

SunWater Limited
Level 10, 179 Turbot Street
PO Box 15336 City East
Brisbane Queensland 4002
www.sunwater.com.au
ACN 131 034 985



2016/17 Annual Network Service Plan

Burdekin 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

Burdekin IS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	13,670	18,456	19,859	18,165	18,095
Less - Routine Expenditure	4 & 7	14,508	15,856	16,902	16,406	17,049
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	1,568	1,169	1,138	1,428	1,791
• Non Annuity Funded	5	257	144	1	-	-
Surplus (Deficit)		(2,664)	1,287	1,818	331	(746)

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

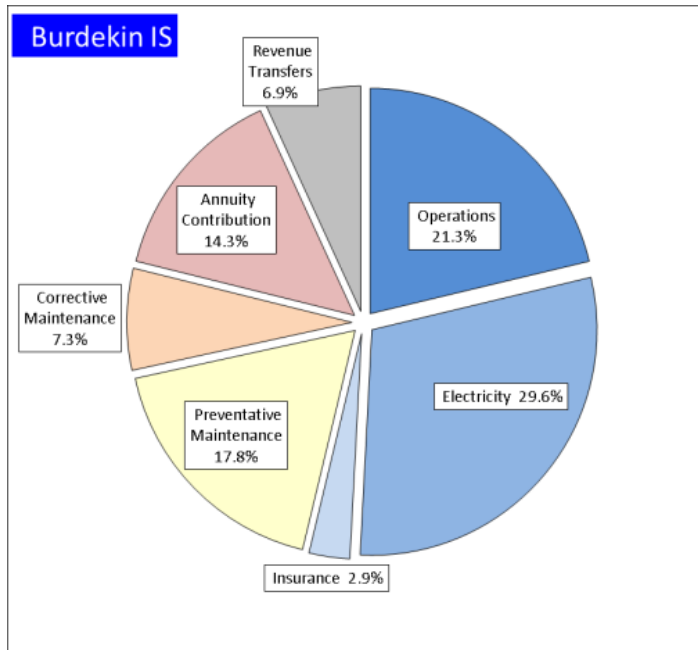


Figure 1 shows a high level summary of scheme costs and provides an indication of where revenue from irrigation water charges is applied. The item “Annuity Contribution” refers to the component of irrigation water charges that is applied towards the renewals annuity each year. The item “Revenue Transfers”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

Table 2: Water Data

	No. of Customers	Water Entitlements
		ML
1. Industrial		550
2. Irrigation		321,374
3. Urban		10,000
4. Other		8
5. SunWater		316,754
Total	288	648,686

QCA Assumed Water Usage

76.3%

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

Revenue

Table 3: Revenue

Burdekin IS	2013	2014	2015	2016	2017
	Actual	Actual	Actual	Forecast	Budget
	\$000	\$000	\$000	\$000	\$000
Irrigation	12,094	15,181	17,306	16,419	16,822
Industrial	62	75	112	62	62
Urban	661	630	708	639	726
Irrigation CSO	3,645	3,015	2,414	1,790	1,212
Revenue Transfers	(3,455)	(1,217)	(1,428)	(1,442)	(1,485)
Drainage	638	660	682	669	730
Other	24	111	30	28	28
Insurance Proceeds - Flood	-	-	35	-	-
Revenue Total	13,670	18,456	19,859	18,165	18,095

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

Burdekin 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	3,869	4,011	141	3,955	4,116	161	4,320	4,200	(119)	4,260	4,232	(28)	4,596	4,223	(374)	109	21,000	20,782	(219)	101
Electricity	4,299	4,579	280	5,809	4,900	(910)	5,992	5,243	(749)	6,087	5,662	(425)	6,391	6,058	(333)	105	28,579	26,442	(2,137)	108
Insurance	562	387	(174)	763	394	(369)	585	401	(184)	598	408	(190)	634	415	(219)	153	3,141	2,005	(1,137)	157
Operations Total	8,730	8,977	247	10,527	9,410	(1,117)	10,896	9,844	(1,053)	10,945	10,302	(643)	11,622	10,696	(926)	109	52,720	49,228	(3,492)	107
Preventative Maintenance	2,724	3,312	588	3,007	3,414	407	3,405	3,505	100	3,653	3,568	(85)	3,853	3,582	(271)	108	16,642	17,381	739	96
Corrective Maintenance	3,054	1,473	(1,582)	2,322	1,517	(805)	2,600	1,555	(1,045)	1,808	1,577	(231)	2,574	1,577	3	100	11,358	7,699	(3,659)	148
Routine Total	14,508	13,762	(746)	15,856	14,341	(1,515)	16,902	14,904	(1,997)	16,406	15,447	(959)	17,049	15,855	(1,194)	108	80,720	74,308	(6,412)	109

