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2016/17 Annual Network Service Plan

Bundaberg 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

Table 1: Operating Revenue Less Spend

Bundaberg WS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	2,711	2,149	3,546	8,993	2,285
Less - Routine Expenditure	4 & 7	1,362	1,087	1,229	1,424	1,181
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	946	4,910	3,118	9,103	2,116
• Non Annuity Funded	5	-	3	8	-	-
Surplus (Deficit)		403	(3,852)	(810)	(1,533)	(1,011)

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.

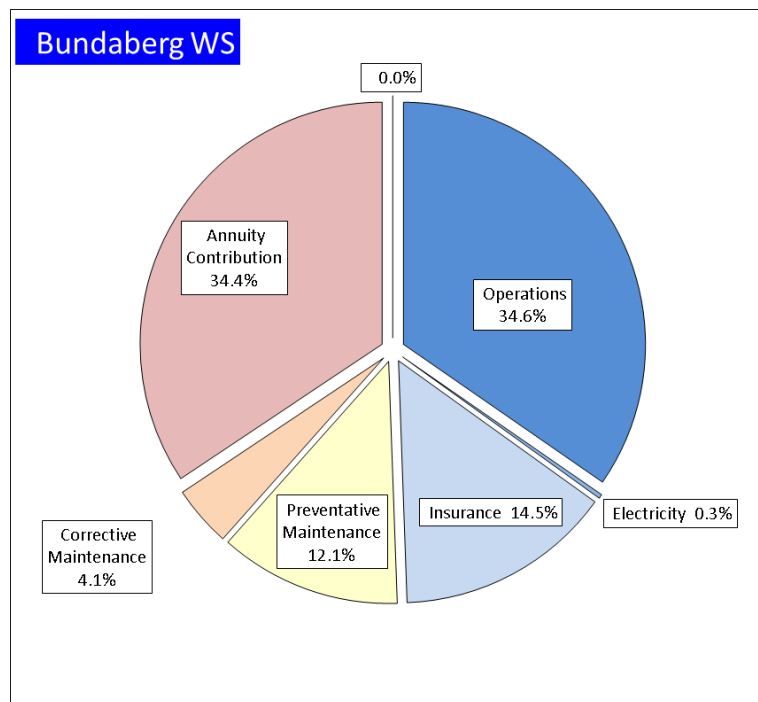


Figure 1: Breakdown of Total Scheme Costs – 2017 Budget

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)	Medium Water Priority (ML)
Bundaberg	1. Industrial		386	103	283
	2. Irrigation		199,305	1,260	198,045
	3. Urban		9,571	9,258	313
	4. Other		46	0	46
	5. SunWater		171,021	33,751	137,270
	Total		1,142	380,329	44,372
QCA Assumed Water Usage				46.7%	

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

The QCA established the Headworks Utilization Factor (HUF) for this scheme at Medium Priority 82% and High Priority 18% 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 p192.

Table 3: Revenue

Bundaberg WS	2013	2014	2015	2016	2017
	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Irrigation	250	431	440	450	463
Industrial	0	-	-	-	-
Urban	722	599	618	634	637
Irrigation CSO	-	-	-	-	-
Revenue Transfers	1,712	1,105	1,101	1,130	1,158
Drainage	-	-	-	-	-
Other	28	15	12	28	28
Insurance Proceeds - Flood	-	-	1,376	6,752	-
Revenue Total	2,711	2,149	3,546	8,993	2,285

