost estimation approach

A change to Sunwater’s asset planning cycle in 2019 has improved the near-term cost estimation of annuity funded work. The change targets two years of fully cost-estimated work and has increased the visibility of the forward program.

Sunwater has also recently undertaken an asset valuation exercise to estimate the value of fully replacing high value assets including dams and pipelines using a bottom-up assessment of material line items. This data will inform the replacement values underpinning forecast annuity-funded costs.

## Options analyses

Sunwater is implementing improvements to our asset management system with a fit-for-purpose alignment to the ISO55001 asset management standard. Key to the alignment is the simplification of how maintenance work is identified and delivered.

Low value, low complexity work follows a standard work management methodology and is managed at a service contract level. High value, high complexity work is managed at an individual level and follows Sunwater’s project, program and portfolio management framework (P3MF) and is subject to an options analysis.

Options analyses under P3MF examine a range of options and assess the shortlisted options against selected criteria, including financial, regulatory, social and environmental factors.

## Annuity balance—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 <sup>1</sup>	(1575.4)	(1789.2)	(2440.2)	(2542.6)	(2532.6)	(2553.7)	(2496.6)	(2421.2)	(2326.8)
Spend <sup>2</sup>	(207.6)	(635.4)	(37.0)	(101.1)	(134.8)	(57.5)	(43.1)	(55.0)	(89.7)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	4.0	-	-	-	-	-	-	-
Annuity contribution <sup>3</sup>	111.7	114.5	117.4	222.3	224.4	226.2	227.7	255.3	256.7
Interest/financing costs	(118.0)	(134.0)	(182.8)	(111.2)	(110.7)	(111.7)	(109.2)	(105.9)	(101.7)
<b>Sunwater – Closing balance</b>	<b>(1789.2)</b>	<b>(2440.2)</b>	<b>(2542.6)</b>	<b>(2532.6)</b>	<b>(2553.7)</b>	<b>(2496.6)</b>	<b>(2421.2)</b>	<b>(2326.8)</b>	<b>(2261.5)</b>
<b>QCA – Closing balance</b>	<b>(1789.2)</b>	<b>(2440.2)</b>	<b>(2540.0)</b>	<b>(2522.2)</b>	<b>(2473.0)</b>	<b>(2398.0)</b>	<b>(2303.2)</b>		
Difference	-	-	(2.6)	(10.4)	(80.7)	(98.6)	(117.9)		

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 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 <sup>1</sup>	260.0	333.5	362.7	253.3	96.4	(229.1)	(660.5)	(1226.6)	(1090.4)
Spend <sup>2</sup>	(93.3)	(146.7)	(291.3)	(329.9)	(492.2)	(586.0)	(701.6)	(14.5)	(6.5)
Allocated to Lower Mary River bulk				(194.7)	(290.4)	(345.7)	(413.9)	(8.6)	(3.8)
Allocated to Lower Mary River distribution				(135.3)	(201.8)	(240.3)	(287.6)	(6.0)	(2.6)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution <sup>3</sup>	147.3	151.0	154.7	161.9	162.5	164.6	164.3	204.4	205.8
Interest/financing costs	19.5	25.0	27.2	11.1	4.2	(10.0)	(28.9)	(53.6)	(47.7)
<b>Sunwater – Closing balance</b>	<b>333.5</b>	<b>362.7</b>	<b>253.3</b>	<b>96.4</b>	<b>(229.1)</b>	<b>(660.5)</b>	<b>(1226.6)</b>	<b>(1090.4)</b>	<b>(938.7)</b>
Annuity contribution to Lower Mary River bulk <sup>4</sup>				95.5	95.9	97.1	97.0	120.6	121.4

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
<b>18-year historical average</b>	<b>9626</b>

