



Final Service and Performance Plan

2022/23

Lower Mary River Bulk Water Service Contract

11 August 2022

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At a glance


Our performance in 2020/21

 **Operating costs:**
\$0.27 million (7.9% less than QCA target, after cost transfers)


Sunwater has continued our focus on managing operational spending. Further, insurance costs were lower than anticipated.

 **Annuity-funded costs:**
\$0.22 million (32.8% more than QCA target, after cost transfers)

Key drivers of cost variance:
 In the 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.


 **Total water deliveries:**
10,498 ML

Water delivered to irrigators: 9506 ML

 **Service targets: Met**


No exceptions

Outlook for 2022/23

 **Forecast operating costs:**
\$0.59 million (after cost transfers)

Significant areas of expenditure:

- operations (\$0.22 million)
- cost transfer from Lower Mary distribution for a share of the Owanyilla pump station and main channel costs (\$0.23 million).

 **Forecast annuity-funded costs:**
\$1.17 million (after cost transfers)

Key projects planned:

- replace customer meters (\$0.08 million)
- replace low voltage switchboard 2 (\$0.44 million, bulk water share) and switchboard 1 (\$0.25 million, bulk water share) at Owanyilla pump station.

Introduction

This Service and Performance Plan (S&PP) details a range of proposed scheme activities and projects and presents a breakdown of anticipated costs for review. It also sets out Sunwater’s actual costs for 2020/21.

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

- present to customers Sunwater’s projected costs¹ for the upcoming five-year period, i.e. 2022/23 to 2026/27
- consult with our customers on forecast operating and annuity-funded costs for 2022/23 and the forward program of works
- examine Sunwater’s performance in 2020/21 against cost and service targets.

Our focus during 2022/23 will be on ensuring 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.

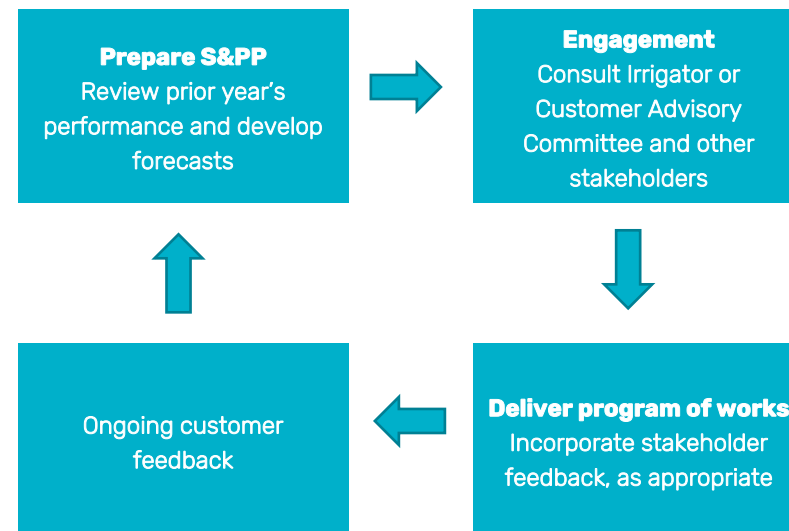
In addition to this S&PP, Sunwater has published an information sheet which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The information sheet is available at:

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 155 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 2020/21. 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 2020/21 (ML)
Irrigation	20,007	0	20,007	9506
Urban	120	120	0	60
Industrial	80	15	65	3
Sunwater (excl. distribution losses)	5280	0	5280	2
Sunwater distribution losses	4912	324	4588	927
Total	30,399	459	29,940	10,498

1. Includes distribution.

Irrigation charges

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

Table 2: Irrigation charges for 2022/23¹

Tariff group	Product	2022/23 (\$/ML) ²	QCA cost-reflective (\$/ML) ³
Lower Mary – Tinana and Teddington	Allocation Charge – Part A	21.11	18.43
	Allocation Water – Part B	8.45	28.71
Lower Mary River – Mary Barrage	Allocation Charge – Part A	12.84	6.50
	Allocation Water – Part B	0.75	0.90
Lower Mary Channel	Allocation Charge – Part A	5.40	6.50
	Allocation Water – Part B	0.75	0.90

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 for more information.
3. Is the cost-reflective price determined by the Queensland Competition Authority (QCA) in its 2020–2024 irrigation price investigation. Costs reflect lower bound cost recovery, i.e. recovery of future replacement and ongoing maintenance and operations. Charges do not allow for any returns on existing assets.

