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2016/17 Annual Network Service Plan

Bundaberg Distribution

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

Bundaberg IS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	9,154	12,381	10,510	10,864	11,057
Less - Routine Expenditure	4 & 7	7,907	12,782	10,160	9,722	10,430
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	1,513	811	960	1,619	2,277
• Non Annuity Funded	5	273	63	102	-	-
Surplus (Deficit)		(539)	(1,275)	(712)	(476)	(1,650)

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 Irrigation Scheme Costs – 2017 Budget

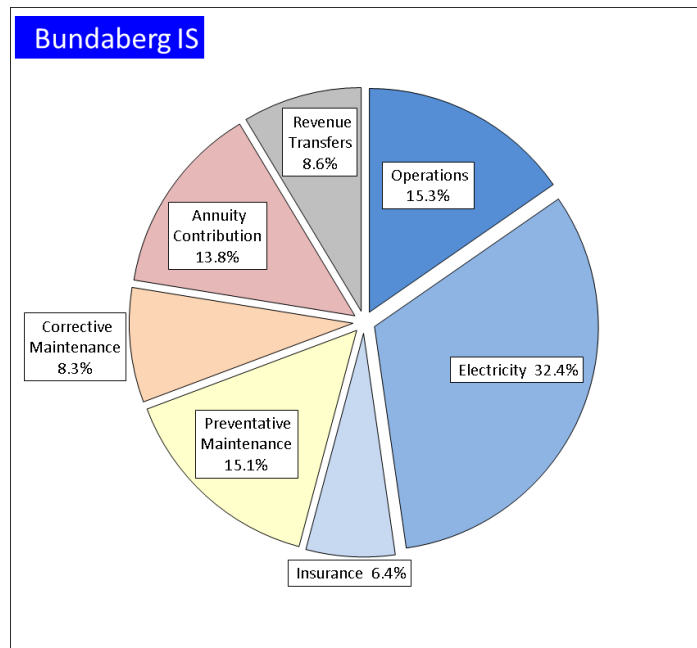


Figure 1 shows a high level summary of scheme costs and provides an indication of where revenue from irrigation water charges is applied. The item “Annuity Contribution” refers to the component of irrigation water charges that is applied toward the renewals annuity each year. The item “Revenue Transfers” refers to the contribution towards the cost of the bulk water scheme.

Table 2: Water Data

	No. of Customers	Water Entitlements
		ML
1. Industrial		386
2. Irrigation		155,108
3. Urban		1,859
4. Other		46
5. SunWater		41,590
Total	955	198,989

QCA Assumed Water Usage

48.0%

The 2017 budget is compiled taking onto account the QCA water use assumptions outlined above.

Revenue

Table 3: Revenue

Bundaberg IS	2013	2014	2015	2016	2017
	Actual	Actual	Actual	Forecast	Budget
	\$000	\$000	\$000	\$000	\$000
Irrigation	8,723	11,921	9,855	10,486	11,392
Industrial	219	96	103	143	143
Urban	564	586	609	556	556
Irrigation CSO	1,074	761	467	157	1
Revenue Transfers	(1,712)	(1,105)	(1,101)	(1,130)	(1,158)
Drainage	-	-	-	-	-
Other	286	122	114	123	123
Insurance Proceeds - Flood	-	-	463	529	-
Revenue Total	9,154	12,381	10,510	10,864	11,057

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. The revenue transfer above does not include the bulk water costs of SunWater's channel distribution system losses.

