



Final Service and Performance Plan

2021/22

St George Bulk Water Service Contract

27 July 2021

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At a glance

Our performance in 2019/20

 **Operating costs:**
\$1.26 million (10.2% more than forecast)


The key driver of the cost variance was higher than forecast labour costs and corporate support costs in the operations cost category.

Preventative and corrective maintenance costs were below budget.


 **Annuity-funded costs:**
\$3.19 million (10.4% less than forecast post adjustment)

Sunwater’s actual costs in 2019/20 were \$3.81 million (7.1% above forecast). This variance was largely due to an overspend on the Thuraggi Channel repair project. However, as previously agreed with customers, an adjustment was made to remove inefficient costs and the cost of additional downstream rock protection works associated with this project from the annuity. This resulted in the annuity-funded costs being less than forecast.

Additional costs were also incurred in 2019/20 to complete the civil and electrical works associated with relocating and installing the Thuraggi Channel flow meter (\$212k above forecast). These increased costs were offset by the deferral of other projects.


 **Total water deliveries:**
49,766 ML

Water delivered to irrigators: 48,703 ML

 **Service targets: Met**


No exceptions

Outlook for 2021/22

 **Forecast operating costs:**
\$1.43 million

Significant areas of expenditure:

- insurance (\$0.22 million)
- operations (\$0.89 million)
- preventative maintenance (\$0.24 million).

 **Forecast annuity-funded costs:**
\$0.80 million

Key projects planned:

- 20-year dam safety review at Beardmore Dam (\$0.51 million)
- causeway repairs at Beardmore Dam to rectify damage caused by floodwaters, if required (\$0.12 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 St George Bulk Water Service Contract is to:

- present to customers Sunwater’s projected costs¹ for the upcoming five-year period, i.e. 2021/22 to 2025/26
- consult with our customers on forecast operating and annuity-funded costs for 2021/22 and the forward program of works
- examine Sunwater’s performance in 2019/20 against previous forecasts and service targets.

Our focus during 2021/22 will be on ensuring dam safety compliance is maintained and that refurbishment and corrective work identified through our annual and five yearly comprehensive inspections at Beardmore Dam are implemented safely, timely and efficiently. We also plan to undertake a 20-year dam safety review, in accordance with the Queensland Dam Safety Management Guideline.

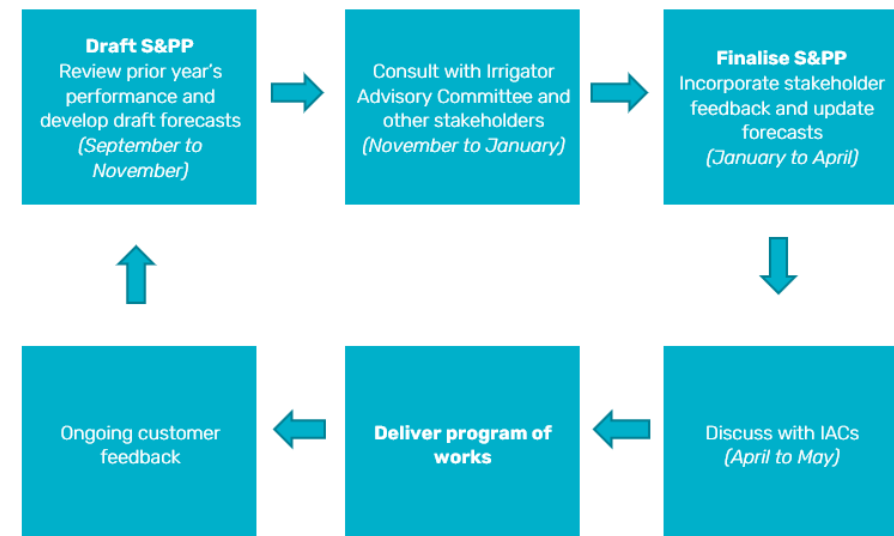
In addition to this S&PP, Sunwater has published an information sheet which explains the types of costs we incur in delivering water to our customers and how those costs are allocated to service contracts. The information sheet is available at:

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 175 customers in this scheme are irrigators who grow cotton, wheat, grapes, peanuts, carrots, mung beans, chickpeas, onions and other small crops. Water is also supplied to the town of St George.

