sunwater

Final Service and Performance Plan

2021/22

Pioneer River Bulk Water Service Contract

6 August 2021

Contents

At a glance

Our performance in 2019/20

Operating costs: $1.17 million (14.1% less than forecast)

Key drivers of cost variance:

- fewer non-direct costs allocated to the service contract than forecast
- a reduction in contractor costs.

Annuity-funded costs: $0.55 million (31.5% less than forecast)

Key drivers of cost variance:

- several projects were deferred to 2020/21 due to high water levels, or were removed from the program following risk assessments
- lower than anticipated contractor costs for some projects.

Total water deliveries: 26,983 ML

Water delivered to irrigators: 13,394 ML

Service targets: Met

No exceptions

Outlook for 2021/22

Forecast operating costs: $1.87 million

Significant areas of expenditure:

- insurance ($0.67 million)
- operations ($0.71 million)
- preventative maintenance ($0.30 million)
- corrective maintenance ($0.19 million).

Forecast annuity-funded costs: $0.68 million

Key projects planned:

- comprehensive risk assessment of Teemburra Dam ($0.25 million)
- left bank protection works at Dumbleton Weir ($0.14 million).

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 Pioneer River Bulk Water Service Contract is to:

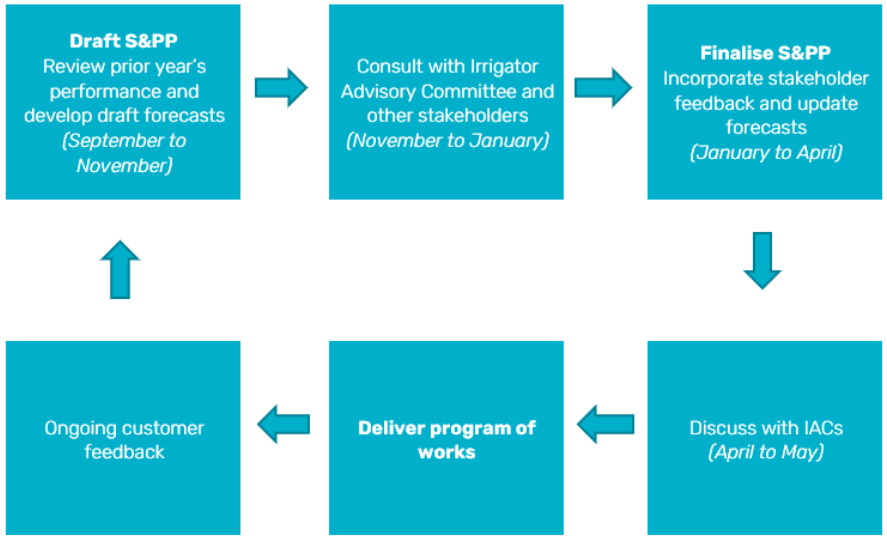
- present to customers Sunwater's projected costs[1] for the upcoming five-year period, i.e. 2021/22 to 2025/26
- consult with our customers on forecast operating and annuity-funded costs for 2021/22 and the forward program of works
- examine Sunwater's performance in 2019/20 against previous forecasts and service targets.

Our focus during 2021/22 will be on ensuring dam safety compliance is maintained and that refurbishment and corrective work identified through our annual and five yearly comprehensive inspections at Teemburra Dam and the scheme's weirs 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/

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

[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.

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 customers in this scheme are irrigators in Pioneer River, Palm Creek and Cattle Creek. Water is also provided to supplement the town water supply for Mackay and surrounding townships, and for industrial purposes.

