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2016/17 Annual Network Service Plan

Eton 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

Eton WS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	1,496	18,096	3,263	1,592	1,967
Less - Routine Expenditure	4 & 7	1,492	1,632	1,395	1,749	1,603
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	259	58	81	586	1,032
• Non Annuity Funded	5	4,055	9,606	2,023	-	-
Surplus (Deficit)		(4,310)	6,799	(235)	(743)	(668)

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

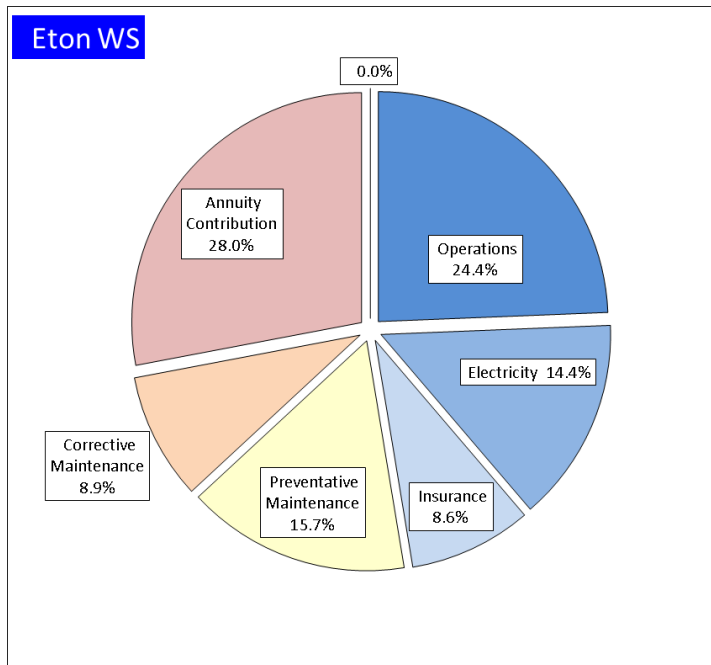


Figure 1 shows a high level summary of total scheme lower bound costs. These costs are apportioned to water entitlements in accordance with the methodology adopted by the QCA in their 2012 review of irrigation charges. The item “Annuity Contribution” refers to the annualised renewals annuity component 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)	Risk Water Priority (ML)
Eton	1. Industrial		100	0	0	100	0
	2. Irrigation		52,773	0	0	52,269	504
	3. Urban		176	0	0	176	0
	4. Other		125	0	0	125	0
	5. SunWater		9,389	0	3,089	6,300	0
	Total		331	62,563	0	3,089	58,970

QCA Assumed Water Usage

53.5%

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 High B Priority 79% and High A 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.

Table 3: Revenue

Eton WS	2013	2014	2015	2016	2017
	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Irrigation	7	29	(390)	23	360
Industrial	-	2	1	1	-
Urban	41	2	0	0	0
Irrigation CSO	-	-	-	-	-
Revenue Transfers	1,404	1,194	1,510	1,566	1,605
Drainage	-	-	-	-	-
Other	44	16,869	2,108	2	2
Insurance Proceeds - Flood	-	-	35	-	-
Revenue Total	1,496	18,096	3,263	1,592	1,967

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

Eton 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	579	462	(117)	501	481	(20)	579	485	(94)	625	482	(143)	542	483	(59)	112	2,826	2,394	(432)	118
Electricity	261	231	(30)	417	247	(170)	307	264	(43)	248	285	37	320	305	(15)	105	1,553	1,332	(221)	117
Insurance	198	78	(120)	307	79	(228)	172	81	(91)	176	82	(94)	193	84	(109)	230	1,045	404	(641)	259
Operations Total	1,038	771	(267)	1,225	808	(418)	1,058	829	(228)	1,049	849	(199)	1,055	872	(183)	121	5,425	4,130	(1,295)	131
Preventative Maintenance	310	438	128	310	456	146	253	459	206	460	459	(2)	350	463	113	76	1,683	2,274	591	74
Corrective Maintenance	144	304	160	98	317	219	84	320	235	240	321	81	198	324	126	61	764	1,585	821	48
Routine Total	1,492	1,513	21	1,632	1,580	(52)	1,395	1,608	213	1,749	1,629	(120)	1,603	1,659	56	97	7,871	7,989	118	99

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 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)
- 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 21% above the QCA target, however this is largely due to the increases in insurance costs and electricity being higher than allowed for by the QCA. Increased premiums followed flood events that have occurred in the past few years in Queensland.