## 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
<b>Operating costs</b>													
Operations	125.2	127.2	237.8	53.0	(184.7)	205.6	125.0	165.7	127.7	154.9	159.6	163.7	167.4
Labour	36.6	30.2	76.1	11.0	(65.2)	57.9	32.8	37.9	33.5	39.0	40.2	41.4	42.7
Contractors	-	7.7	4.0	-	(4.0)	3.0	3.6	14.0	3.7	3.1	3.1	3.2	3.2
Materials	0.1	-	1.0	-	(1.0)	1.0	0.2	1.0	0.2	1.0	1.0	1.1	1.1
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	9.6	14.7	11.0	11.3	0.3	15.3	18.5	20.0	18.9	20.4	20.8	21.2	21.7
Other	7.4	7.8	8.0	9.5	1.5	8.0	7.4	8.0	7.5	8.2	8.3	8.5	8.7
Local area support costs	28.6	18.2	27.9	5.5	(22.3)	32.4	13.9	23.1	14.2	23.8	24.5	25.2	26.0
Corporate support costs	15.1	29.3	56.9	8.5	(48.4)	43.4	25.3	36.0	25.9	37.1	38.2	39.3	40.5
Indirect costs	27.8	19.3	52.9	7.2	(45.7)	44.7	23.4	25.7	23.9	22.3	23.4	23.7	23.6
Preventative maintenance	5.3	13.4	45.8	7.0	(38.8)	27.7	5.5	35.8	5.6	35.7	36.9	37.9	38.8
Labour	1.8	3.9	15.3	2.1	(13.2)	8.4	1.8	10.4	1.8	10.8	11.1	11.4	11.8
Contractors	-	-	3.0	-	(3.0)	2.0	0.1	2.0	0.1	2.0	2.1	2.1	2.2
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	6.4	0.8	6.6	6.8	7.0	7.2
Corporate support costs	0.7	3.0	11.4	1.7	(9.7)	6.3	1.4	9.9	1.4	10.2	10.5	10.8	11.2
Indirect costs	1.4	2.2	10.6	1.4	(9.3)	6.5	1.3	7.1	1.3	6.2	6.4	6.5	6.5
Corrective maintenance	2.5	-	28.1	21.2	(6.9)	11.4	6.3	11.9	6.5	11.9	12.2	12.5	12.8
Labour	0.1	-	9.0	2.7	(6.3)	2.7	1.8	2.7	1.8	2.8	2.9	3.0	3.1
Contractors	2.3	-	3.0	8.0	5.0	3.0	0.4	3.0	0.4	3.1	3.1	3.2	3.2
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	1.7	1.7	1.8	1.9
Corporate support costs	0.1	-	6.7	2.3	(4.5)	2.1	1.4	2.6	1.4	2.7	2.8	2.8	2.9
Indirect costs	0.0	-	6.2	1.5	(4.7)	2.1	1.3	1.9	1.3	1.6	1.7	1.7	1.7
Cost transfer from Lower Mary River distribution						183.3	157.8	223.8	183.7	222.9	228.4	233.6	238.8
<b>Operating costs total</b>	<b>133.1</b>	<b>140.5</b>	<b>311.7</b>	<b>81.3</b>	<b>(230.5)</b>	<b>428.1</b>	<b>294.7</b>	<b>437.2</b>	<b>323.5</b>	<b>425.3</b>	<b>437.0</b>	<b>447.7</b>	<b>457.8</b>
<b>Annuity-funded costs</b>													
Labour			1.9	4.1	2.2	8.7	8.0	14.0	6.7	3.6	2.1	3.1	9.6
Contractors			25.2	9.3	(15.9)	31.6	29.2	43.2	20.8	24.1	20.8	24.8	30.5
Materials			11.0	15.4	4.4	43.0	39.7	41.1	19.8	22.2	15.6	20.3	25.5
Other			(0.0)	0.0	0.0	-	-	5.4	2.6	-	-	-	4.0
Local area support costs			0.7	2.3	1.6	4.7	4.4	8.4	4.1	2.2	1.3	1.9	5.8
Corporate support costs			1.4	3.3	1.9	6.5	6.0	13.3	6.4	3.4	2.0	3.0	9.1
Indirect costs			1.3	2.5	1.2	6.7	6.2	9.5	4.6	2.0	1.2	1.8	5.3
Cost transfer from Lower Mary River distribution						194.7	71.0	290.4	142.1	345.7	413.9	8.6	3.8
<b>Annuity-funded total<sup>1</sup></b>	<b>207.6</b>	<b>635.4</b>	<b>41.6</b>	<b>37.0</b>	<b>(4.6)</b>	<b>295.8</b>	<b>164.5</b>	<b>425.2</b>	<b>207.1</b>	<b>403.3</b>	<b>457.0</b>	<b>63.6</b>	<b>93.5</b>
<b>Total costs<sup>2</sup></b>	<b>340.7</b>	<b>776.0</b>	<b>353.3</b>	<b>118.3</b>	<b>(235.0)</b>	<b>723.9</b>	<b>459.2</b>	<b>862.4</b>	<b>530.6</b>	<b>828.6</b>	<b>894.1</b>	<b>511.3</b>	<b>551.3</b>

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).
<b>2019/20 Total</b>	<b>41</b>	<b>37</b>	

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

The below table sets out Sunwater’s currently planned annuity-funded projects for the 2020/21 to 2025/26 period for this scheme. While the immediate program is well defined, estimates become more uncertain further into the planning timeline. Forecasts are likely to change in future S&PPs, reflecting changes in project delivery timing; asset condition and risk updates; outcomes from scheduled asset inspections; and customer feedback.