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

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

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the 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		
			2018/19	2019/20	2020/21
Planned shutdowns – notification	For shutdowns planned to exceed 2 weeks	8 weeks	0	0	0
	For shutdowns planned to exceed 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 2020/21 against these service targets is shown in Table 4.

Table 4: Customer interactions service targets and performance

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

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

Key infrastructure

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

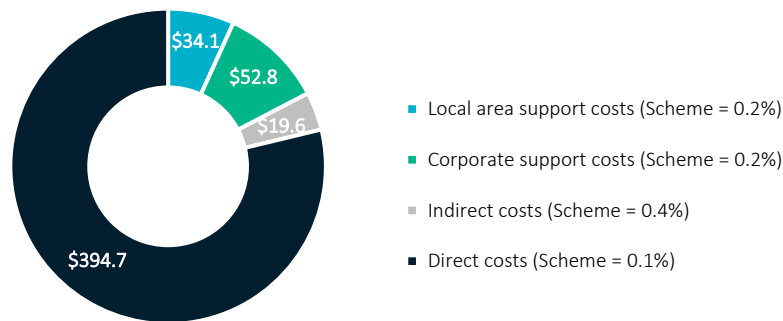
A high-level summary of the budgeted financial performance of the Lower Mary River Bulk Water Service Contract is presented in Table 6.

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 2022/23.

In 2022/23, Sunwater expects to spend \$501 million across all parts of our business, i.e. regulated and non-regulated. A breakdown of the forecast total cost pool at the direct and non-direct cost level is shown in Figure 2, together with the percentage of these costs allocated to the Lower Mary River Bulk Water Service Contract. Details on the planned spend for this scheme are outlined on subsequent pages of this S&PP.

Figure 2: Total Sunwater cost pools and allocation to scheme¹—2022/23 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	2018/19 Sunwater / QCA Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000
Revenue					
Irrigation	209.3	220.3	245.3	205.3	187.9
Community Service Obligation	-	-	-	-	-
Industrial ¹	6.7	6.8	6.9	7.0	13.0
Urban ¹	95.3	123.1	100.0	71.8	71.8
Revenue transfers ²	103.3	115.8	113.4	67.1	68.7
Drainage	-	-	-	-	-
Other	-	10.3	16.0	-	-
Revenue total	414.7	476.4	481.6	351.3	341.4
Less – Operating expenditure	140.5	81.3	271.5 ³	437.2 ³	586.4 ³
Less					
Annuity-funded	635.4	37.0	218.5 ³	425.2 ³	1167.6 ³
Non-annuity funded ⁴	-	4.6	16.8	-	-
Surplus (deficit)	(361.3)	353.5	(25.2)	(511.1)	(1412.5)

- Forecast revenues for industrial and urban customers are based on current contractual arrangements.
- Revenue transfers represent the cost of bulk water supplies delivered through the 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	2018/19	2019/20	2020/21		2021/22		2022/23		2023/24	2024/25	2025/26	2026/27	
	Sunwater Actual \$'000	Sunwater Actual \$'000	QCA Target \$'000 ²	Sunwater Actual \$'000	Variance \$'000	Sunwater Forecast \$'000	QCA Target \$'000 ²	Sunwater Forecast \$'000	QCA Target \$'000 ²	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operations	127.2	53.0	125.0	54.8	(70.2)	165.7	127.7	238.2	130.8	246.8	254.5	261.6	271.8
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	14.7	11.3	18.5	15.1	(3.4)	20.0	18.9	17.0	19.3	18.3	19.7	21.3	23.0
Operations	112.5	41.7	106.5	39.7	(66.8)	145.7	108.8	221.3	111.5	228.5	234.8	240.3	248.8
Preventative maintenance	13.4	7.0	5.5	13.8	8.2	35.8	5.6	74.1	5.8	76.5	78.6	80.4	83.3
Corrective maintenance	-	21.2	6.3	12.3	5.9	11.9	6.5	40.5	6.6	41.8	42.9	43.9	45.5
Owanyilla pump station cost transfer from Lower Mary River distribution ³			157.8	190.6	32.8	223.8	183.7	233.7	187.3	241.3	248.7	256.0	264.4
Operating costs total	140.5	81.3	294.7	271.5	(23.2)	437.2	323.5	586.4	330.5	606.4	624.7	642.0	664.9
Recreational facility costs ⁴				-		-		-		-	-	-	-
Operating costs total (incl. recreational facility costs)	140.5	81.3		271.5		437.2		586.4		606.4	624.7	642.0	664.9

1. Sunwater's 2022/23 to 2026/27 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
2. Reflects the QCA's 2020–2024 irrigation price investigation final recommendations. Excludes recreational facility costs.
3. 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 2020/21

In 2020/21, operating costs were lower than the QCA's recommended cost target due to less direct labour and associated non-direct costs than QCA forecast.