¹ Activities listed will not apply to all service contracts.

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 may 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. 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 increase in Operations can be explained by higher surveillance and routine monitoring. The surveillance activities have been identified as a critical component of dam safety risk mitigation and compliance.

Changes to Flood Operations

The Inspector General Emergency Management (IGEM) undertook a review into the TC Marcia floods in the Callide Valley. This review found that SunWater had adequately undertaken its role in accordance with the established emergency action plans (EAPs). However the review also recommended that SunWater should notify the community about emerging dam spill events sooner. Later in 2015 IGEM undertook a second, related review into warnings provided by SEQWater and SunWater and noted that

“the public expects notifications and warnings will be disseminated as soon as possible when known by dam owners. They also expect messages will include timings to guide their actions, will convey the urgency of the developing situation, that regular updates will be provided and when the next update can be expected”.

SunWater has evaluated the activities and costs necessary to implement the IGEM recommendations for all its storages. SunWater has completed a plan and begun to implement the emergency management improvement program. These costs have not been included in scheme budgets in 2017 as SunWater intends consult further with its customers and other stakeholders about the program as part of the 2018 NSP consultation process.

Preventive Maintenance

Preventive maintenance is maintaining the ongoing operational performance and service capacity of physical assets to the required standard. Preventive maintenance is cyclical in nature with a typical interval of 12 months or less. Preventive maintenance activities are based on the updated work instructions developed for operating the scheme and include an estimate of the resources required to implement that scope of work. Preventive maintenance includes²:

- Condition monitoring – the inspection, testing or measurement of physical assets to report and record its condition and performance for determination of maintenance requirements. Condition monitoring is carried out on electrical, mechanical and civil assets including pump stations (pumps, electrical motors, valves, switchboards and associated equipment), channels (regulator gates, civil works, signs, structures, etc.), drains (civil works, structures etc.), pipelines (valves, air valves, scours easements etc.), and other infrastructure;
- Servicing – planned maintenance activities normally expected to be carried out routinely on physical assets including valves, cranes, sump pumps and associated equipment; and
- Weed control – which includes the following activities:
 - Slashing channels and drains;
 - Acrolein treatment of channels;
 - Copper Sulphate treatment; and

- Spraying and other activities to control operational and noxious weeds within 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

² Activities listed will not apply to all service contracts.