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

Customer segment	Total water allocations (ML)	High-A priority water allocations (ML)	High-B priority water allocations (ML)	Total water deliveries 2019/20 (ML)
Irrigation	47,390	33	47,357	13,394
Industrial	1920	1920	0	1030
Urban	16,520	16,520	0	12,530
Sunwater	12,280	12,280	0	29
Total	**78,110**	**30,753**	**47,357**	**26,983**

Irrigation charges

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

Table 2: Irrigation charges for 2021/22

Tariff group	Product	2021/22 ($/ML)[1]	QCA cost-reflective ($/ML)[2]
Pioneer Valley Water Board	Allocation Charge – Part A	14.89	20.96
	Allocation Water – Part B	2.72	3.84

1. Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.
2. Is the cost-reflective price determined by the Queensland Competition Authority (QCA) in its 2020–2024 irrigation price investigation (excluding dam improvement costs). Costs reflect lower bound cost recovery, i.e. recovery of future replacement and ongoing maintenance and operations. 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 has company-wide customer interactions service targets. Our performance in 2019/20 against these service targets is shown in Table 3.

Table 3: Customer interactions service targets and performance

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

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

Key infrastructure

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

Table 4: Key infrastructure

Asset	Description	Total storage capacity (ML)
Teemburra Dam	Concrete faced rock fill structure with three saddle dams and an ogee crest spillway. Classified as a referable dam under the *Water Supply (Safety and Reliability) Act 2008*.	147,500
Dumbleton Weir	Mass concrete structure with a fish lock.	8840
Mirani Weir	Mass concrete. It is also used as a pumping pool for the Mirani pumping stations which supply water to Kinchant Dam in the Eton water supply system.	4660
Marian Weir	Mass concrete with ogee crest in two sections.	3980

Financial summary—Revenue and expenditure

A high-level summary of the budgeted financial performance of the Pioneer River Bulk Water Service Contract is presented in Table 5.

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 an increase in revenue for the Pioneer 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 Pioneer 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—2021/22 forecast ($M)

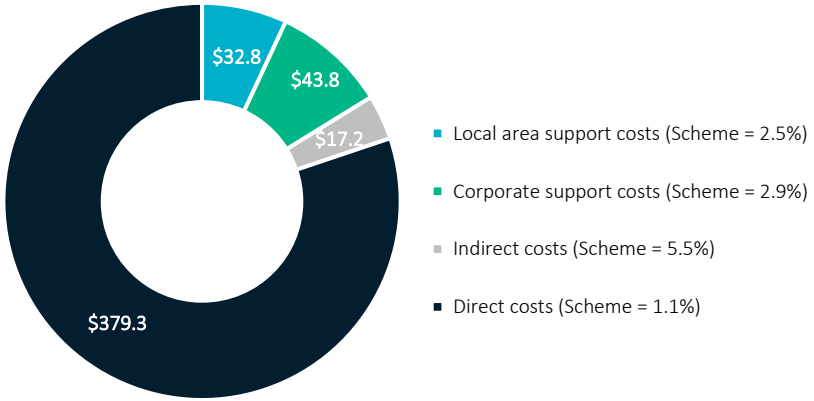


Table 5: Service contract financial summary

Pioneer 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	704.2	726.6	740.1	767.4	1032.9
Community Service Obligation	-	-	-	-	-
Industrial[1]	619.5	650.1	652.3	566.5	644.1
Urban[1]	196.7	181.5	203.3	198.9	224.6
Revenue transfers	-	-	-	-	-
Drainage	-	-	-	-	-
Other	0.7	-	0.6	1.0	-
Revenue total	**1521.2**	**1558.1**	**1596.4**	**1533.8**	**1901.6**
Less – Operating expenditure	1134.5	1360.4	1168.0	1559.2	1869.5
Less					
Annuity-funded	784.8	94.7	552.8	585.7	683.4
Non-annuity funded[2]	179.6	490.2	343.9	1644.5	4649.9
Surplus (deficit)	**(577.7)**	**(387.2)**	**(468.2)**	**(2255.5)**	**(5301.2)**

1. Forecast revenues for industrial and urban customers are based on current contractual arrangements.
2. This is expenditure which has not been funded by irrigation customers. An example of this in the Pioneer River Bulk Water Service Contract is the Dam Improvement Program and recreational facility projects from 2020/21.

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 6 sets out actual and forecast operating expenditure for the Pioneer River Bulk Water Service Contract. For a more detailed breakdown by cost category, refer to **Appendix 2**.

