sunwater

Final Service and Performance Plan

2021/22

Upper Condamine Bulk Water Service Contract

10 August 2021

Contents

At a glance

Our performance in 2019/20

Operating costs: $1.45 million (7.1% less than forecast)

Key drivers of cost variance:
- lower electricity costs, due to less pumping at Yarramalong pump station
- lower contractor costs, local area support costs and indirect costs.

Annuity-funded costs: $0.30 million (7.6% more than forecast)

There were several non-scheduled works in the scheme in 2019/20, including the replacement of the rotork on Talgai Weir outlet gate and repairs to the pump 3 rising main at Yarramalong pump station. These additional costs were largely offset by reductions in other project costs, which were achieved as the result of lower than estimated contractor quotes and other project efficiencies.

Total water deliveries: 7793 ML

Water delivered to irrigators: 6257 ML

Service targets: Met

No exceptions

Outlook for 2021/22

Forecast operating costs: $1.75 million

Significant areas of expenditure:
- electricity ($0.06 million)
- insurance ($0.26 million)
- operations ($1.04 million)
- preventative maintenance ($0.27 million).

Forecast annuity-funded costs: $1.47 million

Key projects planned:
- refurbishment of an electrical circuit breaker at Yarramalong pump station ($0.06 million)
- refurbishment of gate 6 upstream face ($0.09 million)
- comprehensive risk assessment of Leslie Dam ($1.00 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 Upper Condamine Bulk Water Service Contract is to:

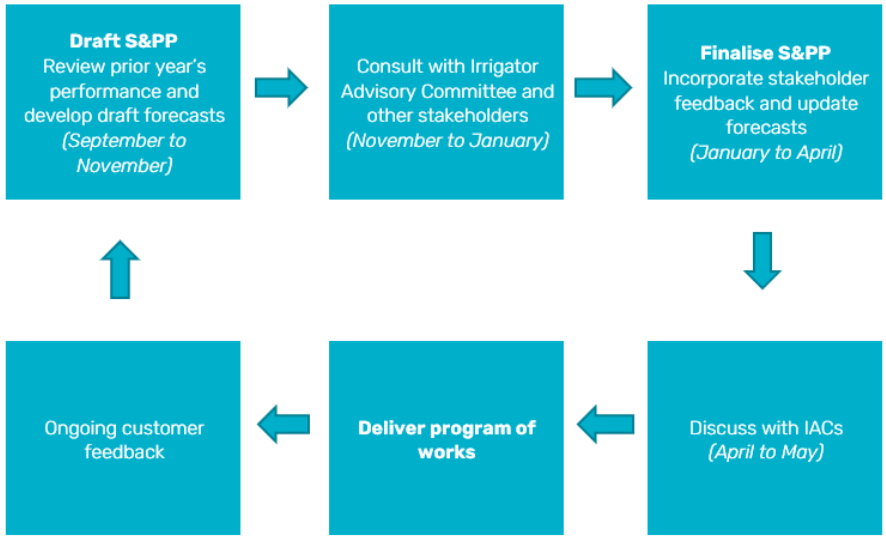
- present to customers Sunwater's projected costs[1] for the upcoming five-year period, i.e. 2021/22 to 2025/26
- consult with our customers on forecast operating and annuity-funded costs for 2021/22 and the forward program of works
- examine Sunwater's performance in 2019/20 against previous forecasts 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 Leslie 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 92 customers in this scheme are irrigators who grow cotton, sorghum, maize, soybean, sunflower, barley, oats, wheat and lucerne. Water also supplements the town water supplies of Warwick and Cecil Plains.