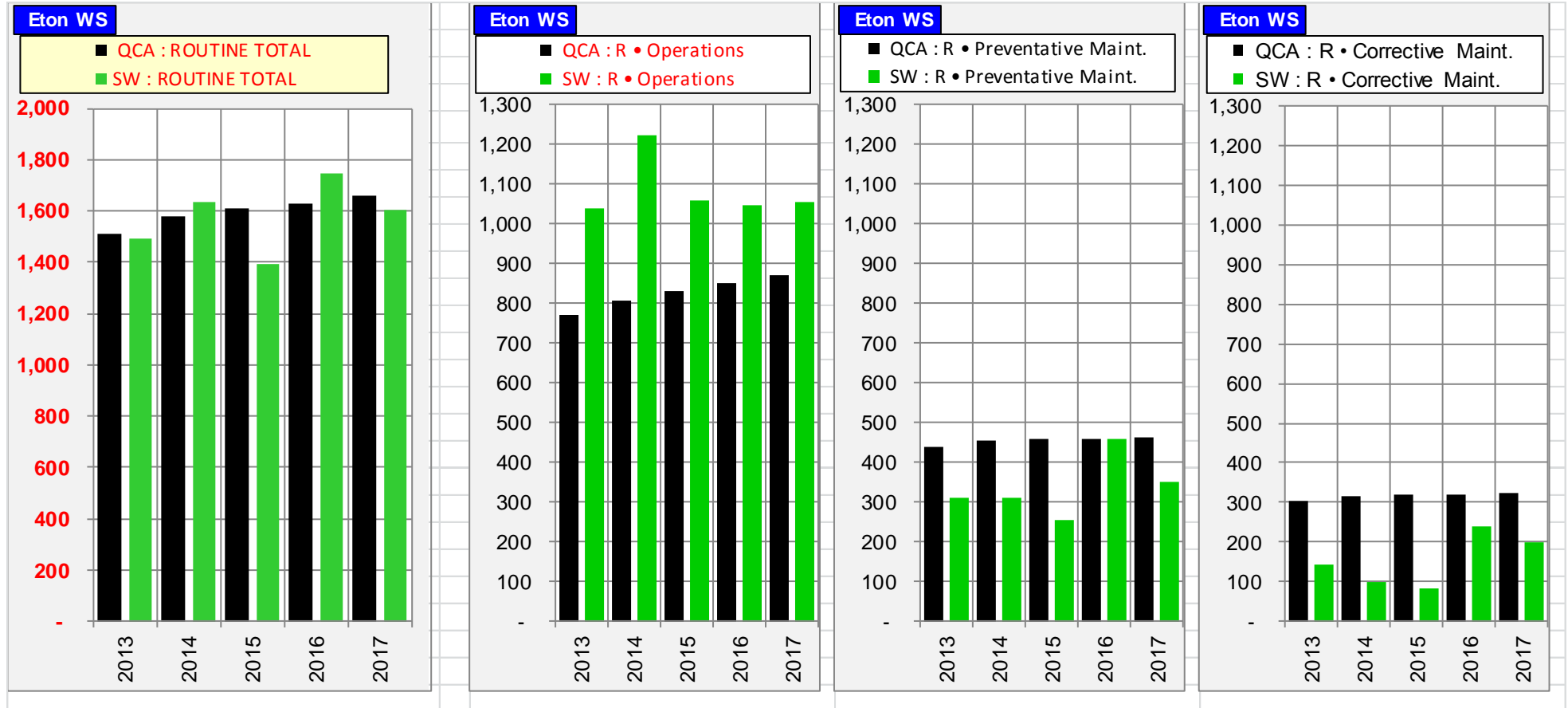
- Repair, replace and paint guide posts and signs.
- Pump stations
 - Repair pumps and motors;
 - De-silt intake structures;
 - Repair concrete structure; and
 - Repair control building.
- Storages (balancing storages and reservoirs)
 - Repair control gates and valves;
 - Repair walls, embankments and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

Table 5: Non-Routine Expenditure

Eton 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	-	-	-	-	-	-	16	17	1	-	7	7	31	-	(31)	-	47	24	(23)	194
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	(1)	-	1	6	-	(6)	-	-	-	-	-	-	-	-	-	-	6	-	(6)	-
R&E	259	201	(58)	52	75	23	65	394	329	586	577	(10)	1,002	568	(434)	176	1,964	1,814	(150)	108
Non-routine Total	259	201	(58)	58	75	16	81	411	330	586	584	(2)	1,032	568	(465)	182	2,016	1,838	(178)	110
Non Annuity Funded	<u>4,055</u>			<u>9,606</u>			<u>2,023</u>			<u>-</u>			<u>-</u>				<u>15,684</u>			

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)
Prepare design and tender pack for switchboard, Programmable Logic Control (PLC), SCADA and common control – MIRANI PUMP STATION 3	This project is to replace the PLC and SCADA at Mirani Pump Station 3. An options study is planned for 2016 to determine if replacement is required or whether there are better options. The options analysis would consider replacement of wiring, motor starting and control wiring, and full replacement of switchboard, motor starter, control wiring, PLC and SCADA. It will also explore 'do nothing' option. The design and tender pack is planned for 2017 and site works is planned in 2018.	308
Study: 20yr Dam Safety Review – KINCHANT DAM	This project is initiated to meet the regulatory requirement. The purpose of the project to carry out 20 year dam safety review in accordance with Dam Safety Management Guidelines 2012. The scope includes review of foundations, main wall, spillway, outlet works, associated equipment and monitoring system.	285
Design, prepare tender pack and replace switchboard, Programmable Logic Control (PLC), SCADA and common control - MIRANI PUMP STATION 1	The project scope includes the design and replacement of switchboard, PLC, SCADA and common control at Mirani Pumpstation 1 with modern equivalent and compatible items. An options study is being completed in 2015 to determine if replacement is required or whether better options are available.	283
Decommission sewage treatment plant – KINCHANT DAM WASTE WATER	The purpose of this project is to prepare documents to formally apply to DEHP to decommission this plant and carry out any remedial works if directed by DEHP. The sewage treatment plant is no longer used and is a public safety hazard. This project is to decommission it.	37
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.	25
Other works	There are 10 other non-routine projects for 2017 ranging from \$5,000 to \$20,000. Further detail was tabled at the IAC meeting.	93
Total		1,032

