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2016/17 Annual Network Service Plan

Burdekin 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

Burdekin WS		2013	2014	2015	2016	2017
	Table reference	Actual $000	Actual $000	Actual $000	Forecast $000	Budget $000
Revenue	3	6,185	4,075	4,405	4,433	5,059
Less - Routine Expenditure	4 & 7	2,705	3,149	2,515	3,814	3,215
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	605	397	696	643	728
• Non Annuity Funded	5	525	4	-	-	7,325
Surplus (Deficit)		2,350	525	1,194	(23)	(6,209)

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

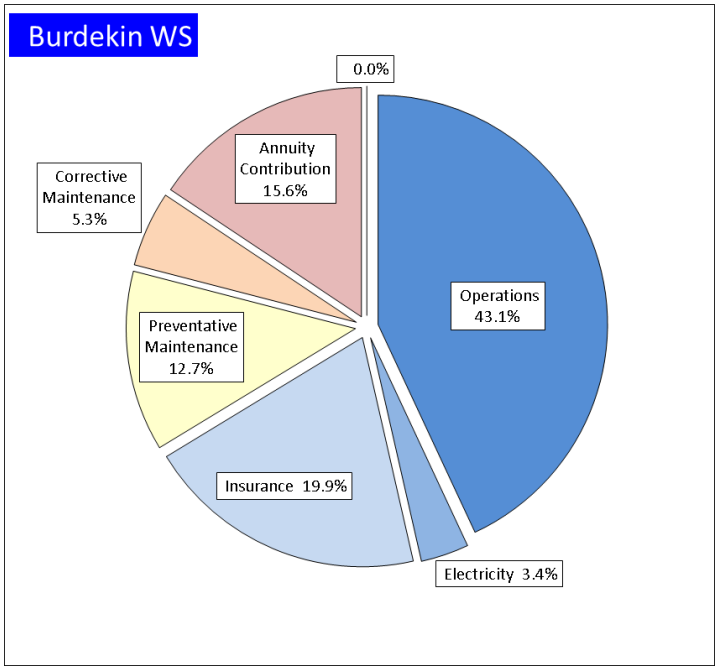


Figure 1 shows a high level summary of total scheme lower bound costs. These costs are apportioned to water entitlements in accordance with the methodology adopted by the QCA in their 2012 review of irrigation charges. The item "Annuity Contribution" refers to the annualised renewals annuity component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

Water Data

Table 2: Water Data

Scheme	Customer Segment	No. of Customers	Water Entitlements (ML)	High Water Priority (ML)	Medium Water Priority (ML)
Burdekin Haughton	1. Industrial		20,420	19,779	641
	2. Irrigation		635,612	0	635,612
	3. Urban		10,537	10,537	0
	4. Other		6	0	6
	5. SunWater		413,017	69,683	343,334
	Total	415	1,079,593	99,999	979,594

QCA Assumed Water Usage 55.8%

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 79% and High Priority 21% 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.

Revenue

Table 3: Revenue

Burdekin WS	2013 Actual $000	2014 Actual $000	2015 Actual $000	2016 Forecast $000	2017 Budget $000
Irrigation	1,459	1,315	1,507	1,401	1,463
Industrial	3	6	6	6	6
Urban	19	77	-	84	-
Irrigation CSO	-	-	-	-	-
Revenue Transfers	4,592	2,548	2,799	2,845	3,492
Drainage	-	-	-	-	-
Other	111	130	79	97	97
Insurance Proceeds - Flood	-	-	14	-	-
Revenue Total	6,185	4,075	4,405	4,433	5,059