Routine Expenditure

Table 4: Routine Operating Expenditure

Bundaberg IS	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	1,790	1,864	74	2,428	1,917	(511)	2,510	1,960	(550)	2,062	1,967	(95)	2,063	1,947	(116)	106	10,853	9,655	(1,198)	112
Electricity	2,425	2,958	534	5,678	3,166	(2,512)	3,356	3,387	31	3,775	3,658	(117)	4,356	3,914	(442)	111	19,590	17,084	(2,507)	115
Insurance	760	538	(221)	1,055	547	(508)	794	557	(237)	814	566	(248)	863	576	(287)	150	4,286	2,785	(1,501)	154
Operations Total	4,975	5,361	386	9,161	5,630	(3,531)	6,660	5,904	(757)	6,652	6,192	(460)	7,282	6,437	(844)	113	34,729	29,524	(5,206)	118
Preventative Maintenance	1,540	1,722	182	2,203	1,774	(430)	2,207	1,817	(391)	1,938	1,838	(101)	2,035	1,834	(202)	111	9,924	8,984	(941)	110
Corrective Maintenance	1,392	995	(397)	1,418	1,025	(393)	1,293	1,050	(243)	1,132	1,062	(70)	1,113	1,060	(53)	105	6,348	5,192	(1,155)	122
Routine Total	7,907	8,078	171	12,782	8,429	(4,353)	10,160	8,770	(1,390)	9,722	9,091	(631)	10,430	9,331	(1,099)	112	51,001	43,700	(7,302)	117

The budget routine spend is 12% above the QCA's target for 2017 however the budget falls to 104% of target when the above-QCA increases in insurance and electricity are taken into account.

Appendix 2 includes an organisation chart showing the labour resources based in Bundaberg and utilised in the scheme.

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;

¹ Activities listed will not apply to all service contracts.

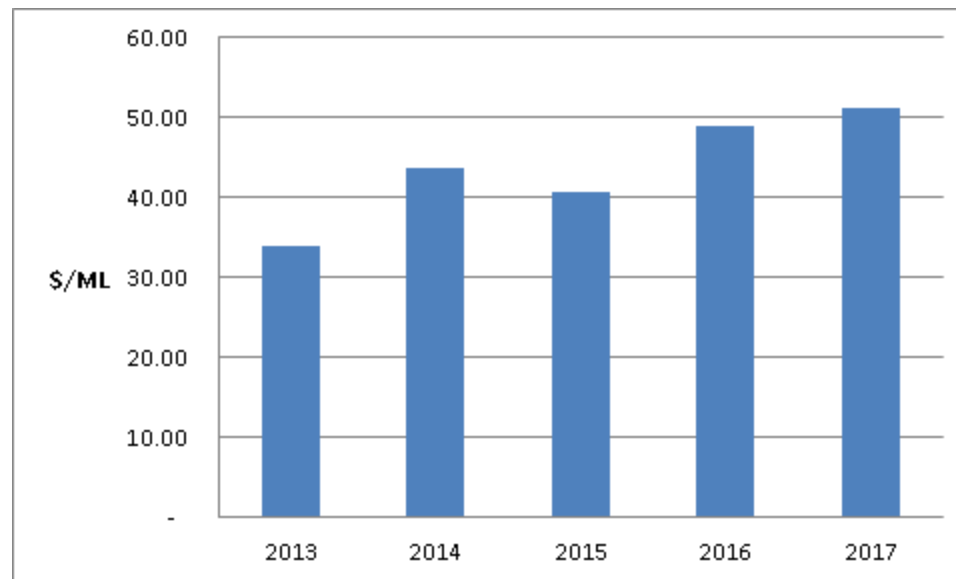
- Managing public relations associated with the scheme; and
- Managing enquiries from adjoining landholders, and in some cases developers, that require input and negotiations with SunWater’s property and legal sections to resolve issues.

The operations budget in 2017 is 13% above the QCA target, however this is largely due to the increases in insurance costs and electricity being higher than allowed for by the QCA. Increased premiums followed flood events that have occurred in the past few years in Queensland. The budget for operations drops to 102% of the QCA target when the electricity and insurance over-runs are taken into account.