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

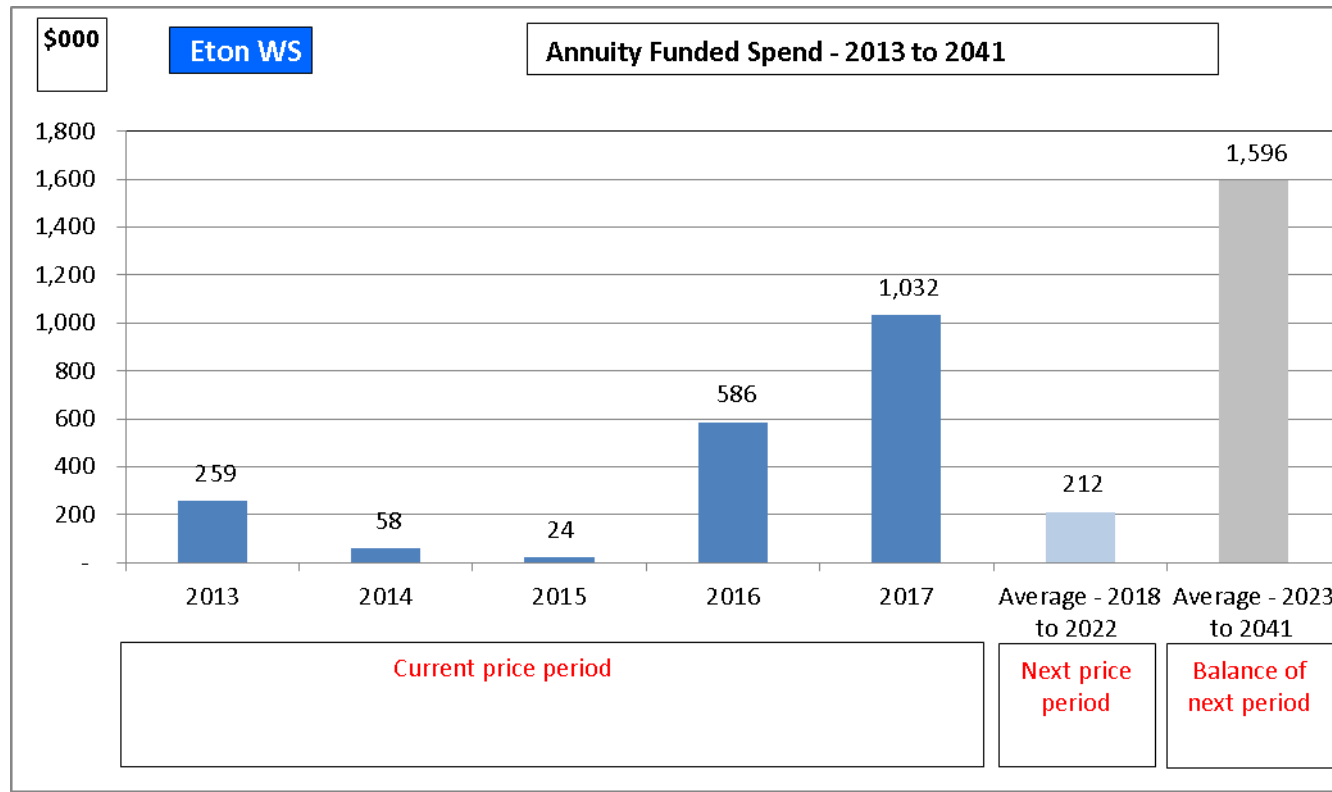
Eton WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance	See below	(2,207)	(2,071)	(1,717)	(1,296)	(1,392)	(2,207)
Net Spend		(259)	(58)	(24)	(586)	(1,032)	(1,959)
Annuity Contribution		560	568	573	587	623	2,910
Interest		(165)	(155)	(129)	(97)	(104)	(650)
SunWater - Closing Balance		(2,071)	(1,717)	(1,296)	(1,392)	(1,906)	(1,906)
QCA - Closing Balance	(1,582)	(1,207)	(1,135)	(1,218)	(1,253)	(1,253)	
Difference	(489)	(509)	(160)	(175)	(652)	(652)	
Net Spend Analysis							
Spend	5 & 7	(259)	(58)	(81)	(586)	(1,032)	(2,016)
Insurance Proceeds Receipts							
• Prior Year		-	-	22	-	-	22
• Current Year		-	-	35	-	-	35
Net Spend		(259)	(58)	(24)	(586)	(1,032)	(1,959)