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 priority water allocations (ML)	Medium priority water allocations (ML)	Total water deliveries 2019/20 (ML)
Irrigation	81,471	3000	78,471	48,703
Industrial	60	0	60	0
Urban	3024	0	3024	997
Sunwater	20	0	20	76
Total	84,575	3000	81,575	49,776

Irrigation charges

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

Table 2: Irrigation charges for 2021/22¹

Tariff group	Product	2021/22 (\$/ML) ²	QCA cost-reflective (\$/ML) ³
River – Medium Priority	Allocation Charge – Part A	19.47	23.42
	Allocation Water – Part B	0.93	1.11
Local Management Supply – Medium Priority	Allocation Charge – Part A	19.47	23.42
	Allocation Water – Part B	0.93	1.11
Local Management Supply – High Priority	Allocation Charge – Part A	27.26	38.21
	Allocation Water – Part B	0.93	1.11

1. This table includes bulk water charges only. Distribution charges are set by Mallowa Irrigation Ltd.
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 St George Bulk Water Service Contract. Table 3 below sets out our recent performance against selected service targets for this scheme.

Table 3: Scheme service targets and performance

Service target		Target	Number of exceptions		
			2017/18	2018/19	2019/20
Planned shutdowns – notification	For shutdowns planned to exceed 2 weeks	8 weeks	0	0	0
	For shutdowns planned to exceed 3 days	2 weeks	0	0	0
	For shutdowns planned to be less than 3 days	5 days	0	0	0
Unplanned shutdowns – duration ¹	Unplanned shutdowns during Peak Demand Period	48 hours	0	0	0
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions	Planned or unplanned interruptions per water year	6	0	0	0

1. This is the number of times that the unplanned shutdown has exceeded the shortest of the peak/off peak periods.

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

Table 4: Customer interactions service targets and performance

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

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

Key infrastructure

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

Table 5: Key infrastructure

Asset	Description	Total storage capacity (ML)
Beardmore Dam	Earth and rock fill embankment with a central mass concrete gated spillway. Classified as a referable dam under the <i>Water Supply (Safety and Reliability) Act 2008</i> .	81,700
Jack Taylor Weir	Mass concrete structure with a gated ogee crest and bucket.	10,270

Financial summary—Revenue and expenditure

A high-level summary of the budgeted financial performance of the St George 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 an increase in revenue for the St George 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 St George 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)

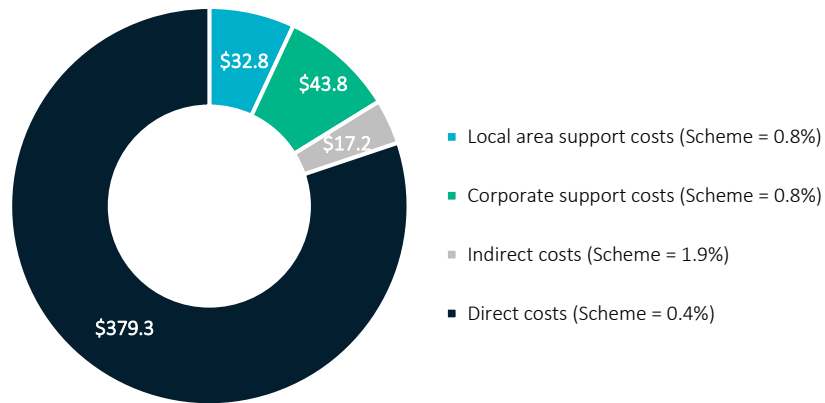


Table 6: Service contract financial summary

St George 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	361.2	1471.4	1826.1	1589.2	1756.9
Community Service Obligation	-	-	-	-	-
Industrial ¹	6.5	6.6	6.7	6.8	6.9
Urban ¹	185.5	188.7	190.9	198.2	197.7
Revenue transfers ²	1064.3	280.4	-	-	-
Drainage	-	-	-	-	-
Other	0.4	2.1	2.0	1.0	1.0
Revenue total	1618.0	1949.3	2025.6	1795.2	1962.5
Less – Operating expenditure	780.0	1086.3	1264.8	1347.1	1467.4
Less					
Annuity-funded	420.4	3740.4	3185.6	1391.1	801.6
Non-annuity funded ³	-	-	-	101.0	-
Surplus (deficit)	417.5	(2877.4)	(2424.8)	(1043.9)	(306.5)

