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2016/17 Annual Network Service Plan

Bowen Broken Bulk Water

July 2016

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Introduction

A recommendation from the 2013-17 review of SunWater's irrigation pricing was for SunWater to produce annual Network Service Plans (NSPs) to help keep customers informed throughout the pricing period. These annual NSPs will focus on both routine expenditure (opex) and non-routine expenditure. In particular, the NSPs will cover:

- past performance for routine opex and non-routine expenditure,
- forecast opex and non-routine for the approaching year, and
- the long-term outlook for material non-routine spend.

This NSP compares SunWater's actuals for 2013, 2014 and 2015, budget for 2016 and budget for 2017 to the targets from the QCA's final report. The 2013-16 figures are provided for information only, with the focus the budget figures for 2017. The 2017 budget has been finalised following customer and shareholder consultation.

SunWater values customer feedback and will publish all submissions and SunWater's responses on our website. Customers can provide their feedback via email or post using one of the following addresses:

Email: nspfeedback@sunwater.com.au

Post: NSP Feedback
PO Box 15536 City East
Brisbane Qld 4002

Financial Summary

Table 1: Operating Revenue Less Spend

Bowen Broken WS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	5,085	5,464	5,805	7,308	6,008
Less - Routine Expenditure	4 & 7	1,258	1,179	1,093	1,208	1,019
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	106	184	355	200	306
• Non Annuity Funded	5	(0)	155	449	1,387	-
Surplus (Deficit)		3,722	3,946	3,907	4,513	4,682

Table 1 is a high level summary of the budgeted financial performance of the service contract. This document provides further detail of the planned spend on routine functions and non-routine projects across the 2017 year together with an estimate of revenue expected to be generated.

Figure 1: Breakdown of Total Scheme Costs – 2017 Budget

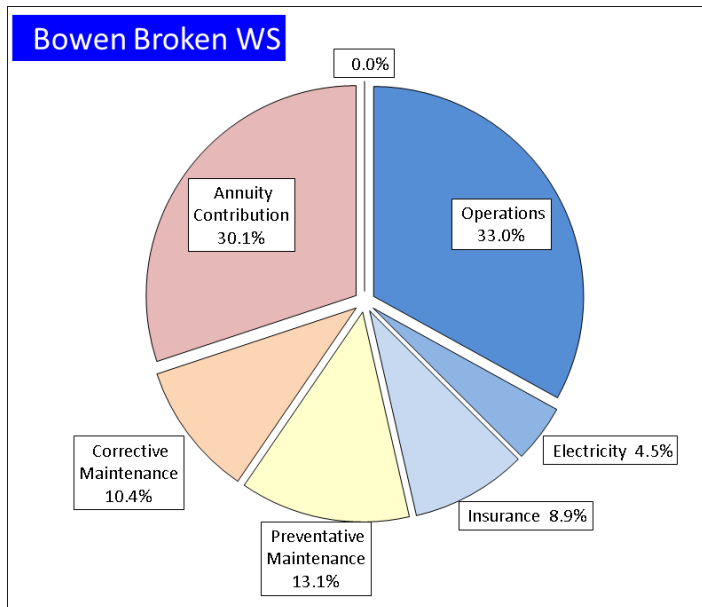


Figure 1 shows a high level summary of total scheme lower bound costs. These costs are apportioned to water entitlements in accordance with the methodology adopted by the QCA in their 2012 review of irrigation charges. The item “Annuity Contribution” refers to the annualised renewals annuity component of the scheme’s total lower bound costs.

Table 2: Water Data

Scheme	Customer Segment	No. of Customers	Water Entitlements (ML)	High Water Priority (ML)	High-A1 Water Priority (ML)	High-A2 Water Priority (ML)	Medium Water Priority (ML)
Bowen Broken Rivers	1. Industrial		30,299	0	9,090	21,209	0
	2. Irrigation		5,676	0	0	0	5,676
	3. Urban		1,785	0	1,785	0	0
	4. Other		290	0	108	182	0
	5. SunWater		879	0	665	214	0
	Total		51	38,929	0	11,648	21,605

QCA Assumed Water Usage

43.1%

The 2017 budget is compiled taking onto account the QCA water use assumption.

The QCA established the Headworks Utilization Factor (HUF) for this scheme at Medium Priority 0% , High A1 Priority 35% and High A2 Priority 65% meaning that proportionally more costs in the scheme are apportioned to high priority water allocation holders on the basis that these water entitlements utilize more of the headworks assets located within the scheme. High priority water entitlements are typically held by urban and industrial customers. Further detail on the HUF and how it is applied to apportion scheme costs can be found in the QCA's final report from the 2012 pricing review, chapters 5 and 6. The QCA final report can be downloaded from www.qca.org.au/Water/Rural/SunWater-s-Irrigation-Prices. The HUFs for each bulk water scheme are published in the QCA final report in a table beginning on p193.

