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2016/17 Annual Network Service Plan

Callide 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

Callide WS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	1,282	1,169	1,535	2,411	1,282
Less - Routine Expenditure	4 & 7	1,080	1,257	1,008	1,170	1,015
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	530	2,500	1,687	1,897	911
• Non Annuity Funded	5	-	6	4	-	-
Surplus (Deficit)		(329)	(2,594)	(1,164)	(655)	(643)

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

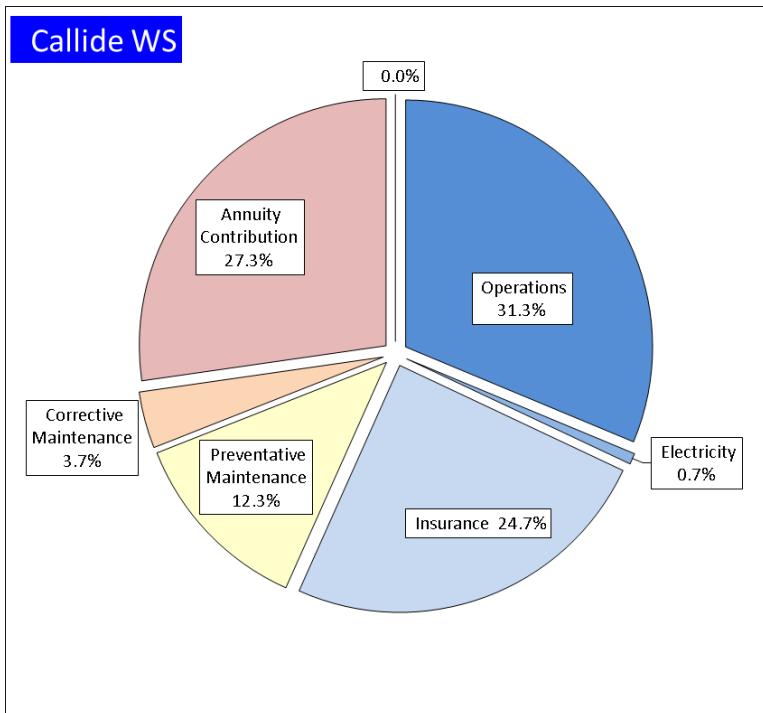


Figure 1: Breakdown of Total Scheme Costs – 2017 Budget

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

Table 2: Water Data

Scheme	Customer Segment	No. of Customers	Water Entitlements (ML)	High Water Priority (ML)	High-A Water Priority (ML)	High-B Water Priority (ML)	Medium Water Priority (ML)	Risk Water Priority (ML)
Callide Valley	1. Industrial		3,772	0	3,084	0	688	0
	2. Irrigation		13,463	0	0	79	12,870	514
	3. Urban		2,207	0	1,220	987	0	0
	5. SunWater		7	0	7	0	0	0
	Total	142	19,449	0	4,311	1,066	13,558	514

QCA Assumed Water Usage

52.0%

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 (Groundwater) 9.8%, Risk Priority (Surface Water) 0.2% and High Priority (Surface Water) 90% 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

Callide WS	2013	2014	2015	2016	2017
	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Irrigation	243	361	288	358	289
Industrial	744	522	797	667	683
Urban	236	259	283	269	306
Irrigation CSO	51	21	-	-	-
Revenue Transfers	-	-	-	-	-
Drainage	-	-	-	-	-
Other	7	6	15	4	4
Insurance Proceeds - Flood	-	-	153	1,114	-
Revenue Total	1,282	1,169	1,535	2,411	1,282

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. There are no revenue transfers in this scheme.