- 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. Since the transfer of the distribution system to Mallowa Irrigation Ltd on 30 June 2018, Mallowa Irrigation has been invoiced directly for its contribution to the cost of the bulk water service. Therefore, this revenue is now part of “Irrigation” revenue.
- This is expenditure which has not been funded by irrigation customers. An example of this in the St George Bulk Water Service Contract is 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 7 sets out actual and forecast operating expenditure for the St George Bulk Water Service Contract. For a more detailed breakdown by cost category, refer to **Appendix 2**.

Table 7: Operating expenditure¹

St George 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	474.9	766.7	774.4	952.7	178.3	965.8	794.1	1127.3	810.9	1128.6	1161.1	1190.5	1215.8
Electricity	7.5	5.7	6.2	6.8	0.6	5.9	6.5	8.0	6.6	8.2	8.3	8.5	8.7
Insurance	102.7	109.6	123.4	126.5	3.2	171.2	138.0	224.7	140.7	229.2	233.8	238.5	243.3
Operations	364.8	651.5	644.8	819.3	174.5	788.7	649.6	894.6	663.6	891.2	918.9	943.5	963.9
Preventative maintenance	297.2	315.4	314.0	259.5	(54.5)	286.5	335.6	244.6	342.9	244.9	252.4	258.9	264.8
Corrective maintenance	7.8	4.2	59.1	52.7	(6.4)	60.2	72.6	59.1	74.2	59.3	61.0	62.5	64.0
Operating costs total	780.0	1086.3	1147.4	1264.8	117.4	1312.6	1202.3	1431.0	1228.1	1432.8	1474.4	1511.9	1544.6
Recreational facility costs ³						34.5		36.4		36.3	37.4	38.4	39.3
Operating costs total (incl. recreational facility costs)	780.0	1086.3	1147.4	1264.8	117.4	1347.1		1467.4		1469.1	1511.9	1550.3	1583.9

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.

Our performance in 2019/20

In 2019/20, operating costs were higher than what we previously forecast.² This was primarily due to labour costs being directly charged to the service contract where costs were previously charged to non-direct cost pools, and higher corporate support costs. A significant portion of the increased labour charges can be attributed to additional direct labour charged to the service contract because of the 24/7 flood operations during the February/March flood event. Preventative maintenance costs were \$54.5k less than budget, as was corrective maintenance (\$6.4k less than budget).

Outlook for 2021/22 Operations

St George Bulk Water Service Contract's total operations budget in 2021/22 is 39.0 per cent above the QCA's recommended cost target. This variance is largely driven by labour costs, insurance (see below), local area support costs and corporate support 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 St George Bulk Water Service Contract are 28.7 per cent below the QCA's recommended cost target. This is because of lower labour costs and lower local area support, corporate support and indirect costs attributed to preventative maintenance activities.

Corrective maintenance

In 2021/22, Sunwater anticipates spending \$59.1k on corrective maintenance in the St George Bulk Water Service Contract. This is 20.4 per cent below the QCA's recommended cost target, primarily due to lower labour costs and lower corporate support and indirect costs.

² See the 2019/20 Network Service Plan at www.sunwater.com.au/schemes/St-George/

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

Annuity expenditure include funds for preventative and corrective maintenance, as well as large, one-off operations activities. The preventative maintenance activities monitor the asset condition and inform the corrective maintenance program when an asset needs to be refurbished or replaced. Non-annuity funded expenditure largely relates to Sunwater’s Dam Improvement Program and recreational facility costs.

Table 8 outlines our annuity and non-annuity funded expenditure. A comparison of forecast and actual annuity-funded projects for 2019/20 is provided in **Appendix 3**, with details of the major annuity-funded projects planned for the 2020/21 to 2025/26 period set out in **Appendix 4**.

