



Service and Performance Plan 2024

Lower Mary River Bulk Water Service Contract

7 November 2024

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This Service and Performance Plan has been prepared by Sunwater to provide indicative information to its customers for the purpose of consultation. It contains estimates and forecasts which are based on 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 to make decisions about your circumstances. Sunwater will not be responsible or liable for any loss (including consequential loss), claim or damage (including in tort) that is in any way connected with the use of this plan or the information contained within it.

At a glance

Our customers

Most of the 162 customers in this scheme are irrigators of sugar cane; however, transition to other crops and permanent plantings such as macadamias has increased. Water is also supplied to Wide Bay Water.

Our irrigation charges

Table 1 Irrigation charges for 2024-25¹

<div><div>\$</div><div>Charges by tariff group 2024-25</div></div>							
Lower Mary Bulk		Irrigation charge ²		Cost-reflective charge ³		Δ to cost reflective	
Fixed charges							
Tinana Barrage and Teddington Weir	Part A	16.37	\$/ML	19.26	\$/ML	2.89	\$/ML
Mary Barrage	Part A	5.77	\$/ML	6.79	\$/ML	1.02	\$/ML
Lower Mary Channel	Part A	5.64	\$/ML	6.79	\$/ML	1.15	\$/ML
Variable charge							
Tinana Barrage and Teddington Weir	Part B	10.99	\$/ML	30.01	\$/ML	19.02	\$/ML
Mary Barrage	Part B	0.80	\$/ML	0.94	\$/ML	0.14	\$/ML
Lower Mary Channel	Part B	0.78	\$/ML	0.94	\$/ML	0.16	\$/ML

- This table includes bulk water charges only. For distribution charges, please refer to the Distribution Service Contract Service and Performance Plan (S&PP).
- Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.
- The cost-reflective prices are based on the previous year's prices set by the Queensland Competition Authority (QCA), escalated by 2.24 per cent, the average inflation rate forecast set by QCA in 2020.

For more information on Sunwater's fees and charges, refer to: www.sunwater.com.au/customer/fees-and-charges/

Our performance

<div> <div>Operations and maintenance costs</div> </div>				
		QCA \$'000	Sunwater \$'000	Δ to QCA
Actual	2023-24	337.4	340.0	0.8% ▬
Forecast	2024-25	344.9 ¹	366.4	6.2% ▲

¹ The 2024-25 operating expenditure forecast is based on the 2023-24 allowance escalated by the 2.24 per cent inflation rate set by the QCA in 2020.

<div> <div>Expenditure funded by the annuity</div> </div>				
		QCA \$'000	Sunwater \$'000	Δ to QCA
Actual	2023-24	28.1	125.4	346.3% ▲
Forecast	2024-25	51.2	99.9	95.1% ▲
Actual + Forecast	Σ Price path ¹	280.8	481.7	71.5% ▲

¹ The original four-year price path period has been extended by an additional year. The updated price path summary differs from the previous S&PP's summary in that it now summarises five years.

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

<div> <div>Water delivered</div> </div>	Total		To irrigators		
	2022-23	2023-24	2022-23	2023-24	
	3893	2883	3347	2339	
		-25.9%		-30.1%	
		▲		▲	Year-on-year change by group
▲	▬	▼			
5%	0%	-5%			

<div> <div>Service targets</div> </div>			Notes
Exceedances	2022-23	2023-24	
0	0	0	Unplanned shutdowns (duration) and max number of interruptions were met.

Introduction

This Service and Performance Plan (S&PP) details a range of proposed scheme activities and projects and presents a breakdown of anticipated costs for review. It also sets out Sunwater's actual costs for 2023-24.

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

- examine Sunwater's performance in 2023-24 against cost allowances and service targets
- present Sunwater's projected costs for 2024-25 and 2025-26
- consult with customers on forecast operating and annuity-funded costs for 2024-25 and the forward program of works.

Input from customers is a valuable part of Sunwater's planning process and ensures it invests in areas that support the services provided to customers.

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

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

Sunwater welcomes and encourages your feedback on this S&PP. To have your say, please contact Sunwater via email or post:

Email: sppfeedback@sunwater.com.au

Post: S&PP Feedback

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

Irrigation Prices Review 2025

In March 2023 the Queensland Government directed QCA to undertake a review of Sunwater's irrigation prices. The purpose of this review is for QCA to recommend irrigation prices to apply from 1 July 2025 to 30 June 2029.