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)	Medium priority water allocations (ML)	Risk-A priority water allocations (ML)	Risk-B priority water allocations (ML)	Total water deliveries 2019/20 (ML)
Irrigation	30,363	0	0	22,165	7320	878	6257
Industrial	4	4	0	0	0	0	1
Urban	3332	3207	125	0	0	0	1505
Sunwater (excl. distribution losses)	236	26	0	163	0	47	0
Sunwater distribution losses	25	25	0	0	0	0	30
Total	**33,960**	**3262**	**125**	**22,328**	**7320**	**925**	**7793**

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]
North Branch – Medium Priority	Allocation Charge – Part A	40.49	15.88
	Allocation Water – Part B	13.20	19.80
North Branch – Risk A	Allocation Charge – Part A	11.42	13.26
	Allocation Water – Part B	15.48	19.80
Sandy Creek or Condamine River – Medium Priority	Allocation Charge – Part A	28.93	15.81
	Allocation Water – Part B	4.84	5.92

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 and customers have agreed Water Supply Arrangements and Service Targets for the Upper Condamine Bulk Water Service Contract. Table 3 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	4 days	0	0	0
	Unplanned shutdowns outside Peak Demand Period	7 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 the Upper Condamine.

Table 5: Key infrastructure

Asset	Description	Capacity
Leslie Dam	Mass concrete gravity dam with a saddle dam. Classified as a referable dam under the *Water Supply (Safety and Reliability) Act 2008*.	106,200 ML
Cecil Plains Weir	Mass concrete with a centre spillway.	700 ML
Talgai Weir	Concrete faced earth-fill structure.	640 ML
Yarramalong Weir	Sheet piling filled with free draining sandfill under impervious clay and topped with either reinforced concrete or concreted rockfill.	390 ML
Wando Weir	Grassed flat earthen bank incorporating a v-shaped concrete sill at the head of a long and shallow rock mattress covered spillway.	310 ML
Lemon Tree Weir	Concrete faced earth-fill wall.	300 ML
Melrose Weir	Grassed earthen construction with a small curved concrete spillway.	160 ML
Nangwee Weir	Concrete faced earth-fill embankment.	80 ML
Yarramalong pump station	A pump station located on the right bank of the Condamine River and diversion to North Branch, which has three submersible pumps. Pumps from Yarramalong Weir into the North Branch system.	346 ML/day

Financial summary—Revenue and expenditure

A high-level summary of the budgeted financial performance of the Upper Condamine 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 no material change in revenue for the Upper Condamine 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 Upper Condamine 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)

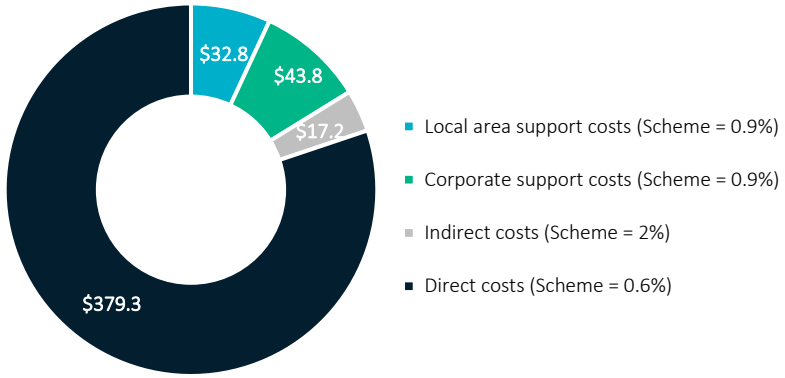


Table 6: Service contract financial summary

Upper Condamine 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	948.4	962.8	1035.6	1140.7	1172.1
Community Service Obligation	-	-	-	-	-
Industrial[1]	-	-	-	-	-
Urban[1]	1566.8	1598.3	1610.0	1662.9	1670.0
Revenue transfers	-	-	-	-	-
Drainage	-	-	-	-	-
Other	-	0.5	0.5	-	-
Revenue total	**2515.2**	**2561.6**	**2646.1**	**2803.7**	**2842.1**
Less – Operating expenditure	1053.7	1319.2	1451.7	1590.4	1783.7
Less					
Annuity-funded	399.4	186.2	304.4	650.8	1467.4
Non-annuity funded[2]	221.5	269.8	300.3	50.3	35.9
Surplus (deficit)	**840.6**	**786.4**	**589.7**	**512.1**	**(444.9)**

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 Upper Condamine Bulk Water Service Contract is the Dam Improvement Program and recreational facility costs 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 Upper Condamine 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 result was driven by less than budgeted expenditure for electricity (due to less pumping through Yarramalong pump station), less reliance on contractors and less local area support costs and indirect costs. Preventative maintenance costs were consistent with historical expenditure and corrective maintenance costs were broadly in line with our budget.

