

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

Macintyre Brook 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

Macintyre Brook WS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	1,153	1,218	1,152	1,197	1,223
Less - Routine Expenditure	4 & 7	759	866	737	1,095	799
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	65	354	225	306	694
• Non Annuity Funded	5	-	-	-	-	-
Surplus (Deficit)		330	(1)	191	(204)	(270)

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

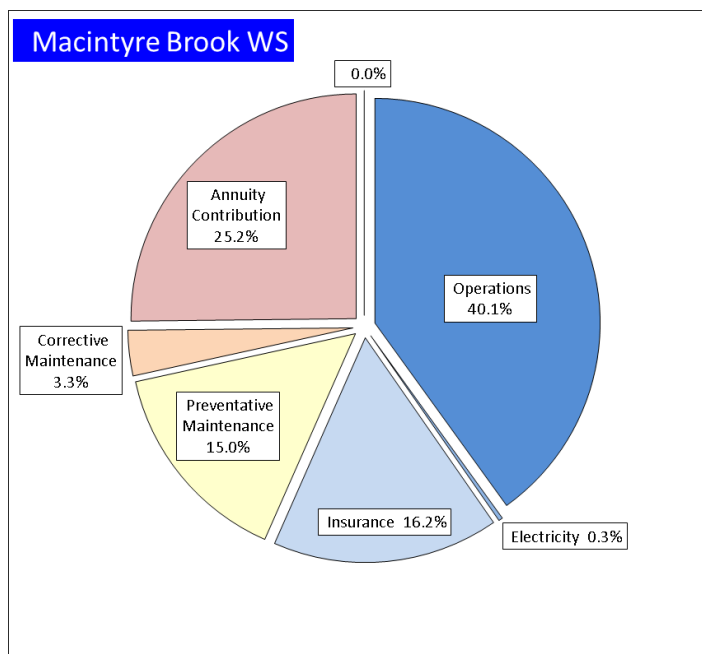


Figure 1 shows a high level summary of total scheme lower bound costs. These costs are apportioned to water entitlements in accordance with the methodology adopted by the QCA in their 2012 review of irrigation charges. The item “Annuity Contribution” refers to the annualised renewals annuity component 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)
Macintyre Brook	1. Industrial		217	10	207
	2. Irrigation		17,112	0	17,112
	3. Urban		288	288	0
	4. Other		6,400	0	6,400
	5. SunWater		980	190	790
	Total		102	24,997	488

QCA Assumed Water Usage

81.1%

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 87% and High Priority 13% 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 p193.

Table 3: Revenue

Macintyre Brook WS	2013	2014	2015	2016	2017
	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Irrigation	813	663	662	1,028	1,091
Industrial	2	258	254	2	12
Urban	107	113	75	76	80
Irrigation CSO	217	173	127	80	29
Revenue Transfers	-	-	-	-	-
Drainage	-	-	-	-	-
Other	15	12	11	11	11
Insurance Proceeds - Flood	-	-	24	-	-
Revenue Total	1,153	1,218	1,152	1,197	1,223

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

Macintyre Brook 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	407	648	241	328	676	348	303	674	371	662	669	7	428	672	244	64	2,127	3,338	1,212	64
Electricity	2	2	(0)	3	2	(1)	4	2	(2)	3	2	(1)	3	2	(1)	151	15	9	(6)	169
Insurance	133	71	(62)	241	73	(168)	155	74	(81)	158	75	(83)	173	76	(97)	227	860	369	(491)	233
Operations Total	541	720	179	571	750	179	462	750	288	823	746	(77)	604	750	146	81	3,002	3,716	714	81
Preventative Maintenance	207	190	(17)	243	199	(44)	261	198	(63)	229	196	(33)	160	197	38	81	1,101	981	(120)	112
Corrective Maintenance	10	37	27	51	39	(12)	14	39	25	43	38	(5)	35	39	4	90	153	192	38	80
Routine Total	759	948	189	866	988	122	737	987	250	1,095	980	(115)	799	986	187	81	4,256	4,889	633	87

The budget routine spend is within 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 within the QCA target, despite 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 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
 - Repair, replace and paint guide posts and signs.
 - Pump stations
 - Repair pumps and motors;

² Activities listed will not apply to all service contracts.