Sunwater submitted its irrigation pricing proposal to QCA on 30 November 2023.

QCA will publish its final report and recommended prices in February 2025.

The information that Sunwater has submitted to QCA as part of the irrigation pricing review is available at:

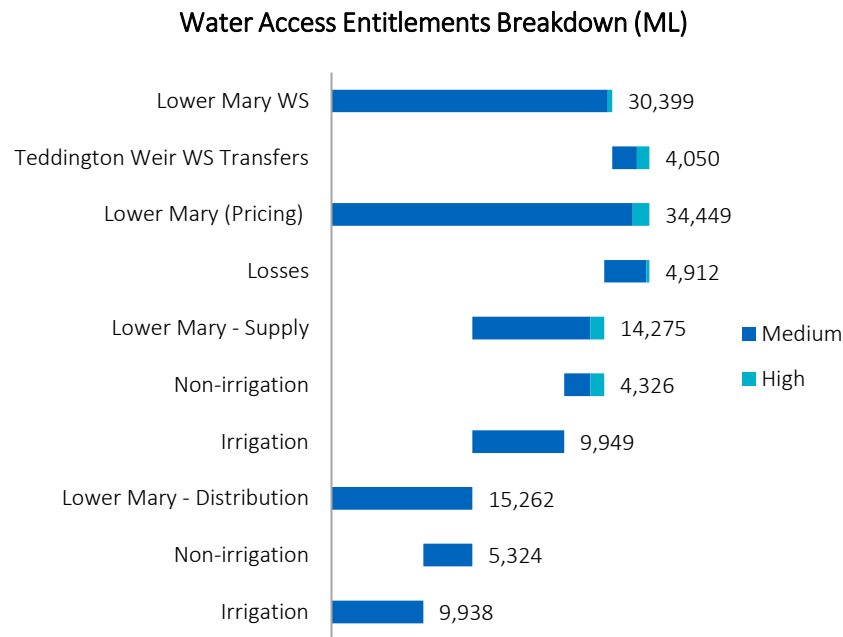
www.sunwater.com.au/projects/price-path/

Delivering services to our customers

Entitlements

The water allocations for each customer segment are shown below.

Figure 1 Water access entitlements (as at 30 June 2024)¹

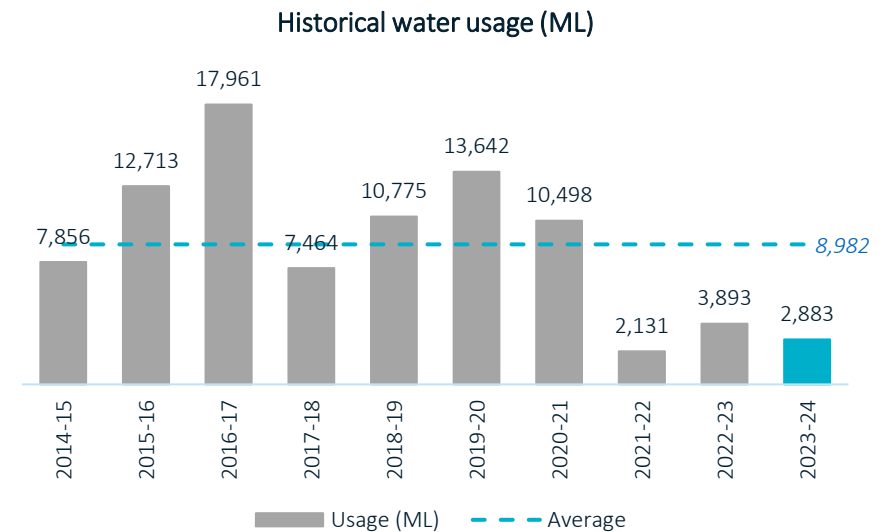


1. Includes distribution.

Historical water usage

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

Figure 2 Scheme historical water usage for the past 10 years



- Usage in 2023-24 was below the 10-year average of 8982 ML for a third year in a row.
- Part B prices for the current period were set using a 20-year average of 6154 ML.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for Lower Mary River Bulk.

Table 2 sets out Sunwater's recent performance against selected service targets for this scheme.