Table 3: Revenue

Bowen Broken WS	2013	2014	2015	2016	2017
	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Irrigation	65	67	72	80	81
Industrial	4,874	4,910	5,172	5,040	5,112
Urban	-	-	-	-	-
Irrigation CSO	-	-	-	-	-
Revenue Transfers	148	472	478	789	802
Drainage	-	-	-	-	-
Other	(1)	16	9	1,399	12
Insurance Proceeds - Flood	-	-	74	-	-
Revenue Total	5,085	5,464	5,805	7,308	6,008

Note: Following feedback from customers, SunWater has unbundled bulk water charges from distribution system charges. This means that total revenue figures in past Performance Reports and NSPs may not match those above.

Revenue Transfers represent the cost of bulk water supplies delivered through the distribution system(s). The revenue accrues to the distribution system before it is transferred to the Bulk Water Supply Scheme as a contribution to the cost of the bulk water service. The QCA established the transfer cost for irrigation supplies at the cost reflective bulk water tariff.

Routine Expenditure

Table 4: Routine Operating Expenditure

Bowen Broken WS	2013			2014			2015			2016			2017			2013 to 2017				
	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Forecast \$000	QCA Target \$000	Variance \$000	SW Budget \$000	QCA Target \$000	Variance \$000	% of target	SW Forecast \$000	QCA Target \$000	Variance \$000	% of target
Operations	733	460	(273)	634	479	(155)	580	482	(98)	621	479	(142)	481	480	(1)	100	3,050	2,381	(669)	128
Electricity	136	116	(19)	109	125	16	177	133	(43)	80	144	64	65	154	89	42	566	672	106	84
Insurance	95	48	(47)	173	49	(125)	119	49	(70)	119	50	(69)	130	51	(79)	255	637	247	(390)	258
Operations Total	964	625	(339)	916	652	(264)	876	665	(212)	820	674	(147)	677	686	9	99	4,253	3,300	(953)	129
Preventative Maintenance	103	196	93	140	204	63	165	205	40	239	205	(34)	191	206	15	93	839	1,015	176	83
Corrective Maintenance	191	214	23	123	222	99	52	226	174	148	228	80	151	231	80	65	665	1,121	456	59
Routine Total	1,258	1,034	(224)	1,179	1,077	(101)	1,093	1,096	2	1,208	1,107	(101)	1,019	1,122	103	91	5,757	5,437	(321)	106

The budget routine spend is within the QCA's target for 2017.

Operations

Operation activities include the day-to-day costs of the administration and management of the scheme, water delivery and meeting compliance obligations. Specific activities include the direct and non-direct cost of¹:

- Scheduling and delivering water, including processing water orders, releasing water, operating pump stations, regulation and monitoring of channel flows and monitoring of customer deliveries;
- Emergency responses for channel overflows and other emergency events;
- IGEM (Inspector General Emergency Management) Response - (see Changes to Flood Operations below)
- Meter reading;
- Administration of water accounts, billing, and receipting payments;
- Customer management, including enquiries, complaints and maintaining the customer service help desk;
- Scheme management, including licences and permits, rates, land management, planning and reporting;
- Insurance;
- Monitoring the security of infrastructure and unauthorised access and trespass;
- Managing public relations associated with the scheme; and
- Managing enquiries from adjoining landholders, and in some cases developers, that require input and negotiations with SunWater's property and legal sections to resolve issues.

¹ Activities listed will not apply to all service contracts.

The operations budget in 2017 is within the QCA target. Increased insurance premiums followed flood events that have occurred in the past few years in Queensland. Insurance costs are above the what QCA assessed costs for insurance.

Changes to Flood Operations

The Inspector General Emergency Management (IGEM) undertook a review into the TC Marcia floods in the Callide Valley. This review found that SunWater had adequately undertaken its role in accordance with the established emergency action plans (EAPs). However the review also recommended that SunWater should notify the community about emerging dam spill events sooner. Later in 2015 IGEM undertook a second, related review into warnings provided by SEQWater and SunWater and noted that

“the public expects notifications and warnings will be disseminated as soon as possible when known by dam owners. They also expect messages will include timings to guide their actions, will convey the urgency of the developing situation, that regular updates will be provided and when the next update can be expected”.