Electricity costs are budgeted 11% higher than the QCA target in 2017. The 2017 budget includes a 5% escalation of electricity prices, however indications are that after several years of above-QCA price increases, the transitional electricity tariffs will not escalate by 5% in 2016/17. This will relieve the price pressure on SunWater and our customers but prices remain above the level allowed by the QCA. In addition, SunWater has performed annual electricity reviews on many of its sites and moved sites to lower-priced tariffs where cost savings were apparent. This has served to further reduce the impact of previous electricity cost increases.

The chart below tracks pumping cost per ML delivered across the price path, based on actual and forecast data. The chart reflects the escalation of electricity prices, tariff changes and the variation in volumes lifted by high cost and low cost pumpstations.

Figure 2: Electricity Cost per ML Delivered



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 channel and drainage reserves and balancing storages and other land managed by SunWater

Preventive maintenance is budgeted above the QCA’s target for 2017, mainly due to weed control cost, specifically Acrolein. The Acrolein injection strategy for Bundaberg is budgeted at three injection periods each financial year which equates to approximately 45-50 cylinders depending on weed growth conditions. The price per cylinder when QCA projections were undertaken was \$5,721 (ex gst). The number of cylinders used per year has fluctuated during the price path between 30 and 49. Two years were lower due to severe flooding which reduced the need for injections however hot and dry conditions in other years meant usage returned to average. Also, during the price path the cost per Acrolein cylinder has increased to \$7,980 (ex gst) which exceeds QCA’s assumed CPI increases. The price increase accounts for approximately \$100k in budget overrun, this represents a key challenge in meeting QCA targets. Over the last 12 months SunWater has focused on the procurement of the product and also investigating alternative suppliers and application methods. It is apparent that it would take several years for an alternative supplier to receive approvals to import Acrolein into the Australian market. SunWater has recently locked the current supplier into a set price for the next two years to ensure that no further escalation in price results.

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
 - Repair pumps and motors;

² Activities listed will not apply to all service contracts.

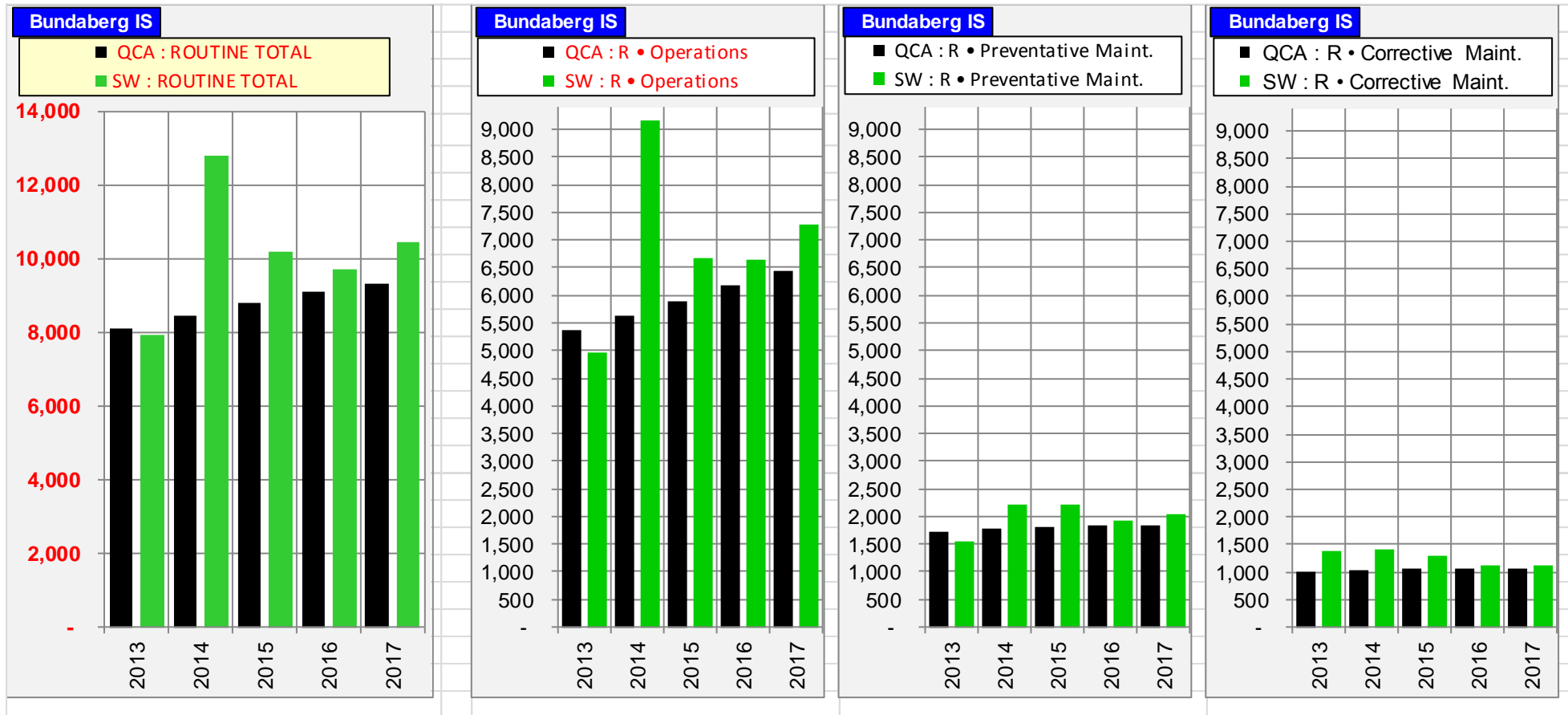
- De-silt intake structures;
- Repair concrete structure; and
- Repair control building.
- Storages (balancing storages and reservoirs)
 - Repair control gates and valves;
 - Repair walls, embankments and spillways; and
 - Repair concrete structures.
- Meters
 - Repair bulk water meters; and
 - Repair 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 above the QCA's target for 2017. SunWater will continue to refine budgets with the aim of bringing the overall expenditure into line with target.