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

St George Bulk Water Service Contract	2017/18	2018/19	2019/20		Variance \$'000	2020/21		2021/22		2022/23	2023/24	2024/25	2025/26
	Sunwater Actual \$'000 ³	Sunwater Actual \$'000 ³	Sunwater Forecast \$'000	Sunwater Actual \$'000		Sunwater Forecast \$'000	QCA Target \$'000 ⁴	Sunwater Forecast \$'000	QCA Target \$'000 ⁴	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Annuity-funded													
Operations	102.7	-	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	317.7	3740.4	3554.1	3185.6	(368.5)	1391.1	193.8	801.6	475.1	163.4	122.0	570.2	683.6
Unplanned corrective maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Annuity-funded total	420.4	3740.4	3554.1	3185.6⁵	(368.5)	1391.1	193.8	801.6	475.1	163.4	122.0	570.2	683.6
Non-annuity funded													
Dam Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facility projects	-	-	-	-	-	101.0	-	-	-	-	-	-	-
Metered offtakes and dividend reinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-annuity total	-	-	-	-	-	101.0	-	-	-	-	-	-	-

1. Sunwater’s 2022/23 to 2025/26 budget figures are draft as at the time of consultation. These figures will not be locked down until late in the financial year prior.
2. Forecast annuity-funded costs from 2020/21 exclude recreational facility projects.
3. The annuity-funded spend for 2017/18 and 2018/19 reflects the QCA’s 2020–2024 irrigation price investigation final recommendations, which included adjustments to Sunwater’s actual costs.
4. Reflects the QCA’s 2020–2024 irrigation price investigation final recommendations.
5. Sunwater’s actual costs in 2019/20 were \$3.81 million. However, as agreed with customers, an adjustment has been made to exclude the cost of additional downstream rock protection works that were incurred as part of the Thuraggi Channel repair project.

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.

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

Cost estimation approach

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

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

Options analyses

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

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

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

Annuity balance

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

St George 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	24.2	279.0	(2750.2)	(5434.2)	(6242.5)	(6491.5)	(6061.5)	(5560.9)	(5195.8)
Spend ²	(420.4)	(3740.4)	(3185.6)	(1391.1)	(801.6)	(163.4)	(122.0)	(570.2)	(683.6)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-	-	-
Annuity contribution ³	673.4	690.3	707.5	820.4	825.5	877.2	887.6	1178.4	1185.2
Interest/financing costs	1.8	20.9	(206.0)	(237.6)	(272.9)	(283.8)	(265.0)	(243.1)	(227.2)
Sunwater – Closing balance	279.0	(2750.2)	(5434.2)	(6242.5)	(6491.5)	(6061.5)	(5560.9)	(5195.8)	(4921.4)
QCA – Closing balance	279.0	(2750.2)	(5638.9)	(5259.0)	(5138.5)	(4775.6)	(4224.0)		
Difference	-	-	204.7	(983.6)	(1353.1)	(1285.9)	(1336.9)		

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 (adjusted for the Thuraggi Channel repair project). 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	37,624
2011/12	57,994
2012/13	67,285
2013/14	78,516
2014/15	90,226
2015/16	81,931
2016/17	88,350
2017/18	82,154
2018/19	92,247
2019/20	49,776
18-year historical average	71,756