SunWater has evaluated the activities and costs necessary to implement the IGEM recommendations for all its storages. SunWater has completed a plan and begun to implement the emergency management improvement program. These costs have not been included in scheme budgets in 2017 as SunWater intends consult further with its customers and other stakeholders about the program as part of the 2018 NSP consultation process.

Preventive Maintenance

Preventive maintenance is maintaining the ongoing operational performance and service capacity of physical assets to the required standard. Preventive maintenance is cyclical in nature with a typical interval of 12 months or less. Preventive maintenance activities are based on the updated work instructions developed for operating the scheme and include an estimate of the resources required to implement that scope of work. Preventive maintenance includes²:

- Condition monitoring – the inspection, testing or measurement of physical assets to report and record its condition and performance for determination of maintenance requirements. Condition monitoring is carried out on electrical, mechanical and civil assets including pump stations (pumps, electrical motors, valves, switchboards and associated equipment), channels (regulator gates, civil works, signs, structures, etc.), drains (civil works, structures etc.), pipelines (valves, air valves, scours easements etc.), and other infrastructure;
- Servicing – planned maintenance activities normally expected to be carried out routinely on physical assets including valves, cranes, sump pumps and associated equipment; and
- Weed control – which includes the following activities:
 - Slashing channels and drains;
 - Acrolein treatment of channels;
 - Copper Sulphate treatment; and
 - Spraying and other activities to control operational and noxious weeds within dams, channel and drainage reserves and balancing storages and other land managed by SunWater

Preventive maintenance is budgeted within QCA target for 2017.

Corrective Maintenance

Corrective maintenance includes activities to correct unexpected failures or to return an asset to an acceptable level of performance or condition. While these are difficult to forecast with accuracy, history has shown that such events can be expected and need to be factored into expenditure forecasts. Forecasts include provision for labour, materials and plant hire.

The corrective maintenance forecast does not include any costs of damage arising from major unexpected events, such as floods. These costs are categorised as non-routine corrective maintenance which is discussed in the following section.

There are two types of corrective maintenance – scheduled and emergency²:

- Scheduled corrective maintenance is maintenance that can be planned and scheduled, and includes:
 - Channels
 - De-silting channels and catch drains;
 - Erosion control and repair of rock protection works;
 - Repair fencing;
 - Repair concrete structures; and
 - Repair regulator gates, control valves, etc.
 - Drains
 - De-silting drains;
 - Erosion control and repair of rock protection works;
 - Repair fencing; and
 - Repair concrete structures.
 - Pipelines
 - Pipe breaks
 - Repair air valves, scour valves, etc.;
 - Erosion control and repair of rock protection works; and
 - Repair concrete structures.
 - Scheme Roads
 - Repair pot holes;
 - Grade roads; and
 - Repair, replace and paint guide posts and signs.
 - Pump stations

² Activities listed will not apply to all service contracts.