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. In summary the key challenges in managing routine cost lie with reigning in input cost like electricity, Acrolein and insurance. Emergency Event Management costs are also impact on the scheme.

Figure 3: 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. There have been significant works in this service contract to repair flood damage which means that the QCA's 5-year target for 2013-17 will be exceeded. Flood repair works are unplanned and were not allowed for in the QCA's targets. The flood repairs to Don Beattie pump station will extend into 2017. Note that insurance proceeds for 2013 flood damage remain outstanding and will be credited to the service contract when the works are completed and the funds are received.

Table 5: Non-Routine Expenditure

Bundaberg IS	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	6	-	(6)	1	-	(1)	5	15	10	-	195	195	-	-	-	-	12	210	198	6
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	835	-	(835)	139	-	(139)	18	-	(18)	649	-	(649)	601	-	(601)	-	2,242	-	(2,242)	-
R&E	672	879	207	671	777	106	937	1,057	120	970	756	(214)	1,676	891	(784)	188	4,925	4,360	(565)	113
Non-routine Total	1,513	879	(634)	811	777	(34)	960	1,071	111	1,619	952	(667)	2,277	891	(1,385)	255	7,179	4,570	(2,609)	157
Non Annuity Funded	273			63			102			-			-				438			

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)
Rising Main Protection Works – DON BEATTIE PUMPSTATION	Site works associated with flood damage repairs to reinstate and upgrade rising main protection works.	498
Investigate Bank Instability – DON BEATTIE PUMPSTATION	Investigation and analysis of geo-technical and engineering issues as a result of deformation trending recorded by survey points.	115