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

Bundaberg 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	917	624	(293)	622	649	26	758	652	(106)	695	649	(46)	623	650	27	96	3,615	3,223	(392)	112
Electricity	5	9	4	6	10	4	5	11	5	4	11	7	5	12	7	41	25	54	28	47
Insurance	186	98	(88)	334	100	(234)	233	101	(131)	239	103	(136)	261	105	(156)	249	1,253	507	(746)	247
Operations Total	1,108	731	(377)	963	758	(204)	996	764	(232)	938	763	(175)	890	767	(123)	116	4,893	3,784	(1,110)	129
Preventative Maintenance	132	333	201	93	347	254	176	348	172	337	346	8	218	347	128	63	957	1,720	764	56
Corrective Maintenance	122	132	9	32	137	105	57	139	82	149	139	(9)	73	140	67	52	433	687	254	63
Routine Total	1,362	1,196	(166)	1,087	1,242	155	1,229	1,251	22	1,424	1,248	(175)	1,181	1,254	73	94	6,283	6,191	(92)	101

The budget routine spend is below 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 16% above the QCA target, however this is largely due to the increases in insurance costs 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 under the QCA target when the insurance over-runs are taken into account.

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 includes:

- 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 under the QCA’s 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
 - Repair pumps and motors;

² Activities listed will not apply to all service contracts.

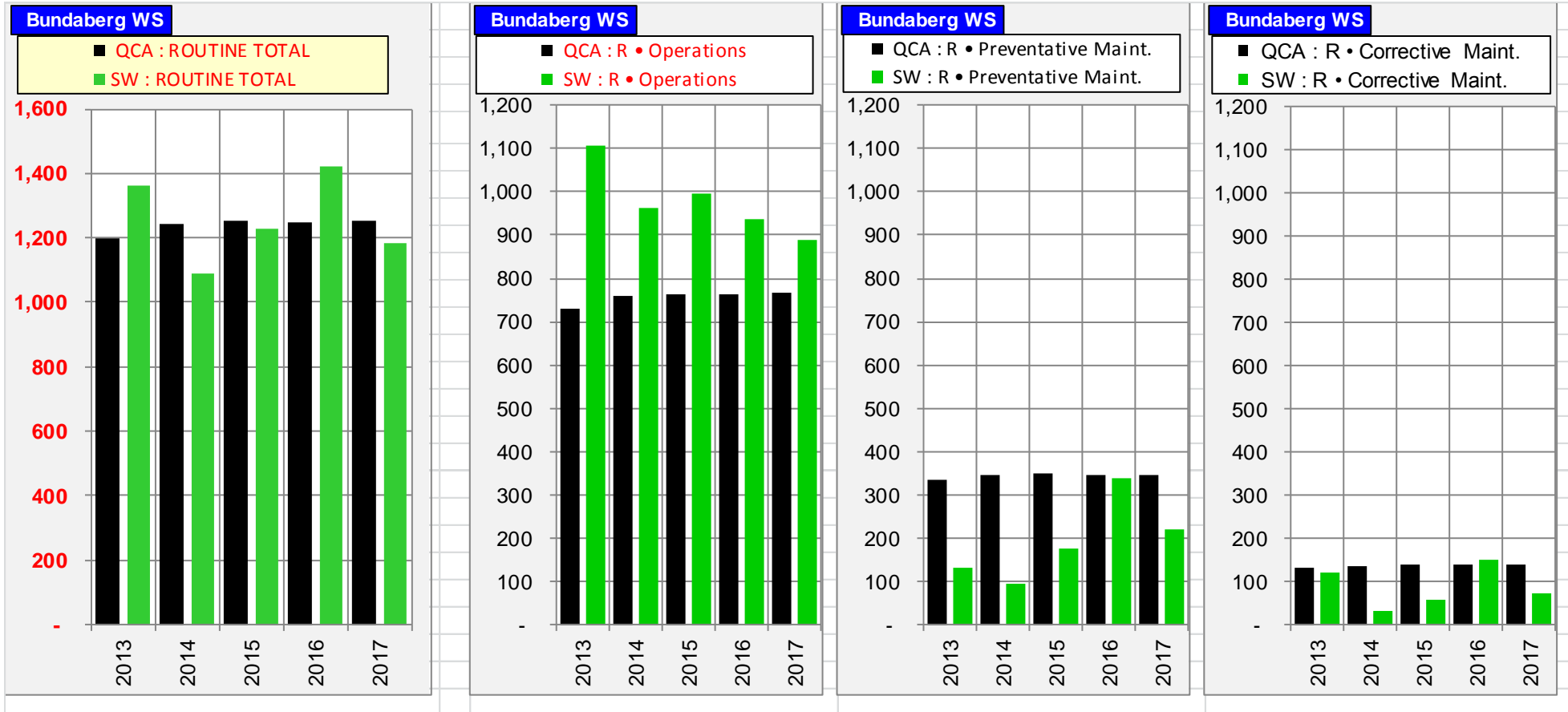
- De-silt intake structures;
 - Repair concrete structure; and
 - Repair control building.
- Storages (balancing storages and reservoirs)
 - Repair control gates and valves;
 - Repair walls, embankments and spillways; and
 - Repair concrete structures.
- Meters
 - Repair bulk water meters; and
 - Repair 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 under 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. 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. 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 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	-	-	-	-	-	-	-	-	-	-	-	-	31	-	(31)	-	31	-	(31)	-
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	728	-	(728)	4,621	-	(4,621)	2,647	-	(2,647)	8,666	-	(8,666)	1,449	-	(1,449)	-	18,111	-	(18,111)	-
R&E	217	364	147	289	198	(91)	472	252	(219)	437	541	105	636	359	(277)	177	2,051	1,716	(336)	120
Non-routine Total	946	364	(581)	4,910	198	(4,712)	3,118	252	(2,866)	9,103	541	(8,562)	2,116	359	(1,756)	589	20,193	1,716	(18,477)	---
Non Annuity Funded	-	-	-	3	-	-	8	-	-	-	-	-	-	-	-	-	11	-	-	-

