



Service and Performance Plan 2024

Three Moon Creek Bulk Water Service Contract

13 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 on 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

Customers in the Three Moon Creek Scheme use water for a variety of agricultural purposes including winter and summer cereal cropping, lucerne production, dairy, piggeries, and stock and domestic. The North Burnett Regional Shire Council also draws water to supply the townships of Monto and Mulgildie.

Our irrigation charges


Table 1 Irrigation charges for 2024-25

\$ Charges by tariff group 2024-25							
Three Moon Creek		Irrigation charge ¹		Cost-reflective charge ²		Δ to cost-reflective	
Fixed charges							
Medium Priority	Part A	31.66	\$/ML	55.72	\$/ML	24.06	\$/ML
Variable charge							
Usage	Part B	4.44	\$/ML	6.61	\$/ML	2.17	\$/ML


- 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


 Operations and maintenance costs					
		QCA	Sunwater	Δ to QCA	
		\$'000	\$'000		
Actual	2023-24	677.8	1076.5	58.8%	▲
Forecast¹	2024-25	693.0	978.9	41.3%	▲

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

 Expenditure funded by the annuity					
		QCA	Sunwater	Δ to QCA	
		\$'000	\$'000		
Actual	2023-24	64.8	156.1	140.8%	▲
Forecast	2024-25	581.1	1320.8	127.3%	▲
Actual + Forecast	Σ Price path¹	890.4	2554.5	186.9%	▲

- 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

 Water delivered	Total		To irrigators		Year-on-year change by group
	2022-23	2023-24	2022-23	2023-24	
	4047	6223	3862	5910	
	ML	ML	ML	ML	
		53.8%	▲	53.0%	▲

▲	◀▶	▼
5%	0%	-5%

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 Three Moon Creek 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 that 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

PO Box 15536

City East Qld 4002

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:

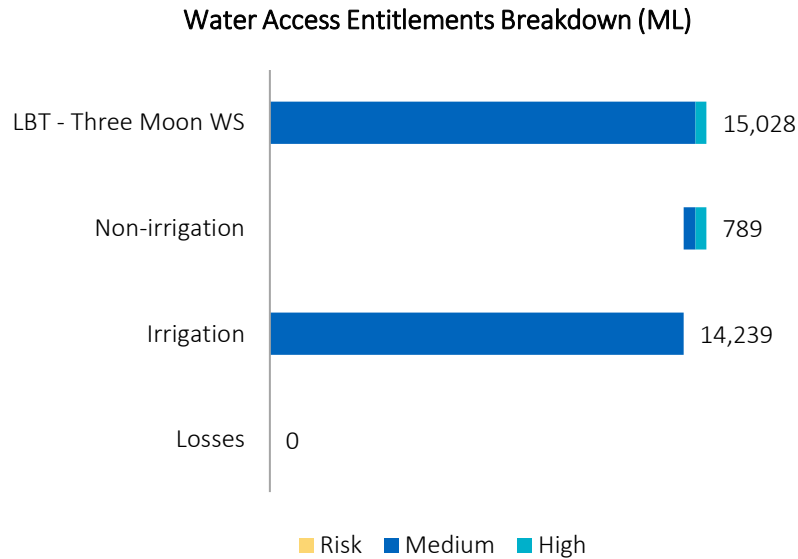
www.sunwater.com.au/projects/price-path/

Delivering services to our customers

Entitlements

The water allocations for each customer segment are shown below.