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

Burdekin 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	1,443	2,285	841	1,473	2,385	912	1,010	2,382	1,372	2,102	2,357	255	1,641	2,377	737	69	7,669	11,786	4,116	65
Electricity	89	96	6	100	102	2	122	109	(12)	129	118	(11)	129	127	(2)	102	569	552	(17)	103
Insurance	592	295	(297)	1,005	300	(705)	677	305	(372)	692	310	(381)	757	315	(442)	240	3,722	1,525	(2,198)	244
Operations Total	2,125	2,675	550	2,578	2,787	209	1,809	2,796	987	2,922	2,785	(137)	2,527	2,819	292	90	11,961	13,862	1,901	86
Preventative Maintenance	242	357	114	245	373	128	505	373	(132)	575	371	(204)	485	373	(112)	130	2,052	1,847	(205)	111
Corrective Maintenance	338	223	(115)	326	232	(94)	201	234	32	317	234	(84)	203	236	33	86	1,385	1,158	(227)	120
Routine Total	2,705	3,254	549	3,149	3,392	243	2,515	3,403	888	3,814	3,389	(425)	3,215	3,429	214	94	15,398	16,867	1,469	91

The budget routine spend is under 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 of[1]:

- 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 under the QCA target, despite 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.

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[2]:

- 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

[2] Activities listed will not apply to all service contracts.

Preventive maintenance is budgeted above the QCA's target for 2017, mainly due to allowance for additional contractors. Ongoing review of work required will be undertaken to minimise costs over QCA target.

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 emergency[3]:

- 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

[3] Activities listed will not apply to all service contracts.

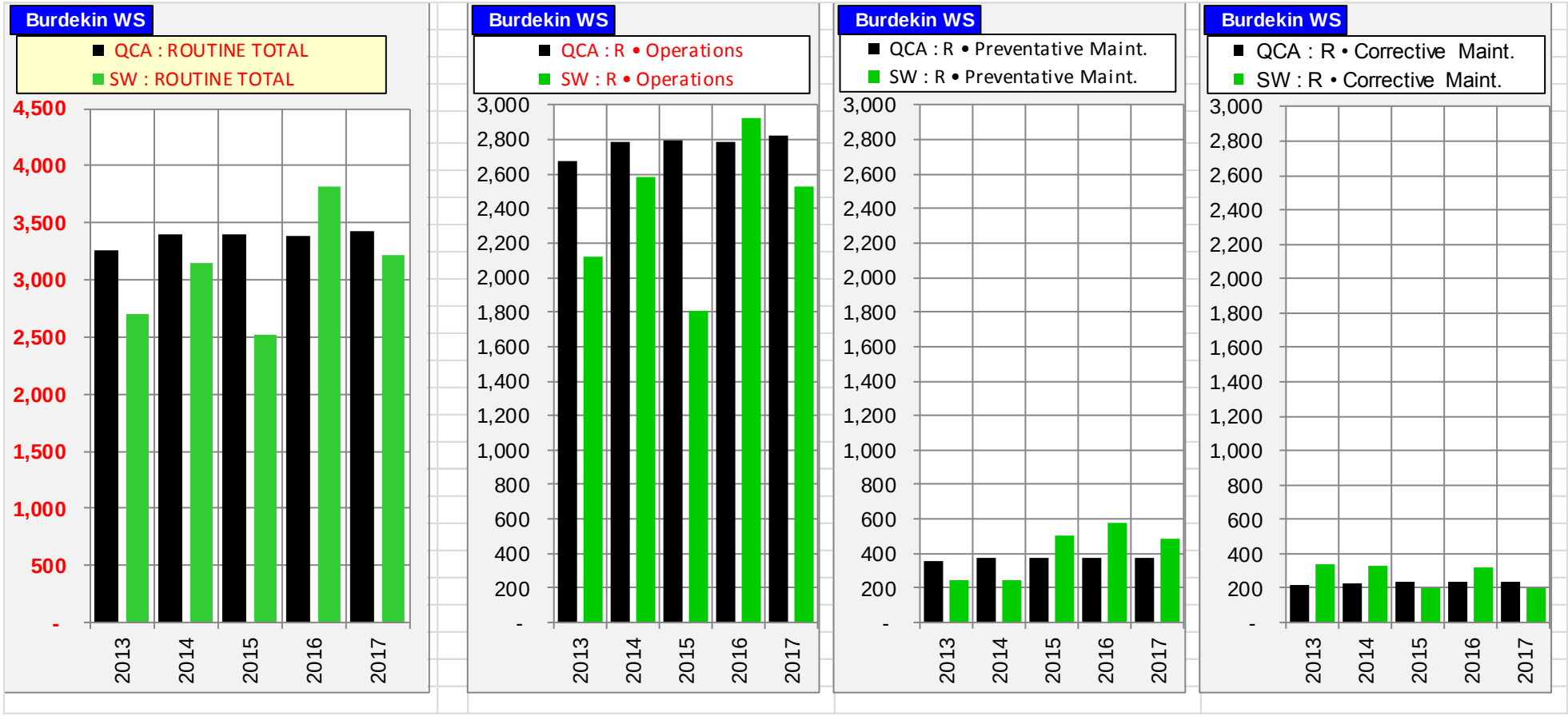
        - Repair, replace and paint guide posts and signs.
    - Pump stations
        - Repair pumps and motors;
        - De-silt intake structures;
        - Repair concrete structure; and
        - Repair control building.
    - Storages (balancing storages and reservoirs)
        - Repair control gates 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 under 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