Table 7: Operating expenditure[1]

Upper Condamine 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	774.4	1045.9	1252.0	1152.6	(99.3)	1224.3	1109.3	1360.3	1134.1	1362.7	1402.7	1434.7	1465.8
Electricity	21.9	16.8	90.0	57.4	(32.6)	90.8	91.7	59.0	94.8	60.2	61.4	62.6	63.9
Insurance	122.8	130.7	144.9	148.6	3.8	201.1	164.6	263.9	167.9	269.2	274.6	280.1	285.7
Operations	629.7	898.4	1017.1	946.6	(70.6)	932.4	853.0	1037.4	871.4	1033.4	1066.7	1092.0	1116.3
Preventative maintenance	235.4	222.8	250.4	233.3	(17.0)	225.5	247.8	274.3	253.2	273.8	282.6	290.2	297.0
Corrective maintenance	44.0	50.5	60.7	65.8	5.1	112.2	49.7	117.2	50.8	117.5	121.0	124.1	126.9
Operating costs total	**1053.7**	**1319.2**	**1563.0**	**1451.7**	**(111.3)**	**1562.1**	**1406.7**	**1751.8**	**1438.0**	**1754.0**	**1806.2**	**1848.9**	**1889.7**
Recreational facility costs[3]						28.4		31.9		31.8	32.8	33.6	34.4
Operating costs total (incl. recreational facility costs)	**1053.7**	**1319.2**	**1563.0**	**1451.7**	**(111.3)**	**1590.4**		**1783.7**		**1785.8**	**1839.0**	**1882.6**	**1924.0**

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. 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/Upper-Condamine/

Electricity

One of the key challenges for Sunwater is managing the cost of electricity. In 2019/20, Sunwater undertook the following energy improvement initiatives in the Upper Condamine Bulk Water Service Contract:

- a review of our electricity tariff selections, to ensure that we are using the most cost-effective tariffs. Our review focused on pump stations as these assets consume the most electricity. There were no tariff changes for 2019/20.
- a solar assessment, which found that it is not currently cost-effective to invest in solar installations at Yarramalong pump station.

Outlook for 2021/22

Operations

Upper Condamine Bulk Water Service Contract's total operations budget in 2021/22 is 20.0 per cent above the QCA's recommended cost target. This variance is largely driven by increases in insurance costs (see below), local area support costs, corporate support costs and other costs (primarily plant and equipment charges such as vehicles, which are directly charged to the service contract).

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.

Electricity

In 2021/22, Sunwater will continue our focus on managing the cost of electricity in this service contract. The following energy improvement initiatives are currently planned:

- annual tariff optimisation analysis
- operational optimisation assessment (as required)
- renewable generation opportunity assessment (as required).

Preventative maintenance

The forecast preventative maintenance costs for the Upper Condamine Bulk Water Service Contract are 8.3 per cent above the QCA's recommended cost target. Forecast costs are broadly in line with historical expenditure for preventative maintenance allowing for inherent increases in labour and contractor costs.

Corrective maintenance

In 2021/22, Sunwater anticipates spending $117.2k on corrective maintenance in the Upper Condamine Bulk Water Service Contract. This is 130.8 per cent above the QCA's recommended cost target, primarily due to a shift in addressing minor capital work of a corrective nature up to $5k through the operating cost component as opposed to the annuity.

Electricity metrics

Table 8 sets out electricity usage and efficiency-related information for Yarramalong pump station.

Table 8: Electricity usage and efficiency-related metrics for Yarramalong pump station[1]

Metric	2016/17	2017/18[2]	2018/19	2019/20
Electricity usage (kWh)	441,964	94,138	18,214	164,015
Electricity costs ($)	133,672	26,743	6835	48,211
Volume pumped (ML)	11,065	1693	312	4584
Actual electricity cost per ML ($/ML pumped)	12.08	15.80	21.91	10.52
Average pump energy indicator[3] (kWh/ML/per metre of head)			5.31	3.25

1. Yarramalong pump station only. Electricity costs do not reconcile to figures presented elsewhere in this S&PP, which are scheme-wide and reflect Sunwater's financial model.
2. Includes an invoice received for the billing period 1 May 2017 to 31 July 2017, which covered two financial years. At the time an interval meter was not installed so it is difficult to accurately determine consumption and associated costs. However, since pumping occurred in July 2017, Sunwater has included this invoice against 2017/18 for the purposes of this table. Note, costs are minimal in months when there is no pumping, therefore applying this approach does not materially impact the $/ML pumped figure in 2016/17.
3. The industry guidelines are 3.4 to 4.5, depending on the size and design of the pump station with the benchmark for larger pump stations being more efficient.