Our performance in 2019/20

In 2019/20, operating costs were lower than our previous forecast.[2] This was due to fewer non-direct costs being allocated to the service contract than forecast. Efficiency gains were also achieved, resulting in a reduction in contractor costs.

Table 6: Operating expenditure[1]

Pioneer River Bulk Water Service Contract	2017/18	2018/19	2019/20			2020/21		2021/22		2022/23	2023/24	2024/25	2025/26
	Sunwater Actual $'000	Sunwater Actual $'000	Sunwater Forecast $'000	Sunwater Actual $'000	Variance $'000	Sunwater Forecast $'000	QCA Target $'000[2]	Sunwater Forecast $'000	QCA Target $'000[2]	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000
Operations	680.8	819.1	879.4	757.4	(122.0)	1129.9	925.5	1381.1	946.0	1358.9	1392.5	1423.9	1455.7
Electricity	4.1	4.1	4.9	3.9	(1.0)	5.3	5.1	5.3	6.4	5.4	5.6	5.7	5.8
Insurance	314.8	338.9	367.0	377.9	10.9	509.4	426.9	668.5	435.4	681.9	695.5	709.4	723.6
Operations	362.0	476.1	507.6	375.6	(131.9)	615.3	493.6	707.2	504.2	671.5	691.4	708.8	726.3
Preventative maintenance	392.7	365.7	324.7	345.2	20.5	254.6	371.7	301.2	379.8	302.6	311.2	318.9	326.0
Corrective maintenance	61.0	175.5	155.9	65.4	(90.6)	174.7	131.4	187.2	134.1	188.8	193.8	198.3	202.6
Operating costs total	**1134.5**	**1360.4**	**1360.0**	**1168.0**	**(192.1)**	**1559.2**	**1428.7**	**1869.5**	**1459.9**	**1850.3**	**1897.4**	**1941.1**	**1984.4**
Recreational facility costs[3]						-		-		-	-	-	-
Operating costs total (incl. recreational facility costs)	**1134.5**	**1360.4**	**1360.0**	**1168.0**	**(192.1)**	**1559.2**		**1869.5**		**1850.3**	**1897.4**	**1941.1**	**1984.4**

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. 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.

[2] See the 2019/20 Network Service Plan at www.sunwater.com.au/schemes/Pioneer-River/

Outlook for 2021/22

Operations

Pioneer River Bulk Water Service Contract's total operations budget in 2021/22 is 46.0 per cent above the QCA's recommended cost target. This variance is largely driven by higher insurance costs (see below) and non-direct costs.

Insurance

Insurance is one of Sunwater's largest expenditure items. These costs have increased significantly in recent years due to multiple flood events in Queensland and global insurable events impacting premiums. Although Sunwater is subject to market forces in the pricing of insurance premiums, we have also been actively managing insurance premium costs by reviewing coverage levels and policy specifications (including deductibles) to ensure that our insurance coverage is appropriate and reflective of the risks faced by our business.

In 2020/21, Sunwater experienced a significant price increase in insurance premiums. Our insurance broker has indicated this is the beginning of an upward trend in premiums due to, among other factors, the number and size of natural disasters that have occurred in Australia over the past 12 months. Insurance premiums in 2021/22 are therefore expected to be higher than the QCA's recommended allowance and historical costs.

Preventative maintenance

The forecast preventative maintenance costs for the Pioneer River Bulk Water Service Contract are 20.7 per cent below the QCA's recommended cost target. This is because of lower labour and non-direct costs, as the result of a classification difference between operations and preventative maintenance.

Corrective maintenance

In 2021/22, Sunwater anticipates spending $187.2k on corrective maintenance in the Pioneer River Bulk Water Service Contract. This is 39.6 per cent above the QCA's recommended cost target, primarily due to higher non-direct costs and contractor costs. In recent years there has been minimal corrective work undertaken in the service contract, which has distorted the historical average.