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

Table 6: Non-Routine Projects 2017

Project Title	Project Scope	2017 Budget (\$'000)
Fred Haigh Scour	Carryout design and construction work to repair scour in spillway discharge channel.	921
Repair: Upstream Concrete - Flood Rectification Works – BEN ANDERSON BARRAGE	This project is for final modification to the upstream face of the crest at Ben Anderson Barrage. During the recent flood repair project undertaken during the 2015 Financial Year, concrete work on the upstream face of the crest was constructed to the upper limit of level tolerances. During the gantry post construction operability review, it was determined that the vertical clearance between the thrust guide wheels and the concrete was insufficient to ensure uninterrupted operation of the gantry crane if an allowance is made for debris or siltation build-up over time and therefore a layer of concrete needs to be removed. Alterations to the gantry crane would not be cost effective.	528
Refurbish 10 Shutters - BEN ANDERSON BARRAGE	Due to flood events and environmental factors the shutters at Ben Anderson Barrage require continued maintenance to maintain them in perpetuity. The standard refurbishment practice is to refurbish 10 shutters every financial year. This aligns with SunWaters Whole of Life Maintenance Strategy.	138
Replace Trashracks - NED CHURCHWARD WEIR	The screens were inspected during the 2013 inspection. During removal, the steel of the some of the trashracks was found to be severely corroded in sections. Also sections of fiberglass fingers were missing. It is believed that this is due to the variable aggressiveness of the raw water quality at the weir and only occurred at certain levels. This project is to replace 8 of the 16 damaged trashracks. The remaining trashracks will also be assessed during this project for refurbishment in the following year if required.	134
Study Dam Safety Hydrology and Dam Break Review	The understanding of hydrology and dam break analysis is an essential input into the assessment of dam safety risks. The scheme hydrology has not been reviewed since 2004. The aim of this project is to update the data sets used in the scheme hydrology and utilise technology improvements in modelling to ensure that the population at risk for an unlikely dam failure have been correctly identified and risks to the community managed.	100
Study: 5yr Dam Comprehensive Inspection – FRED HAIGH DAM	Undertake a 5 Yearly Inspection Fred Haigh Dam, consistent with dam safety best practices to ensure the structural and operational integrity at the weir is maintained and documented	72