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

St George Bulk Water Service Contract	2017/18	2018/19	Sunwater Forecast \$'000	2019/20	Variance \$'000	2020/21		2021/22		2022/23	2023/24	2024/25	2025/26
	Sunwater Actual \$'000	Sunwater Actual \$'000		Sunwater Actual \$'000		Sunwater Forecast \$'000	QCA Target \$'000	Sunwater Forecast \$'000	QCA Target \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operating costs													
Operations	474.9	766.7	774.4	952.7	178.3	965.8	794.1	1127.3	810.9	1128.6	1161.1	1190.5	1215.8
Labour	90.5	165.0	125.0	269.8	144.8	157.0	133.4	214.2	136.5	220.6	227.2	234.1	241.1
Contractors	11.2	3.9	15.0	17.6	2.6	14.6	16.4	18.0	16.7	14.8	15.1	15.4	15.8
Materials	22.0	9.5	20.0	4.8	(15.2)	17.5	35.5	17.5	36.2	17.8	18.2	18.5	18.9
Electricity	7.5	5.7	6.2	6.8	0.6	5.9	6.5	8.0	6.6	8.2	8.3	8.5	8.7
Insurance	102.7	109.6	123.4	126.5	3.2	171.2	138.0	224.7	140.7	229.2	233.8	238.5	243.3
Other	18.0	64.5	69.5	101.0	31.4	70.4	49.7	70.1	50.7	69.4	70.7	72.1	71.5
Local area support costs	70.6	137.3	110.4	130.8	20.4	139.7	89.2	148.1	91.1	152.5	157.1	161.8	166.7
Corporate support costs	43.0	135.5	93.3	154.7	61.4	117.7	103.1	203.5	105.3	209.6	215.9	222.4	229.0
Indirect costs	109.6	135.7	211.6	140.7	(70.8)	271.9	222.2	223.3	227.0	206.4	214.7	219.2	221.0
Preventative maintenance	297.2	315.4	314.0	259.5	(54.5)	286.5	335.6	244.6	342.9	244.9	252.4	258.9	264.8
Labour	87.3	93.1	81.9	78.6	(3.3)	73.8	92.0	59.3	94.1	61.1	62.9	64.8	66.7
Contractors	25.0	24.9	30.0	11.1	(18.9)	25.2	24.2	25.2	24.7	25.7	26.3	26.8	27.3
Materials	6.9	2.0	10.0	8.5	(1.5)	8.7	6.9	8.7	7.0	8.9	9.1	9.3	9.5
Other	7.8	3.3	16.0	3.1	(12.9)	14.6	14.2	14.6	14.5	14.8	15.1	15.4	15.8
Local area support costs	68.1	78.2	58.0	45.1	(12.8)	52.0	61.5	40.2	62.8	41.4	42.7	43.9	45.3
Corporate support costs	36.0	71.7	61.2	59.3	(1.9)	55.3	71.1	56.3	72.6	58.0	59.8	61.6	63.4
Indirect costs	66.1	42.1	56.9	53.8	(3.2)	56.9	65.6	40.2	67.0	34.9	36.6	37.1	36.9
Corrective maintenance	7.8	4.2	59.1	52.7	(6.4)	60.2	72.6	59.1	74.2	59.3	61.0	62.5	64.0
Labour	2.3	0.7	12.0	4.7	(7.3)	12.2	17.3	12.2	17.7	12.6	12.9	13.3	13.7
Contractors	-	1.5	10.0	29.0	19.0	11.6	7.1	11.6	7.3	11.9	12.1	12.4	12.6
Materials	0.0	-	4.0	1.9	(2.1)	2.9	5.4	2.9	5.5	3.0	3.0	3.1	3.2
Other	1.1	0.9	5.0	8.2	3.2	3.9	5.5	3.9	5.6	4.0	4.0	4.1	4.2
Local area support costs	1.8	0.3	10.8	2.3	(8.4)	11.0	11.6	8.5	11.8	8.8	9.1	9.3	9.6
Corporate support costs	0.9	0.4	9.0	3.6	(5.3)	9.2	13.4	11.6	13.7	11.9	12.3	12.7	13.0
Indirect costs	1.7	0.4	8.3	3.0	(5.4)	9.4	12.3	8.3	12.6	7.2	7.5	7.6	7.6
Operating costs total	780.0	1086.3	1147.4	1264.8	117.4	1312.6	1202.3	1431.0	1228.1	1432.8	1474.4	1511.9	1544.6
Annuity-funded costs													
Labour			456.2	178.0	(278.2)	114.1	15.9	68.8	40.8	17.9	8.4	46.7	107.8
Contractors			1737.6	2655.4	917.9	867.7	120.9	303.8	180.1	47.8	31.6	253.1	135.5
Materials			471.7	0.1	(471.5)	175.0	24.4	254.6	150.9	58.8	63.7	168.1	143.0
Other			3.4	9.3	5.9	-	-	16.2	9.6	-	-	-	60.0
Local area support costs			227.5	92.4	(135.1)	60.7	8.5	46.2	27.4	11.7	5.5	31.1	75.4
Corporate support costs			340.7	128.5	(212.2)	85.5	11.9	65.3	38.7	17.0	7.9	44.4	102.4
Indirect costs			317.1	121.8	(195.3)	88.0	12.3	46.7	27.7	10.2	4.9	26.8	59.6
Annuity-funded total¹	420.4	3740.4	3554.1	3185.6	(368.5)	1391.1	193.8	801.6	475.1	163.4	122.0	570.2	683.6
Total costs²	1200.4	4826.7	4701.5	4450.4	(251.1)	2703.6	1396.2	2232.6	1703.2	1596.2	1596.4	2082.1	2228.2