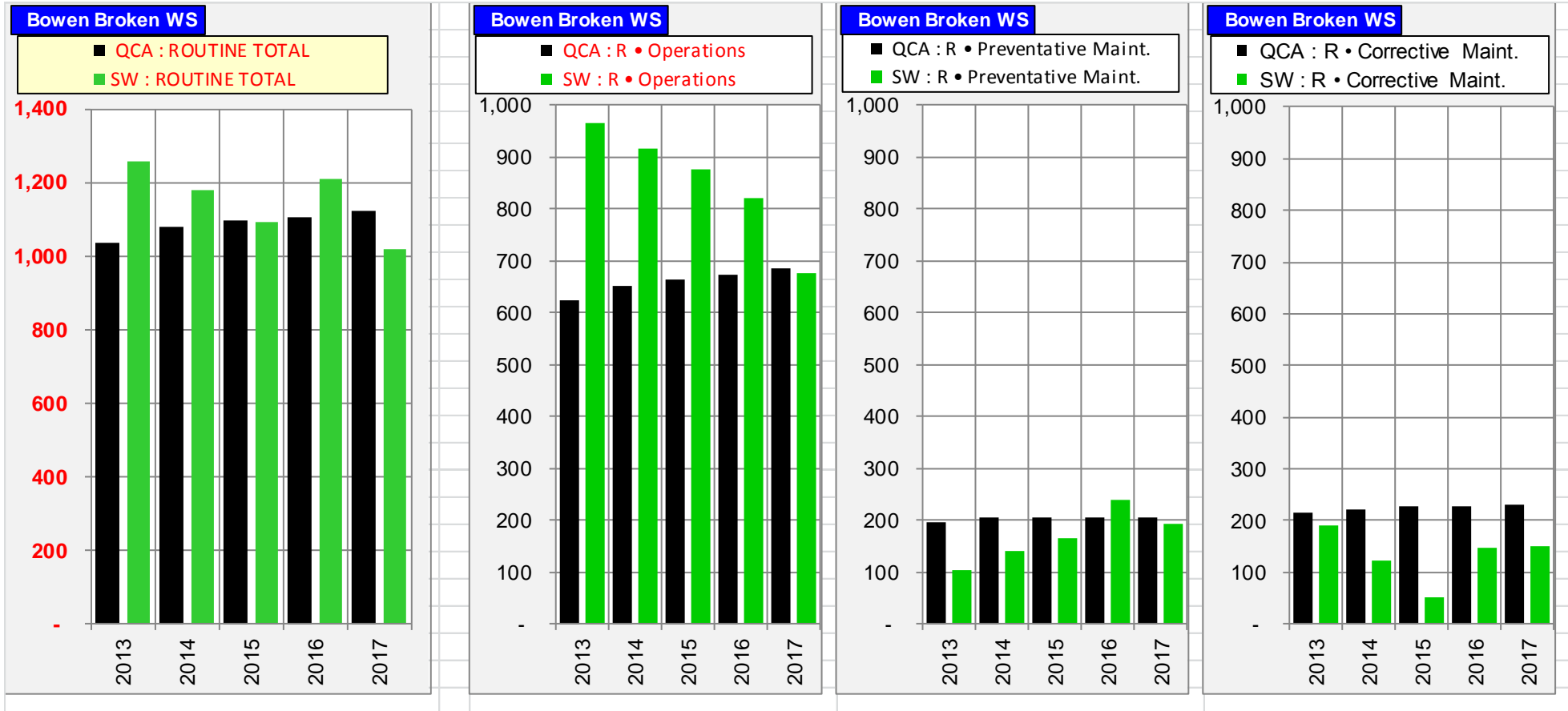
- Repair pumps and motors;
- De-silt intake structures;
- Repair concrete structure; and
- Repair control building.
- Storages (balancing storages and reservoirs)
 - Repair control gates and valves;
 - Repair walls, embankments and spillways; and
 - Repair concrete structures.
- Meters
 - Repair bulk water meters; and
 - Repair customer meters.
- Emergency corrective maintenance is maintenance that has to be carried out immediately to restore normal operation or supply to customers or to meet regulatory obligations (e.g. rectify a safety hazard) and includes:
 - Repair or correction of pump station faults;
 - Repair or correction of channel faults;
 - Repair or correction of pipeline faults; and
 - Response to theft or vandalism associated with scheme assets.

Corrective maintenance is budgeted within the QCA's target for 2017.

Routine Cost – Summary and Charts

The information in Table 4 above is re-presented in the charts below to graphically show SunWater’s performance against the QCA targets.

Figure 2: Routine Expenditure by Activity compared to QCA Target (\$'000)



Non-Routine Expenditure

SunWater has developed a whole of life strategy around the replacement and maintenance of its asset portfolio which is based on the concept of optimised life. The key drivers in this approach are the risk and condition of each asset. The current condition of an asset drives an estimate of the future work required to ensure an asset continues to be able to provide the required level of service into the future. SunWater maintains a program of asset inspections and condition assessments which continually updates our knowledge of asset condition. This information feeds into the annual review of the renewals program, the most recent of which was completed in February 2016; items requiring immediate maintenance or replacement are included in the budget for the following year.

While the immediate program for the next year's budget is well defined; the further into the planning timeline, the more uncertain the estimates become. Consequently, the program of works is not a specific forecast of when individual projects are expected to be executed but rather it is portfolio level estimate of works based on the best-available risk and condition information for the service contract as a whole. This information feeds into calculation of the annuity to fund renewals. Having an annuity funding arrangement acknowledges that a long-term view of renewals spend is required to ensure adequate funding and to address issues such as inter-generational equity.

The QCA targets were set against an indicative program of works from the 2010-11 year. While this was the best estimate of expected work at the time, in some cases, the QCA's funding allowance for renewals work across the price path does not cover the total expenditure required to maintain asset condition to the required standard. In addition, there have been unexpected events, such as floods, that were not allowed for in the QCA's annuity funding allowance.

SunWater is focusing effort on reviewing renewals profiles so that assets are maintained to the required standard with the minimum spend. This review extends to considering the key asset replacement assumptions so that the profile better reflects likely spend each year and moves away from assuming assets are replaced at end of standard life, based on their replacement costs. This is expected to reduce the renewals profile going forward, reducing upward pressure on water charges.