The budget routine spend is 8% above the QCA's target for 2017. 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 Clare and utilised in the distribution system.

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;
- 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.

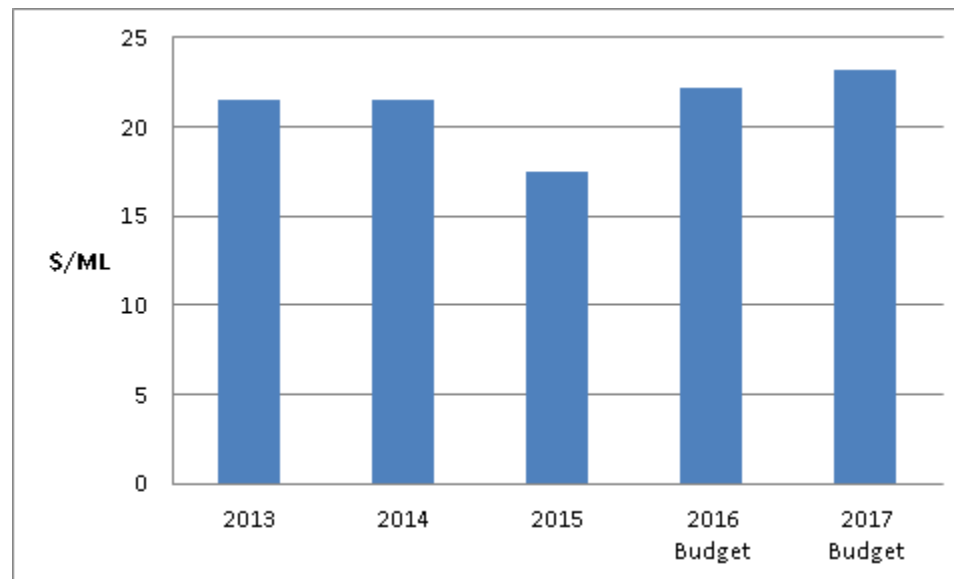
¹ Activities listed will not apply to all service contracts.

The operations budget in 2017 is 9% above the QCA target. 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 103% of the QCA target when the electricity and insurance over-runs are taken into account.

Electricity costs are budgeted 5% 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



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 includes¹:

- 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 the Burdekin is budgeted at three injection periods each financial year which equates to approximately 120-130 cylinders. The price per cylinder when QCA projections were done was \$5,721 (ex gst). The number of cylinders used per year has fluctuated during the price path between 86 and 135. When the QCA undertook the pricing review in 2012 SunWater only budgeted on 2 injection per year or 85 cylinders, so the QCA target allow for only 2 injections cycles. Recent years have been hot and very dry and the lack of run in the Burdekin River has resulted in very clear water in the channels. This combination of climatic conditions has led to more rapid weed growth and is directly related to the increase in the number of chemical treatments required to be applied and the cylinders used per year. Also, during the price path the cost per Acrolein cylinder has increased to \$7,980 (ex gst) which exceeds QCA's projected CPI increases. The price and quantity increase has added over \$500k to SunWater's cost base that is not included in the QCA target. 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 supply to get approvals in place 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.

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;
 - 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.

² Activities listed will not apply to all service contracts.

