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# 2016/17 Annual Network Service Plan

## Lower Mary 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](mailto:nspfeedback@sunwater.com.au)

Post: NSP Feedback  
PO Box 15536 City East  
Brisbane Qld 4002

**Table 1: Operating Revenue Less Spend**

Lower Mary WS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	185	360	357	440	569
Less - Routine Expenditure	4 & 7	209	112	91	330	239
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	38	23	135	442	1,572
• Non Annuity Funded	5	-	5	9	-	-
Surplus (Deficit)		(61)	219	122	(331)	(1,242)

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

**Figure 1: Breakdown of Total Scheme Costs – 2017 Budget**

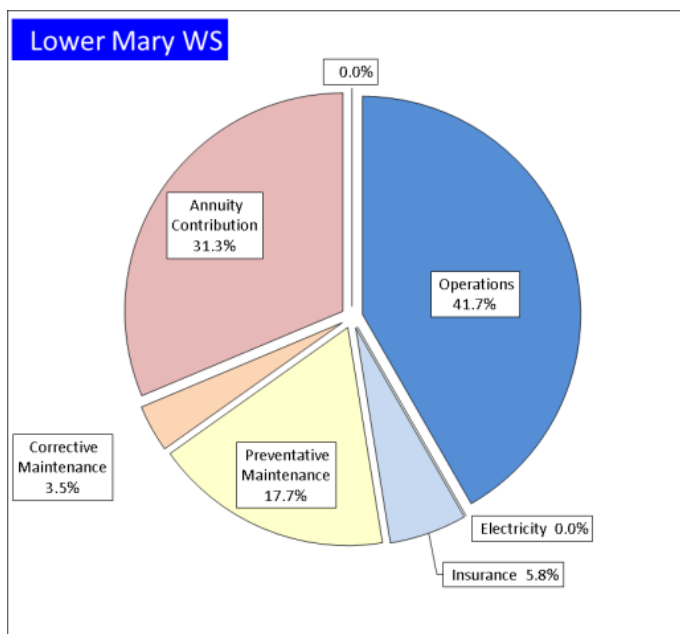


Figure 1 shows a high level summary of total scheme lower bound costs. These costs are apportioned to water entitlements in accordance with the methodology adopted by the QCA in their 2012 review of irrigation charges. The item “Annuity Contribution” refers to the annualised renewals annuity component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

**Table 2: Water Data**

Scheme	Customer Segment	No. of Customers	Water Entitlements (ML)	High Water Priority (ML)	Medium Water Priority (ML)
Lower Mary River	1. Industrial		70	5	65
	2. Irrigation		19,327	0	19,327
	3. Urban		120	120	0
	5. SunWater		10,892	324	10,568
	Total	168	30,409	449	29,960

QCA Assumed Water Usage

33.0%

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 42% and High Priority 58% 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](http://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 p193.

**Table 3: Revenue**

Lower Mary WS		2013	2014	2015	2016	2017
		Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Irrigation		127	144	176	268	274
Industrial		5	6	6	6	6
Urban		(115)	111	85	87	88
Irrigation CSO		29	14	-	-	-
Revenue Transfers		135	81	71	74	196
Drainage		-	-	-	-	-
Other		4	5	10	5	5
Insurance Proceeds - Flood		-	-	8	-	-
Revenue Total		185	360	357	440	569

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**

Lower Mary 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	126	192	67	76	201	124	64	201	136	202	198	(3)	145	198	53	73	613	991	377	62
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	71	9	(61)	27	10	(18)	18	10	(8)	18	10	(8)	20	10	(10)	199	154	49	(106)	318
Operations Total	197	202	5	104	210	107	82	210	128	220	208	(12)	165	209	43	79	768	1,039	272	74
Preventative Maintenance	8	73	66	5	77	72	6	77	71	86	76	(10)	62	76	14	81	166	378	212	44
Corrective Maintenance	4	12	8	4	13	9	3	13	10	24	13	(10)	12	13	1	92	47	65	17	73
Routine Total	209	288	79	112	300	187	91	300	209	330	297	(33)	239	298	59	80	980	1,482	501	66

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<sup>1</sup>:

- 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.