Non-Routine Budget

The budget non-routine spend for 2017 is shown in the table below, along with the actual spend for 2013, 2014, 2015 and the budget spend for 2016.

Table 5: Non-Routine Expenditure

Bowen Broken WS	2013			2014			2015			2016			2017				2013 to 2017			
	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Forecast \$000	QCA Target \$000	Variance \$000	SW Budget \$000	QCA Target \$000	Variance \$000	% of target	SW Forecast \$000	QCA Target \$000	Variance \$000	% of target
Annuity Funded																				
Operations	-	-	-	-	-	-	-	16	16	-	-	-	24	-	(24)	-	24	16	(8)	149
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	(1)	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	1	-
R&E	107	155	48	184	170	(14)	355	250	(105)	200	227	27	282	89	(193)	317	1,128	892	(237)	127
Non-routine Total	106	155	49	184	170	(14)	355	266	(89)	200	227	27	306	89	(217)	344	1,152	908	(244)	127
Non Annuity Funded	<u>(0)</u>			<u>155</u>			<u>449</u>			<u>1,387</u>			<u>-</u>				<u>1,991</u>			

The details for the five major projects planned for 2017 are provided below:

Table 6: Non-Routine Projects 2017

Project Title	Project Scope	2017 Budget (\$'000)
Investigate all underdrains for blockages – EUNGELLA DAM	During a recent inspection the exit pipe connecting the drains under the spillway channel was identified as potentially blocked. The purpose of this project is to investigate all underdrains for blockage and locate the position of blockage.	50
Option Analysis, Design and Estimate to mitigate the risk associated with the Inlet Plug and Conduit - EUNGELLA DAM	During 2014 Comprehensive Dam Safety Inspection, the conduit and guard valves could not be inspected due to high leakage rate (WHS issue). A risk assessment showed that leakage through conduit joints may lead to core failure. It has been recommended to plug the river conduit inlet permanently. The purpose of this project is to complete an options analysis, design and cost estimate to mitigate the risks associated with the leaking conduit joints.	42
Patch paint the bottom girder and bearings of the bridge near right abutment	Some of the riprap protection works on eastern side upstream face of Gattonvale Offstream Storage was found to be eroded or washed away in the previous dam safety inspections. The water in this zone was highly turbid compared to other parts of the dam. The purpose of this project is to carry out options and refurbish the protection works.	36
Repair the scour under the dissipator apron – BOWEN RIVER WEIR	During 2014 diving inspection of the Bowen River Weir, a scour hole, 2m long and 1m deep was found under the end sill and dissipator apron. The purpose of this project is to address the scour.	31
Place rock on the upstream face between the winch house and bend above beaching zone and key into lower rock - EUNGELLA DAM	The rock protection works on the upstream face of Eungella Dam adjacent the winch house was found to have moved down the slope. The purpose of this project is to reinstate and key-in rock on upstream face.	27
Other works	There are another 11 non-routine projects for 2017 ranging from \$4,000 to \$21,000. Further detail was tabled at the IAC meeting.	121
Total		306

Annuity Balance

The estimated 2016 and 2017 annuity balances are shown below; the annuity contribution shown has been set by the QCA. SunWater aims to limit the annuity spend to the QCA's targets over the 5-year price path in order to manage the annuity balance to reasonable levels.

The impacts of budgeted non-routine spend on the annuity balance for 2017 is shown in the following table.