Stabilise Deflecting Rising Main & Replace Straub Coupling – DON BEATTIE PUMPSTATION	Don Beattie PSTN Rising Main Project - Part of continued flood damage repairs to reinstate rising main support and protection works and to replace existing Staub type coupling with suitable alternative.	103
Replace Failing PVC Section – ISIS IRRIGATION SYSTEM	Farnsfield Pipeline F6 - Replace a section of pipeline with modern equivalent due to on-going failure history.	91
Replace Electrical Equipment (Options Analysis) & Design – WOONGARRA PUMPSTATION	Undertake investigation of PSTN electrical systems. Consider benefit/cost for refurbishment/replacement and/or enhancement options. Pending outcomes, undertake design and drafting for future works. Electrical equipment to be replaced is 32 years old and has reached the end of its life.	89
Other works	There are another 77 various works ranging from \$3,000 to \$79,000 included in the non-routine projects for 2017. Further detail was tabled at the IAC meeting.	1,380
Total		2,277

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. Note that insurance proceeds for 2013 flood damage remain outstanding and will be credited to the service contract when the works are completed and the funds are received.

Table 7: Annuity Balance

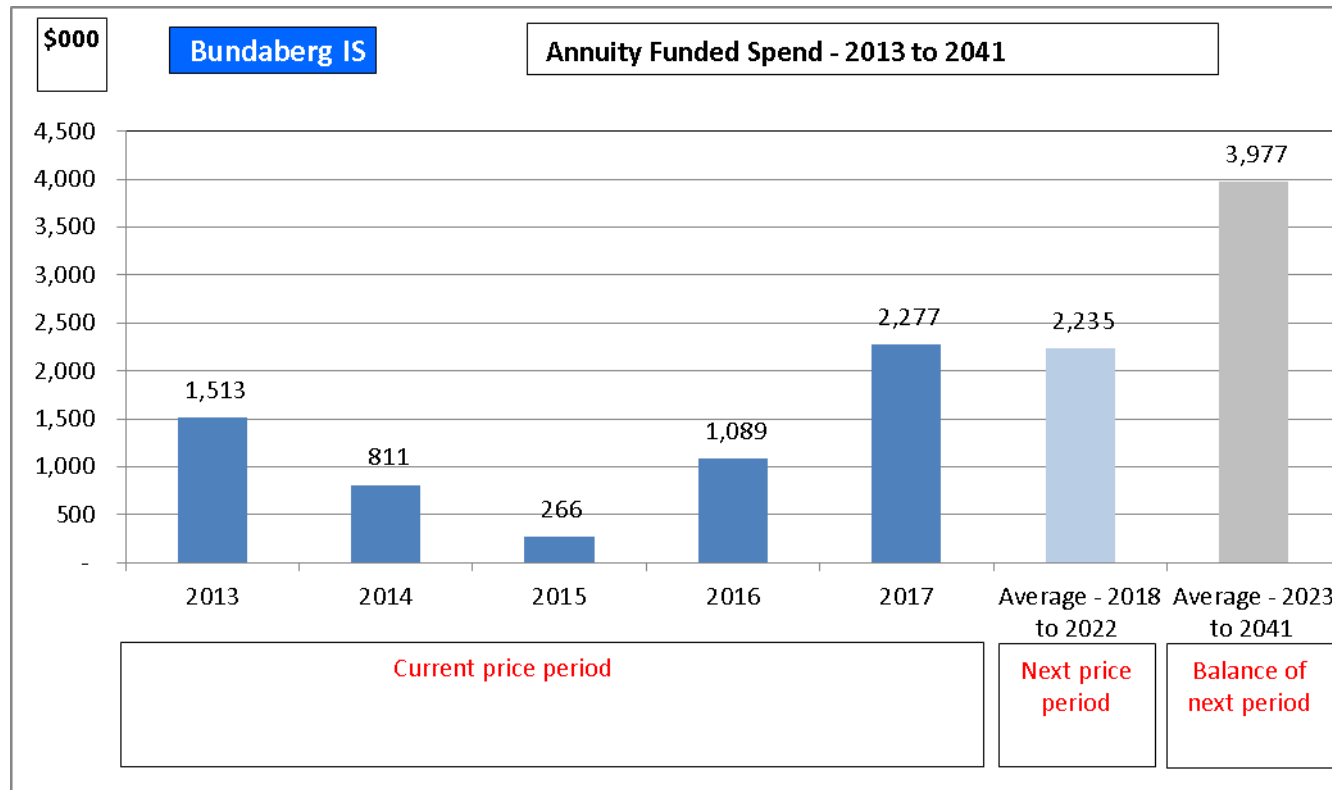
Bundaberg IS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance		2,485	2,605	3,601	5,288	6,384	2,485
Net Spend	See below	(1,513)	(811)	(266)	(1,089)	(2,277)	(5,956)
Annuity Contribution		1,446	1,613	1,683	1,789	1,860	8,391
Interest		186	195	270	396	478	1,525
SunWater - Closing Balance		2,605	3,601	5,288	6,384	6,445	6,445
QCA - Closing Balance		3,857	4,981	5,965	7,250	8,762	8,762
Difference		(1,252)	(1,380)	(678)	(866)	(2,316)	(2,316)
Net Spend Analysis							
Spend	5 & 7	(1,513)	(811)	(960)	(1,619)	(2,277)	(7,179)
Insurance Proceeds Receipts							
• Prior Year		-	-	231	-	-	231
• Current Year		-	-	463	529	-	992
Net Spend		(1,513)	(811)	(266)	(1,089)	(2,277)	(5,956)

