sunwater

Service and Performance Plan 2024

Upper Burnett 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

The majority of the 148 customers in this scheme are irrigators of citrus, small crops, pastures, and fodder crops. Water is also supplied to the towns of Eidsvold, Mundubbera, and Gayndah.

Our irrigation charges

Table 1 Irrigation charges for 2024-25[1]

Charges by tariff group 2024-25 (Part A charges shown are for medium priority entitlements)							
Upper Burnett		Irrigation charge[2]		Cost-reflective charge[3]		Δ to cost-reflective	
Fixed charges							
Regulated Nogo/Burnett River	**Part A**	37.05	$/ML	47.31	$/ML	10.26	$/ML
John Goleby Weir	**Part A**	35.55	$/ML	47.31	$/ML	11.76	$/M
Variable charge							
All tariff groups	**Part B**	3.79	$/ML	5.01	$/ML	1.22	$/ML

1. *Excludes Burnett Water Pty Ltd (BWPL) charges (Kirar Weir).*
2. *Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.*
3. *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 $'000	Sunwater $'000	Δ to QCA	
Actual	**2023-24**	1066.5	1321.6	23.9%	▲
Forecast[1]	**2024-25**	1090.4	1353.8	24.1%	▲

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

Expenditure funded by the annuity		QCA $'000	Sunwater $'000	Δ to QCA	
Actual	**2023-24**	274.7	542.9	97.6%	▲
Forecast	**2024-25**	445.9	383.6	-14.0%	▼
Actual + Forecast	**∑ Price path[1]**	2242.5	2863.8	27.7%	▲

1. *The Government extended the original price path period of four years by an additional year. The updated price path 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		
	2022-23	14,787	ML	13,969	ML	
	2023-24	18,089	ML	17,144	ML	
		22.3%	▲	22.7%	▲	*Year-on-year change by group*

▲	⬌	▼
5%	0%	-5%

Service targets	Exceedances	Notes
2022-23	0	Unplanned shutdowns (duration) and maximum number of interruptions were met.
2023-24	0	

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 Upper Burnett 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 which 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 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.

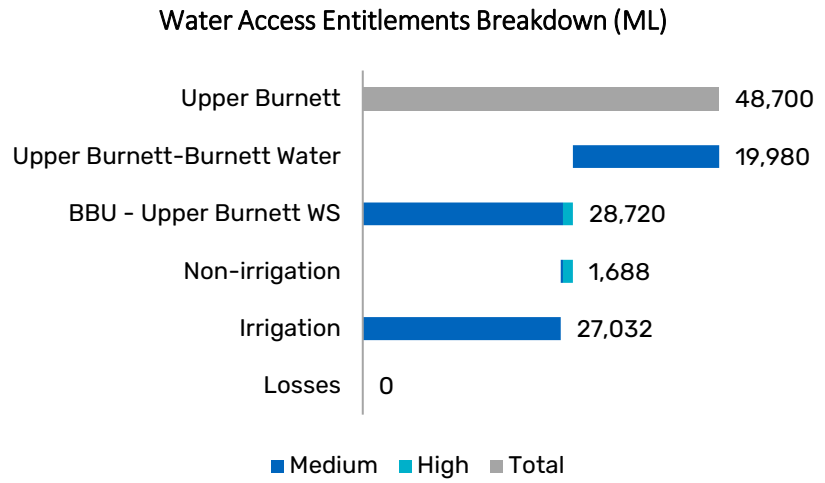
The information that Sunwater has submitted to QCA as part of the irrigation pricing review is available at:
www.sunwater.com.au/projects/price-path/

Delivering services to our customers

Entitlements

The water allocations for each customer segment are shown below.