Routine Expenditure

Table 4: Routine Operating Expenditure

Callide 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	499	477	(22)	503	496	(7)	413	498	85	587	494	(93)	436	498	62	88	2,439	2,463	24	99
Electricity	9	7	(2)	12	7	(4)	5	8	3	10	8	(2)	10	9	(1)	114	45	38	(7)	118
Insurance	262	140	(122)	475	143	(332)	307	145	(162)	315	148	(167)	344	150	(194)	229	1,703	727	(976)	234
Operations Total	770	624	(146)	989	646	(344)	725	651	(74)	912	650	(262)	791	657	(133)	120	4,187	3,228	(959)	130
Preventative Maintenance	264	279	15	216	292	76	256	291	35	217	288	72	172	290	118	59	1,125	1,441	316	78
Corrective Maintenance	46	36	(10)	52	38	(14)	27	38	10	42	37	(4)	52	38	(14)	138	218	186	(32)	117
Routine Total	1,080	939	(141)	1,257	975	(282)	1,008	980	(28)	1,170	975	(195)	1,015	985	(29)	103	5,529	4,855	(675)	114

The budget routine spend is 3% above 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.

The operations budget in 2017 is 20% above the QCA target, however this is 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.

¹ Activities listed will not apply to all service contracts.

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 includes²²:

- 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

² Activities listed will not apply to all service contracts.

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 emergency³:

- 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

³ Activities listed will not apply to all service contracts.

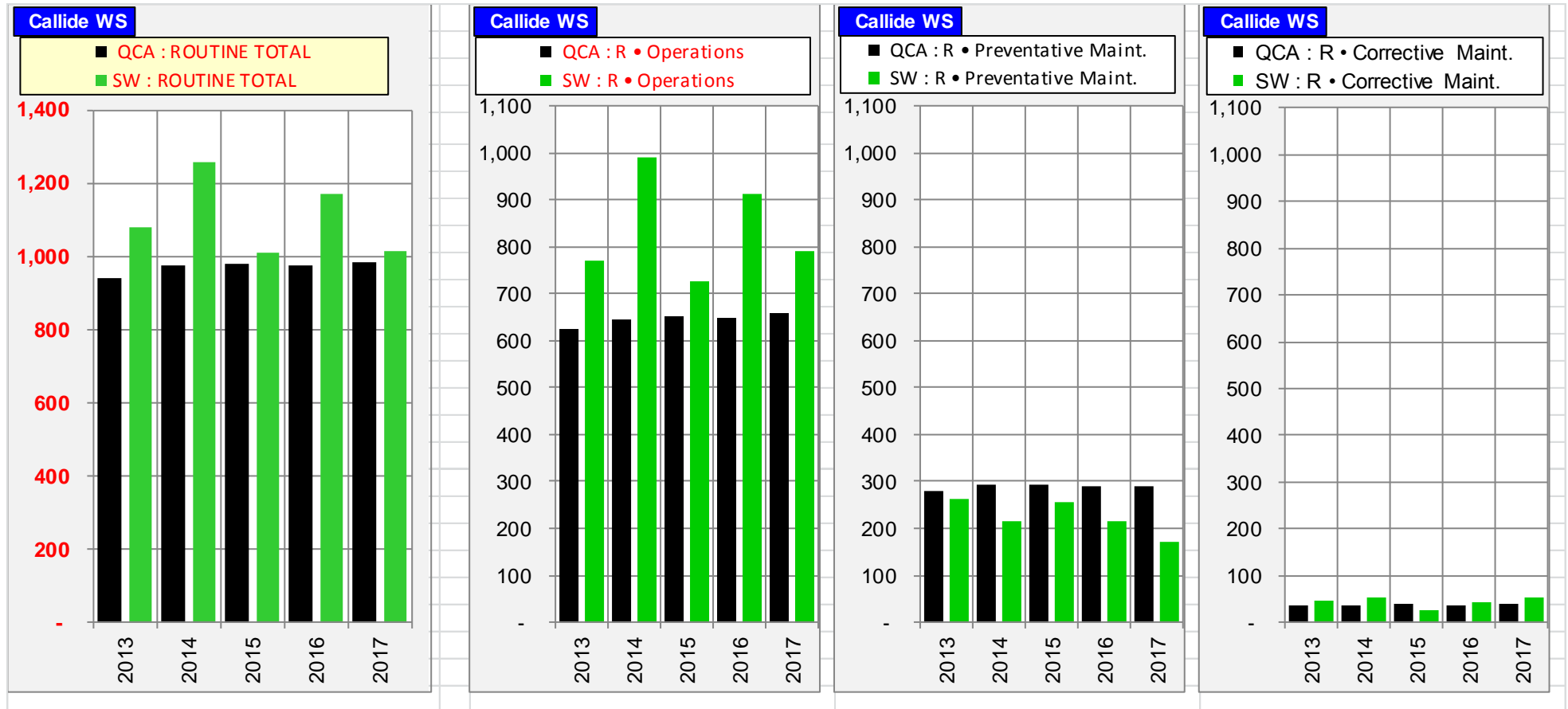
- Repair control building.
- Storages (balancing storages and reservoirs)
 - Repair control gates and valves;
 - Repair walls, embankments and spillways; and
 - Repair concrete structures.
- Meters
 - Repair bulk water meters; and
 - Repair customer meters.
- Emergency corrective maintenance is maintenance 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.