The operations budget in 2017 is under the QCA target.

<sup>1</sup> Activities listed will not apply to all service contracts.

## 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<sup>2</sup>:

- 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 emergency<sup>2</sup>:

- 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.

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<sup>2</sup> Activities listed will not apply to all service contracts.



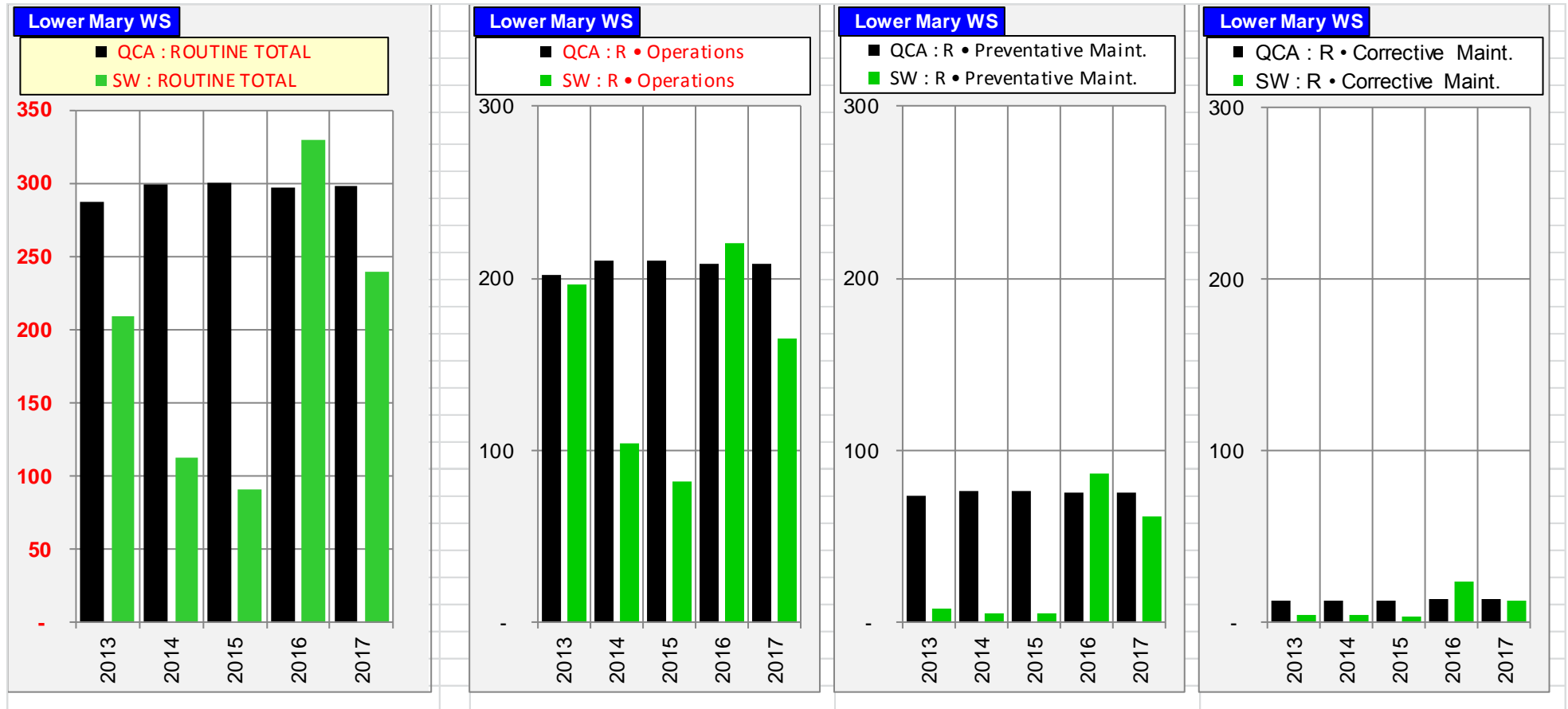
- Drains
  - De-silting drains;
  - Erosion control and repair of rock protection works;
  - Repair fencing; and
  - Repair concrete structures.
- Pipelines
  - Pipe breaks
  - Repair air valves, scour valves, etc.;
  - Erosion control and repair of rock protection works; and
  - Repair concrete structures.
- 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.
- 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