Outlook for 2022/23 Operations

Lower Mary River Bulk Water Service Contract's total operations budget (prior to cost transfers) in 2022/23 is 82.2 per cent above the QCA's recommended cost target primarily due to a budgeted increase in labour costs and associated non-direct costs. Sunwater will continue to seek efficient ways to deliver operations activities, with a view to aligning with the QCA target.

Preventative maintenance

The forecast preventative maintenance costs (prior to cost transfers) for the Lower Mary River Bulk Water Service Contract are above the QCA's recommended cost target, which only included a small allowance for preventative maintenance activities. Regulatory compliance requirements drive labour increases associated with the delivery of effective preventative maintenance. However, Sunwater will continue to seek efficient ways to deliver preventative maintenance activities.

Corrective maintenance

In 2022/23, Sunwater anticipates spending \$40.5k on corrective maintenance (prior to cost transfers) in the Lower Mary River Bulk Water Service Contract. This is greater than the QCA's recommended cost target, primarily due to a budgeted increase in labour costs and associated non-direct costs for corrective maintenance activities, including replacing signage and fencing which were damaged by flood waters.

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

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

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

Table 8 outlines our annuity and non-annuity funded expenditure for this service contract.

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

Lower Mary River Bulk Water Service Contract	2018/19 Sunwater / QCA Actual \$'000 ³	2019/20 Sunwater Actual \$'000	2020/21 QCA Target \$'000 ⁴	2020/21 Sunwater Actual \$'000	Variance \$'000	2021/22 Sunwater Forecast \$'000	2021/22 QCA Target \$'000 ⁴	2022/23 Sunwater Forecast \$'000	2022/23 QCA Target \$'000 ⁴	2023/24 Sunwater Forecast \$'000	2024/25 Sunwater Forecast \$'000	2025/26 Sunwater Forecast \$'000	2026/27 Sunwater Forecast \$'000
Annuity-funded													
Operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	635.4	37.0	93.5	73.2	(20.3)	134.8	65.0	112.9	43.1	148.9	100.3	144.7	197.8
Unplanned corrective maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Owanyilla pump station and main channel cost transfer from Lower Mary River distribution ⁵			71.0	145.3	74.3	290.4	142.1	1054.6	351.0	557.3	48.8	4.3	65.5
Annuity-funded total	635.4	37.0	164.5	218.5	54.0	425.2	207.1	1167.6	394.1	706.2	149.1	149.0	263.3
Non-annuity funded													
Dam Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facility projects	-	-	-	-	-	-	-	-	-	-	-	-	-
Metered offtakes and dividend reinvestment	-	4.6	-	16.8	-	-	-	-	-	-	-	-	-
Non-annuity total	-	4.6		16.8		-		-		-	-	-	-

1. Sunwater’s 2022/23 to 2026/27 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
2. Forecast annuity-funded costs from 2020/21 exclude recreational facility projects.
3. The annuity-funded spend for 2018/19 reflects the QCA’s 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater’s actual costs.
4. Reflects the QCA’s 2020–2024 irrigation price investigation final recommendations.
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/

Our performance in 2020/21

Performance against the QCA target

Sunwater updates our program of works based on our whole-of-life replacement and maintenance strategy, which looks at the risk and condition of each asset and uses this information to estimate the future work required to ensure the asset will continue to provide the required level of service into the future. Other factors such as changes in project delivery timing (e.g. due to weather) may also affect the program of works.

These factors mean the actual program of works delivered in any given year will differ to the program assessed by the QCA. At a project level, cost variances may also occur due to changes in the scope of work and cost inputs.