Burdekin 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	23	-	(23)	11	-	(11)	-	29	29	-	-	-	40	-	(40)	-	73	29	(44)	251
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&E	582	421	(161)	387	234	(152)	696	218	(479)	643	290	(353)	687	1,395	708	49	2,995	2,558	(437)	117
Non-routine Total	605	421	(184)	397	234	(163)	696	247	(449)	643	290	(353)	728	1,395	668	52	3,068	2,587	(481)	119
Non Annuity Funded	525			4			-			-			7,325				7,854			

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)
Dam Safety Improvement - Stage 1a and 1b – BURDEKIN FALLS DAM	A comprehensive risk assessment for Burdekin Falls Dam was finalised in June 2012 as part of SunWater's Dam Safety Management Program. The assessment concluded that the current individual and societal risks are unacceptable and recommended a full upgrade for a standards based approach to ANCOLD's Fall-back AFC be undertaken to reduce the inherent level of risk. The proposed staged dam safety upgrade would involve: Stage 1: Improve under-drain system and strengthen non-spillway monoliths; Stage 2: Upgrade to PMPDF – Raise all saddle dams 1.5m, install post-tensioned anchors in main dam and concrete protection of the rock downstream of the spillway.	7,092
Business Case - Dam Safety Improvement Stage 2	Develop a Business Case to seek Board and Shareholding Ministers approval to proceed with Stage 2 activities which have been determined as necessary to prevent overtopping of the abutment monoliths of the Main Dam, stabilise the abutment monoliths with stressed anchors or additional concrete, stabilise the spillway monoliths with stressed anchors, and raise the Left Bank Saddle Dam and the North and South Mt Graham Saddle Dams to prevent overtopping.	233
Refurbish up to 10 Hydraulic Cylinders – CLARE WEIR	This is an ongoing project for refurbishment of all faulty flap gate hydraulic cylinders. The cylinder refurbishment involves inspecting and replacing hydraulic seals that have failed or have been assessed to fail prior to the next scheduled refurbishment, inspecting and refurbishing or replacing failed or damaged cylinders and the cylinder shafts	151
Study: Develop a long-term operations and maintenance strategy to refurbish the Hydraulic Cylinders and Hydraulic System. – CLARE WEIR	There were two recent collapses of flap gates on the Clare Weir in December 2012 and October 2013. Progressive refurbishment of Clare Weir flap gates, cylinders and associated equipment to improve system reliability is required. This job is part of the business case which involves the development of a long-term operation and maintenance strategy to refurbish the flap gates including replacement of seals, refurbishing hydraulic cylinders, repairs to hydraulic circuit as well as replacing the existing PLC and SCADA and replacing hydraulic oil.	109
Study: 5yr Dam Comprehensive Inspection – BURDEKIN FALLS DAM	The ANCOLD Guidelines on Dam Safety Management (item 5.2.1, ANCOLD, 2003) recommends conducting a Dam Comprehensive Inspection of referable dams every 5 years. This is a mandatory regulatory requirement under the dam safety conditions.	88