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**

Lower Mary 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
<b>Annuity Funded</b>																				
Operations	-	-	-	-	-	-	-	-	-	-	-	-	3	-	(3)	-	3	-	(3)	-
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	28	-	(28)	13	-	(13)	13	-	(13)	284	-	(284)	443	-	(443)	-	782	-	(782)	-
R&E	9	11	2	10	12	2	122	23	(100)	158	-	(158)	1,126	2	(1,124)	---	1,425	48	(1,378)	---
Non-routine Total	38	11	(27)	23	12	(11)	135	23	(112)	442	-	(442)	1,572	2	(1,570)	---	2,210	48	(2,163)	---
<b>Non Annuity Funded</b>	-	-	-	5	-	-	9	-	-	-	-	-	-	-	-	-	14	-	-	-

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)
Reinstating downstream rock protection - MARY RIVER BARRAGE	This project is to refurbish the downstream rock protection at Mary Barrage based on options analysis conducted. The options analysis was undertaken as the protection works were getting damaged in every flood and like for like repairs were deemed inefficient. The options analysis concluded that a method of concrete capped rock fill to be adopted to maximise value for money and reduce damage in the future.	1,037
Reinstate upstream rock protection - MARY RIVER BARRAGE	This is a flood damage project to inspect and reinstate the upstream protection works at Mary Barrage. The overall condition of the upstream protection works is not known but is suspected to be damaged based on the scouring experience downstream and therefore poses a risk to the structural integrity of the Barrage.	377
Flood Damage Repairs – MARY RIVER BARRAGE	After the February 2015 floods, which were a result of TC Marcia, there were some areas of identified deficiencies as a direct result at Mary Barrage. These included scouring to the left bank, missing fishway walkways and damage to the downstream protection works. The scouring to the left bank and missing fishway walkways will be repaired under this project.	67
Study: WEIR PROGRAM - 5yr Dam Comprehensive Inspection – TINANA BARRAGE & MARY RIVER BARRAGE	SunWater undertakes annual and five yearly comprehensive inspections for weirs and barrages to ensure the structural and operational integrity at the weir is maintained and documented and this is part of the asset management planning methodology for condition assessment. This is a key input to justify future maintenance.	36
Replace Joint Filler and Sealer on Crest – MARY RIVER BARRAGE	This project is to reinstate the joint filler and sealer in the construction joints of the main crest slabs at Mary Barrage. Overtime these have deteriorated and require refurbishment in order to maintain structural integrity by eliminating the potential for internal erosion and reduce uplift pressures on face slabs.	27
Other works	There are 6 other non-routine projects for 2017 ranging from \$1,000 to \$11,000. Further detail was tabled at the IAC meeting.	29
Total		1572