* 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 – KINCHANT DAM

Year: 2017

Current estimate: \$285k

Options analysis completed: No

This project is initiated to meet the regulatory requirement. The purpose of the project to carry out 20 year dam safety review in accordance with Dam Safety Management Guidelines 2012. The scope includes review of foundations, main wall, spillway, outlet works, associated equipment and monitoring system.

Prepare design and tender pack for switchboard, Programmable Logic Control (PLC), SCADA and common control – MIRANI PUMP STATION 3

Year: 2017

Current estimate: \$308k

Options analysis completed: No

This project is to replace the PLC and SCADA at Mirani Pump Station 3. An options study is planned for 2016 to determine if replacement is required or whether there are better options. The options analysis would consider replacement of wiring, motor starting and control wiring, and full replacement of switchboard, motor starter, control wiring, PLC and SCADA. It will also explore 'do nothing' option. The design and tender pack is planned for 2017 and site works is planned in 2018.

Design, prepare tender pack and replace switchboard, Programmable Logic Control (PLC), SCADA and common control - MIRANI PUMP STATION 1

Year: 2017

Current estimate: \$283k

Options analysis completed: No

The project scope includes the design and replacement of switchboard, PLC, SCADA and common control at Mirani Pumpstation 1 with modern equivalent and compatible items. An options study is being completed in 2015 to determine if replacement is required or whether better options are available.

Replace switchboard, PLC, SCADA and common control Mirani PSTN3

Year: 2018

Current estimate: \$224k

Options analysis completed: No

Investigate, design and build a reverse filter wick drain on the right side of sandy creek – KINCHANT DAM

Year: 2018

Current estimate: \$374k

Options analysis completed: No

The project is planned to address the recurrence of mud boils in sandy creek which is an indication of foundation pressures which could affect the long term stability of the embankment and therefore the safety of the dam. The 2015 Comprehensive Risk Assessment for Kinchant Dam assessed the risk of piping failure of the dam initiated by these mud boils as being acceptable however if not addressed in the short term may develop and advance. An options analysis have been carried out and it was recommended that a further investigation and detailed design and cost estimation be prepared.

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.