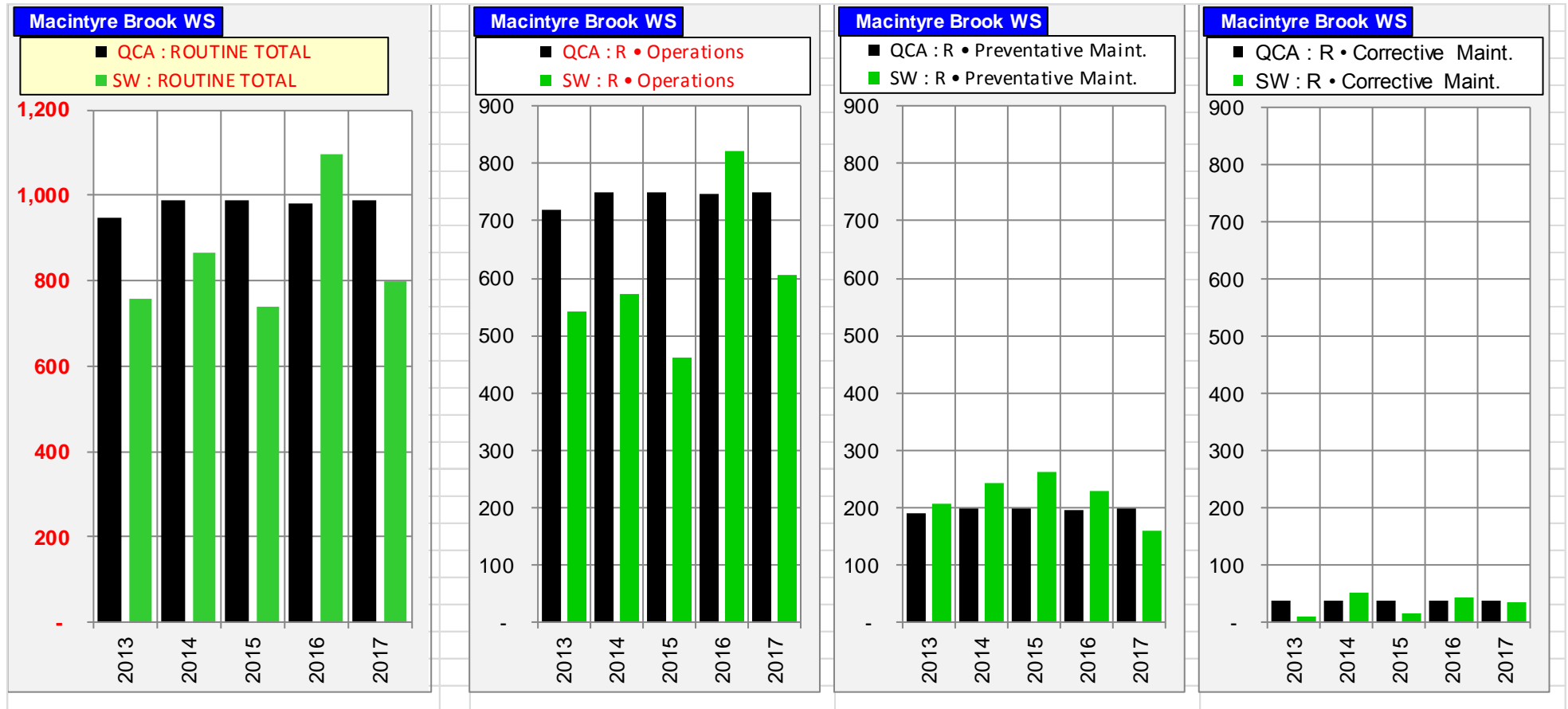
- De-silt intake structures;
- Repair concrete structure; and
- Repair control building.
- Storages (balancing storages and reservoirs)
 - Repair control gates and valves;
 - Repair walls, embankments and spillways; and
 - Repair concrete structures.
- Meters
 - Repair bulk water meters; and
 - Repair 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