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

Callide 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	-	-	-	168	45	(123)	990	-	(990)	-	-	-	58	-	(58)	-	1,216	45	(1,171)	---
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	437	-	(437)	1,669	-	(1,669)	124	-	(124)	596	-	(596)	-	-	-	-	2,827	-	(2,827)	-
R&E	93	291	198	662	89	(573)	573	386	(188)	1,301	231	(1,070)	853	1,681	828	51	3,482	2,678	(804)	130
Non-routine Total	530	291	(239)	2,500	134	(2,365)	1,687	386	(1,302)	1,897	231	(1,666)	911	1,681	770	54	7,525	2,723	(4,802)	276
Non Annuity Funded	-	-	-	6	-	-	4	-	-	-	-	-	-	-	-	-	10	-	-	-

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)
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 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.	150
Refurbish Fencing, Gates & Grids - CALLIDE DIVERSION CHANNEL	This is a continuing project. The detailed scope, strategy and cost estimate of the fencing replacement is still to be developed in 2016FY. The current condition is in fair to poor, so this project is to undertake fencing refurbishment/replacement of section of the 26kms of fencing.	116
Replace all bearings on the movable weir's sheaves for all 6 gates with stainless steel bearings. – CALLIDE DAM	During the 2015 Callide Dam Five Yearly Comprehensive Inspection, the variable float control weir on radial gate 6 was identified to be higher than the weirs of radial gates 1, 2, and 5. Further inspection was undertaken, and an issue with corrosion of bearings was identified. All bearings for radial gate 6 were replaced with non stainless steel bearings as a short term corrective action due to unavailability of stainless steel bearings. This project is to replace all bearings installed at the movable weir's sheaves for all 6 radial gates with stainless steel bearings.	49
Engage electrician to mark up drawing, complete and then update the electrical drawings – CALLIDE DAM	During the 2015 electrical condition assessment undertaken as part of the 2015 Callide Dam Five Yearly Comprehensive Inspection, it was revealed that some electrical drawings for Callide Dam were not up to date. This project is to review all electrical drawing for Callide Dam and engage an electrician to undertake site confirmation of each drawing.	44
To address high WHS Risk - Replace Switchboard - Main Valve House Assess, Scope, Design Procure – CALLIDE DAM	Undertaking maintenance in this switchboard cabinet has it is a high WH&S risk. Furthermore the switchboard has reached end of life. This project is to assess, do option analysis, prepare a scope of work, design and procure a new switchboard. The new switchboard must also eliminate the current WH&S risk.	43
Other works	There are 27 other non-routine projects for 2017 ranging from \$5,000 to \$39,000. Further detail was tabled at the IAC meeting.	508
Total		911