## 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**

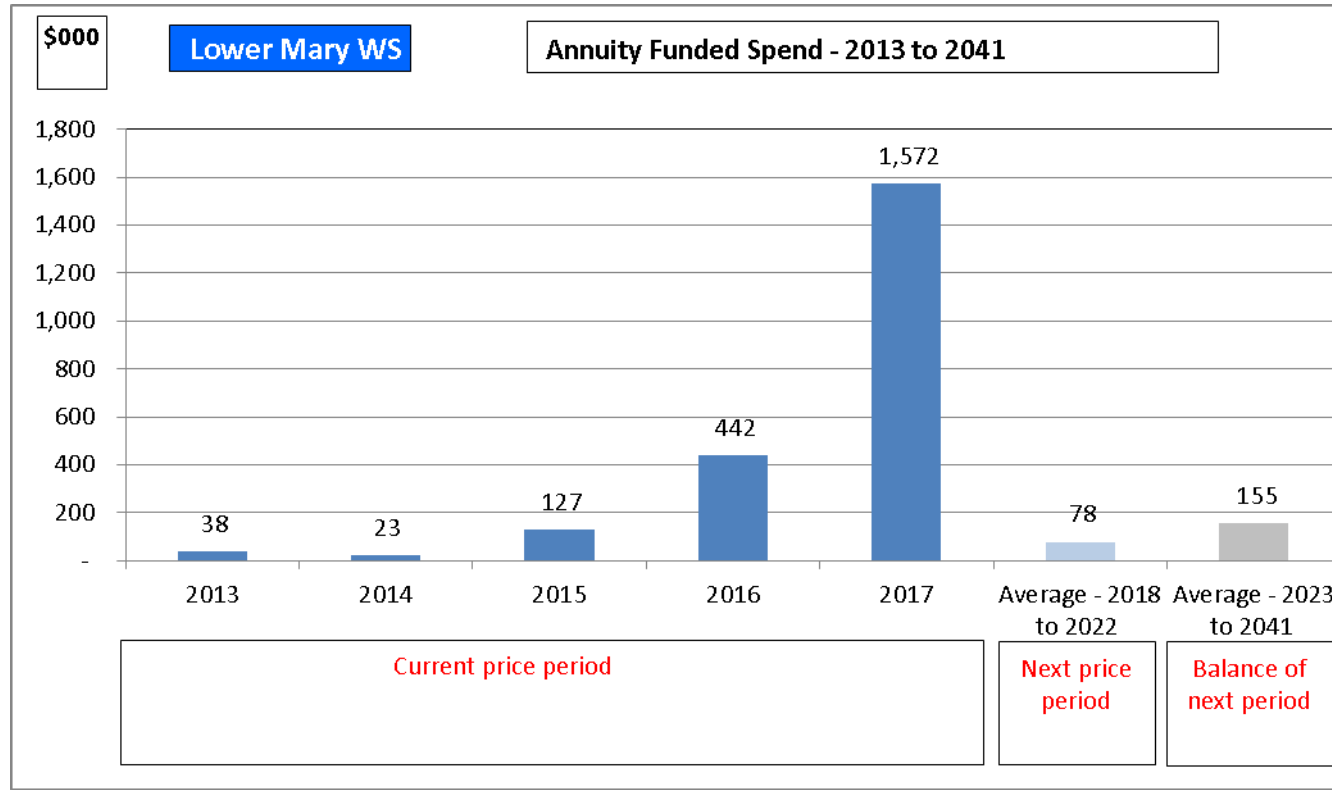
Lower Mary WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
<b>Annuity</b>							
Opening Balance		(1,210)	(1,228)	(1,233)	(1,342)	(1,775)	(1,210)
Net Spend	See below	(38)	(23)	(127)	(442)	(1,572)	(2,202)
Annuity Contribution		110	110	110	110	109	549
Interest		(91)	(92)	(92)	(101)	(133)	(508)
SunWater - Closing Balance		(1,228)	(1,233)	(1,342)	(1,775)	(3,371)	(3,371)
QCA - Closing Balance		(1,240)	(1,235)	(1,240)	(1,224)	(1,208)	(1,208)
Difference		12	2	(102)	(551)	(2,163)	(2,163)
<b>Net Spend Analysis</b>							
Spend	5 & 7	(38)	(23)	(135)	(442)	(1,572)	(2,210)
Insurance Proceeds Receipts							
• Prior Year		-	-	-	-	-	-
• Current Year		-	-	8	-	-	8
Net Spend		(38)	(23)	(127)	(442)	(1,572)	(2,202)

\* 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

### Reinstating downstream rock protection - MARY RIVER BARRAGE

Year: 2017

Current estimate: \$1.04M

Options analysis completed: Yes

This project is to refurbish the downstream rock protection at Mary Barrage based on options analysis conducted. The options analysis was undertaken as the protection works were getting damaged in every flood and like for like repairs were deemed inefficient. The options analysis concluded that a method of concrete capped rock fill to be adopted to maximise value for money and reduce damage in the future.