Macintyre Brook 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	51	29	(22)	17	-	(17)	3	-	(3)	-	-	-	17	-	(17)	-	88	29	(59)	301
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&E	14	297	283	337	188	(150)	221	-	(221)	306	183	(123)	677	141	(535)	479	1,555	809	(745)	192
Non-routine Total	65	327	262	354	188	(166)	225	-	(225)	306	183	(123)	694	141	(553)	491	1,643	839	(805)	196
Non Annuity Funded	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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: 20yr Dam Safety Review (by 1 Dec 2020)	In 2001 a regulatory 20 Year dam safety review was undertaken at Coolmunda Dam. This involved a team of recognised dam experts reviewing all the geological aspects of the dam and includes a review of all flood and seismic events, all refurbishments and any other works carried out at the dam including a full review of event history and the maintenance histories over the preceding 20 years. The review reviewed the design and construction of the dam and its performance against current best practice dam design criteria and standards. The review is a mandatory dam safety regulatory requirement and is due in 2020. The cost estimate is based on escalation of the 2001 review costs and more recent reviews, allowing for the fact that much of the 2001 data is still valid.	297
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.	100
Study: Provide safe access to the trunnion cover cap screw or develop safe methodology to allow the taking of grease samples – COOLMUNDA DAM	The trunnions are the hinge point for attachment of the flood gates to the dam wall structure. A full inspection is costly so the optimal maintenance strategy is to add grease every 6 months and sample removed grease for contaminants. It was identified at the 2014 dam safety inspection that the method to undertake injections or sampling of grease from the trunnions presented a WHS risk. This project is to address the WHS risk.	76
Study: Non Destructive testing of all 14 ropes - COOLMUNDA DAM	Each radial gate at Coolmunda Dam is operated via 2 steel ropes which are in constant tension. If a rope fails / breaks then the gate will either open fully or jam causing an uncontrolled release from the dam until the water levels lowered sufficiently to allow a bulkhead gate to be inserted as this cannot be carried out under high flows. As all the gates are in tension and sample testing is not appropriate and as ropes fatigue at different rates over time, each individual rope must be tested.	63
Construct new Core shed and galvanised storage racks and ensure safe transfer of Historical Dam Data - COOLMUNDA DAM	The dam construction core samples at Coolmunda dam are kept under an old lean-to in wooden boxes which are rotting away. These core samples are critical inputs to the 20 year dam safety reviews and for investigations on any emerging dam safety foundation issues. This project is to construct a new shed and galvanised storage racks to protect the core samples.	36

Project Title	Project Scope	2017 Budget (\$'000)
Other works	There are 13 other non-routine projects for 2017 ranging from \$2,000 to \$24,000. Further detail was tabled at the IAC meeting.	123
Total		694