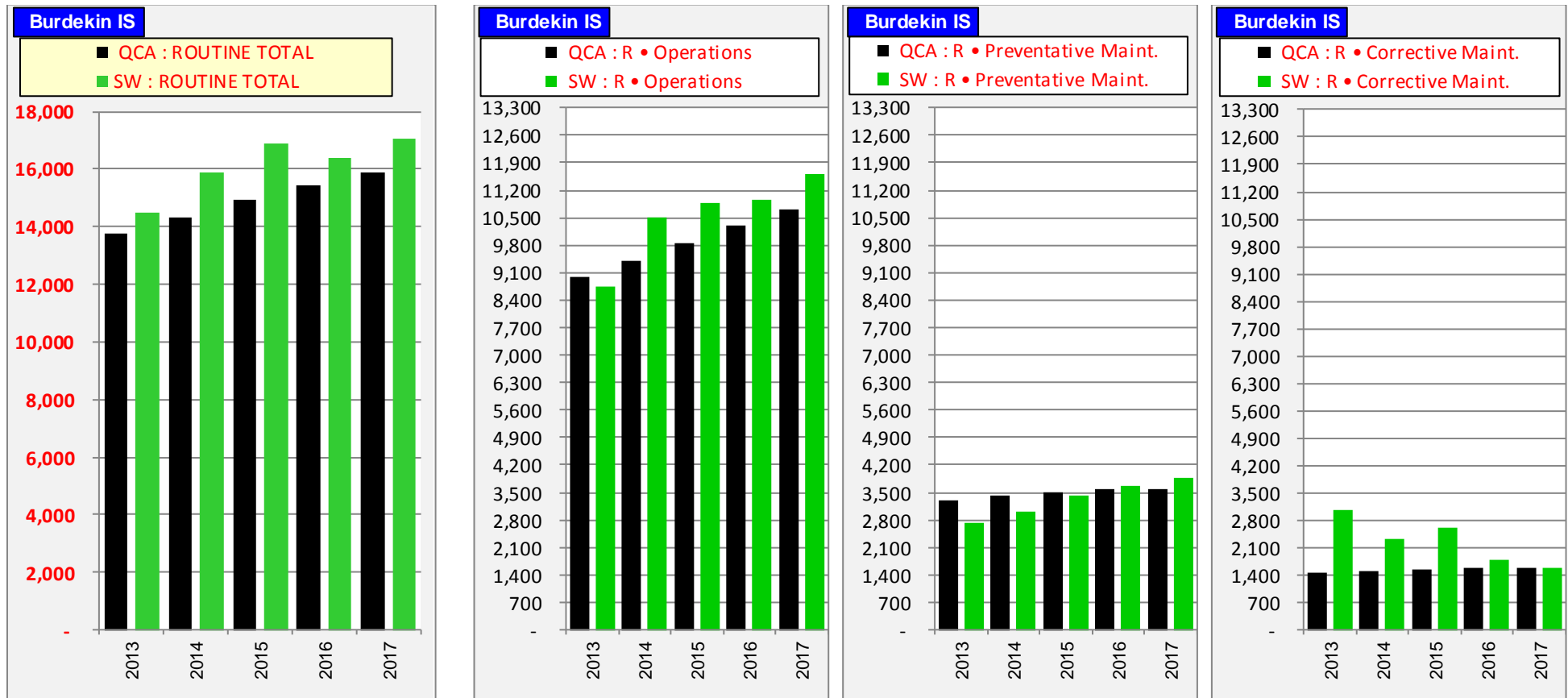
- Meters
 - Repair bulk water meters; and
 - Repair customer meters.
- Emergency corrective maintenance is maintenance that has to be carried out immediately to restore normal operation or supply to customers or to meet regulatory obligations (e.g. rectify a safety hazard) and includes:
 - Repair or 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 in line with the QCA's target for 2017.

Routine Cost – Summary and Charts

In summary the key challenges in managing routine cost lie with reigning in input cost like electricity, Acrolein and insurance. The information in the Table 4 above is re-presented in the charts below to graphically show SunWater’s performance against the QCA targets.

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.