### Reinstate upstream rock protection - MARY RIVER BARRAGE

Year: 2017

Current estimate: \$377

Options analysis completed: No

This is a Flood damage project to inspect and reinstate the upstream protection works at Mary Barrage. The overall condition of the upstream protection works is not known but is suspected to be damaged based on the scouring experience downstream and therefore poses a risk to the structural integrity of the Barrage.

## 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.

### Refurbish downstream left abutment to prevent further erosion & downstream right bank concrete rock pitching - MARY RIVER BARRAGE

Year: 2019

Current estimate: \$118k

Options analysis completed: No



Based on 2012 inspection, a conditional assessment of the downstream left abutment concluded that repairs are required. This work is required to prevent further erosion and downstream right bank concrete rock pitching at Mary Barrage. It is condition based and subject to further condition and risk assessments, and an options analysis, closer to the 2019 water year before it proceeds.

### **Refurbish Fish Ladder Concrete - TINANA BARRAGE**

Year: 2022

Current estimate: \$63k

Options analysis completed: No

Repairs to cracking and spalling of concrete in fish ladder.

### **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.

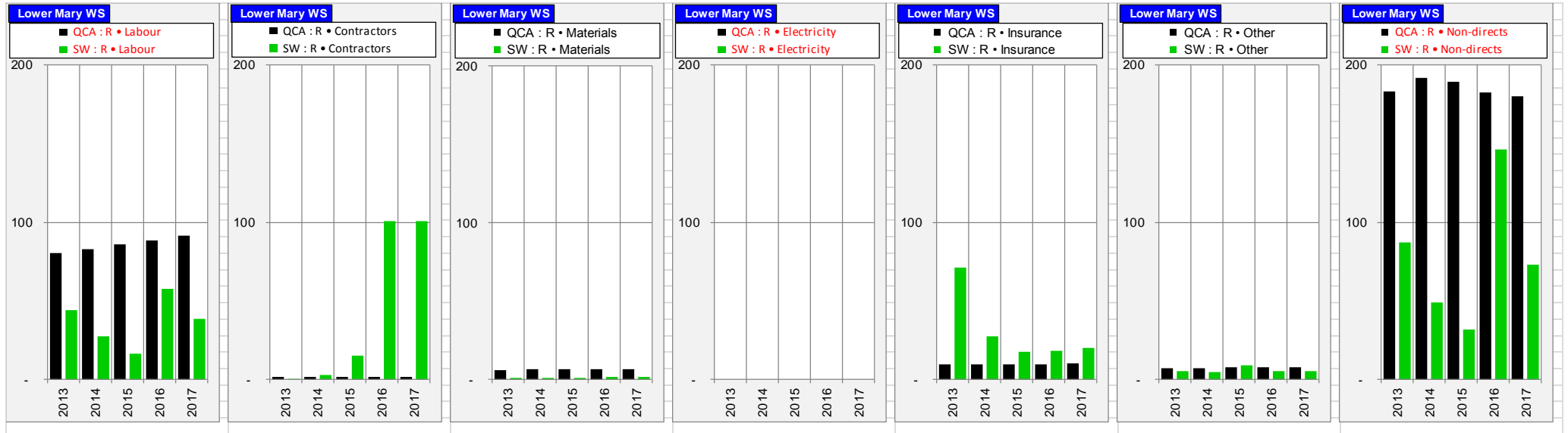
## Appendix 1: Total Expenditure by Expense Type