Other works	There are 13 other non-routine projects for 2017 ranging from \$5,000 to \$36,000. Further detail was tabled at the IAC meeting.	223
Total		2116

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

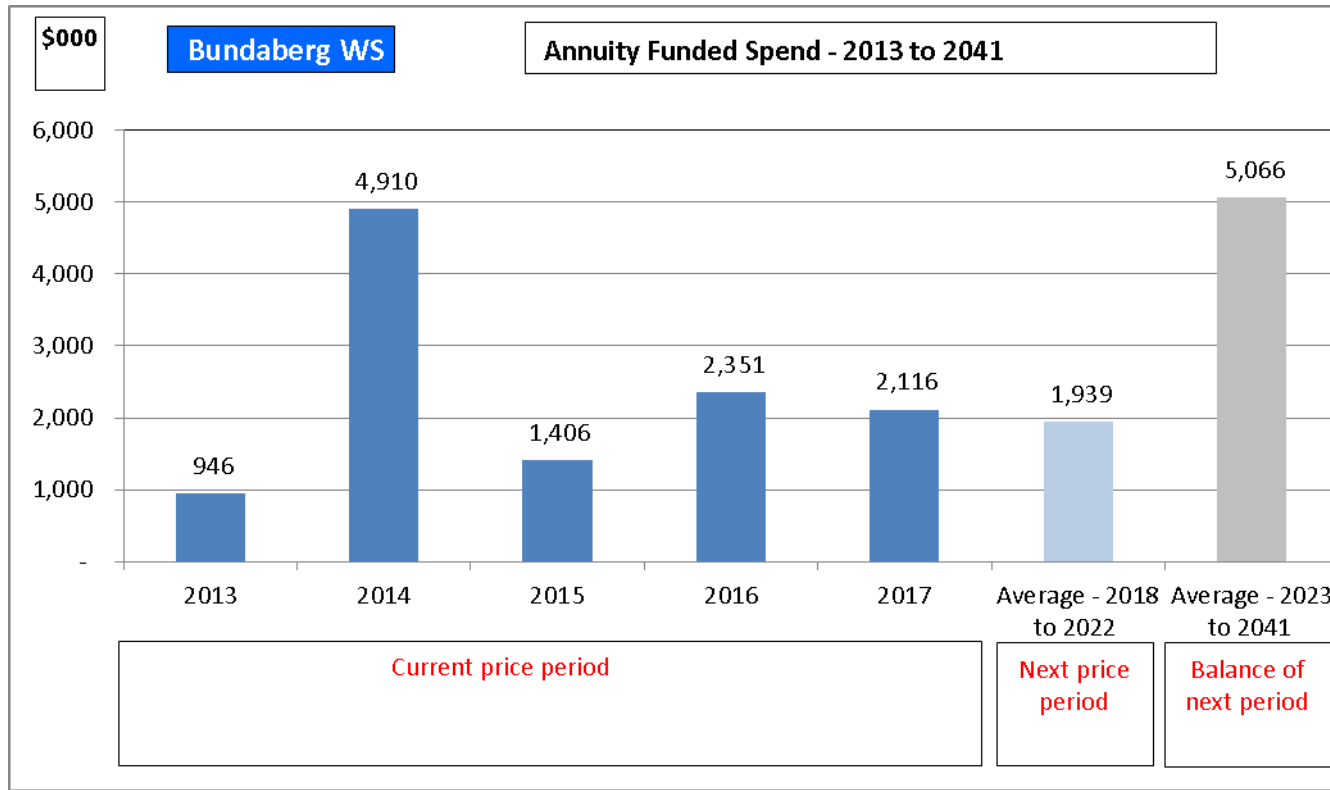
Bundaberg WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance	See below	(2,771)	(3,363)	(7,952)	(9,368)	(11,822)	(2,771)
Net Spend		(946)	(4,910)	(1,406)	(2,351)	(2,116)	(11,728)
Annuity Contribution		561	574	585	599	618	2,937
Interest		(208)	(252)	(596)	(702)	(885)	(2,642)
SunWater - Closing Balance		(3,363)	(7,952)	(9,368)	(11,822)	(14,204)	(14,204)
QCA - Closing Balance		(1,764)	(1,521)	(1,302)	(1,342)	(1,183)	(1,183)
Difference		(1,599)	(6,431)	(8,066)	(10,480)	(13,021)	(13,021)
Net Spend Analysis							
Spend	5 & 7	(946)	(4,910)	(3,118)	(9,103)	(2,116)	(20,193)
Insurance Proceeds Receipts							
• Prior Year		-	-	337	-	-	337
• Current Year		-	-	1,376	6,752	-	8,127
Net Spend		(946)	(4,910)	(1,406)	(2,351)	(2,116)	(11,728)