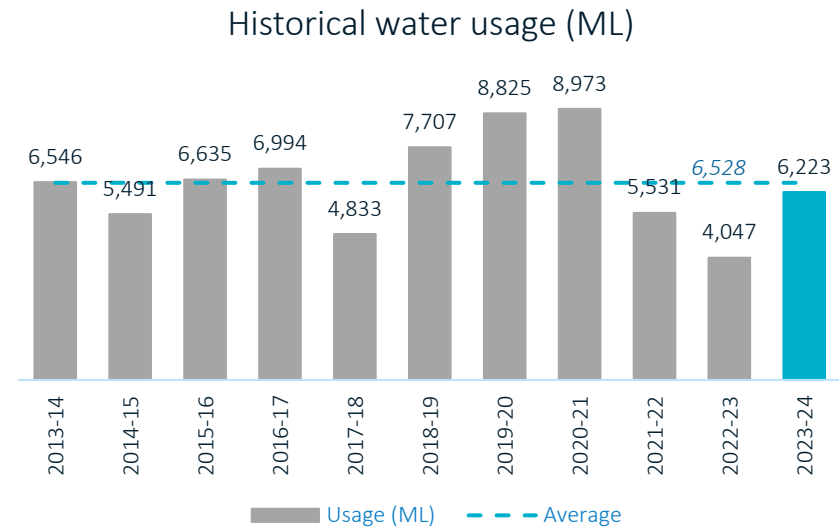
Figure 1 Water access entitlements (as at 30 June 2024)



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 6528 ML.
- Part B prices for the current period were set using a 20-year average of 6156 ML.

Service targets

Sunwater has company-wide customer interactions service targets. Performance in 2023-24 against these targets is shown in Table 2.

Table 2 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%

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

Key infrastructure

Table 3 lists the key infrastructure used to deliver bulk water services to customers in Three Moon Creek.

Table 3 Key infrastructure

Asset	Description	Total storage capacity (ML)
Cania Dam	Earth and rock fill dam with an impervious core and an unlined spillway. Classified as a referable dam under the <i>Water Supply (Safety and Reliability) Act 2008</i> .	88,500
Mulgildie Weir	Concrete.	330
Alvis Weir	Cascading sheet piling with selected infill and reinforced concrete slab covers.	250
Youlambie Weir	Sheet piling with grouted rock infill and an anabranch weir.	143
Bazley Weir	Sheet piling with reinforced concrete infill slabs.	75
Monto Weir	Sheet piling with rock mattresses to protect the weir's abutments and downstream banks.	27

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 4 sets out actual and forecast operating expenditure for Three Moon Creek.

Our performance in 2023-24

In 2023-24, operating costs were higher than QCA’s recommended cost target.

Outlook for 2024-25

The Three Moon Creek Bulk Water Service Contract’s total operations budget in 2024-25 is 41.3 per cent above QCA’s recommended cost target.

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. The escalation of insurance premiums has directly contributed to the rise in Sunwater’s operating expenditure.

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

Table 4 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	146.1	186.8	27.8% ▲	149.4	206.1	38.0% ▲
Electricity	21.9	3.0	-86.4% ▼	22.4	2.6	-88.3% ▼
Operations & maintenance	203.4	378.3	86.0% ▲	208.0	333.4	60.3% ▲
Support costs	306.4	508.4	66.0% ▲	313.2	436.8	39.4% ▲
Total opex	667.8	1076.5	58.8% ▲	693.0	978.9	41.3% ▲

▲	△	◄►	▽	▼
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 the 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

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

Renewals discussion

Sunwater recovers expenditure required to renew 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 multiyear 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 5 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 planned corrective maintenance (PCM), as well as large, one-off operations activities. Activities include monitoring of the asset condition to inform when an asset needs to be refurbished or replaced under the PCM program.

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

Our performance in 2023-24

Performance against the QCA target

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 given year will differ to the program assessed by QCA. At a project level, cost 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.

Outlook

Details of the major annuity-funded projects planned for 2024-25 and 2025-26 are set out in Table 7.