Year	Facility	Activity description	Forecast \$'000
2020/21 <sup>4</sup>	Tinana Barrage	Refurbish – steel painted fishway baffle supports to ensure the concrete baffles remain vertical. The baffles slow the flow of water, so fish can traverse the fish ladder.	66
	Scheme	Replace – customer meters based on known asset condition and age.	26
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	5
	Scheme	A contingency amount for unplanned capital replacements.	5
	<b>2020/21 Total</b>		<b>102</b>
2021/22	Scheme	Replace – customer meters based on known asset condition and age.	41
	Mary and Tinana Barrages	Study – comprehensive inspections based on asset management standards and to better understand asset condition and risk.	39
	Mary Barrage	Refurbish – C2 pipeline across barrage crest based on known asset condition and age.	54
	<b>2021/22 Total</b>		<b>134</b>
2022/23	Scheme	Replace – customer meters based on known asset condition and age.	42
	Mary Barrage	Replace – headwater level recorder based on known asset condition and age.	15
	<b>2022/23 Total</b>		<b>57</b>
2023/24	Scheme	Replace – customer meters based on known asset condition and age.	43
	<b>2023/24 Total</b>		<b>43</b>
2024/25	Scheme	Replace – customer meters based on known asset condition and age.	44
	Tinana Barrage	Refurbish – fences, gates and grids based on known asset condition and age.	11
	<b>2024/25 Total</b>		<b>55</b>
2025/26	Scheme	Replace – customer meters based on known asset condition and age.	45

<sup>4</sup> Based on the program of works underpinning the 2020/21 annuity-funded budget figures presented in this S&PP. This data was extracted from Sunwater’s systems in mid-2020 and has been provided to facilitate future reporting of our performance against forecast costs. Changes to the 2020/21 program of works since the date of extraction are not incorporated here.



Year	Facility	Activity description	Forecast \$'000
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	5
	Tinana Barrage	Replace – joint filler based on known asset condition and age.	16
	Tinana Barrage	Replace – headwater level recorder based on known asset condition and age.	23
	<b>2025/26 Total</b>		<b>89</b>

## 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	Facility	Activity description	Total forecast project costs \$'000	Bulk water share of forecast project costs \$'000
2020/21 <sup>5</sup>	Owanyilla pump station	Replace – bulk flow meter 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	Replace – electrical control system based on the outcome of the 2019 options analysis. Covers design and procurement.	56	33
	Owanyilla pump station	Refurbish – pump, motor, discharge valve and suction valves on pump unit No. 2 based on known asset condition and age.	189	111
	Owanyilla pump station	Refurbish – discharge valve on pump unit No. 1 based on known asset condition and age.	35	21
	<b>2020/21 Total</b>		<b>330</b>	<b>194</b>
2021/22	Owanyilla pump station	Replace – electrical control system based on known asset condition and age (Stage 1).	249	147
	Owanyilla pump station	Replace – inlet screen based on known asset condition and age.	81	48
	Owanyilla pump station	Replace – pump station guttering based on known asset condition and age.	35	20
	Owanyilla main channel	Refurbish – concrete lining based on known asset condition and age.	69	41
	Owanyilla diversion channel	Replace – electrical cabling to inlet structure and flow meter based on known asset condition and age.	37	22
	Owanyilla main channel inlet	Replace – safety screen based on known asset condition and age.	21	12
	<b>2021/22 Total</b>		<b>492</b>	<b>290</b>

<sup>5</sup> Based on the program of works underpinning the 2020/21 annuity-funded budget figures presented in this S&PP. This data was extracted from Sunwater’s systems in mid-2020 and has been provided to facilitate future reporting of our performance against forecast costs. Changes to the 2020/21 program of works since the date of extraction are not incorporated here.

Year	Facility	Activity description	Total forecast project costs \$'000	Bulk water share of forecast project costs \$'000
2022/23	Owanyilla pump station	Replace – electrical control system based on known asset condition and age (Stage 2).	347	205
	Owanyilla pump station	Replace – low voltage switchboard based on known asset condition and age.	239	141
	<b>2022/23 Total</b>		<b>586</b>	<b>346</b>
2023/24	Owanyilla pump station	Replace – switchboard 2 based on known asset condition and age.	481	284
	Owanyilla pump station	Replace – main incoming cable based on known asset condition and age.	179	106
	Owanyilla pump station	Replace – switchboard 1 based on known asset condition and age.	42	25
	<b>2023/24 Total</b>		<b>702</b>	<b>415</b>
2024/25	Owanyilla pump station	Refurbish – access roads based on known asset condition and age.	15	9
	<b>2024/25 Total</b>		<b>15</b>	<b>9</b>
2025/26	Owanyilla pump station	Study – electrical compliance testing based on regulatory requirements.	6	4
	<b>2025/26 Total</b>		<b>6</b>	<b>4</b>

## Contact us

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

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This Service and Performance Plan has been prepared by Sunwater to provide indicative information to our customers for the purpose of consultation. It contains estimates and forecasts which are based upon a number of assumptions. The actual financial performance of the service contract to which this plan relates, and the operations and activities actually undertaken by Sunwater during the relevant periods, may vary materially from the information contained in this plan. This plan should not be relied upon beyond its purpose as a tool for consultation and you should not rely on the information contained in this plan in making decisions about your circumstances. Sunwater will not be responsible or liable for any loss (including consequential loss), claim or damage (including in tort) that is in any way connected with the use of this plan or the information contained within it.