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 7 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 7: Annuity and non-annuity funded expenditure[1,2]

Pioneer 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[3]	Sunwater Actual $'000[3]	Sunwater Forecast $'000	Sunwater Actual $'000	Variance $'000	Sunwater Forecast $'000	QCA Target $'000[4]	Sunwater Forecast $'000	QCA Target $'000[4]	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000
Annuity-funded													
Operations	7.8	-	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	569.6	94.7	806.6	552.8	(253.8)	585.7	257.5	683.4	315.6	316.4	358.4	542.3	1029.4
Unplanned corrective maintenance	207.4	-	-	-	-	-	-	-	-	-	-	-	-
Annuity-funded total	**784.8**	**94.7**	**806.6**	**552.8**	**(253.8)**	**585.7**	**257.5**	**683.4**	**315.6**	**316.4**	**358.4**	**542.3**	**1029.4**
Non-annuity funded													
Dam Improvement Program	179.6	490.2	1426.4	343.9	(1082.5)	1604.5		4649.9		2279.7	-	-	-
Recreational facility projects						39.9		-		-	-	87.7	26.3
Metered offtakes and dividend reinvestment	-	-	-	-	-	-		-		-	-	-	-
Non-annuity total	**179.6**	**490.2**	**1426.4**	**343.9**	**(1082.5)**	**1644.5**		**4649.9**		**2279.7**	**-**	**87.7**	**26.3**

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.

Asset management and planning improvements

In its final report for the 2020–2024 irrigation price investigation, the QCA identified several potential improvements to Sunwater's asset management and planning framework. It suggested Sunwater should:

- improve our predictive maintenance and asset condition reporting arrangements to better inform the timing of asset replacement
- review our cost estimation approach and ensure that asset values are based on modern equivalent replacement values where appropriate
- develop transparent guidelines for options analyses.[3]

Sunwater acknowledges there is room for improvement in our asset management system and is working on several initiatives to address 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.

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.

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

Annuity balance

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 8 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 8: Annuity balance

Pioneer River Bulk Water Service Contract	2017/18 Actual $'000	2018/19 Actual $'000	2019/20 Actual $'000	2020/21 Forecast $'000	2021/22 Forecast $'000	2022/23 Forecast $'000	2023/24 Forecast $'000	2024/25 Forecast $'000	2025/26 Forecast $'000
Opening balance[1]	(3653.8)	(4243.8)	(4176.2)	(4549.6)	(4338.5)	(4132.6)	(3488.1)	(2833.5)	(2339.6)
Spend[2]	(784.8)	(94.7)	(552.8)	(585.7)	(683.4)	(316.4)	(358.4)	(542.3)	(1029.4)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution[3]	468.4	480.1	492.1	995.7	1079.1	1141.6	1165.5	1160.0	1170.9
Interest/financing costs	(273.7)	(317.9)	(312.8)	(198.9)	(189.7)	(180.7)	(152.5)	(123.9)	(102.3)
Sunwater – Closing balance	**(4243.8)**	**(4176.2)**	**(4549.6)**	**(4338.5)**	**(4132.6)**	**(3488.1)**	**(2833.5)**	**(2339.6)**	**(2300.5)**
QCA – Closing balance	**(4243.8)**	**(4176.2)**	**(4749.4)**	**(4218.9)**	**(3639.8)**	**(2784.7)**	**(2355.5)**		
Difference	-	-	199.8	(119.7)	(492.8)	(703.4)	(477.9)		

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.

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	12,439
2011/12	18,753
2012/13	24,296
2013/14	27,604
2014/15	30,396
2015/16	27,894
2016/17	16,576
2017/18	24,984
2018/19	26,203
2019/20	26,983
18-year historical average	**26,180**