Table 5 Annuity and non-annuity funded expenditure and roll-forward¹

Annuity-funded expenditure (and roll-forward)									
	2023-24 actuals \$'000					2024-25 forecast \$'000			
		QCA ²		Sunwater ³	Δ to QCA	QCA ²		Sunwater ³	Δ to QCA
Opening balance	<i>O</i>	(1030.9)	➔	(1780.5)	72.7% ▲	(542.9)	➔	(1416.6)	160.9% ▲
Annuity-funded expenditure	<i>E</i>	(64.8)	➔	(156.1)	140.8% ▲	(581.1)	➔	(1320.8)	127.3% ▲
Annuity revenue ⁴	<i>R</i>	597.9	➔	597.9	0.0% ◀▶	611.3	➔	611.3	0.0% ◀▶
Interest	<i>I</i>	(45.1)	➔	(77.8)	72.7% ▲	(23.7)	➔	(61.9)	160.9% ▲
Closing balance	<i>C</i>	(542.9)	➔	(1416.6)	160.9% ▲	(536.4)	➔	(2188.0)	307.9% ▲
<i>C = (O + E + R + I)</i>									
Other expenditure (not part of prices)									
Dam Improvement Program		-		0.0	-	-		0.0	-
Recreational facility projects ¹		-		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

- Forecast annuity-funded costs from 2020-21 exclude recreational facility projects.
- Reflects QCA's 2020-2024 irrigation price investigation final recommendations.
- Sunwater's 2023-24 actual expenditure and the forecast presented in this table are pre-adjustments and will differ from its Irrigation Pricing Proposal and engagement materials.
- 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.

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

The below table sets out the major annuity-funded projects planned for Three Moon Creek in 2023-24² and the actual projects undertaken.

Table 6 Budget vs actual annuity-funded expenditure for 2023-24

Facility	Activity description	Budget \$'000	Actual \$'000	Commentary
Three Moon Creek Supply	Replace – customer meters based on known asset condition and age.	0	10	These were costs from the 2023-24 project that were incorrectly allocated.
Cania Dam	Install – storage rack for trash rack lifting frame above full storage level and store frame.	0	0	Minor expenditure.
Three Moon Creek Supply	Replace – customer meters based on known asset condition and age.	48	61	Additional meters failed and required replacement.
Cania Dam	5-yearly comprehensive inspection.	143	12	This was deferred.
Cania Dam	Refurbish – electrical upgrade at Cania Dam.	17	36	Additional scope included in the works while contractor was on-site.
Cania Dam	Install – dehumidifier system to prevent condensation forming on metallic surfaces.	11	0	Not completed due to site conditions. Deferred.
Cania Dam	10-yearly crest survey.	57	5	The requirement for this work has been reviewed. Deferred.
Three Moon Creek Scheme	Arc flash program.	0	32	Budget is set at regional level.
2023-24 total		277	156	

² Based on information extracted from Sunwater's systems in August 2024.

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

The below table sets out Sunwater’s currently planned annuity-funded projects for this scheme for 2024-25 and 2025-26³. 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. The data in Table 7 is presented at a granular level and may not align with the overarching program names in Sunwater’s pricing submission.

Table 7 - Annuity-funded projects for 2023-24 and 2024-25

Year	Facility	Activity description	Forecast \$'000
2024-25	Cania Dam	Arc flash program.	124
	Cania Dam	Instrumentation program to upgrade current instrumentation to meet new dam safety standards.	131
	Cania Dam	Study – five-year comprehensive dam inspection based on regulatory requirements and to better understand asset condition and risk.	143
	Scheme	Replace – customer meters based on known asset condition and age.	50
	Cania Dam	Refurbish – access to the intake tower based on known condition and age.	603
	Cania Dam	Study – options analysis to replace upstream rock protection (rip rap).	99
	Avis Weir	Study – five-year comprehensive weir inspection based on regulatory requirements and to better understand asset condition and risk.	34
	Cania Dam	Study – ‘as low as reasonably practical’ (ALARP) investigation.	137
	2024-25 total		1321
2025-26	Cania Dam	Additional rock protection to be placed along the entire upstream embankment.	608
	Scheme	Arc flash program.	322
	Scheme	Replace – cables and cableways based on known asset condition and age.	69
	Scheme	Instrumentation program to align with dam safety standards.	67
	Scheme	Replace – meter based on known asset condition and age.	51
	Scheme	Asset revaluation.	34
		2025-26 total	

³ The project forecasts provided in this table align with Sunwater’s pricing submission. It is important to acknowledge that these projects are inherently dynamic and susceptible to changes influenced by various factors.