Table 7: Annuity Balance

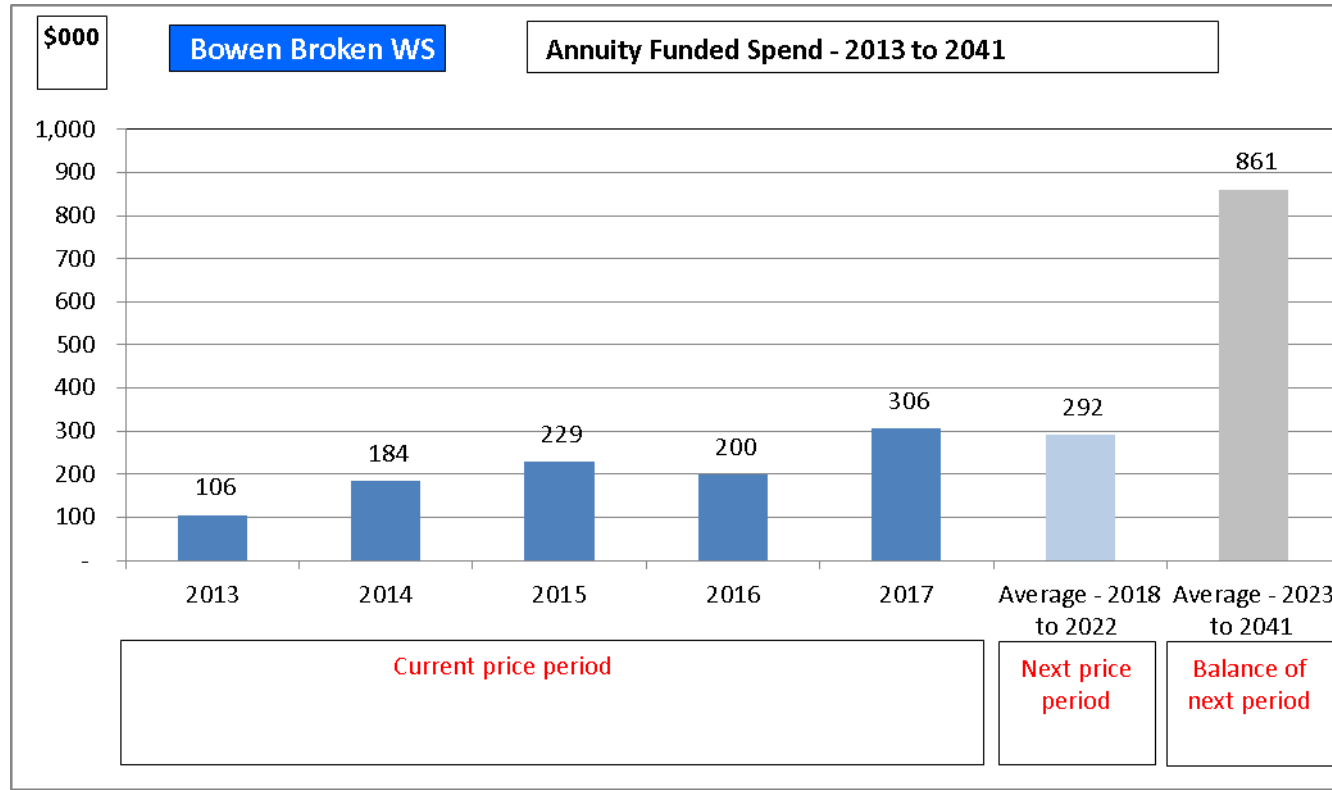
Bowen Broken WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance		(2,722)	(2,708)	(2,770)	(2,870)	(2,848)	(2,722)
Net Spend	See below	(106)	(184)	(229)	(200)	(306)	(1,026)
Annuity Contribution		324	326	337	436	439	1,861
Interest		(204)	(203)	(207)	(215)	(213)	(1,042)
SunWater - Closing Balance		(2,708)	(2,770)	(2,870)	(2,848)	(2,929)	(2,929)
QCA - Closing Balance		(1,962)	(1,953)	(2,029)	(1,972)	(1,770)	(1,770)
Difference		(747)	(816)	(840)	(876)	(1,159)	(1,159)
Net Spend Analysis							
Spend	5 & 7	(106)	(184)	(355)	(200)	(306)	(1,152)
Insurance Proceeds Receipts							
• Prior Year		-	-	52	-	-	52
• Current Year		-	-	74	-	-	74
Net Spend		(106)	(184)	(229)	(200)	(306)	(1,026)

* All 2016 and 2017 figures are subject to change once actual spend is known.

Overview of Annuity Funded Non-Routine Projects 2013-41

The renewals annuity is calculated over a 20-year planning period; given that the following pricing period ends in 2022, the estimated renewals spend out until 2041 will affect the next pricing review. The estimated renewals expenditure out to 2041 is shown in the chart following.

Figure 3: Annuity Expenditure 2013-41



All material renewals items out until 2041 are discussed in the sections following. Materiality is defined as >10% of the present value of the period in question. SunWater will develop options analyses for all material items in the annuity calculation planning period. These reports will be tailored to suit project complexity and budget, with detailed options analyses being completed within the current and following 5-year pricing periods and high-level options analyses for the 20-year period beyond the next price path. The materiality tests will be applied each year as part of annual planning process. Given that there will be project variations, some items will no longer require options analysis in future years and new items may join the list.

Material Projects 2017-18

Procure and plug the river conduit inlet permanently – EUNGELLA DAM

Year: 2018

Current Estimate: \$536k

Option analysis completed: No

During 2014 Comprehensive Dam Safety Inspection, the conduit and guard valves could not be inspected due to high leakage rate (WHS issue). A risk assessment showed that leakage through conduit joints may lead to core failure. It has been recommended to plug the river conduit inlet permanently. The purpose of this project is to complete the work detailed in the 2017 design project.