* 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 4: 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

The evenness in the spread of estimated project costs and/or spend that has already occurred over 2013-16 means there are no projects which exceed the materiality threshold for this service contract for the 2017-18 period.

Material Projects 2019-23

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 2019-23 period.

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.

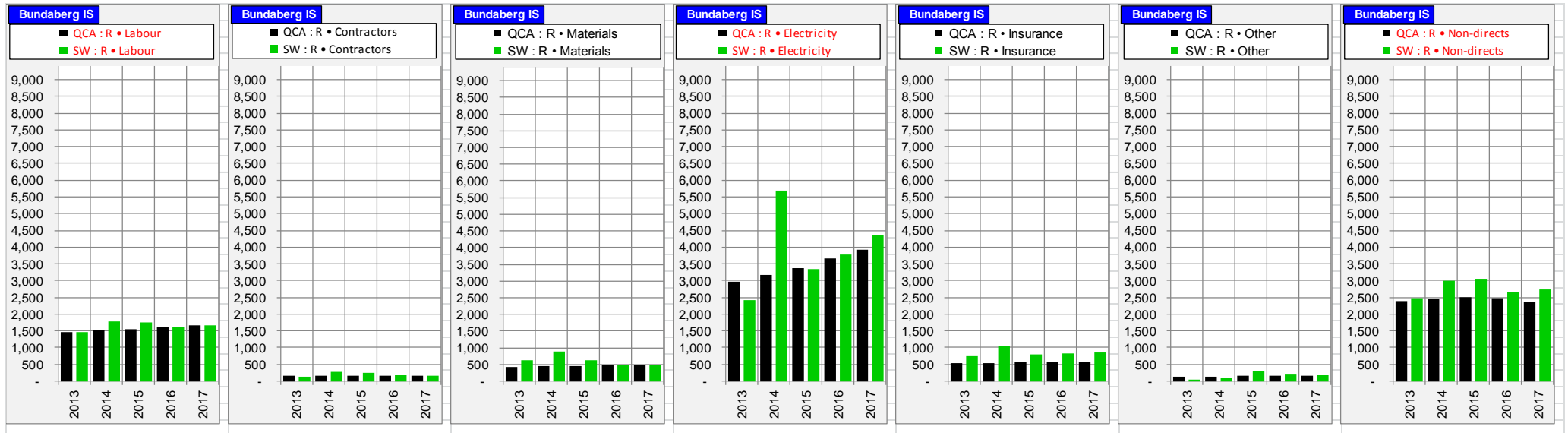
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Bundaberg IS	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	9,154			12,381			10,510			10,864			11,057			53,966		
Routine Spend																		
Operations																		
Labour	642	681	39	863	703	(160)	864	726	(138)	754	749	(5)	748	773	25	3,871	3,632	(239)
Contractors	4	1	(3)	13	1	(12)	40	1	(39)	2	1	(1)	10	1	(9)	69	3	(66)
Materials	17	0	(17)	19	0	(19)	10	0	(10)	5	0	(5)	8	0	(8)	59	1	(58)
Electricity	2,425	2,958	534	5,678	3,166	(2,512)	3,356	3,387	31	3,775	3,658	(117)	4,356	3,914	(442)	19,590	17,084	(2,506)
Insurance	760	538	(221)	1,055	547	(508)	794	557	(237)	814	566	(248)	863	576	(287)	4,286	2,785	(1,501)
Other	43	37	(6)	80	38	(43)	103	38	(65)	54	39	(15)	51	40	(11)	331	191	(140)
Non-directs	1,084	1,146	62	1,452	1,176	(276)	1,494	1,195	(299)	1,247	1,178	(69)	1,246	1,134	(112)	6,523	5,829	(694)
	4,975	5,361	386	9,161	5,630	(3,531)	6,660	5,904	(757)	6,652	6,192	(460)	7,282	6,437	(844)	34,729	29,524	(5,206)
Preventative Maintenance																		
Labour	417	496	79	547	512	(35)	555	529	(26)	530	545	15	565	563	(2)	2,614	2,645	31
Contractors	109	108	(1)	198	111	(87)	127	115	(13)	146	118	(28)	118	120	2	698	572	(126)
Materials	310	305	(5)	528	315	(213)	463	325	(138)	345	336	(9)	375	342	(33)	2,020	1,622	(398)