Table 5: Non-Routine Expenditure

Burdekin 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	0	-	(0)	11	-	(11)	7	27	20	-	98	98	-	-	-	-	18	125	106	15
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&E	1,568	1,223	(345)	1,158	769	(389)	1,131	493	(637)	1,428	1,076	(352)	1,791	3,541	1,750	51	7,075	7,102	27	100
Non-routine Total	1,568	1,223	(345)	1,169	769	(400)	1,138	520	(618)	1,428	1,174	(254)	1,791	3,541	1,750	51	7,094	7,226	133	98
Non Annuity Funded																				
	257			144			1			-			-				402			

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)
Install Functional Outlet Works for End of System Flow Stg 2 - GIRU WEIR	Design and construct functional outlet works to ensure end of system flows comply with the minimum stream flow requirements in Section 88 Part (3) of the 2009 Burdekin Basin Resource Operations Plan (ROP).	514
Refurbish Pump Unit 3 Motor - TOM FENWICK PUMPSTATION 2	Refurbish Pump Unit 3 Electric Motor, scheduled refurbishment, works justified by run hours and insulation readings.	81
Replace Flow Meter – CLARE PUMPSTATION	Differential pressure type meter has failed and adjoining pipe work corroded. Meter and pipe work to be replaced with modern equivalent to NMI M10-1 and AS4747.	69
Refurbish Pump Unit Motor 5 (Class A overhaul - bearing replaced, clean, bake) – TOM FENWICK PUMP STATION 4/5	Motor has not been refurbished since installation in 1998. SunWaters whole of life plans set the refurbishment frequency for the motor at 13 years. Run Hours very high. Refurbishment critical for ongoing reliability.	65
Replace meters – MILLAROO IRRIGATION SYSTEM	Conversion of meters in the Millaroo Irrigation System from a Detheridge wheel arrangement to Electromagnetic meter. This will comply with the National Measurement Institute (NMI M10-1) and Australian Standards AS4747.	48
Other works	There are another 62 various works including regulator, valve, and gate refurbishments ranging in price from \$8,000 to \$43,000. Further detail will be tabled at the IAC meeting.	1,013
Total		1,791

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

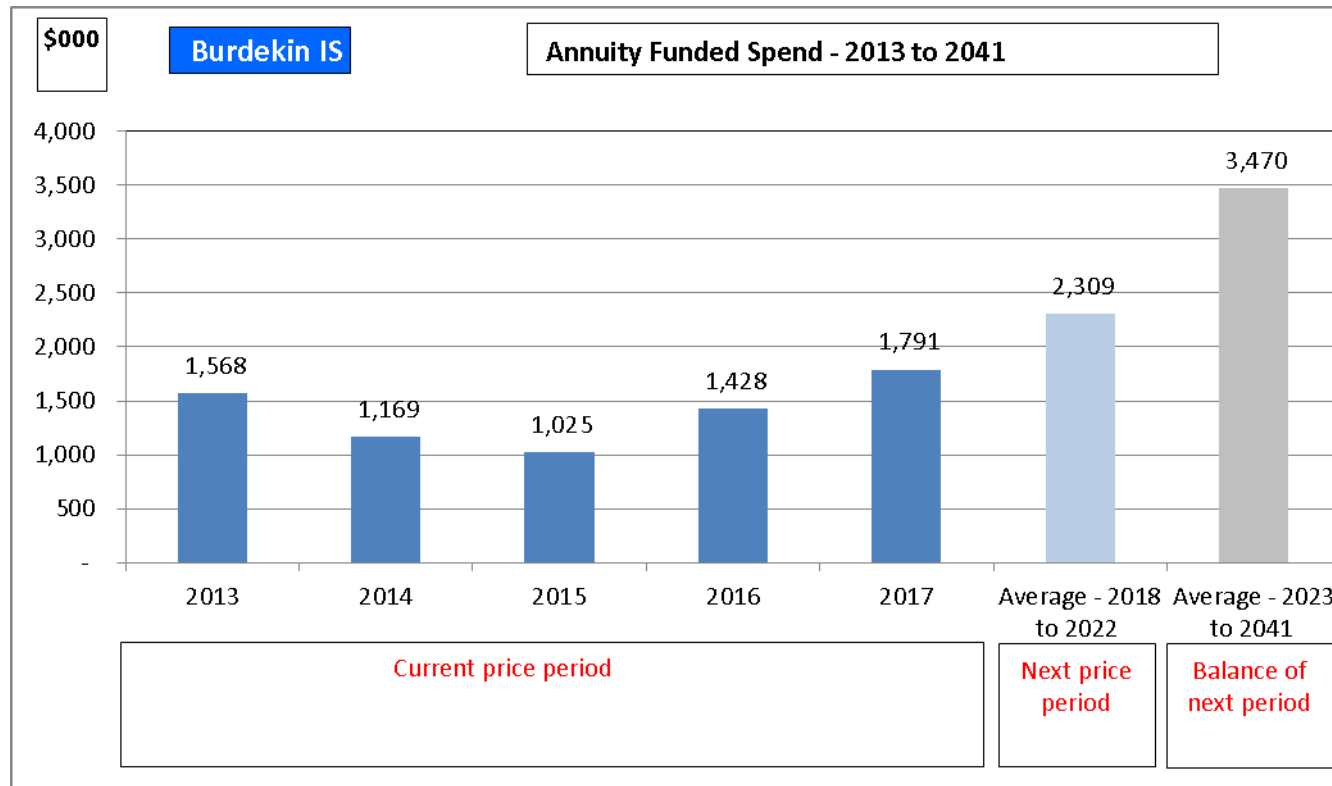
Burdekin IS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance		(5,918)	(5,440)	(4,285)	(2,803)	(1,481)	(5,918)
Net Spend	See below	(1,568)	(1,169)	(1,025)	(1,428)	(1,791)	(6,981)
Annuity Contribution		2,489	2,731	2,829	2,960	3,084	14,093
Interest		(443)	(407)	(321)	(210)	(111)	(1,493)
SunWater - Closing Balance		(5,440)	(4,285)	(2,803)	(1,481)	(299)	(299)
QCA - Closing Balance		(3,682)	(1,996)	164	1,962	1,652	1,652
Difference		(1,758)	(2,290)	(2,967)	(3,443)	(1,951)	(1,951)
Net Spend Analysis							
Spend	5 & 7	(1,568)	(1,169)	(1,138)	(1,428)	(1,791)	(7,094)
Insurance Proceeds Receipts							
• Prior Year		-	-	77	-	-	77
• Current Year		-	-	35	-	-	35
Net Spend		(1,568)	(1,169)	(1,025)	(1,428)	(1,791)	(6,981)