To effectively monitor pump efficiency, a granular level of both energy and water data is required. With the installation of interval meters in early 2020 to capture energy consumption at a granular level, Sunwater is now able to more frequently monitor our performance against this metric.

The irregular operation of the pumps adds another challenge in monitoring pump efficiency on an on-going basis. For example, the pumps only operated for three months during the period December 2017 to June 2020.

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 9 details 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 9: Annuity and non-annuity funded expenditure[1,2]

Upper Condamine 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	10.8	10.2	-	-	-	-	-	-	-	-	-	-	-
Preventative maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Planned corrective maintenance	388.6	130.1	282.8	304.4	21.6	650.8	290.1	1467.4	330.0	310.8	374.8	926.4	570.4
Unplanned corrective maintenance	-	45.9	-	-	-	-	-	-	-	-	-	-	-
Annuity-funded total	**399.4**	**186.2**	**282.8**	**304.4**	**21.6**	**650.8**	**290.1**	**1467.4**	**330.0**	**310.8**	**374.8**	**926.4**	**570.4**
Non-annuity funded													
Dam Improvement Program[5]	221.5	269.8	2772.8	235.8	(2537.0)	-		-		-	-	-	-
Recreational facility projects						50.3		35.9		-	-	318.9	46.5
Metered offtakes and dividend reinvestment	-	-	-	64.5	64.5	-		-		-	-	-	-
Non-annuity total	**221.5**	**269.8**	**2772.8**	**300.3**	**(2472.5)**	**50.3**		**35.9**		**-**	**-**	**318.9**	**46.5**

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. These figures include costs related to a comprehensive risk assessment of Leslie Dam ($0.05 million in 2017/18, $0.15 million in 2018/19 and $0.20 million in 2019/20). These costs should have been classified as annuity-funded expenditure and will be reclassified in future S&PPs.

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 10 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 10: Annuity balance

Upper Condamine 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]	(314.7)	(139.5)	282.7	627.8	743.4	70.5	547.4	987.6	1072.8
Spend[2]	(399.4)	(186.2)	(304.4)	(650.8)	(1467.4)	(310.8)	(374.8)	(926.4)	(570.4)
Insurance proceeds receipts (if applicable)									
Prior year	-	-	-	-	-	-	-	-	-
Current year	-	5.8	-	-	-	-	-	-	-
Annuity contribution[3]	598.1	613.0	628.3	739.0	761.9	784.7	791.1	968.4	977.2
Interest/financing costs	(23.6)	(10.4)	21.2	27.4	32.5	3.1	23.9	43.2	46.9
Sunwater – Closing balance	**(139.5)**	**282.7**	**627.8**	**743.4**	**70.5**	**547.4**	**987.6**	**1072.8**	**1526.6**
QCA – Closing balance	**(139.5)**	**282.7**	**672.1**	**1150.4**	**1632.5**	**2208.2**	**2628.9**		
Difference	-	-	(44.3)	(406.9)	(1562.1)	(1660.7)	(1641.3)		

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	9767
2011/12	22,551
2012/13	24,432
2013/14	22,202
2014/15	20,368
2015/16	8532
2016/17	20,167
2017/18	4287
2018/19	1703
2019/20	7793
18-year historical average	**13,444**