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

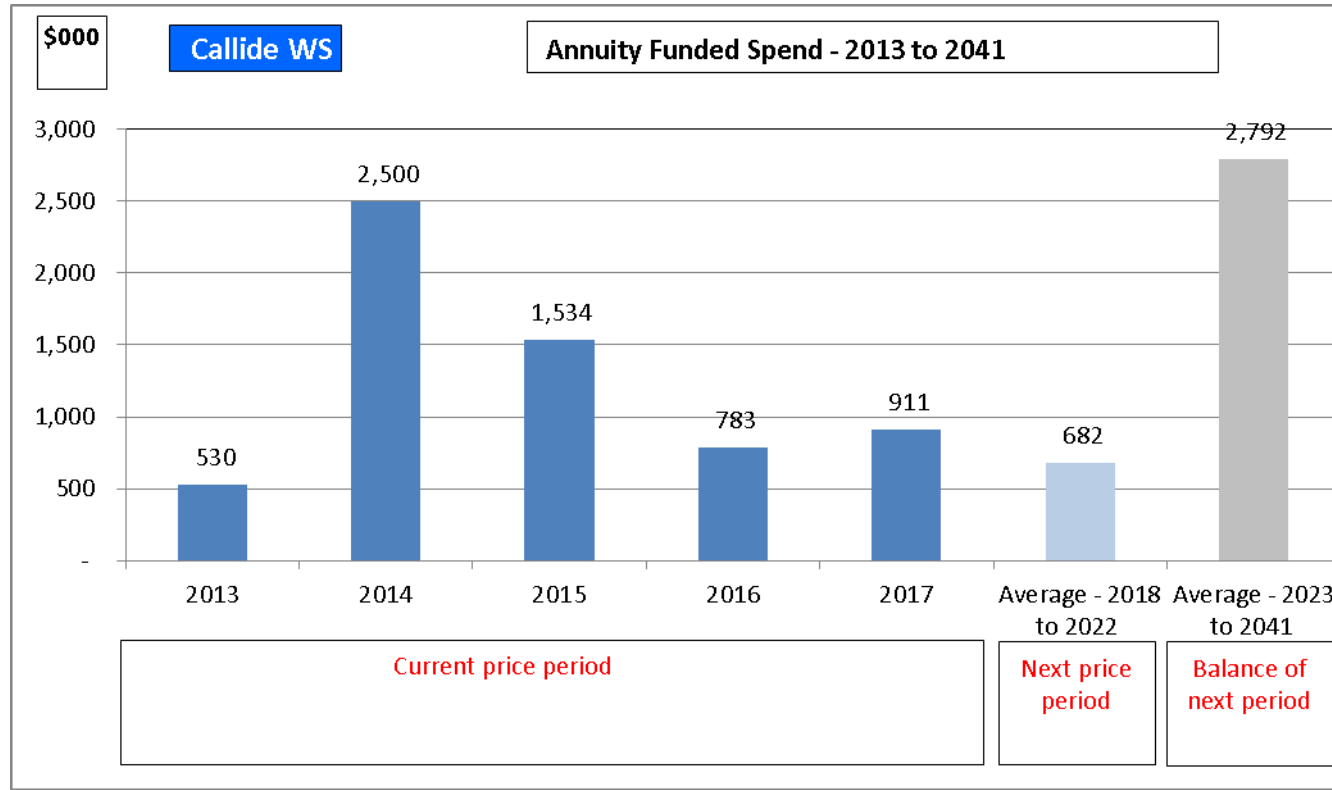
Callide WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance		(658)	(867)	(3,061)	(4,455)	(5,198)	(658)
Net Spend	See below	(530)	(2,500)	(1,534)	(783)	(911)	(6,258)
Annuity Contribution		371	370	370	374	380	1,866
Interest		(49)	(65)	(229)	(334)	(389)	(1,067)
SunWater - Closing Balance		(867)	(3,061)	(4,455)	(5,198)	(6,117)	(6,117)
QCA - Closing Balance		(221)	(2)	(17)	125	(1,167)	(1,167)
Difference		(646)	(3,060)	(4,438)	(5,322)	(4,951)	(4,951)
Net Spend Analysis							
Spend	5 & 7	(530)	(2,500)	(1,687)	(1,897)	(911)	(7,525)
Insurance Proceeds Receipts							
• Prior Year		-	-	-	-	-	-
• Current Year		-	-	153	1,114	-	1,267
Net Spend		(530)	(2,500)	(1,534)	(783)	(911)	(6,258)