* 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.

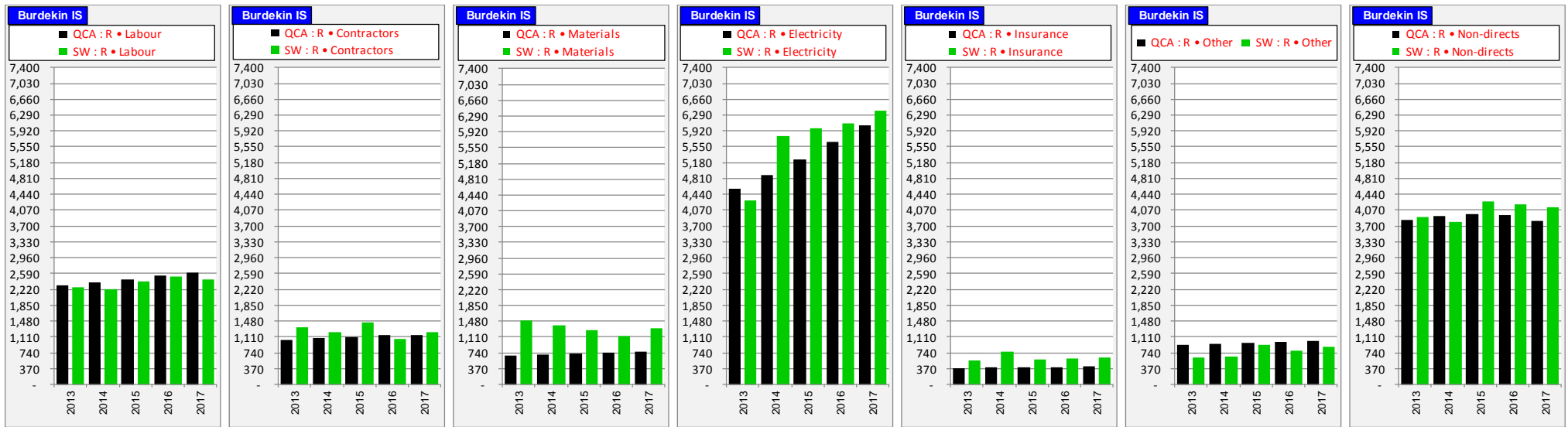
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Burdekin 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	13,670			18,456			19,859			18,165			18,095			88,244		
Routine Spend																		
Operations																		
Labour	1,192	1,269	77	1,173	1,310	137	1,262	1,352	90	1,339	1,395	56	1,421	1,440	19	6,386	6,766	380
Contractors	0	22	21	1	22	21	42	23	(19)	13	24	11	27	24	(3)	83	114	32
Materials	52	22	(31)	167	22	(145)	38	23	(15)	30	24	(6)	40	24	(16)	327	114	(213)
Electricity	4,299	4,579	280	5,809	4,900	(910)	5,992	5,243	(749)	6,087	5,662	(425)	6,391	6,058	(333)	28,579	26,442	(2,137)
Insurance	562	387	(174)	763	394	(369)	585	401	(184)	598	408	(190)	634	415	(219)	3,141	2,005	(1,137)
Other	612	585	(27)	637	596	(41)	775	607	(169)	675	618	(57)	757	628	(129)	3,457	3,034	(423)
Non-directs	2,014	2,113	99	1,977	2,166	189	2,203	2,196	(7)	2,203	2,172	(31)	2,351	2,107	(245)	10,748	10,753	5
	8,730	8,977	247	10,527	9,410	(1,117)	10,896	9,844	(1,053)	10,945	10,302	(643)	11,622	10,696	(926)	52,720	49,228	(3,492)
Preventative Maintenance																		
Labour	513	664	151	511	686	175	558	708	150	715	730	15	612	754	142	2,908	3,542	633
Contractors	612	944	332	829	975	145	837	1,006	169	837	1,038	201	1,052	1,056	3	4,168	5,018	850
Materials	694	447	(247)	756	461	(295)	928	476	(452)	859	491	(368)	1,085	500	(585)	4,323	2,376	(1,947)
Other	2	146	144	4	150	146	50	155	105	15	160	145	15	163	148	86	774	687
Non-directs	903	1,111	208	906	1,142	236	1,032	1,161	129	1,227	1,148	(79)	1,089	1,110	21	5,157	5,672	515