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

Upper Condamine 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	Sunwater Forecast $'000	QCA Target $'000	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000	Sunwater Forecast $'000
Operating costs													
Operations	774.4	1045.9	1252.0	1152.6	(99.3)	1224.3	1109.3	1360.3	1134.1	1362.7	1402.7	1434.7	1465.8
Labour	174.9	224.1	235.0	255.6	20.6	188.2	203.0	237.6	207.7	244.8	252.1	259.7	267.5
Contractors	8.9	27.0	20.0	9.3	(10.7)	19.6	16.0	24.0	16.4	20.0	20.4	20.8	21.2
Materials	4.0	3.4	7.0	5.3	(1.7)	6.8	5.6	6.8	5.7	7.0	7.1	7.3	7.4
Electricity	21.9	16.8	90.0	57.4	(32.6)	90.8	91.7	59.0	94.8	60.2	61.4	62.6	63.9
Insurance	122.8	130.7	144.9	148.6	3.8	201.1	164.6	263.9	167.9	269.2	274.6	280.1	285.7
Other	49.3	117.9	110.6	150.8	40.2	144.8	91.2	155.5	93.1	155.9	160.8	161.4	163.3
Local area support costs	136.4	181.9	207.9	159.3	(48.6)	167.3	135.7	164.9	138.7	169.8	174.9	180.2	185.6
Corporate support costs	77.5	175.3	175.5	193.5	18.1	141.2	156.9	225.8	160.3	232.5	239.5	246.7	254.1
Indirect costs	178.8	168.8	261.1	172.8	(88.4)	264.5	244.5	222.9	249.7	203.4	211.8	216.1	217.2
Preventative maintenance	235.4	222.8	250.4	233.3	(17.0)	225.5	247.8	274.3	253.2	273.8	282.6	290.2	297.0
Labour	73.3	67.7	70.0	68.2	(1.8)	61.1	70.9	77.6	72.5	80.0	82.4	84.8	87.4
Contractors	15.4	13.9	12.0	19.9	7.9	11.7	14.2	11.7	14.5	12.0	12.2	12.5	12.7
Materials	1.3	2.4	2.0	2.4	0.4	2.0	4.3	2.0	4.4	2.0	2.0	2.1	2.1
Other	3.0	2.0	3.0	3.6	0.6	2.9	5.6	2.9	5.7	3.0	3.1	3.1	3.2
Local area support costs	57.2	57.2	62.4	41.7	(20.8)	54.8	47.4	53.5	48.4	55.1	56.8	58.5	60.3
Corporate support costs	29.6	48.8	52.3	52.1	(0.2)	45.8	54.8	73.8	56.0	76.0	78.2	80.6	83.0
Indirect costs	55.5	30.9	48.7	45.5	(3.2)	47.2	50.6	52.7	51.6	45.7	47.9	48.6	48.3
Corrective maintenance	44.0	50.5	60.7	65.8	5.1	112.2	49.7	117.2	50.8	117.5	121.0	124.1	126.9
Labour	8.2	8.2	8.0	10.6	2.6	23.6	8.5	25.8	8.7	26.6	27.4	28.2	29.0
Contractors	16.1	22.6	20.0	25.7	5.7	17.6	12.0	17.6	12.3	18.0	18.3	18.7	19.1
Materials	2.2	2.4	12.0	5.5	(6.5)	11.7	8.0	11.7	8.1	12.0	12.2	12.5	12.7
Other	0.7	1.1	2.0	1.2	(0.8)	2.0	2.8	2.0	2.8	2.0	2.0	2.1	2.1
Local area support costs	6.4	5.4	7.2	13.6	6.4	21.3	5.7	18.1	5.8	18.6	19.2	19.7	20.3
Corporate support costs	4.1	6.8	6.0	0.8	(5.2)	17.7	6.6	24.5	6.7	25.2	26.0	26.8	27.6
Indirect costs	6.2	4.0	5.6	8.4	2.9	18.2	6.1	17.5	6.2	15.2	15.9	16.2	16.1
Operating costs total	**1053.7**	**1319.2**	**1563.0**	**1451.7**	**(111.3)**	**1562.1**	**1406.7**	**1751.8**	**1438.0**	**1754.0**	**1806.2**	**1848.9**	**1889.7**
Annuity-funded costs													
Labour			23.1	41.0	17.9	61.3	27.3	64.0	14.4	34.0	50.7	90.1	75.3
Contractors			104.8	152.5	47.7	223.0	99.4	1094.7	246.2	91.2	95.2	166.1	129.0
Materials			109.7	17.0	(92.7)	236.5	105.4	141.6	31.9	107.2	115.5	465.9	190.9
Other			-	13.3	13.3	-	-	19.4	4.4	4.0	2.5	7.1	13.7
Local area support costs			11.8	15.9	4.1	36.8	16.4	43.3	9.7	22.6	33.5	60.0	48.3
Corporate support costs			17.3	39.1	21.8	45.9	20.5	60.8	13.7	32.3	48.1	85.6	71.5
Indirect costs			16.1	25.6	9.5	47.3	21.1	43.5	9.8	19.5	29.4	51.6	41.6
Annuity-funded total[1]	**399.4**	**186.2**	**282.8**	**304.4**	**21.6**	**650.8**	**290.1**	**1467.4**	**330.0**	**310.8**	**374.8**	**926.4**	**570.4**
Total costs[2]	**1453.1**	**1505.4**	**1845.9**	**1756.2**	**(89.7)**	**2212.9**	**1696.8**	**3219.2**	**1768.1**	**2064.9**	**2181.1**	**2775.3**	**2460.0**