Other works	There are 15 other non-routine projects for 2017 ranging from $4,000 to $72,000. Further detail will be tabled at the IAC meeting.	379
Total	Annuity Funded and Non-Annuity Funded	8,053

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

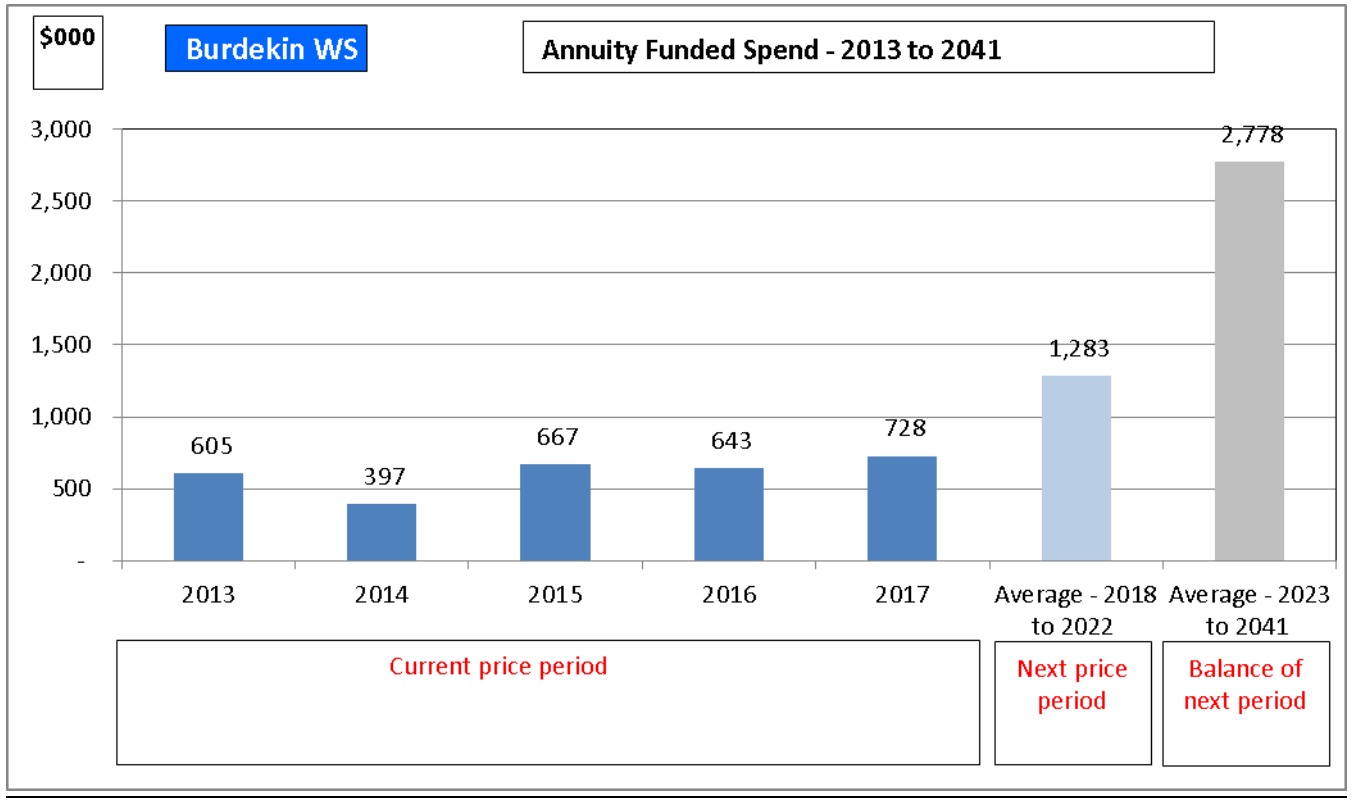
Burdekin WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual $000	Actual $000	Actual $000	Forecast $000	Budget $000	Forecast $000
Annuity							
Opening Balance		4,805	5,108	5,652	5,975	6,372	4,805
Net Spend	See below	(605)	(397)	(667)	(643)	(728)	(3,039)
Annuity Contribution		548	558	567	592	596	2,862
Interest		360	383	423	448	477	2,091
SunWater - Closing Balance		5,108	5,652	5,975	6,372	6,719	6,719
QCA - Closing Balance		5,185	5,897	6,659	7,460	7,220	7,220
Difference		(77)	(245)	(684)	(1,088)	(501)	(501)
Net Spend Analysis							
Spend	5 & 7	(605)	(397)	(696)	(643)	(728)	(3,068)
Insurance Proceeds Receipts							
• Prior Year		-	-	16	-	-	16
• Current Year		-	-	14	-	-	14
Net Spend		(605)	(397)	(667)	(643)	(728)	(3,039)