Other	4	20	16	17	21	3	95	21	(73)	45	22	(23)	45	22	(22)	205	106	(99)
Non-directs	700	793	93	914	815	(99)	968	827	(141)	873	816	(56)	933	787	(146)	4,388	4,038	(350)
	1,540	1,722	182	2,203	1,774	(430)	2,207	1,817	(391)	1,938	1,838	(101)	2,035	1,834	(202)	9,924	8,984	(941)
Corrective Maintenance																		
Labour	397	285	(112)	379	294	(85)	343	304	(39)	322	313	(9)	342	323	(19)	1,783	1,519	(264)
Contractors	17	41	24	60	42	(17)	88	44	(44)	30	45	15	20	46	26	215	218	3
Materials	285	131	(154)	330	135	(195)	152	139	(13)	132	144	12	102	146	44	1,001	695	(307)
Other	1	83	82	9	85	76	112	88	(24)	120	91	(29)	90	92	2	332	440	107
Non-directs	692	456	(236)	639	468	(171)	598	475	(122)	528	469	(59)	559	452	(107)	3,016	2,321	(695)
	1,392	995	(397)	1,418	1,025	(393)	1,293	1,050	(243)	1,132	1,062	(70)	1,113	1,060	(53)	6,348	5,192	(1,155)
Routine - total	7,907	8,078	171	12,782	8,429	(4,353)	10,160	8,770	(1,390)	9,722	9,091	(631)	10,430	9,331	(1,099)	51,001	43,700	(7,302)
Non-Routine Spend																		
Labour	332	136	(196)	149	134	(15)	154	191	37	189	152	(37)	280	167	(113)	1,104	781	(324)
Contractors	334	156	(178)	282	161	(121)	364	206	(158)	1,000	284	(717)	969	171	(799)	2,949	977	(1,972)
Materials	137	212	75	56	140	84	113	198	86	72	145	73	495	175	(320)	872	870	(2)
Other	155	77	(78)	60	77	17	45	108	63	3	76	73	10	94	84	273	434	160
Non-directs	554	297	(257)	264	265	1	285	368	83	355	295	(60)	523	284	(238)	1,981	1,510	(471)
Non-Routine - Total	1,513	879	(634)	811	777	(34)	960	1,071	111	1,619	952	(667)	2,277	891	(1,385)	7,179	4,570	(2,609)
Total Regulated Spend	9,420	8,957	(463)	13,592	9,206	(4,387)	11,120	9,842	(1,279)	11,341	10,043	(1,298)	12,707	10,223	(2,484)	58,180	48,270	(9,910)
Non Annuity Funded Spend	273			63			102			-			-			438		
Surplus (Deficit)	(539)			(1,275)			(712)			(476)			(1,650)			(4,652)		