* 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

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 program of works for 2024-41 should be viewed as indicative at this stage and will be refined as the next pricing review draws closer.

Replace/Refurbish: Grout Anchors, Drains, Concrete (Construction Part 1, Construction Part 2 & Commission) – FRED HAIGH DAM

Year: 2034/2035

Current estimate: \$35m

Options analysis completed: No

The current style of grout anchors have a service life and should be passively tested and replaced prior to the expected expiration date. This project is for the construction phase after the testing. An options analysis will be conducted closer to the project year.

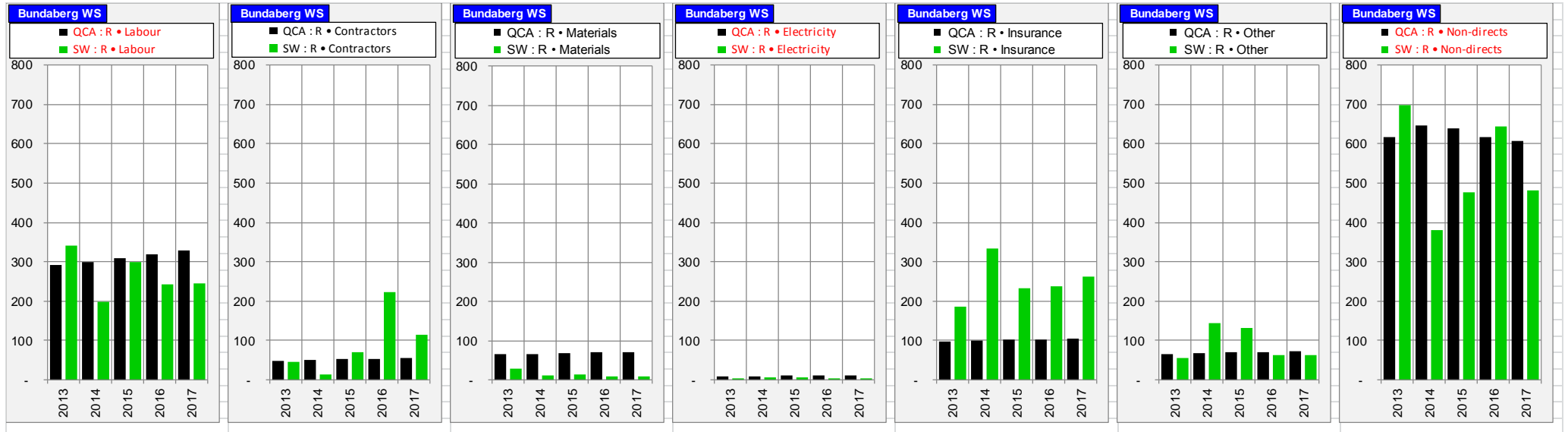
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Bundaberg 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	2,711			2,149			3,546			8,993			2,285			19,684		
Routine Spend																		
Operations																		
Labour	272	167	(106)	156	172	16	229	178	(51)	160	183	24	174	189	16	991	889	(102)
Contractors	29	29	0	9	30	21	54	31	(23)	43	32	(11)	40	32	(7)	174	154	(20)
Materials	6	12	6	3	13	10	2	13	11	1	13	12	1	14	12	13	64	51
Electricity	5	9	4	6	10	4	5	11	5	4	11	7	5	12	7	25	54	28
Insurance	186	98	(88)	334	100	(234)	233	101	(131)	239	103	(136)	261	105	(156)	1,253	507	(746)
Other	56	54	(2)	141	55	(86)	127	56	(72)	57	57	(0)	57	58	1	438	278	(160)
Non-directs	554	362	(192)	313	379	66	346	375	29	434	363	(71)	352	357	5	1,999	1,837	(162)
	1,108	731	(377)	963	758	(204)	996	764	(232)	938	763	(175)	890	767	(123)	4,893	3,784	(1,110)
Preventative Maintenance																		
Labour	37	98	60	33	101	68	59	104	45	66	107	41	59	111	52	254	520	266
Contractors	13	5	(8)	5	5	(0)	3	5	3	101	6	(96)	51	6	(45)	173	27	(146)