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

Pioneer River Bulk Water Service Contract	2017/18 Sunwater Actual $'000	2018/19 Sunwater Actual $'000	2019/20 Sunwater Forecast $'000	2019/20 Sunwater Actual $'000	Variance $'000	2020/21 Sunwater Forecast $'000	2020/21 QCA Target $'000	2021/22 Sunwater Forecast $'000	2021/22 QCA Target $'000	2022/23 Sunwater Forecast $'000	2023/24 Sunwater Forecast $'000	2024/25 Sunwater Forecast $'000	2025/26 Sunwater Forecast $'000
Operating costs													
Operations	680.8	819.1	879.4	757.4	(122.0)	1129.9	925.5	1381.1	946.0	1358.9	1392.5	1423.9	1455.7
Labour	99.6	113.3	113.1	110.4	(2.7)	138.0	104.4	166.5	106.8	165.6	170.6	175.7	181.0
Contractors	12.4	4.9	20.0	4.5	(15.5)	20.0	25.9	42.5	26.4	24.0	24.4	24.9	25.4
Materials	0.6	0.9	5.0	0.1	(4.9)	5.0	1.2	5.0	1.2	5.1	5.2	5.3	5.4
Electricity	4.1	4.1	4.9	3.9	(1.0)	5.3	5.1	5.3	6.4	5.4	5.6	5.7	5.8
Insurance	314.8	338.9	367.0	377.9	10.9	509.4	426.9	668.5	435.4	681.9	695.5	709.4	723.6
Other	14.0	60.1	75.0	39.7	(35.3)	70.0	80.6	65.4	82.2	67.6	68.0	68.5	70.7
Local area support costs	77.7	94.8	56.8	59.4	2.6	79.4	50.4	108.6	51.5	107.7	110.9	114.3	117.7
Corporate support costs	55.9	108.6	84.5	83.2	(1.3)	103.5	80.7	158.2	82.4	157.4	162.1	166.9	172.0
Indirect costs	101.6	93.5	153.2	78.4	(74.8)	199.4	150.5	161.0	153.7	144.2	150.1	153.1	154.1
Preventative maintenance	392.7	365.7	324.7	345.2	20.5	254.6	371.7	301.2	379.8	302.6	311.2	318.9	326.0
Labour	86.1	90.0	68.6	88.0	19.4	47.7	93.2	59.2	95.3	61.0	62.8	64.7	66.7
Contractors	123.2	78.4	110.0	72.4	(37.6)	95.0	75.6	95.0	77.1	96.9	98.8	100.8	102.8
Materials	7.8	3.8	5.0	6.8	1.8	5.0	9.1	5.0	9.3	5.1	5.2	5.3	5.4
Other	3.0	1.4	7.0	4.8	(2.2)	7.0	10.4	7.0	10.6	7.1	7.3	7.4	7.6
Local area support costs	67.2	80.8	35.2	47.2	11.9	27.3	45.0	38.5	46.0	39.7	40.8	42.1	43.3
Corporate support costs	40.3	74.0	51.2	67.2	16.0	35.8	72.0	56.3	73.6	58.0	59.7	61.5	63.3
Indirect costs	65.2	37.3	47.7	58.9	11.2	36.8	66.4	40.2	67.9	34.9	36.5	37.1	36.9
Corrective maintenance	61.0	175.5	155.9	65.4	(90.6)	174.7	131.4	187.2	134.1	188.8	193.8	198.3	202.6
Labour	6.1	11.8	21.8	9.1	(12.7)	25.2	17.0	27.6	17.3	28.5	29.3	30.2	31.1
Contractors	35.7	129.2	65.0	28.4	(36.6)	70.0	47.2	70.0	48.2	71.4	72.8	74.3	75.8
Materials	2.6	3.8	10.0	4.8	(5.2)	10.0	16.2	10.0	16.5	10.2	10.4	10.6	10.8
Other	2.8	2.6	16.6	4.9	(11.7)	16.6	17.6	16.6	18.0	17.0	17.3	17.6	18.0
Local area support costs	4.7	12.7	11.1	5.2	(5.9)	14.6	8.2	18.0	8.4	18.5	19.0	19.6	20.2
Corporate support costs	4.4	8.4	16.3	7.1	(9.2)	18.9	13.1	26.2	13.4	27.0	27.8	28.7	29.5
Indirect costs	4.6	7.1	15.2	5.8	(9.3)	19.4	12.1	18.8	12.3	16.3	17.0	17.3	17.2
Operating costs total	**1134.5**	**1360.4**	**1360.0**	**1168.0**	**(192.1)**	**1559.2**	**1428.7**	**1869.5**	**1459.9**	**1850.3**	**1897.4**	**1941.1**	**1984.4**
Annuity-funded costs													
Labour			87.2	54.7	(32.5)	70.9	31.2	64.6	29.8	25.7	60.8	85.9	168.5
Contractors			352.4	314.4	(38.0)	273.4	120.2	426.0	196.7	151.0	113.0	198.2	219.6
Materials			195.9	40.7	(155.2)	93.3	41.0	38.6	17.8	77.1	41.6	66.9	197.9
Other			-	37.8	37.8	1.4	0.6	6.9	3.2	6.7	10.0	4.2	80.7
Local area support costs			45.4	26.6	(18.8)	38.8	17.1	42.1	19.4	16.7	39.8	56.2	109.5
Corporate support costs			65.1	41.8	(23.4)	53.2	23.4	61.4	28.3	24.4	57.8	81.6	160.1
Indirect costs			60.6	36.8	(23.8)	54.7	24.0	43.9	20.2	14.7	35.3	49.2	93.2
Annuity-funded total[1]	**784.8**	**94.7**	**806.6**	**552.8**	**(253.8)**	**585.7**	**257.5**	**683.4**	**315.6**	**316.4**	**358.4**	**542.3**	**1029.4**
Total costs[2]	**1919.3**	**1455.1**	**2166.6**	**1720.7**	**(445.9)**	**2144.9**	**1686.2**	**2552.9**	**1775.5**	**2166.7**	**2255.8**	**2483.4**	**3013.8**