Figure 1 Water access entitlements (as of 30 June 2024)[1]

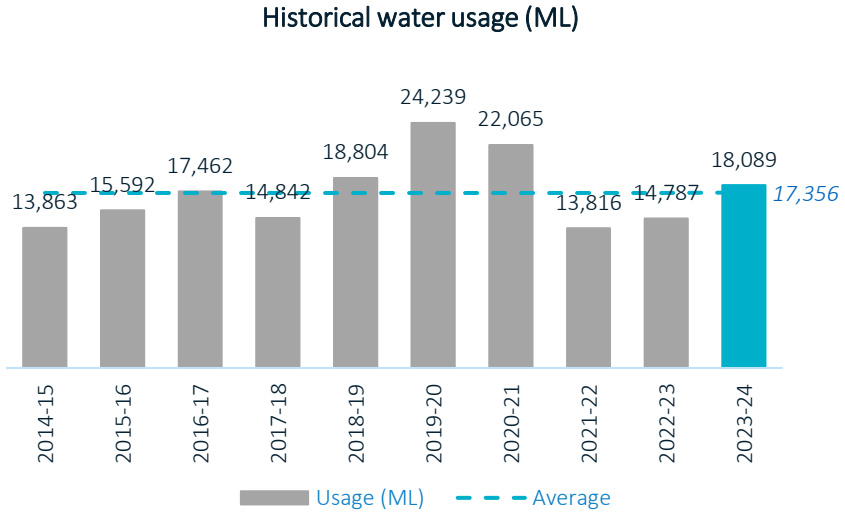


1. *Excludes BWPL (Kirar Weir).*

Historical water usage

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

Figure 2 Historical water usage for the past 10-years excluding BWPL



- Usage in 2023-24 was just above the level of the 10-year average of 17,356 ML.
- Part B prices for the current period were set using a 20-year average of 16,641 ML.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for Upper Burnett.

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

Table 2 Scheme service targets and performance

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

Sunwater also has company-wide customer interactions service targets. Our performance in 2022-23 against these targets is shown in Table 3.

Table 3 Customer interactions service targets and performance

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

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 completed within agreed SLAs. SLA timeframes range between two and 10 business days, depending on the request.*

Key infrastructure

Table 4 lists the key infrastructure used to deliver bulk water services to our customers in the Upper Burnett Bulk Water Service Contract. It excludes infrastructure owned and operated by BWPL, such as Kirar Weir.

Table 4 Key infrastructure

Asset	Description	Total storage capacity (ML)
Wuruma Dam	Mass concrete gravity wall with central spillway. Includes a saddle dam. Classified as a referable dam under the *Water Supply (Safety and Reliability) Act 2008*.	165,400
Claude Wharton Weir	Mass concrete structure fitted with a fish lock.	8079
Jones Weir	Mass concrete with an ogee crest.	3720
John Goleby Weir	Steel sheet piling cascade.	1690

Cost of delivering services—Operating expenditure

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

Table 5 sets out actual and forecast operating expenditure for the Upper Burnett Bulk Water Service Contract.

Our performance in 2023-24

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

Outlook for 2024-25

The Upper Burnett Bulk Water Service Contract's total operations budget in 2024-25 is 24.7 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 2023-24 is on performing operations and maintenance activities to a standard that ensures the scheme's reliability and functionality for delivering water to customers within agreed service standards, while also meeting current asset maintenance standards and compliance obligations.

Table 5 Operating expenditure[1,2,3]

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	143.1	175.5	22.7%	▲	146.3	193.5	32.3%	▲
Electricity	6.0	10.5	75.8%	▲	6.1	12.5	104.2%	▲
Operations & maintenance	397.7	500.3	25.8%	▲	406.6	547.9	34.8%	▲
Support costs	519.8	635.3	22.2%	▲	531.4	599.9	12.9%	▲
Total opex	1066.5	1321.6	23.9%	▲	1090.4	1353.8	24.7%	▲

▲	△	◆▸	▽	▼
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 our 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 6 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 7 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 8.