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 Upper Condamine Bulk Water Service Contract in 2019/20 and the actual projects undertaken.

Project	Forecast $'000	Actual $'000	Commentary
North Branch reprofile (17UCO15)	58	59	This project was completed in line with the forecast.
Meter replacements (20UCO11)	39	25	Fewer meters required replacement than originally planned.
Talgai Weir – Outlet gate refurbishment (11UCO03)	39	21	Efficiency gains were able to be achieved by hiring the same contractor as the downstream face repairs project, e.g. the same earth moving equipment was able to be used for both jobs and contractor travel costs were reduced.
Talgai Weir – Downstream face repairs (20UCO01)	19	14	The contractor quote was less than originally estimated.
Leslie Dam – Drain cleaning (20UCO02)	19	8	Foundation drains were in a better condition than originally forecast. As a result, less hours were required to clean out the drains.
Other works	109	51	Key cost variances related to the following: • the removal of a project to refurbish the crest surface at Nangwee Weir (20UCO07, $7k) • the scheme's contingency amount was not used ($13k) • a lower than estimated contractor quote for the removal of trees from Cecil Plains Weir and refurbishment of cracked concrete (20UCO04, $11k less than forecast) • repairs to the Melrose Weir spillway and associated concrete were carried out in 2018/19 (20UCO08, forecast amount was $17k).
Non-scheduled works	-	126	Most of the costs related to the following non-scheduled works: • replacing the rotork on the outlet gate at Talgai Weir, after it was struck by lightning (20UCO14; $25k). These units were obsolete, and no spares were available. As a result, a rotork service technician was engaged to attend the site to install and commission. • repairs to the Leslie Dam regulating valve 2, via removing corrosion and patch painting the corroded areas as per the five-yearly comprehensive inspection recommendation (20UCO16, $16k) • repairs to the Leslie Dam spillway chute, flip bucket and scallop holes and edge spalling in the upstream spillway face using Megapoxy as per the five-yearly comprehensive inspection recommendation (20UCO17, $16k) • investigating and repairing the pipe leak on the pump 3 rising main at Yarramalong pump station (20UCO18, $50k).
2019/20 Total	**283**	**304**	