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 Pioneer River Bulk Water Service Contract in 2019/20 and the actual projects undertaken.

Project	Forecast $'000	Actual $'000	Commentary
Teemburra Dam – Access road (20PIO02)	142	111	Contractor costs were lower than anticipated.
Teemburra Dam – Outlet works (20PIO01, 20PIO08, 17PIO05, 20PIO12 and 20PIO15)	110	128	The design and installation of a concrete slab below the regulating valve outlet (20PIO01) cost $55k more than forecast because the design and contractor costs were higher than expected. There was also an increased scope of works due to anchoring requirements. Refurbishing the main dam winch arrangement (20PIO08) was delivered $8k under budget, as a result of efficiency gains achieved by combining projects at the same locality with the same vendor thereby reducing mobilisation costs. A study into the adequacy of the roof lift attachment in the main dam winch room (17PIO05) was completed for $4k more than forecast due to a change in scope. During the development of the roof slab removal methodology the designers identified a ceiling slab which made it impossible to install new lifting lugs through the slab. The ceiling slab also required a suitable lifting methodology. Following a risk assessment, it was determined that no action was required in relation to replacing the galvanised steel platform used for access to rope terminations (20PIO12, $27k less than forecast). Further, an investigation into the displacement of a concrete pad at Saddle Dam 2 found that no action was required (20PIO15, $6k less than forecast).
Teemburra Dam crest seepage – Ground penetrating radar (GPR) survey (17PIO08)	77	-	This project was deferred to 2020/21 due to high water levels.
Dumbleton Weir – Fabridam (09PIO15)	73	8	Preparation for undertaking the work was completed. However, the work was unable to be carried out because of high water levels. The project was deferred to 2020/21.
Teemburra Dam – Spillway anchors (17PIO09)	68	1	This project was deferred to 2020/21 due to high water levels.
Teemburra Dam – Storage shed (20PIO10)	51	23	There was a reduction in the scope of work—the existing shed was refurbished, instead of building a new shed.
Dumbleton Weir – Fish lock (20PIO18)	51	157	There was an increased scope of works due to equipment failure. The butterfly valve on the filling line failed and the hydraulic cylinder was overhauled.
Marian Weir – Protection works (20PIO16 and20PIO11	40	45	The contractor costs for the right bank protection works were higher than expected (20PIO16, $13k more than forecast).