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 St George Bulk Water Service Contract in 2019/20 and the actual projects undertaken.

Project	Forecast \$'000	Actual \$'000	Commentary
Beardmore Dam – Comprehensive risk assessment (CRA) input studies (20BAL06, 20BAL07 and 20BAL08)	256	155	The forecast cost included three components: <ul style="list-style-type: none"> a seismic investigation, which was completed in line with the forecast gate reliability studies, which were overspent as the actual cost included the cost of initiating the hydrology studies in the fourth quarter of 2019/20 CRA input studies, which were deferred to 2020/21 as the gate reliability studies needed to be completed first.
Beardmore Dam – Design and install Thuraggi Channel meters (19BAL10)	173	385	The original budget was based on high level planning, i.e. prior to the design was completed. The project was fast-tracked in 2019/20, as it was prudent to install the flow meter while project 16BAL12 was being undertaken (see below). Once the design was completed, the cost estimate was revised to reflect the additional funds needed to complete the civil and electrical works to relocate and install the flow meter.
Meter replacements (20BAL04)	24	26	The project was delivered in line with the forecast.
Beardmore Dam – CRA (20BAL02)	114	1	The CRA was deferred to 2020/21 as it was dependent on inputs from other projects, i.e. 20BAL07 and 20BAL08.
Beardmore Dam – Repair concrete on spillway, causeway and downstream face (19BAL07)	210	-	Repairs to the causeway and downstream face are required but their current condition cannot affect the integrity of the dam within the short term. As a result, the project was deferred, and the funds were released to 19BAL10 to complete the required Thuraggi bulk flow metering installation.
Beardmore Dam – Thuraggi Channel repair (16BAL12)	2705	2423	Sunwater’s actual costs in 2019/20 for this project were \$3.04 million. However, as previously agreed with customers, Sunwater will bear the cost of additional downstream rock protection works. These costs have therefore been excluded from the actual costs presented in this table and the annuity. The overspend (prior to the removal of the downstream rock protection works costs) was the result of additional scope in the project including the upstream coffer dam and pumping to off-stream storages.
Other works	72	22	The cost variances related to the following projects: <ul style="list-style-type: none"> an investigation into the filling line at Beardmore Dam to ensure it had been properly decommissioned was completed for \$12k less than forecast (20BAL03). Due to the low water level at Beardmore Dam, the operator was able to take photos of the filling line and divers were not required. the options and design work to install two new outlet valves and extend the pipework to allow safe access at Jack Taylor Weir was partially deferred to

Project	Forecast \$'000	Actual \$'000	Commentary
			2020/21 (20BAL05; \$10k less than forecast). Further investigation work was required to find a suitable option. In addition, the scheme's contingency budget was not used (\$29k).
Non-scheduled works	-	175	<p>Most of the costs related to the following non-scheduled works:</p> <ul style="list-style-type: none"> upon customer request, a light detection and radar (LIDAR) survey was undertaken at Beardmore Dam while the water level was low to determine the volume of storage available and identify any workplace health and safety issues that might occur during the recreational use of the dam (19BAL11, \$107k) upgrades to gauging station equipment (20BAL10, \$13k). The Department of Regional Development, Manufacturing and Water (DRDMW) sensor is affected by diurnal fluctuations due to the heating and cooling of the stainless steel conduit that the capillary line is housed in. As a result, this project was created to install a radar level sensor on the intake structure instead of using DRDMW equipment a topographic and bathymetric survey at Jack Taylor Weir to determine and update the volume storage curve (20BAL12, \$39k). Once updated, this volume storage curve can then be used to supply accurate data to customers to determine the available volume of water available at a given time.
2019/20 Total	3554	3187	