Table 2 Scheme service targets and performance

Service target		Target	Number of exceptions		
			2021-22	2022-23	2023-24
Planned shutdowns – notification	For shutdowns planned to exceed 2 weeks	8 weeks	0	0	0
	For shutdowns planned to exceed 3 days	2 weeks	0	0	0
	For shutdowns planned to be less than 3 days	5 days	0	0	0
Unplanned shutdowns – duration ¹	Unplanned shutdowns will be fixed so that at least partial supply can be resumed	48 hours	0	0	0
Maximum number of interruptions ²	Planned or unplanned interruptions per water year	6	0	0	0

- The number of times that the unplanned shutdown has exceeded the shortest of the peak/off peak periods.*
- The total number of bulk customers in the scheme that have been interrupted in excess of the target.*

Sunwater also has company-wide customer interactions service targets. Performance against these targets in 2023-24 is shown in Table 3.

Table 3 Customer interactions service targets and performance

Service target	Target	2023-24
Telephone answering ¹	80.00%	83.00%
Requests actioned within Service Level Agreement (SLA) timeframes ²	> 95.00%	96.97%

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

Key infrastructure

Table 4 lists the key infrastructure used to deliver bulk water services to our customers in Lower Mary River.

Table 4 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

Cost of delivering services—Operating expenditure

Operating expenditure includes funds for: operations activities i.e. operations, electricity, and insurance; preventative maintenance; and corrective maintenance.

Table 5 sets out actual and forecast operating expenditure for the Lower Mary River Bulk Service.

Our performance in 2023-24

Operating costs aligned with QCA's recommended cost target.

Outlook for 2024-25

Lower Mary River Bulk Water Service Contract's total operations budget in 2024-25 is 6.2 per cent above the QCA forecast.

Sunwater's focus in 2024-25 is on performing operation and maintenance activities to a standard that ensures the scheme reliability and functionality for delivering water to customers within agreed service standards, while also meeting current asset maintenance standards and compliance.

In addition, these activities include upgrading meter offtakes for improved delivery efficiencies and refreshing scheme furniture such as marker posts, signage, and surrounds.

Table 5 Operating expenditure^{1,2}

Operations and maintenance costs - by sub-category								
	2023-24 actuals \$'000				2024-25 forecast \$'000			
	QCA	Sunwater ³	Δ to QCA		QCA ⁴	Sunwater ³	Δ to QCA	
Insurance	19.7	16.9	-14.5%	▼	20.2	18.6	-7.7%	▼
Electricity	0.0	0.0	0.0%	↔	0.0	0.0	-	↔
Operations & maintenance	52.6	33.4	-36.5%	▼	53.8	51.3	-4.6%	↔
Support costs	74.3	27.1	-63.5%	▼	76.0	94.0	23.6%	▲
Owanyilla pump station and main channel cost transfer from Lower Mary River Distribution ²	190.7	262.6	37.7%	▲	195.0	202.5	3.8%	↔
Total opex⁵	337.4	340.0	0.8%	↔	344.9	366.4	6.2%	▲
▲	△	↔	▽	▼				
10% above the QCA target	5% above the QCA target	In line with the QCA target <5%	5% below the QCA target	10% below the QCA target				

1. Reflects QCA's 2020–2024 irrigation price investigation final recommendations. Excludes recreational facility costs.

2. From 1 July 2020, irrigation customers no longer contribute towards the cost of operating and maintaining recreational facilities. These costs have been excluded from total operating expenditure.

3. Sunwater's 2023-24 actual expenditure figures presented in this table are pre-adjustment and will differ from its Irrigation Pricing Proposal and engagement materials. Sunwater's 2024-25 figures align with its pricing submission; these figures may differ from the budget.

4. QCA's 2024-25 allowance is based on the previous year's allowance escalated by 2.24 per cent, the inflation rate set by QCA in 2020.

5. 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, 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 QCA's final Part B report at: www.qca.org.au/project/rural-water/irrigation-price-investigations/

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

Our performance in 2023-24

Sunwater updates its program of works based on its 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 year will differ to the program assessed by QCA. At a project level, variances may also occur due to changes in the scope of work and cost inputs.

Project level cost variances

Table 6 provides a comparison of the annuity-funded projects planned for 2023-24 and the actual projects undertaken, together with justification for the variances.

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. Table 7 provides costs allocated to the Tinana Barrage and Teddington Weir tariff group and recovered in customers' prices via the annuity contribution.

Outlook

Details of the major annuity-funded projects planned for 2024-25 and 2025-26 are set out in Table 8 and Table 9.