Table 6 Annuity and non-annuity funded expenditure and roll forward [1]

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	*O*	(3223.6)	→	(3274.9)	1.6% ◆▶	(2836.9)	→	(3158.6)	11.3% ▲
Annuity-funded expenditure	***E***	(274.7)	→	(542.9)	97.6% ▲	(445.9)	→	(383.6)	-14.0% ▼
Annuity revenue[4]	*R*	802.3	→	802.3	0.0% ◆▶	820.3	→	820.3	0.0% ◆▶
Interest	*I*	(140.9)	→	(143.2)	1.6% ◆▶	(124.0)	→	(138.1)	11.3% ▲
Closing balance C = (O + E + R + I)	*C*	(2836.9)	→	(3158.6)	11.3% ▲	(2586.6)	→	(2860.0)	10.6% ▲
Other expenditure (not part of prices) $'000									
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

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

Table 7 Budget vs actual annuity-funded expenditure for 2023-24

Facility	Activity description	Budget $'000	Actual $'000	Commentary
Various	Minor expenses related to bulkhead gate and metering works.	0	3	Minor expense.
Wuruma Dam	Study – cables and cableway replacement.	24	15	Completed under budget.
Wuruma Dam	Refurbish – patch painting corrosion in conduit and internal pipe penetrations.	23	16	Completed under budget.
John Goleby Distribution System	Replace – meters based on known asset condition and age.	17	20	Costs to complete were slightly higher than planned.
Jones Weir	Five-yearly comprehensive inspection.	29	38	Costs for additional site access were higher due to water levels and methodology to complete the works safely.
Jones Weir	Refurbish – access road.	11	6	Less work completed than planned.
Claude Wharton Weir	Five-yearly comprehensive inspection	44	82	Costs for additional site access were higher due to water levels and methodology to complete the works safely.
Claude Wharton Weir	Refurbish – vertical lift gate, seals, and corrosion.	91	51	Gate was in worse condition than anticipated. A new gate was manufactured but could not be installed this financial year.
Upper Burnett Supply	Replace – meters based on known asset condition and age.	114	102	This project was completed within budget.
Upper Burnett Supply	Arc flash program.	0	64	Budget set at regional level.
John Goleby Dam	Five-yearly comprehensive inspection.	0	52	This was carried over (deferred from 2022-23) due to unfavourable water levels at the time.
Wuruma Dam	Refurbish – pipe 2 main outlet.	17	17	This project was completed within budget.
Wuruma Dam	Refurbish – regulating valve.	46	70	Additional costs incurred for cranage due to site conditions.
Upper Burnett Supply	Replace – river offtakes.	0	7	These were costs from the 2023-24 project that were incorrectly allocated. Overall costs for 2023-24 were slightly above budget.
2023-24 total		**417**	**543**	

[1] *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 2024-25 and 2025-26[2] 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. Please note that the data in

Table 8 is presented at a granular level and may not align with the overarching program names in our pricing submission.

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

Year	Facility	Activity description	Forecast $'000
2024-25	Scheme	Study – risk assessment to identify arc flash hazards.	83
	John Goleby Weir	Refurbish – clean pressure relief drain based on known asset condition and age.	29
	Scheme	Replace – customer meters based on known asset condition and age.	135
	Wuruma Dam	Study – 'as low as reasonably practical' (ALARP) investigation.	137
	2024-25 total		**384**
2025-26	Scheme	Arc flash program.	214
	Upper Burnett River offtakes	Replace – meter based on known asset condition and age.	139
	Wuruma Dam	Refurbish – modifying the river inlet trash screen to prevent future occurrence of fishing gear becoming jammed (recommendation from 2012 inspection).	24
	Scheme	Refurbish – repairing gallery wall cracks / spalling based on known asset condition and age.	18
	Scheme	Replace – SCADA computer and renew Citect licence.	12
	John Goleby Weir	Deformation survey in advance of a five-yearly inspection.	12
	Wuruma Dam	Replace – marker buoys based on known asset condition and age.	10
	2025-26 total		**429**

[2] *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.*