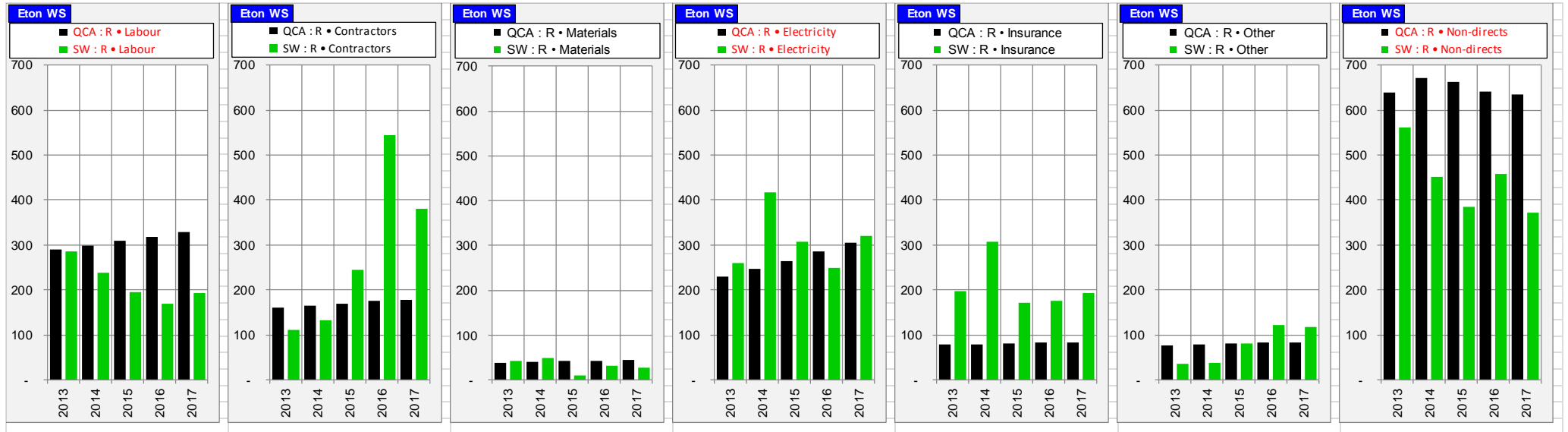
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Eton 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	1,496			18,096			3,263			1,592			1,967			26,414		
Routine Spend																		
Operations																		
Labour	174	125	(49)	148	129	(20)	134	133	(2)	115	137	22	133	141	8	705	665	(40)
Contractors	28	23	(5)	28	24	(4)	95	25	(71)	120	25	(95)	76	26	(50)	347	123	(225)
Materials	6	6	(1)	8	6	(2)	7	6	(1)	10	6	(4)	10	6	(4)	41	30	(11)
Electricity	261	231	(30)	417	247	(170)	307	264	(43)	248	285	37	320	305	(15)	1,553	1,332	(221)
Insurance	198	78	(120)	307	79	(228)	172	81	(91)	176	82	(94)	193	84	(109)	1,045	404	(641)
Other	30	28	(2)	37	29	(8)	76	29	(47)	80	30	(50)	75	30	(45)	298	146	(152)
Non-directs	341	281	(60)	281	294	13	266	292	26	299	284	(16)	248	280	31	1,435	1,430	(5)
	1,038	771	(267)	1,225	808	(418)	1,058	829	(228)	1,049	849	(199)	1,055	872	(183)	5,425	4,130	(1,295)
Preventative Maintenance																		
Labour	79	103	23	69	106	37	55	109	54	50	113	63	57	116	59	311	547	236
Contractors	64	95	30	87	98	11	86	101	15	245	104	(141)	154	106	(48)	636	504	(132)
Materials	10	8	(2)	22	8	(14)	2	9	7	6	9	3	7	9	2	47	44	(4)
Other	2	10	8	1	11	10	3	11	8	24	11	(13)	23	11	(12)	53	54	1
Non-directs	154	222	67	130	233	103	107	229	122	135	221	86	109	220	111	635	1,125	490
	310	438	128	310	456	146	253	459	206	460	459	(2)	350	463	113	1,683	2,274	591
Corrective Maintenance																		
Labour	33	63	29	21	65	44	5	67	61	5	69	64	3	71	68	67	333	266
Contractors	18	42	24	18	43	25	65	45	(20)	180	46	(134)	150	47	(103)	430	223	(207)
Materials	26	25	(1)	18	26	8	0	27	26	15	27	12	10	28	18	69	133	64
Other	2	37	35	1	39	38	1	40	39	17	41	24	20	42	22	41	199	158
Non-directs	65	137	72	40	144	104	13	142	129	23	137	114	15	136	121	156	697	540
	144	304	160	98	317	219	84	320	235	240	321	81	198	324	126	764	1,585	821
Routine - total	1,492	1,513	21	1,632	1,580	(52)	1,395	1,608	213	1,749	1,629	(120)	1,603	1,659	56	7,871	7,989	118
Non-Routine Spend																		
Labour	42	33	(9)	18	6	(12)	23	68	45	47	93	46	152	66	(85)	281	266	(15)
Contractors	109	37	(72)	5	28	24	11	68	57	396	108	(288)	575	54	(521)	1,095	295	(799)
Materials	4	37	33	0	7	7	3	67	64	2	102	100	-	262	262	9	475	466
Other	6	20	14	3	16	13	1	37	36	7	61	54	13	26	13	31	160	129
Non-directs	98	74	(24)	32	17	(15)	43	170	127	134	220	86	292	159	(133)	600	641	41
Non-Routine - Total	259	201	(58)	58	75	16	81	411	330	586	584	(2)	1,032	568	(465)	2,016	1,838	(178)
Total Regulated Spend	1,751	1,714	(37)	1,691	1,655	(36)	1,476	2,019	543	2,335	2,213	(122)	2,636	2,227	(409)	9,887	9,827	(61)
Non Annuity Funded Spend	4,055			9,606			2,023			-			-			15,684		
Surplus (Deficit)	(4,310)			6,799			(235)			(743)			(668)			842		

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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