* 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

Replace hydraulic oil - Hydraulic System - CLARE WEIR

Year: 2018
Current estimate: $705k
Options analysis completed: No

There were two recent collapses of flap gates on the Clare Weir in December 2012 and October 2013. Progressive refurbishment of Clare Weir flap gates, cylinders and associated equipment to improve system reliability is required. Currently, a business case is in progress to develop a long-term operations and maintenance strategy to refurbish the flap gates including replacing seals, refurbishing hydraulic cylinders, repairs to hydraulic circuit as well as replacing the existing PLC and SCADA and replacing hydraulic oil.

Refurbish Hydraulic System and Cylinders - Stage 1 – CLARE WEIR

Year: 2018
Current estimate: $601k
Options analysis completed: No

There were two recent collapses of flap gates on the Clare Weir in December 2012 and October 2013. Progressive refurbishment of Clare Weir Flap Gates, Cylinders and Associated Equipment to improve system reliability is required. Currently, a Business Case is in progress to develop a long-term ops and maintenance strategy to refurbish the flap gates including replacing flap gate seals, refurbishing hydraulic cylinders, repairs to hydraulic circuit, replacing the existing PLC and SCADA, replacing hydraulic oil.

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 2024-41 period.

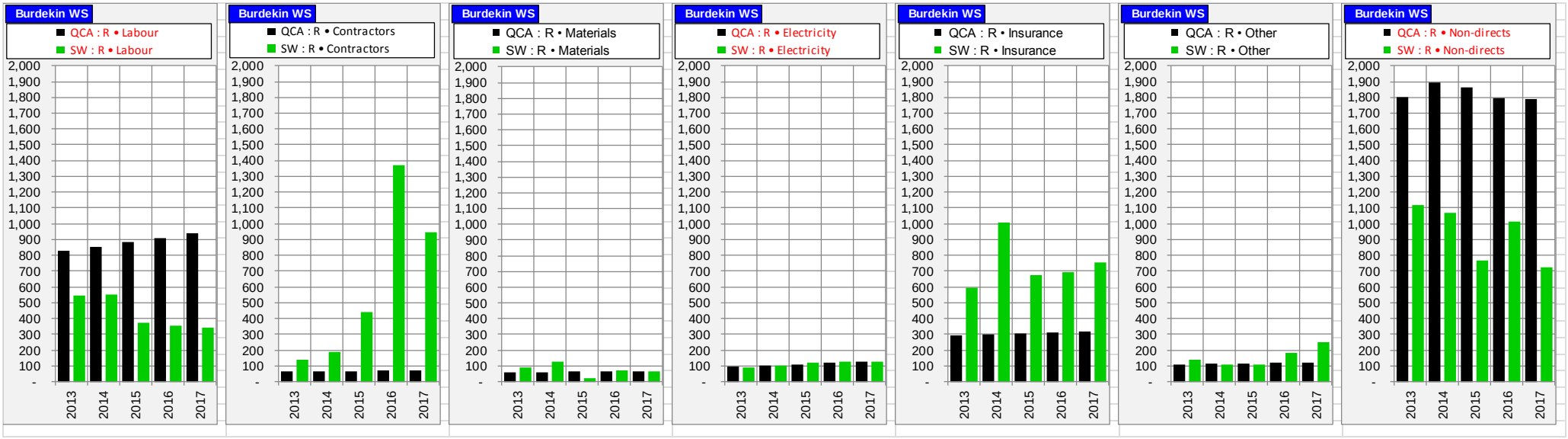
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Burdekin 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	6,185			4,075			4,405			4,433			5,059			24,158		
Routine Spend																		
Operations																		
Labour	435	680	245	432	701	270	258	724	466	275	747	472	261	771	510	1,660	3,623	1,962
Contractors	12	17	6	34	18	(16)	97	19	(79)	877	19	(858)	580	19	(561)	1,600	93	(1,507)
Materials	13	22	8	64	22	(41)	12	23	11	15	24	9	22	24	2	126	114	(12)
Electricity	89	96	6	100	102	2	122	109	(12)	129	118	(11)	129	127	(2)	569	552	(17)
Insurance	592	295	(297)	1,005	300	(705)	677	305	(372)	692	310	(381)	757	315	(442)	3,722	1,525	(2,198)
Other	93	82	(11)	99	83	(16)	104	85	(19)	150	87	(63)	215	89	(126)	661	426	(235)