In 2020/21, total annuity-funded costs were higher than the QCA's recommended cost target. A share of the Owanyilla pump station and main channel costs were transferred from the Lower Mary River Distribution Service Contract to the Lower Mary River Bulk Water Service Contract as recommended by the QCA in its 2020-2024 irrigation price investigation. Outside of the shared costs, annuity-funded costs were lower than the QCA's recommendation. This was primarily due to fewer replacement meters (10k less than the QCA's forecast), the asset revaluation (5k) and the contingency amount, which was not required (5k).

Project level cost variances

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

Outlook

Details of the major annuity-funded projects planned for the 2022/23 to 2026/27 period are set out in **Appendix 4**. In 2022/23, Sunwater plans to replace customer meters and a headwater level recorder.

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.²

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

Predictive maintenance and asset condition reporting

A focus during 2022/23 and beyond is to better leverage data to make more informed decisions and to ensure operations and maintenance activities are implemented safely, timely and efficiently.

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

In addition, Sunwater is improving predictive maintenance capability by monitoring asset performance data of critical assets. For example, the preventative maintenance program for pump stations is transitioning to usage-based intervals and energy and condition data is being analysed via remote dashboards. The SAP Analytic Cloud should also allow asset condition data to be trended over time. This will present asset condition decay curves which can be used to predict when an asset should be scheduled for maintenance. The asset data will provide a greater insight to asset performance, condition, and refurbishment and replacement planning.

Cost estimation approach

A change to Sunwater's asset planning cycle in 2019 has improved the near-term cost estimation of annuity funded work. The change targets two

years of fully cost-estimated work and has increased the visibility of the forward program.

Sunwater undertook an asset valuation exercise in 2021 to estimate the value of fully replacing high value assets including dams and pipelines using a bottom-up assessment of material line items. This data informs the replacement values underpinning forecast annuity-funded costs outside of the immediate program of works.

² See pages 58 to 60, www.qca.org.au/wp-content/uploads/2020/02/irrigation-price-review-part-b-sunwater-final-report.pdf

Options analyses

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

Low value, low complexity work follows a standard work management methodology and is managed at a service contract level. High value, high complexity work is managed at an individual level and is subject to an options analysis. High value, high complexity work will also be assessed against the relevant criteria to determine if it meets Sunwater's project, program, and portfolio management framework (P3MF) for project management guidelines.

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

Annuity balance—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	2018/19 QCA Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000
Opening balance ¹	(1789.2)	(2440.2)	(2542.6)	(2504.6)	(2524.5)	(2521.6)	(2553.0)	(2501.6)	(2489.9)
Spend ²	(635.4)	(37.0)	(73.2)	(134.8)	(112.9)	(148.9)	(100.3)	(144.7)	(197.8)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	4.0	-	-	-	-	-	-	-	-
Annuity contribution ³	114.5	117.4	222.3	224.4	226.2	227.7	263.3	265.8	268.2
Interest/financing costs	(134.0)	(182.8)	(111.2)	(109.5)	(110.4)	(110.3)	(111.6)	(109.4)	(108.9)
Sunwater – Closing balance	(2440.2)	(2542.6)	(2504.6)	(2524.5)	(2521.6)	(2553.0)	(2501.6)	(2489.9)	(2528.3)
QCA – Closing balance	(2440.2)	(2540.0)	(2522.2)	(2473.0)	(2398.0)	(2303.2)			
Difference	-	(2.6)	17.6	(51.5)	(123.6)	(249.8)			

- The opening balances for 2018/19 and 2019/20 reflect the QCA's 2020–2024 irrigation price investigation final recommendations.
- The spend for 2018/19 reflects the QCA's 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater's actual costs. The 2019/20 and 2020/21 spend reflects Sunwater's actual costs. Thereafter, the spend is based on Sunwater's forecasts.
- 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. A comparison of forecast and actual annuity-funded projects for 2020/21 is provided in **Appendix 5**, with details of the major annuity-funded projects planned for the 2022/23 to 2026/27 period set out in **Appendix 6**.