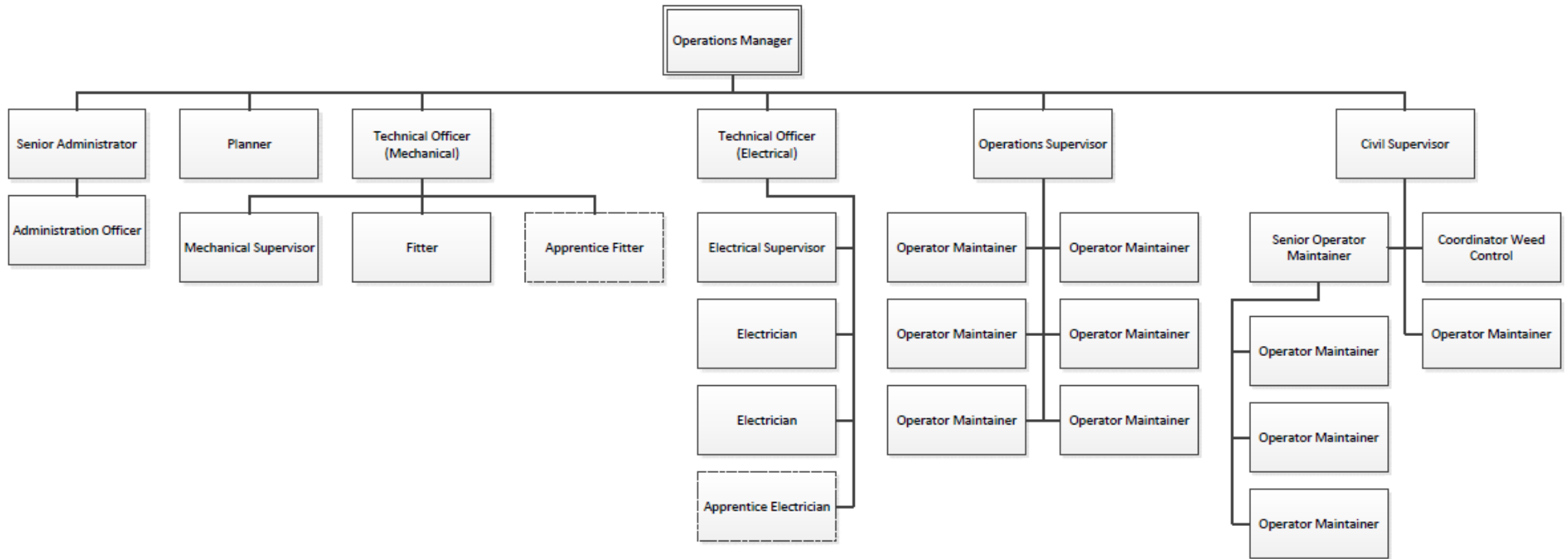
The charts below graphically report routine costs by expense type compared to the QCA target.

Figure 5: Routine Expenditure by Expense Type (\$'000)



Appendix 2: Organisational Chart of Local Resources

The chart below outlines the human resources engaged locally in providing services in the channel distribution system. These resources also support the Lower Mary distribution system and time sheeting is used to ensure labour costs are apportioned to the correct service contact.



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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