Project	Forecast $'000	Actual $'000	Commentary
			A condition assessment was also undertaken on the downstream face concrete loss, which found that no actions were required (monitoring only) (20PIO11, $8k less than forecast).
Other works	195	81	Cost variances were due to: • the Palmtree Creek Pipeline protection works being in a better condition than anticipated (20PIO04, $12k less than forecast) • the removal of two projects from the program, as they were completed in prior financial years (20PIO07 and 20PIO05, $22k) • higher installation costs associated with the replacement of a customer meter (20PIO06, $1k more than forecast) • lower than expected contractor costs to refurbish the crest and access road at Saddle Dam 1 (20PIO13, $36k less than forecast) • the removal of an options analysis on the remediation of the shotcrete and secondary apron at Teemburra Dam spillway, following a risk assessment (20PIO09, $37k) • higher than anticipated contractor costs to repair an eroded section of shotcrete on the Teemburra Dam apron access (20PIO14, $27k more than forecast). In addition, the scheme's contingency amount of $37k was not used.
2019/20 Total	**807**	**553**	

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[4]	Teemburra Dam	Study – comprehensive inspection to meet regulatory compliance.	85
	Teemburra Dam	Study – investigate spillway foundations beneath the crest using ground penetrating radar to confirm dam safety assumptions.	78
	Teemburra Dam	Study – investigate the passive anchor strength assumptions using pull-out tests to confirm dam safety assumptions.	70
	Dumbleton Weir	Remove – obsolete fabridam from the weir and related attachments to mitigate a known safety risk.	66
	Scheme	Study – audit and review of all scheme switchboards and distribution boards to reassess arc flash rating in accordance with Australian Standards.	53
	Palmtree Creek	Replace – components of the cathodic protection system on the pipeline based on known asset condition and age.	30
	Teemburra Dam – Saddle Dam 2	Refurbish – three Saddle Dam 2 baulks (blast and paint) based on known asset condition and age.	20
	Multiple	There were three other annuity-funded projects planned for 2020/21 including the relocation of radio repeaters from Mirani Water Tower (now planned for 2022/23); an asset revaluation; and a contingency amount for unplanned capital replacements.	184
	2020/21 Total		**586**
2021/22	Teemburra Dam	Study – comprehensive risk assessment based on regulatory requirements to better understand asset condition and risk.	250
	Dumbleton Weir	Refurbish – left bank protection works based on known asset condition and age. Covers design and construction.	144
	Marian Weir	Refurbish – remove and dispose of the sheet piling coffer dam and related construction debris to mitigate a known safety risk.	113
	Dumbleton, Marian and Mirani weirs	Study – comprehensive inspections to meet asset management, condition and risk standards.	66