	2,724	3,312	588	3,007	3,414	407	3,405	3,505	100	3,653	3,568	(85)	3,853	3,582	(271)	16,642	17,381	739
Corrective Maintenance																		
Labour	565	374	(191)	544	386	(158)	588	399	(189)	476	411	(65)	422	425	3	2,595	1,995	(600)
Contractors	713	74	(639)	394	76	(318)	561	79	(482)	200	81	(119)	150	83	(67)	2,017	393	(1,624)
Materials	762	215	(547)	452	222	(230)	305	229	(76)	242	237	(5)	200	241	41	1,961	1,144	(817)
Other	11	203	192	12	209	197	109	216	107	103	223	120	103	227	124	338	1,078	740
Non-directs	1,004	606	(397)	920	623	(297)	1,037	632	(405)	787	625	(162)	699	602	(97)	4,447	3,088	(1,358)
	3,054	1,473	(1,582)	2,322	1,517	(805)	2,600	1,555	(1,045)	1,808	1,577	(231)	1,574	1,577	3	11,358	7,699	(3,659)
Routine - total	14,508	13,762	(746)	15,856	14,341	(1,515)	16,902	14,904	(1,997)	16,406	15,447	(959)	17,049	15,855	(1,194)	80,720	74,308	(6,412)
Non-Routine Spend																		
Labour	183	210	27	208	133	(74)	114	90	(24)	134	197	64	172	647	475	810	1,277	467
Contractors	816	209	(606)	459	146	(313)	660	124	(536)	702	295	(407)	916	728	(188)	3,552	1,502	(2,049)
Materials	196	264	68	135	146	11	108	83	(25)	270	203	(67)	347	691	344	1,056	1,387	331
Other	23	117	95	5	80	74	21	49	28	57	107	50	16	371	355	123	724	601
Non-directs	351	422	71	363	264	(98)	235	174	(61)	265	371	106	340	1,104	764	1,553	2,335	782
Non-Routine - Total	1,568	1,223	(345)	1,169	769	(400)	1,138	520	(618)	1,428	1,174	(254)	1,791	3,541	1,750	7,094	7,226	133
Total Regulated Spend	16,076	14,984	(1,092)	17,025	15,110	(1,915)	18,039	15,424	(2,615)	17,833	16,620	(1,213)	18,840	19,396	556	87,814	81,534	(6,280)
Non Annuity Funded Spend	257			144			1			-			-			402		
Surplus (Deficit)	(2,664)			1,287			1,818			331			(746)			27		