Material Projects 2019-23

Projects in the program of works for 2019-23 should be viewed as indicative at this stage and will be refined as the next pricing review draws closer

Carry out remedial works to stabilise the left bank hillside - EUNGELLA DAM

Year: 2020

Current Estimate: \$595k

Option analysis completed: No

Rocks fall into the spillway channel from left bank hill side developing a WHS hazard. Trees are also growing in the steep left bank hill side. The stability of left bank hill side is important as failure/collapse of this bank during a wet period when the spillway is flowing will block passing flows through the channel endangering the safety of the dam. The proposed works include geotechnical investigation and options analysis before carrying out any physical works.

Study 20yr Dam Safety Review including anchor pullout test and intrusive inspection - EUNGELLA DAM

Year: 2020

Current Estimate: \$369k

Option analysis completed: No

This project is initiated to meet the regulatory requirement. The purpose of the project to carry out 20 year dam safety review in accordance with Dam Safety Management Guidelines 2012. The scope includes review of foundations, main wall, spillway, outlet works, associated equipment and monitoring system.

Refurbish/reline including joints - main culvert pipe - EUNGELLA DAM

Year: 2022

Current Estimate: \$623k

Option analysis completed: No

This work is contingent upon the completion of plugging the river conduit inlet and a condition assessment of the lining/joints thereafter as part of a supplementary comprehensive dam safety inspection.

Material Projects 2024-41

The evenness in the spread of estimated project costs means there are no projects which exceed the materiality threshold for this service contract for the 2023-41 period.