[4] 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
	Dumbleton Weir	Study – undertake remote operated vehicle/CCTV inspection of upstream outlet works and weir face to meet asset management, condition and risk standards.	52
	Dumbleton Weir	Install – CCTV system to mitigate a known safety risk.	30
	Multiple	There are three other annuity-funded projects planned for 2021/22 related to refurbishing the hydraulic system guard valve at Saddle Dam 2 and meter replacements.	28
	2021/22 Total		**683**
2022/23	Mirani Water Tower	Relocate – radio repeaters (450MHz and 900MHz) to increase asset performance.	128
	Teemburra Dam – Saddle Dam 2	Refurbish – intake trash racks 1 to 3 (blast and paint) based on known asset condition and age.	43
	Teemburra Dam	Refurbish – 1915mm diameter conduit dome end plate (blast and paint) and replace explosive bolts based on known asset condition and age.	31
	Teemburra Dam – Saddle Dam 2	Replace – outlet works uninterruptible power supply batteries based on known asset condition and age.	20
	Teemburra Dam	Refurbish – main dam bulkhead dome gate and trolley (blast, paint, seals and fixings) based on known asset condition and age.	18
	Teemburra Dam	Refurbish – main dam trash racks (blast and paint) based on known asset condition and age.	14
	Multiple	There are six other annuity-funded projects planned for 2022/23 related to replacing gauging equipment at Teemburra Dam; refurbishing baulks and lifting frames at Teemburra Dam; replacing a rainfall recorder; replacing outlet works main conduit pressure sensor, pipework and display; and refurbishing a 1200mm diameter guard valve support frame.	62
	2022/23 Total		**316**
2023/24	Teemburra Dam	Refurbish – main dam outlet works guard valve based on known asset condition and age.	73
	Dumbleton, Mirani and Marian weirs	Study – siltation surveys to meet asset management, condition and risk standards.	65
	Mirani Weir	Refurbish – remove steel sheet piling downstream of the weir to mitigate a known safety risk.	47
	Teemburra Dam	Study – light detection and ranging survey to meet asset management, condition and risk standards.	27
	Dumbleton Weir	Refurbish – building (paint and fittings) based on known asset condition and age.	25
	Teemburra Dam	Replace – signage to mitigate known safety risks.	25
	Dumbleton Weir	Study – options to identify the optimal solution to replace control equipment.	22
	Multiple	There are nine other annuity-funded projects planned for 2023/24 related to refurbishing an outlet conduit at Mirani Weir; refurbishing a control building at Dumbleton Weir; refurbishing Creek Diversion Channel drop structures; replacing the fish lock electrical system at Dumbleton Weir; and replacing the supervisory control and data acquisition computer and software at Teemburra Dam.	73
	2023/24 Total		**357**
2024/25	Teemburra Dam	Refurbish – spillway shotcrete and secondary concrete based on known asset condition and age.	116

Year	Facility	Activity description	Forecast $'000
	Teemburra Dam – Saddle Dam 2	Replace – control programmable logic controller (PLC) based on known asset condition and age.	55
	Teemburra Dam – Saddle Dam 2	Replace – winch control PLC based on known asset condition and age.	51
	Teemburra Dam	Replace – winch control PLC based on known asset condition and age.	51
	Marian Weir	Refurbish – control building security fencing, gates and grids based on known asset condition and age.	44
	Teemburra Dam	Study – options to identify the optimal solution to refurbish the main pipe including joints.	33
	Teemburra Dam	Refurbish – main dam winch building based on known asset condition and age.	32
	Teemburra Dam	Refurbish – main conduit fill line pipe based on known asset condition and age.	25
	Multiple	There are nine other annuity-funded projects planned for 2024/25 related to refurbishing the outlet works access road at Teemburra Dam; refurbishing fishway hydraulics at Dumbleton Weir; refurbishing a repeater at Teemburra Dam; replacing gauging equipment; an options study into replacing hydraulic/electric piezometers; refurbishing a main conduit air vent line pipe at Teemburra Dam; and replacing various PLCs.	137
	2024/25 Total		**544**
2025/26	Teemburra Dam	Refurbish – main pipe including joints based on known asset condition and age.	263
	Teemburra Dam	Refurbish – main dam to valve chamber access road based on known asset condition and age.	197
	Teemburra Dam	Study – comprehensive inspection to meet regulatory compliance.	100
	Teemburra Dam	Refurbish – Palmtree Creek to Saddle Dam 2 access road based on known asset condition and age.	79
	Palmtree Creek Pipeline	Replace – ultrasonic flow meters 1 and 2 based on known asset condition and age.	71
	Teemburra Dam	Replace – hydraulic/electric piezometers based on known asset condition and age.	66
	Marian Weir	Refurbish – left-hand and right-hand outlet valves based on known asset condition and age.	66
	Multiple	There are 12 other annuity-funded projects planned for 2025/26 related to refurbishing valve chamber pipework at Teemburra Dam; refurbishing inlet baulks at Mirani Weir; refurbishing inlet trash racks at Mirani Weir; an asset revaluation; refurbishing the valve pit access road; upgrading fences and gates; and refurbishing the outlet works baulks at Saddle Dam 2.	187
	2025/26 Total		**1029**

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