Materials	7	28	21	4	29	25	4	30	26	2	30	29	2	31	29	18	147	129
Other	1	4	3	2	4	2	4	4	(0)	3	4	1	3	4	1	13	19	6
Non-directs	74	199	125	49	209	160	107	205	99	165	199	33	104	196	92	500	1,008	508
	132	333	201	93	347	254	176	348	172	337	346	8	218	347	128	957	1,720	764
Corrective Maintenance																		
Labour	31	27	(4)	10	27	17	12	28	16	17	29	13	14	30	16	84	142	58
Contractors	4	15	11	0	16	15	14	16	2	78	17	(62)	25	17	(8)	122	81	(41)
Materials	16	25	8	4	25	21	7	26	19	6	27	21	6	27	22	39	131	92
Other	0	9	9	0	9	9	0	10	9	3	10	7	3	10	7	6	48	42
Non-directs	70	56	(14)	17	59	42	24	58	35	45	56	11	26	56	30	182	285	103
	122	132	9	32	137	105	57	139	82	149	139	(9)	73	140	67	433	687	254
Routine - total	1,362	1,196	(166)	1,087	1,242	155	1,229	1,251	22	1,424	1,248	(175)	1,181	1,254	73	6,283	6,191	(92)
Non-Routine Spend																		
Labour	155	66	(89)	319	1	(318)	389	9	(380)	368	104	(265)	446	69	(377)	1,678	249	(1,429)
Contractors	406	49	(357)	3,620	0	(3,620)	1,837	5	(1,833)	7,461	79	(7,382)	493	53	(440)	13,818	186	(13,632)
Materials	53	61	8	70	0	(70)	4	5	1	4	94	90	350	60	(290)	482	220	(261)
Other	44	31	(13)	124	1	(123)	75	3	(72)	1	52	51	9	31	21	253	117	(136)
Non-directs	287	157	(130)	776	196	(580)	814	231	(583)	1,268	213	(1,055)	817	146	(670)	3,962	943	(3,019)
Non-Routine - Total	946	364	(581)	4,910	198	(4,712)	3,118	252	(2,866)	9,103	541	(8,562)	2,116	359	(1,756)	20,193	1,716	(18,477)
Total Regulated Spend	2,308	1,560	(747)	5,997	1,440	(4,557)	4,348	1,503	(2,844)	10,527	1,789	(8,737)	3,297	1,613	(1,683)	26,476	7,907	(18,569)
Non Annuity Funded Spend	-	-	-	3	-	-	8	-	-	-	-	-	-	-	-	11	-	-
Surplus (Deficit)	403	-	-	(3,852)	-	-	(810)	-	-	(1,533)	-	-	(1,011)	-	-	(6,803)	-	-

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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