Renewals discussion

Sunwater recovers expenditure required to its assets i.e. maintain the current level of service an asset provides via a renewals annuity. The annuity treats all renewals related expenditure as an expense i.e. not capital and amortises a multi-year expenditure forecast (30 years) such that the amount customers pay is smoothed, relative to the actual expenditure profile. Negative opening balances reflect expenditure incurred by Sunwater which has not yet been recovered via the annuity contribution amount, while positive opening balances reflect expenditure which has been pre-recovered via the annuity contribution amount. Forecast annuity balances, and the impacts of budgeted spend, are shown in Table 10 and Table 11 below.

QCA and Sunwater closing balances differ due to differences in the expenditure profile allowed by QCA in its 2020-24 final recommendations and actual expenditure incurred by Sunwater in 2023-24 and what it expects to spend in 2024-25.

Annuity-funded expenditure includes 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.

Comparison of forecast and actual annuity-funded projects for 2023-24

Table 6 sets out the major annuity-funded projects planned for the Lower Mary River Bulk Water Service Contract in 2023-24¹ and the actual projects undertaken.

Table 7 sets out the major annuity-funded projects planned for Owanyilla Pump Station and Main Channel in 2023-24² and the actual projects undertaken. Customers on the Tinana Barrage and Teddington Weir tariff group contributed towards 59 per cent of these costs.

Table 6 Budget vs actual annuity-funded expenditure for 2023-24 for Lower Mary Bulk Service Contract

Facility	Activity description	Budget \$'000	Actual \$'000	Commentary
Mary Barrage	Refurbish – pipeline which runs across the barrage crest.	17	34	This had been deferred from a previous year due to continued streamflow. The condition was worse than anticipated and could not be refurbished as planned. An options study was commenced to determine a long-term solution.
Lower Mary Distribution	Replace – customer meters based on known asset condition and age.	0	17	These were costs from the 2023-24 project that were incorrectly allocated. Overall costs for 2023-24 were slightly above budget.
Main Roads Distribution System	Replace – customer meters based on known asset condition and age.	34	33	This project was completed within budget.
Tinana Stream Distribution System	Replace – customer meters based on known asset condition and age.	46	40	This project was completed within budget.
2023-24 total		97	125	

Table 7 Budget vs actual annuity-funded expenditure for 2023-24 for Owanyilla Pump Station and Main Channel

Facility	Activity description	Total budget project costs \$'000	Bulk water share of budget project costs \$'000	Total actual project costs \$'000	Bulk water share of actual project costs \$'000	Commentary
Owanyilla Pump Station	The project is to undertake major electrical upgrade works at Owanyilla Pump Station to address asset reliability.	2238	1320	272	161	The initial budget allocation for this project did not accurately reflect the actual project timeline. As a result, the project's delivery will extend over several years.
2023-24 total		2238	1320	272	161	

² Based on information extracted from Sunwater's systems in August 2024. See the 2024 S&PP at www.sunwater.com.au/schemes/Lower-Mary-River/

Annuity-funded projects for 2024-25 and 2025-26

Table 8 sets out Sunwater’s currently planned annuity-funded projects for 2024-25 and 2025-26³ period for this scheme. While the immediate program is well defined, estimates become more uncertain further into the 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.

Table 9 sets out currently planned Owanyilla Pump Station and Main Channel annuity-funded projects for 2024-25 and 2025-26.

Customers on the Tinana Barrage and Teddington Weir tariff group contribute towards 59 per cent of these costs.

Data in these tables is presented at a granular level and may not align with the overarching program names in Sunwater’s pricing submission.

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

Year	Facility	Activity description	Forecast \$'000
2024-25	Scheme	Replace – customer meters based on known asset condition and age.	82
	Tinana Barrage	Refurbish – fences, gates and grids based on known asset condition and age.	18
	2024-25 total		100
2025-26	Tinana Stream and Mary River	Replace – meter based on known asset condition and age.	85
	Tinana Barrage	Replace – joint filler based on known asset condition and age.	24
	Scheme	Resurvey and new staff gauges.	22
	Scheme	Asset revaluation.	6
	2025-26 total		136

Table 9 Owanyilla Pump Station and Main Channel annuity-funded projects for 2024-25 and 2025-26

Year	Facility	Activity description	Total forecast \$'000	Bulk water share of cost \$'000
2024-25	Owanyilla Pump station (& 2024-25 total)	Replace – design storage area and procure storage racks for trash screens and bulkheads.	17	10
2025-26	Drainage	Refurbish – repair and install hard stand with rock protection based on known asset condition and age.	179	106
	Switchboard 2	Replace – switchboard based on known asset condition and age.	54	32
	Switchboard 1	Replace – switchboard based on known asset condition and age.	20	12
	Owanyilla Pump station	Inspect and test – HV and LV equipment.	7	4
	2025-26 total		261	154

³ Forecasts provided here align with Sunwater’s pricing submission. Note that projects are inherently dynamic and susceptible to changes influenced by various factors.