* 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

Study 20yr Dam Safety Review (by 1 May 2019) – CALLIDE DAM

Year: 2018

Current estimate: \$354k

Options analysis completed: No

Material Projects 2019-23

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

Replace Cables & Cableways - Procure, Installation, Commissioning – CALLIDE DAM

Year: 2020

Current estimate: \$699k

Options analysis completed: No

The estimated end of life of these assets is 2027. Cables and cableways will be condition assessed through an ongoing program of electrical testing to monitor ageing and deterioration to better determine replacement timelines. An option analysis will be carried out prior to the replacement of cable and cableways based on time based replacement/renewal strategy. Options are limited to maintaining assets in service for as long as possible and then replacing on a like for like basis or using alternative distribution methods such as overhead, if this is possible or practical.

Material Projects 2024-41

Replace/Refurbish: Grout Anchors, Drains, Concrete (Construction Part 1) – CALLIDE DAM

Year: 2032

Current estimate: \$16.773M

Options analysis completed: No

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

Year: 2033

Current estimate: \$17.364M

Options analysis completed: No

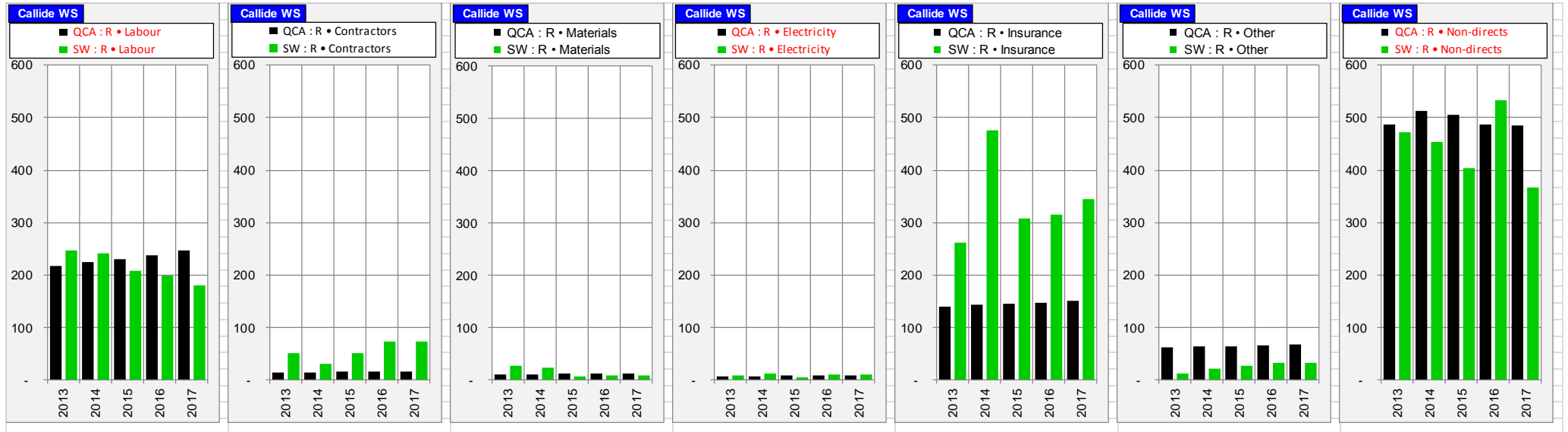
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Callide 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	1,282			1,169			1,535			2,411			1,282			7,679		
Routine Spend																		
Operations																		
Labour	159	124	(35)	162	128	(34)	122	132	11	139	137	(3)	118	141	23	700	663	(37)
Contractors	15	6	(9)	8	6	(1)	29	7	(23)	39	7	(32)	39	7	(32)	130	33	(97)
Materials	9	2	(7)	1	2	0	1	2	0	1	2	0	1	2	0	14	8	(6)
Electricity	9	7	(2)	12	7	(4)	5	8	3	10	8	(2)	10	9	(1)	45	38	(7)
Insurance	262	140	(122)	475	143	(332)	307	145	(162)	315	148	(167)	344	150	(194)	1,703	727	(976)
Other	12	57	45	17	58	41	17	59	42	21	60	39	21	61	40	89	295	207