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]	North Branch	Refurbish – reprofile and remove debris based on known asset condition and age.	56
	Yarramalong Weir	Refurbish – cap the sheet piling at the weir with concrete based on known asset condition and age.	205
	Scheme	Replace – customer meters based on known asset condition and age.	40
	Scheme	Study – asset revaluation to define asset value for insurance purposes and future expenditure profiles.	38
	Lemon Tree Weir	Refurbish – rock mattresses and gabions at the toe of the Lemon Tree Weir spillway based on known asset condition and age.	60
	Leslie Dam	Replace – gate ram piston seals based on known asset condition and age.	37
	Leslie Dam	Replace – trash rack guides with aluminium to return their functionality and extend their life.	37
	Multiple	There were eight other annuity-funded projects planned for 2020/21 consisting of trash rack refurbishments at Leslie Dam; headwater level recorder replacement at Leslie Dam; an allowance to refurbish the access road to Talgai Weir; crane workbox modifications at Leslie Dam; safety improvements at Nangwee Weir; an arc flash study to improve electrical safety; strengthening of the training wall at Talgai Weir; and a small contingency.	178
	2020/21 Total		**651**
2021/22	Yarramalong pump station	Refurbish – main incomer electrical circuit breaker based on known asset condition and age.	55
	Leslie Dam	Study – comprehensive risk assessment to assess the recommendations from the input studies.	1000
	Minor weirs	Study – seven comprehensive inspections based on asset management standards and to better understand asset condition and risk.	49
	Leslie Dam	Refurbish – upstream face gate No. 6 based on known asset condition and age.	91
	Leslie Dam	Replace – gate 7 hydraulic ram seals and modify cylinders based on known asset condition and age.	43
	Multiple	There are eight other annuity-funded projects planned for 2021/22 consisting of meter replacements; a valve refurbishment at Lemon Tree Weir; submersible pump refurbishments at Yarramalong pump station; minor pump	229

[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
		and motor replacements; outlet pipe refurbishment at Wando Weir; main supply switchboard replacement at the right bank tower at Leslie Dam; and signage.	
	2021/22 Total		**1467**
2022/23	Scheme	Replace – customer meters based on known asset condition and age.	41
	Melrose Weir	Refurbish – access road based on known asset condition and age.	40
	North Branch	Refurbish – reprofile and remove debris based on known asset condition and age.	61
	Leslie Dam	Refurbish – upstream face gate No. 7 based on known asset condition and age.	92
	Yarramalong Weir	Refurbish – outlet valve based on known asset condition and age.	37
	Multiple	There are two other annuity-funded projects planned for 2022/23 related to replacing the supervisory control and data acquisition computer (SCADA) at Leslie Dam and electrical testing.	39
	2022/23 Total		**310**
2023/24	Leslie Dam	Study – comprehensive inspection based on regulatory requirements and to better understand asset condition and risk.	130
	Leslie Dam	Replace – gate valve 4 with a butterfly valve based on known asset condition and age.	147
	Scheme	Replace – customer meters based on known asset condition and age.	42
	Leslie Dam	Study – options to investigate conduit inspection to mitigate a known safety risk.	25
	Leslie Dam	Study – options to replace control system.	14
	Multiple	There are two other annuity-funded projects planned for 2023/24 related to valve and actuator refurbishments.	17
	2023/24 Total		**375**
2024/25	Yarramalong Weir	Refurbish – sheet piling based on known asset condition and age.	97
	Leslie Dam	Replace – gantry crane control equipment based on known asset condition and age.	171
	Leslie Dam – Guard valves 5 and 6 replacement	Replace – gate valves 2 and 3 with a butterfly valve based on known asset condition and age.	300
	Melrose Weir	Refurbish – crest profile (cracks, sinkholes) based on known asset condition and age.	89
	Talgai Weir	Refurbish – left spillway wall (displacement) based on known asset condition and age.	89
	Scheme	Replace – customer meters based on known asset condition and age.	43
	Multiple	There are seven other annuity-funded projects planned for 2024/25 consisting of cone valve refurbishments at Leslie Dam; electrical system refurbishments; an options study to replace the fire system at Leslie Dam; bulkhead and track rack gate guide refurbishments; foundation drain cleaning; and SCADA computer replacement at Yarramalong pump station.	138
	2024/25 Total		**927**
2025/26	Leslie Dam	Replace – gate valve 5 with a butterfly valve based on known asset condition and age.	146

Year	Facility	Activity description	Forecast $'000
	Leslie Dam	Replace – gate valve 6 with a butterfly valve based on known asset condition and age.	146
	North Branch	Refurbish – reprofile and remove debris based on known asset condition and age.	63
	Yarramalong Weir	Refurbish – pump unit No. 1 based on known asset condition and age.	62
	Scheme	Replace – customer meters based on known asset condition and age.	44
	Multiple	There are four other annuity-funded projects planned for 2025/26 related to an asset valuation; an options study to install a SCADA system and programmable logic controller in the North Branch; refurbish the uninterruptible power supply at Leslie Dam; and replace gauging station equipment.	110
	2025/26 Total		**571**

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