Annuity balance – bulk assets


Table 10 shows the actual and forecast annuity balances and budgeted spend for the Owanyilla Pump Station and Main Channel.

Table 11 shows the actual and forecast annuity balances and budgeted spend for the Owanyilla Pump Station and Main Channel. In 2023-24, the annuity contribution included in prices paid by customers in the

Tinana Barrage and Teddington Weir tariff group is \$97,000 which is 59 per cent the 2023-24 annuity revenue for Owanyilla Pump Station.

The annuity contribution included in the prices paid by customers in the Tinana Barrage and Teddington Weir tariff group in 2023-24 is \$97,000.


Table 10 – Annuity and non-annuity funded expenditure and roll-forward¹

<div> Annuity-funded expenditure (and roll-forward)</div>										
	2023-24 actuals \$'000					2024-25 forecast \$'000				
		QCA ²		Sunwater	Δ to QCA		QCA ²		Sunwater ³	Δ to QCA
Opening balance	<i>O</i>	(2316.5)	➔	(2365.0)	2.1% ◄►		\$(2218.2)	➔	(2366.1)	6.7% ▲
Annuity-funded expenditure	<i>E</i>	(28.1)	➔	(125.4)	346.3% ▲		\$(51.2)	➔	(99.9)	95.1% ▲
Annuity revenue ⁴	<i>R</i>	227.7	➔	227.7	0.0% ◄►		\$232.8	➔	232.8	0.0% ◄►
Interest	<i>I</i>	(101.3)	➔	(103.4)	2.1% ◄►		\$(97.0)	➔	(103.5)	6.7% ▲
Closing balance	<i>C</i>	(2218.2)	➔	(2366.1)	6.7% ▲		\$(2133.5)	➔	(2336.6)	9.5% ▲
<i>C = (O + E + R + I)</i>										
Other expenditure (not part of prices)										
Dam Improvement Program		-		0.0	-		-		0.0	-
Recreational facility projects		-		0.0	-		-		0.0	-
Dividend reinvestment		-		0.0	-		-		0.0	-

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

1. Forecast annuity-funded costs from 2020-21 exclude recreational facility projects.
2. Reflects QCA's 2020-2024 irrigation price investigation final recommendations.
3. Sunwater's 2023-24 actual expenditure and the forecast presented in this table are pre-adjustment and will differ from its Irrigation Pricing Proposal and engagement materials.
4. The annuity contribution is included in the prices paid by bulk water and distribution customers. From 2020-21 to 2024-25, the annuity contribution is based on QCA's irrigation price investigation 2020-2024 final recommendations

Table 11 – Owanyilla Pump Station and Main Channel annuity-funded expenditure and roll-forward¹

<div>  Annuity funded expenditure (and roll-forward) </div>										
	2023-24 actuals \$'000					2024-25 forecast \$'000				
		QCA		Sunwater	Δ to QCA		QCA		Sunwater	Δ to QCA
Opening balance	<i>O</i>	(178.9)	➔	(26.8)	-85.0% ▼		(753.4)	➔	(135.8)	-82.0% ▼
Annuity-funded expenditure	<i>E</i>	(731.0)	➔	(272.1)	-62.8% ▼		0.0	➔	(17.4)	- -
Annuity revenue ²	<i>R</i>	164.3	➔	164.3	0.0% ◀▶		165.7	➔	165.7	0.0% ◀▶
Interest	<i>I</i>	(7.8)	➔	(1.2)	-85.0% ▼		(32.9)	➔	(5.9)	-82.0% ▼
Closing balance	<i>C</i>	(753.4)	➔	(135.8)	-82.0% ▼		(620.6)	➔	6.6	-101.1% ▼
<i>C = (O + E + R + I)</i>										

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

1. In its 2020–2024 irrigation price investigation final recommendations, 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 QCA's final Part B report at: www.qca.org.au/project/rural-water/irrigation-price-investigations/.
2. The annuity contribution is included in the prices paid by bulk water and distribution customers. For 2020–21 to 2024–25, the annuity contribution is based on QCA's 2020–2024 irrigation price investigation final recommendations.