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	Jack Taylor Weir	Replace – low-level outlet works based on known asset condition and age.	91
	Beardmore Dam	Repair – the causeway downstream of Beardmore Dam, which has been damaged by floodwaters. It needs to be repaired so that access to the right bank can be maintained and scouring of the plunge pool is prevented.	370
	Jack Taylor Weir and Beardmore Dam	Inspect – X-ray examination of seven of the wire ropes to determine their condition so their replacement can be scheduled.	86
	Beardmore Dam	Study – updated geotechnical and stability analysis and hydrological assessments will be conducted to inform the full level of societal risk. This information will inform the comprehensive risk assessment (CRA).	557
	Beardmore Dam	Study – a CRA is conducted with new data collected from previous studies (safety review, input studies) to assess the level of dam and community safety risks identified and further refine their priority for refurbishment. A CRA is considered best practice among dam owners.	117
	Multiple	There were five other annuity-funded projects planned for 2020/21 consisting of a major crane inspection of the gantry at Beardmore Dam; an arc flash study to improve electrical safety; relocation of a satellite dish to higher ground for communications continuity; meter replacements and a small contingency allowance.	170
	2020/21 Total		1391
2021/22	Beardmore Dam	Study – 20-year dam safety review based on regulatory requirements and to better understand asset condition and risk.	506
	Beardmore Dam	Refurbish – foundation drain cleaning to mitigate a known safety risk.	38
	Beardmore Dam	Refurbish – causeway repairs based on known asset condition and age (Stage 2, if required).	123
	Jack Taylor Weir	Study – comprehensive inspection based on asset management standards and to better understand asset condition and risk.	42
	Scheme	Replace – customer meters based on known asset condition and age.	50
	Multiple	There are three other annuity-funded projects planned for 2021/22 related to fencing.	43

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
	2021/22 Total		802
2022/23	Beardmore Dam	Study – comprehensive inspection based on regulatory requirements and to better understand asset condition and risk.	112
	Scheme	Replace – customer meters based on known asset condition and age.	51
	2022/23 Total		163
2023/24	Jack Taylor Weir	Refurbish – gates 11 and 12 hoists based on known asset condition and age.	30
	Scheme	Replace – customer meters based on known asset condition and age.	51
	Beardmore Dam	Refurbish – gates 1 and 2 hoists based on known asset condition and age.	30
	Beardmore Dam	Refurbish – internal road resurfacing based on known asset condition and age.	11
	2023/24 Total		122
2024/25	Beardmore Dam	Refurbish – repaint upstream and downstream faces of gates 1 and 2 based on known asset condition and age.	277
	Jack Taylor Weir	Refurbish – repaint upstream and downstream faces of gates 1 and 2 based on known asset condition and age.	144
	Scheme	Replace – customer meters based on known asset condition and age.	53
	Jack Taylor Weir	Refurbish – gate 2 winch based on known asset condition and age.	16
	Beardmore Dam	Refurbish – gate 3 hoist based on known asset condition and age.	20
	Jack Taylor Weir	Refurbish – remove mid-level platforms and improve security fencing to mitigate a known safety risk.	60
	2024/25 Total		570
2025/26	Beardmore Dam	Refurbish – repaint upstream and downstream faces of gates 3 and 4 based on known asset condition and age.	332
	Jack Taylor Weir	Refurbish – repaint upstream and downstream faces of gates 3 and 4 based on known asset condition and age.	178
	Scheme	Replace – customer meters based on known asset condition and age.	54
	Jack Taylor Weir	Refurbish – gate 5 hoist based on known asset condition and age.	16
	Beardmore Dam	Refurbish – gate 4 hoist based on known asset condition and age.	24
	Beardmore Dam and Jack Taylor Weir	Study – non-destructive testing of spillway gate ropes to understand the asset’s condition.	80
	2025/26 Total		684

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.