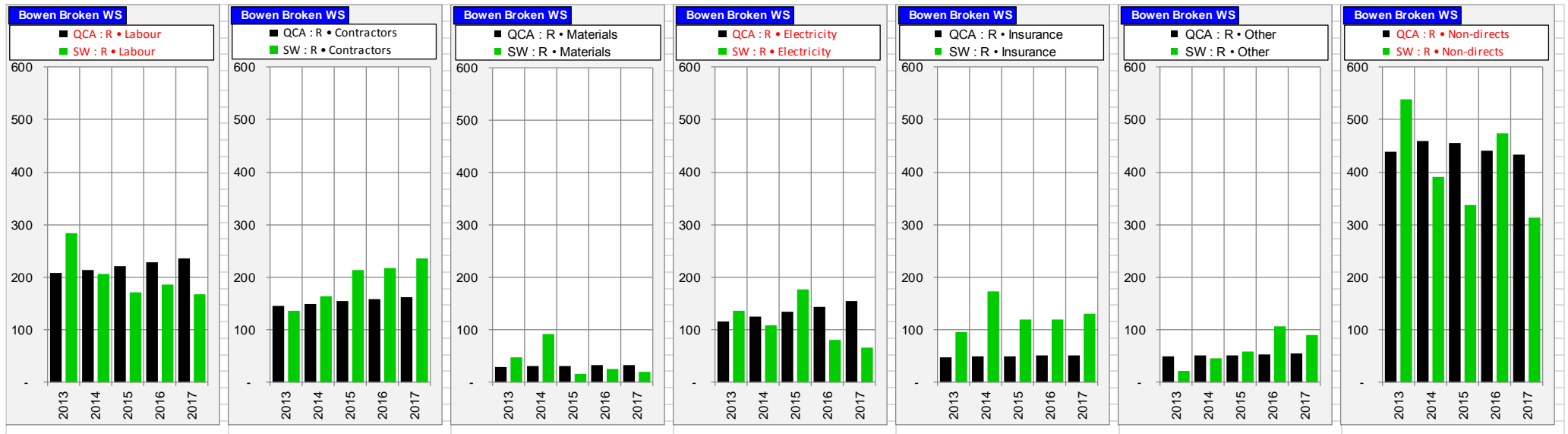
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Bowen Broken WS	2013			2014			2015			2016			2017			2013 to 2017		
	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Forecast \$000	QCA Target \$000	Variance \$000	SW Budget \$000	QCA Target \$000	Variance \$000	SW Forecast \$000	QCA Target \$000	Variance \$000
Revenue	5,085			5,464			5,805			7,308			6,008			29,671		
Routine Spend																		
Operations																		
Labour	218	122	(96)	147	126	(21)	134	130	(4)	130	135	5	118	139	20	748	653	(96)
Contractors	65	30	(35)	109	31	(78)	116	32	(84)	72	33	(39)	72	33	(39)	433	158	(275)
Materials	17	6	(11)	57	6	(51)	13	7	(7)	10	7	(3)	9	7	(2)	106	33	(74)
Electricity	136	116	(19)	109	125	16	177	133	(43)	80	144	64	65	154	89	566	672	106
Insurance	95	48	(47)	173	49	(125)	119	49	(70)	119	50	(69)	130	51	(79)	637	247	(390)
Other	21	41	20	42	42	1	53	43	(11)	80	44	(36)	63	45	(18)	259	215	(44)
Non-directs	412	261	(152)	279	273	(6)	263	271	7	329	262	(68)	219	257	38	1,503	1,323	(180)
	964	625	(339)	916	652	(264)	876	665	(212)	820	674	(147)	677	686	9	4,253	3,300	(953)
Preventative Maintenance																		
Labour	29	51	23	33	53	20	33	55	22	48	56	8	43	58	15	185	273	88
Contractors	16	31	15	37	32	(6)	64	33	(31)	60	34	(26)	55	34	(21)	232	163	(68)
Materials	4	6	2	7	6	(1)	1	6	5	3	6	3	5	6	1	20	30	10
Other	0	3	3	0	3	3	4	3	(0)	8	3	(5)	11	3	(8)	23	16	(7)
Non-directs	54	105	51	62	110	48	64	108	44	120	105	(15)	78	104	26	378	532	154
	103	196	93	140	204	63	165	205	40	239	205	(34)	191	206	15	839	1,015	176
Corrective Maintenance																		
Labour	37	34	(3)	25	35	10	4	36	32	8	37	29	6	38	33	80	180	100
Contractors	55	84	29	18	87	69	34	90	55	85	92	7	108	94	(14)	300	447	147
Materials	26	17	(8)	27	18	(9)	3	19	16	12	19	7	5	19	14	72	93	21
Other	1	5	5	3	5	2	2	5	4	18	6	(12)	16	6	(10)	39	27	(12)
Non-directs	72	74	1	49	77	28	10	76	67	25	74	49	16	73	57	173	374	201
	191	214	23	123	222	99	52	226	174	148	228	80	151	231	80	665	1,121	456
Routine - total	1,258	1,034	(224)	1,179	1,077	(101)	1,093	1,096	2	1,208	1,107	(101)	1,019	1,122	103	5,757	5,437	(321)
Non-Routine Spend																		
Labour	6	26	21	57	29	(28)	80	60	(20)	23	38	15	50	15	(35)	216	168	(47)
Contractors	28	29	1	30	32	2	112	33	(79)	103	41	(62)	153	16	(136)	425	151	(274)
Materials	17	29	12	-	32	32	-	33	33	4	41	37	-	16	16	20	151	130
Other	39	16	(24)	2	17	15	7	18	11	9	22	13	8	9	1	66	83	17
Non-directs	16	54	38	96	61	(35)	156	122	(34)	61	85	24	95	33	(63)	425	355	(70)
Non-Routine - Total	106	155	49	184	170	(14)	355	266	(89)	200	227	27	306	89	(217)	1,152	908	(244)
Total Regulated Spend	1,364	1,189	(175)	1,363	1,248	(115)	1,449	1,362	(87)	1,408	1,334	(74)	1,326	1,211	(114)	6,909	6,344	(565)
Non Annuity Funded Spend	(0)			155			449			1,387			-			1,991		
Surplus (Deficit)	3,722			3,946			3,907			4,513			4,682			20,770		

The charts below graphically report routine costs by expense type compared to the QCA target.

Figure 4: Routine Expenditure by Expense Type (\$'000)



Notes

All financial figures in this report are presented in nominal dollars.

Although the QCA set cost targets based on assumed inflation of 2.5%, most of the financial figures in the QCA's final report on SunWater's irrigation prices were presented in real dollars (\$2011). To convert the QCA reported real dollars to nominal dollars multiply by the conversion factors listed below. The conversion factors are based on the QCA's assumed inflation rate of 2.5% p.a. For comparison, the QCA conversion factors based on assumed inflation of 2.5% are compared with conversion factors based on actual inflation as measured by the Brisbane All Groups Consumer Price Index taken in March each year.

Table 9: Conversion Factors for real \$2011 to Nominal Dollars

	2013	2014	2015	2016	2017
QCA Conversion Factor	1.0510	1.0770	1.1040	1.1310	1.1600
Accumulative March Quarter CPI	1.0494	1.0714	1.1050	1.1208	1.1397

Disclaimer

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