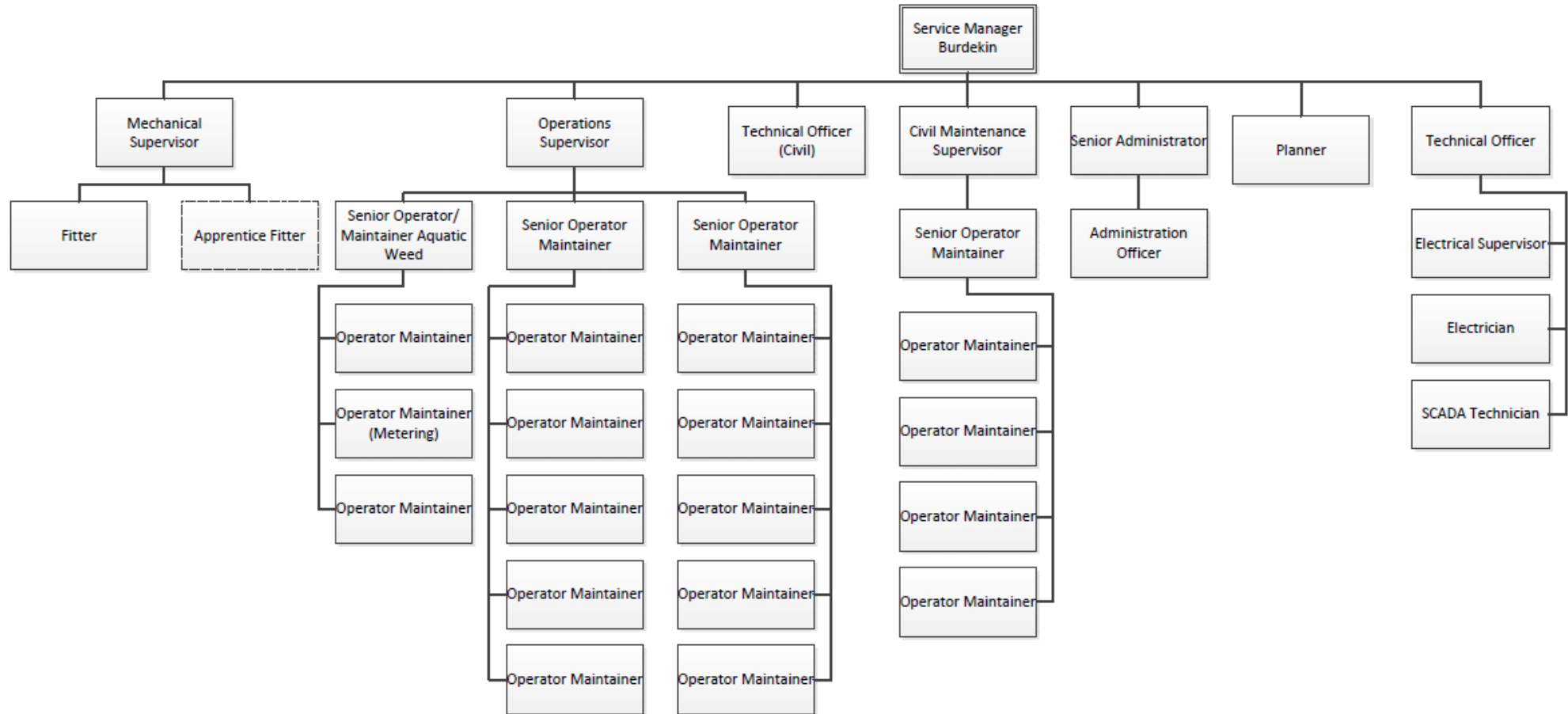
The charts below graphically report routine costs by expense type compared to the QCA target.

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.



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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