In 2022/23, the annuity contribution included in prices paid by customers in the Tinana Barrage and Teddington Weir tariff group is \$97.1k. 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	2018/19 QCA Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000
Opening balance ¹	333.5	362.7	372.6	304.5	(11.9)	(1635.3)	(2487.0)	(2282.5)	(1979.6)
Spend ²	(146.7)	(172.0) ³	(246.3)	(492.2)	(1787.5)	(944.5)	(82.8)	(7.3)	(111.1)
Allocated to Lower Mary River bulk			(145.3)	(290.4)	(1054.6)	(557.3)	(48.8)	(4.3)	(65.5)
Allocated to Lower Mary River distribution			(101.0)	(201.8)	(732.9)	(387.3)	(33.9)	(3.0)	(45.5)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution ⁴	151.0	154.7	161.9	162.5	164.6	164.3	396.0	410.0	417.8
Interest/financing costs	25.0	27.2	16.3	13.3	(0.5)	(71.5)	(108.7)	(99.8)	(86.6)
Sunwater – Closing balance	362.7	372.6	304.5	(11.9)	(1635.3)	(2487.0)	(2282.5)	(1979.6)	(1759.4)
Annuity contribution to Lower Mary River bulk ⁵			95.5	95.9	97.1	97.0	233.6	241.9	246.5

1. The opening balances for 2018/19 and 2019/20 reflect the QCA's 2020–2024 irrigation price investigation final recommendations.
2. The spend for 2018/19 reflects the QCA's 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater's actual costs. The 2019/20 and 2020/21 spend reflects Sunwater's actual costs. Thereafter, the spend is based on Sunwater's forecasts.
3. This figure reflects the actual costs incurred in 2019/20 and differs to the 2021/22 S&PP which inadvertently presented the QCA target.
4. 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.
5. 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 19-year average for the 2002/03 to 2020/21 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
2020/21	10,498
19-year historical average	9672

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

Lower Mary River Bulk Water Service Contract	2018/19 Sunwater / QCA Actual \$'000	2019/20 Sunwater Actual \$'000	QCA Target \$'000	2020/21 Sunwater Actual \$'000	Variance \$'000	2021/22 Sunwater Forecast \$'000	QCA Target \$'000	2022/23 Sunwater Forecast \$'000	QCA Target \$'000	2023/24 Sunwater Forecast \$'000	2024/25 Sunwater Forecast \$'000	2025/26 Sunwater Forecast \$'000	2026/27 Sunwater Forecast \$'000
Operating costs													
Operations	127.2	53.0	125.0	54.8	(70.2)	165.7	127.7	238.2	130.8	246.8	254.5	261.6	271.8
Labour	30.2	11.0	32.8	11.3	(21.5)	37.9	33.5	67.0	34.4	69.0	71.1	73.2	75.4
Contractors	7.7	-	3.6	-	(3.6)	14.0	3.7	3.0	3.8	3.1	3.2	3.3	3.3
Materials	-	-	0.2	-	(0.2)	1.0	0.2	1.0	0.2	1.0	1.1	1.1	1.1
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	14.7	11.3	18.5	15.1	(3.4)	20.0	18.9	17.0	19.3	18.3	19.7	21.3	23.0
Other	7.8	9.5	7.4	7.9	0.6	8.0	7.5	8.0	7.7	8.2	8.4	8.7	8.9
Local area support costs	18.2	5.5	13.9	5.2	(8.7)	23.1	14.2	40.3	14.5	41.5	42.8	44.0	45.4
Corporate support costs	29.3	8.5	25.3	8.5	(16.8)	36.0	25.9	63.7	26.5	65.6	67.5	69.6	71.6
Indirect costs	19.3	7.2	23.4	6.9	(16.5)	25.7	23.9	38.3	24.4	40.1	40.7	40.5	43.0
Preventative maintenance	13.4	7.0	5.5	13.8	8.2	35.8	5.6	74.1	5.8	76.5	78.6	80.4	83.3
Labour	3.9	2.1	1.8	3.4	1.7	10.4	1.8	23.0	1.9	23.7	24.4	25.1	25.9
Contractors	-	-	0.1	0.1	0.1	2.0	0.1	2.0	0.1	2.1	2.1	2.2	2.2
Materials	0.1	-	0.1	1.6	1.5	-	0.1	-	0.1	-	-	-	-
Other	0.9	0.5	0.1	0.3	0.2	-	0.1	-	0.1	-	-	-	-
Local area support costs	3.3	1.3	0.8	2.0	1.3	6.4	0.8	14.1	0.8	14.5	14.9	15.4	15.8
Corporate support costs	3.0	1.7	1.4	3.5	2.2	9.9	1.4	21.9	1.4	22.5	23.2	23.9	24.6
Indirect costs	2.2	1.4	1.3	2.7	1.5	7.1	1.3	13.2	1.3	13.8	14.0	13.9	14.8
Corrective maintenance	-	21.2	6.3	12.3	5.9	11.9	6.5	40.5	6.6	41.8	42.9	43.9	45.5
Labour	-	2.7	1.8	3.5	1.7	2.7	1.8	12.0	1.9	12.4	12.7	13.1	13.5
Contractors	-	8.0	0.4	-	(0.4)	3.0	0.4	3.0	0.4	3.1	3.2	3.3	3.3
Materials	-	2.9	0.6	0.2	(0.3)	-	0.6	-	0.6	-	-	-	-
Other	-	2.0	0.2	-	(0.2)	-	0.2	-	0.2	-	-	-	-
Local area support costs	-	1.7	0.8	1.9	1.2	1.6	0.8	7.2	0.8	7.4	7.6	7.9	8.1
Corporate support costs	-	2.3	1.4	3.8	2.4	2.6	1.4	11.4	1.4	11.7	12.1	12.5	12.8
Indirect costs	-	1.5	1.3	2.8	1.5	1.9	1.3	6.9	1.3	7.2	7.3	7.3	7.7
Cost transfer from Lower Mary River distribution			157.8	190.6	32.8	223.8	183.7	233.7	187.3	241.3	248.7	256.0	264.4
Operating costs total	140.5	81.3	294.7	271.5	(23.2)	437.2	323.5	586.4	330.5	606.4	624.7	642.0	664.9
Annuity-funded costs													
Labour		4.1	9.6	7.5	(2.1)	14.0	6.7	19.1	7.3	25.1	17.0	24.6	33.6
Contractors		9.3	47.3	37.0	(10.3)	43.2	20.8	21.0	8.0	27.6	18.6	26.9	36.6
Materials		15.4	9.8	7.7	(2.1)	41.1	19.8	21.0	8.0	27.6	18.6	26.9	36.6
Other		0.0	3.7	2.9	(0.8)	5.4	2.6	11.4	4.4	15.0	10.1	14.7	19.9
Local area support costs		2.3	5.3	4.1	(1.1)	8.4	4.1	11.4	4.4	15.1	10.2	14.8	20.1
Corporate support costs		3.3	10.4	8.1	(2.3)	13.3	6.4	18.1	6.9	23.9	16.1	23.4	31.9
Indirect costs		2.5	7.4	5.8	(1.6)	9.5	4.6	10.9	4.2	14.6	9.7	13.6	19.1
Cost transfer from Lower Mary River distribution			71.0	145.3	74.3	290.4	142.1	1054.6	351.0	557.3	48.8	4.3	65.5
Annuity-funded total¹	635.4	37.0	164.5	218.5	54.0	425.2	207.1	1167.6	394.1	706.2	149.1	149.0	263.3
Total costs²	776.0	118.3	459.2	490.0	30.8	862.4	530.6	1754.0	724.6	1312.5	773.8	791.1	928.2