**Table 8: Expenditure for Activity by Type**

Lower Mary 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	185			360			357			440			569			1,911		
<b>Routine Spend</b>																		
<b>Operations</b>																		
Labour	41	56	16	25	58	33	15	60	45	43	62	19	33	64	31	155	300	145
Contractors	0	0	(0)	3	0	(2)	15	0	(14)	46	1	(45)	46	1	(45)	109	2	(107)
Materials	0	1	1	0	1	1	0	1	1	2	2	0	2	2	0	4	7	4
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	71	9	(61)	27	10	(18)	18	10	(8)	18	10	(8)	20	10	(10)	154	49	(106)
Other	5	5	1	4	5	1	6	5	(1)	5	6	0	5	6	1	25	27	2
Non-directs	80	129	49	44	135	91	29	133	105	107	129	22	60	127	67	320	653	333
	197	202	5	104	210	107	82	210	128	220	208	(12)	165	209	43	768	1,039	272
<b>Preventative Maintenance</b>																		
Labour	2	22	20	2	23	21	1	24	23	11	25	14	4	25	21	20	119	99
Contractors	-	1	1	-	1	1	-	1	1	47	1	(46)	47	1	(46)	95	5	(90)
Materials	1	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	1	-	(1)
Other	0	0	0	-	0	0	3	0	(2)	-	1	1	-	1	1	3	2	(1)
Non-directs	4	50	45	3	52	49	2	51	49	28	50	21	10	49	39	48	251	204
	8	73	66	5	77	72	6	77	71	86	76	(10)	62	76	14	166	378	212
<b>Corrective Maintenance</b>																		
Labour	1	2	0	1	2	1	1	2	1	5	2	(3)	2	2	1	9	10	1
Contractors	-	-	-	-	-	-	-	-	-	8	-	(8)	8	-	(8)	15	-	(15)
Materials	0	5	5	1	5	4	1	5	4	-	5	5	-	5	5	2	25	23
Other	-	1	1	1	1	1	0	1	1	-	2	2	-	2	2	1	7	6
Non-directs	3	4	2	2	5	3	1	5	3	11	4	(7)	3	4	1	20	23	2
	4	12	8	4	13	9	3	13	10	24	13	(10)	12	13	1	47	65	17
<b>Routine - total</b>	<b>209</b>	<b>288</b>	<b>79</b>	<b>112</b>	<b>300</b>	<b>187</b>	<b>91</b>	<b>300</b>	<b>209</b>	<b>330</b>	<b>297</b>	<b>(33)</b>	<b>239</b>	<b>298</b>	<b>59</b>	<b>980</b>	<b>1,482</b>	<b>501</b>
<b>Non-Routine Spend</b>																		
Labour	7	2	(5)	5	0	(5)	20	6	(14)	45	-	(45)	66	0	(66)	143	9	(134)
Contractors	0	2	2	8	0	(8)	25	1	(24)	212	-	(212)	574	0	(574)	820	3	(816)
Materials	19	2	(17)	1	0	(1)	46	1	(45)	60	-	(60)	750	0	(750)	876	3	(872)
Other	1	1	0	0	0	(0)	3	1	(2)	2	-	(2)	1	0	(0)	7	2	(5)
Non-directs	11	4	(6)	9	12	2	41	13	(28)	123	-	(123)	181	1	(181)	365	30	(335)
<b>Non-Routine - Total</b>	<b>38</b>	<b>11</b>	<b>(27)</b>	<b>23</b>	<b>12</b>	<b>(11)</b>	<b>135</b>	<b>23</b>	<b>(112)</b>	<b>442</b>	<b>-</b>	<b>(442)</b>	<b>1,572</b>	<b>2</b>	<b>(1,570)</b>	<b>2,210</b>	<b>48</b>	<b>(2,163)</b>
<b>Total Regulated Spend</b>	<b>246</b>	<b>299</b>	<b>52</b>	<b>135</b>	<b>312</b>	<b>176</b>	<b>226</b>	<b>323</b>	<b>96</b>	<b>771</b>	<b>297</b>	<b>(474)</b>	<b>1,811</b>	<b>299</b>	<b>(1,512)</b>	<b>3,191</b>	<b>1,529</b>	<b>(1,661)</b>
<b>Non Annuity Funded Spend</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>
<b>Surplus (Deficit)</b>	<b>(61)</b>	<b>-</b>	<b>-</b>	<b>219</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>(331)</b>	<b>-</b>	<b>-</b>	<b>(1,242)</b>	<b>-</b>	<b>-</b>	<b>(1,294)</b>	<b>-</b>	<b>-</b>

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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