Non-directs	891	1,484	594	845	1,560	715	538	1,531	993	784	1,480	695	563	1,474	911	3,622	7,530	3,908
	2,125	2,675	550	2,578	2,787	209	1,809	2,796	987	2,922	2,785	(137)	2,527	2,819	292	11,961	13,862	1,901
Preventative Maintenance																		
Labour	45	98	54	53	102	49	107	105	(2)	65	108	43	73	112	39	341	525	183
Contractors	49	34	(15)	88	35	(53)	179	36	(143)	290	37	(253)	230	38	(192)	837	181	(656)
Materials	20	7	(12)	2	8	6	7	8	1	20	8	(12)	20	8	(12)	69	40	(29)
Other	37	7	(30)	7	7	1	6	8	2	25	8	(17)	23	8	(15)	97	38	(60)
Non-directs	91	210	118	95	221	125	206	216	10	175	209	34	139	207	68	707	1,063	356
	242	357	114	245	373	128	505	373	(132)	575	371	(204)	485	373	(112)	2,052	1,847	(205)
Corrective Maintenance																		
Labour	65	51	(14)	67	52	(15)	9	54	45	16	56	40	8	58	49	166	271	105
Contractors	77	11	(67)	66	11	(55)	163	11	(152)	205	12	(193)	135	12	(123)	647	56	(591)
Materials	56	31	(25)	63	32	(31)	2	33	30	35	34	(1)	24	34	10	180	163	(16)
Other	6	21	14	2	21	19	1	22	21	10	23	13	12	23	11	31	109	78
Non-directs	134	110	(24)	128	116	(12)	26	114	88	51	110	59	23	109	86	362	559	197
	338	223	(115)	326	232	(94)	201	234	32	317	234	(84)	203	236	33	1,385	1,158	(227)
Routine - total	2,705	3,254	549	3,149	3,392	243	2,515	3,403	888	3,814	3,389	(425)	3,215	3,429	214	15,398	16,867	1,469
Non-Routine Spend																		
Labour	81	65	(16)	70	36	(35)	110	38	(72)	62	48	(14)	159	225	67	482	412	(70)
Contractors	308	72	(236)	192	46	(147)	345	69	(276)	241	76	(165)	255	255	(0)	1,341	517	(824)
Materials	22	72	49	(0)	37	37	12	28	17	156	41	(115)	5	245	240	194	423	229
Other	8	39	31	7	20	13	8	16	8	14	22	8	19	126	107	56	224	168
Non-directs	185	174	(11)	128	96	(32)	221	95	(126)	170	103	(67)	289	543	254	995	1,012	17
Non-Routine - Total	605	421	(184)	397	234	(163)	696	247	(449)	643	290	(353)	728	1,395	668	3,068	2,587	(481)
Total Regulated Spend	3,310	3,675	365	3,546	3,626	80	3,211	3,650	438	4,457	3,679	(778)	3,942	4,824	882	18,466	19,454	988
Non Annuity Funded Spend	525			4			-			-			7,325			7,854		
Surplus (Deficit)	2,350			525			1,194			(23)			(6,209)			(2,163)		

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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