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

2. Excludes recreational facility costs from 2020/21.

Appendix 3—Comparison of forecast and actual annuity-funded projects for 2020/21

The below table sets out the major annuity-funded projects planned for the Lower Mary River Bulk Water Service Contract in 2020/21³ and the actual projects undertaken.

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
Tinana Barrage	Refurbish – steel painted fishway baffle supports.	66	56	This project was completed within budget.
Scheme	Replace – customer meters.	26	16	Fewer meters were identified for replacement than planned.
Scheme	Study – asset revaluation.	5	0	The asset revaluation was not undertaken as part of the annuity-funded program of works.
Scheme	Contingency amount for unplanned capital replacements.	5	0	The contingency amount was not required within this service contract.
Scheme	Replace – customer meters.	0	1	Relates to meter replacement projects carried over from the previous financial year.
2020/21 Total		102	73	

³ Based on information extracted from Sunwater's systems in mid-2020. See the 2021/22 S&PP at www.sunwater.com.au/schemes/Lower-Mary-River/

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

The below table sets out Sunwater’s currently planned annuity-funded projects for the 2022/23 to 2026/27 period for this scheme. While the immediate program is well defined, estimates become more uncertain further into the planning timeline. Forecasts are likely to change in future S&PPs, reflecting changes in project delivery timing; asset condition and risk updates; outcomes from scheduled asset inspections; and customer feedback.