Non-directs	304	288	(17)	314	301	(13)	244	298	55	386	289	(98)	257	288	31	1,506	1,464	(42)
	770	624	(146)	989	646	(344)	725	651	(74)	912	650	(262)	791	657	(133)	4,187	3,228	(959)
Preventative Maintenance																		
Labour	85	83	(2)	73	85	13	82	88	6	50	91	41	46	94	47	337	441	104
Contractors	6	7	1	6	7	2	8	8	(0)	31	8	(24)	31	8	(23)	82	38	(44)
Materials	12	7	(5)	7	7	0	5	8	2	1	8	7	1	8	7	26	38	11
Other	(0)	3	4	2	4	1	8	4	(4)	10	4	(7)	10	4	(7)	31	18	(13)
Non-directs	162	179	17	127	188	61	153	184	32	124	178	54	83	177	94	649	906	257
	264	279	15	216	292	76	256	291	35	217	288	72	172	290	118	1,125	1,441	316
Corrective Maintenance																		
Labour	3	10	7	6	10	4	4	10	7	10	11	1	16	11	(5)	38	52	14
Contractors	30	1	(29)	17	1	(16)	14	1	(13)	3	1	(2)	3	1	(2)	67	5	(62)
Materials	6	2	(4)	15	2	(12)	0	2	2	5	2	(3)	5	2	(3)	31	11	(20)
Other	0	2	2	2	2	0	2	2	(0)	0	2	2	0	2	2	5	10	5
Non-directs	6	21	15	13	22	10	7	22	15	24	21	(2)	28	21	(7)	77	107	31
	46	36	(10)	52	38	(14)	27	38	10	42	37	(4)	52	38	(14)	218	186	(32)
Routine - total	1,080	939	(141)	1,257	975	(282)	1,008	980	(28)	1,170	975	(195)	1,015	985	(29)	5,529	4,855	(675)
Non-Routine Spend																		
Labour	135	44	(91)	286	25	(261)	335	63	(272)	210	20	(189)	87	127	40	1,052	279	(773)
Contractors	94	71	(23)	1,227	32	(1,195)	224	39	(186)	894	19	(875)	560	1,060	500	2,999	1,221	(1,778)
Materials	33	42	9	30	15	(15)	18	88	70	204	19	(185)	74	128	54	358	291	(67)
Other	43	21	(22)	345	1	(344)	463	12	(451)	23	11	(12)	7	68	61	880	112	(768)
Non-directs	227	114	(112)	612	61	(551)	648	185	(463)	565	161	(404)	183	299	115	2,236	820	(1,416)
Non-Routine - Total	530	291	(239)	2,500	134	(2,365)	1,687	386	(1,302)	1,897	231	(1,666)	911	1,681	770	7,525	2,723	(4,802)
Total Regulated Spend	1,610	1,230	(380)	3,756	1,109	(2,647)	2,695	1,366	(1,330)	3,067	1,206	(1,860)	1,925	2,666	741	13,054	7,578	(5,476)
Non Annuity Funded Spend	-			6			4			-			-			10		
Surplus (Deficit)	(329)			(2,594)			(1,164)			(655)			(643)			(5,385)		

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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