Year	Facility	Activity description	Forecast \$'000
2022/23	Scheme	Replace – customer meters based on known asset condition and age.	83
	Mary Barrage	Refurbish – pipeline across the barrage based on known condition.	12
	Mary Barrage	Replace – headwater level recorder based on known asset condition and age.	18
	2022/23 Total		113
2023/24	Scheme	Replace – customer meters based on known asset condition and age.	85
	Mary Barrage	Refurbish – expansion joint material based on condition and age.	15
	Mary and Tinana barrages	Refurbish – install removable handrails on the water side of the fishway.	49
	2023/24 Total		149
2024/25	Scheme	Replace – customer meters based on known asset condition and age.	88
	Tinana Barrage	Refurbish – fences, gates and grids based on known asset condition and age.	13
	2024/25 Total		100
2025/26	Scheme	Replace – customer meters based on known asset condition and age.	90
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	6
	Tinana Barrage	Replace – joint filler based on known asset condition and age.	26
	Tinana Barrage	Replace – headwater level recorder based on known asset condition and age.	23
	2025/26 Total		145
2026/27	Mary and Tinana barrages	Study – comprehensive inspections to understand current condition and risk.	52
	Scheme	Replace – customer meters based on known asset condition and age.	93
	Mary and Tinana barrages	Replace – safety signage for public safety improvements.	53
	2026/27 Total		198

Appendix 5— Comparison of forecast and actual Owanyilla pump station and main channel annuity-funded projects for 2020/21

The below table sets out the major annuity-funded projects planned for Owanyilla pump station and main channel in 2020/21⁴ and the actual projects undertaken. Customers on the Tinana Barrage and Teddington Weir tariff group contributed towards 59 per cent of these costs.

Facility	Activity description	Total forecast project costs \$'000	Bulk water share of forecast project costs \$'000	Total actual project costs \$'000	Bulk water share of actual project costs \$'000	Commentary
Owanyilla pump station	Replace – bulk flow meter.	50	29	15	9	Assessment of the flow meter heads determined that they can be re-used rather than replaced. The unit was planned for calibration in 2021/22.
Owanyilla pump station	Replace – electrical control system.	56	33	21	12	The options study was completed in conjunction with other works, resulting in cost savings.
Owanyilla pump station	Refurbish – pump, motor, discharge valve and suction valves on pump unit No. 2.	189	111	175	103	The project was completed within budget.
Owanyilla pump station	Refurbish – discharge valve on pump unit No. 1.	35	21	18	11	Works commenced in 2020/21 but were not able to be completed. This project was carried over to 2021/22.
Owanyilla channel	Various projects.	0	0	17	10	Expenditure relates to unplanned replacements of a failed safety screen and a failed meter.
2020/21 Total		330	194	246	145	

⁴ Based on information extracted from Sunwater's systems in mid-2020. See the 2021/22 S&PP at www.sunwater.com.au/schemes/Lower-Mary-River/

Appendix 6—Owanyilla pump station and main channel annuity-funded projects for 2022/23 to 2026/27

The below table sets out Sunwater’s currently planned Owanyilla pump station and main channel annuity-funded projects for the 2022/23 to 2026/27 period. Customers on 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
2022/23	Owanyilla pump station	Replace – electrical control system based on known asset condition and age (Stage 2).	321	189
	Owanyilla pump station	Replace – electrical cables based on known asset condition and age.	218	128
	Owanyilla pump station	Replace – low voltage (LV) switchboard 2 based on known asset condition and age.	745	439
	Owanyilla main channel	Replace – damaged concrete lining based on known asset condition.	80	47
	Owanyilla pump station	Replace – LV switchboard 1 based on known asset condition and age.	424	250
	2022/23 Total		1788	1055
2023/24	Owanyilla pump station	Replace – switchboard 2 based on known asset condition and age.	472	278
	Owanyilla pump station	Replace – electrical control system based on known asset condition and age (Stage 3).	236	139
	Owanyilla pump station	Replace – switchboard 1 based on known asset condition and age.	236	139
	2023/24 Total		945	557
2024/25	Owanyilla pump station	Refurbish – access roads based on known asset condition and age.	16	9
	Owanyilla pump station	Replace – switchboard 2 based on known asset condition and age.	49	29
	Owanyilla pump station	Replace – switchboard 1 based on known asset condition and age.	18	11
	2024/25 Total		83	49
2025/26	Owanyilla pump station	Study – electrical compliance testing based on regulatory requirements.	7	4
	2025/26 Total		7	4
2026/27	Owanyilla main channel	Replace – damaged concrete lining based on known asset condition.	111	65
	2026/27 Total		111	65

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.