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

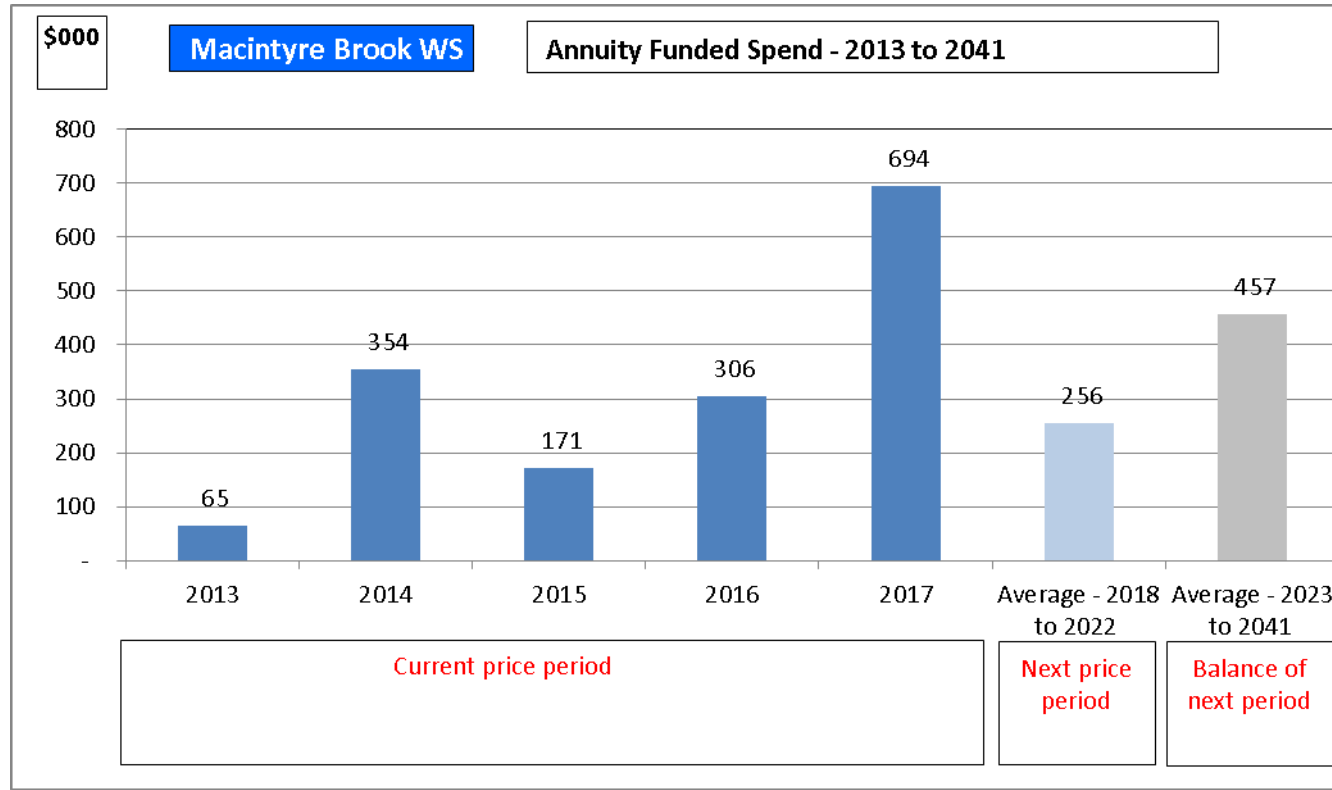
Macintyre Brook WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance	See below	(1,915)	(1,870)	(2,110)	(2,182)	(2,385)	(1,915)
Net Spend		(65)	(354)	(171)	(306)	(694)	(1,590)
Annuity Contribution		253	254	258	266	269	1,300
Interest		(143)	(140)	(158)	(163)	(179)	(784)
SunWater - Closing Balance		(1,870)	(2,110)	(2,182)	(2,385)	(2,989)	(2,989)
QCA - Closing Balance	(1,722)	(1,785)	(1,661)	(1,703)	(1,703)	(1,703)	
Difference		(148)	(325)	(521)	(683)	(1,286)	(1,286)
Net Spend Analysis							
Spend	5 & 7	(65)	(354)	(225)	(306)	(694)	(1,643)
Insurance Proceeds Receipts							
• Prior Year		-	-	29	-	-	29
• Current Year		-	-	24	-	-	24
Net Spend		(65)	(354)	(171)	(306)	(694)	(1,590)

* 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

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.

Study: 20yr Dam Safety Review - COOLMUNDA DAM

Year: 2017

Current estimate: \$297k

Options analysis completed: No

In 2001 a regulatory 20 Year dam safety review was undertaken at Coolmunda Dam. This involved a team of recognised dam experts reviewing all the geological aspects of the dam and includes a review of all flood and seismic events, all refurbishments and any other works carried out at the dam including a full review of event history and the maintenance histories over the preceding 20 years. The review reviewed the design and construction of the dam and its performance against current best practice dam design criteria and standards.

The review is a mandatory dam safety regulatory requirement and is due in 2020. The cost estimate is based on escalation of the 2001 review costs and more recent reviews, allowing for the fact that much of the 2001 data is still valid. Given this requirement is mandatory, an options analysis will not be completed.

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.

Study: 5yr Dam Comprehensive Inspection (by Dec 2020) - COOLMUNDA DAM

Year: 2020

Current estimate: \$119k

Options analysis completed: No

In 2020 the 5yr Dam Comprehensive Inspection requires the dissipator drained. This is a significant cost in this inspection.

Comprehensive Risk Assessment Update, 1 Year after Safety Review - COOLMUNDA DAM

Year: 2020

Current estimate: \$205k

Options analysis completed: No

In 2020, SunWater are required to undertake a legislative 20-year safety review of Coolmunda Dam. Following the review, where any deficiencies have been identified, dam safety best practice dictates that a re-assessment of the risks be undertaken which may involve assessment of new modes of failure and changes to the likelihood of failure events, spillway adequacy works and remapping of flood maps following demographic changes and increased population at risk downstream of the dam. The risk assessment will also challenge any aspects of the dam to the ever-improving guidelines issued by ANCOLD.

Material Projects 2024-41

The evenness in the spread of estimated project costs means there are no projects which exceed the materiality threshold for this service contract for the 2024-41 period.

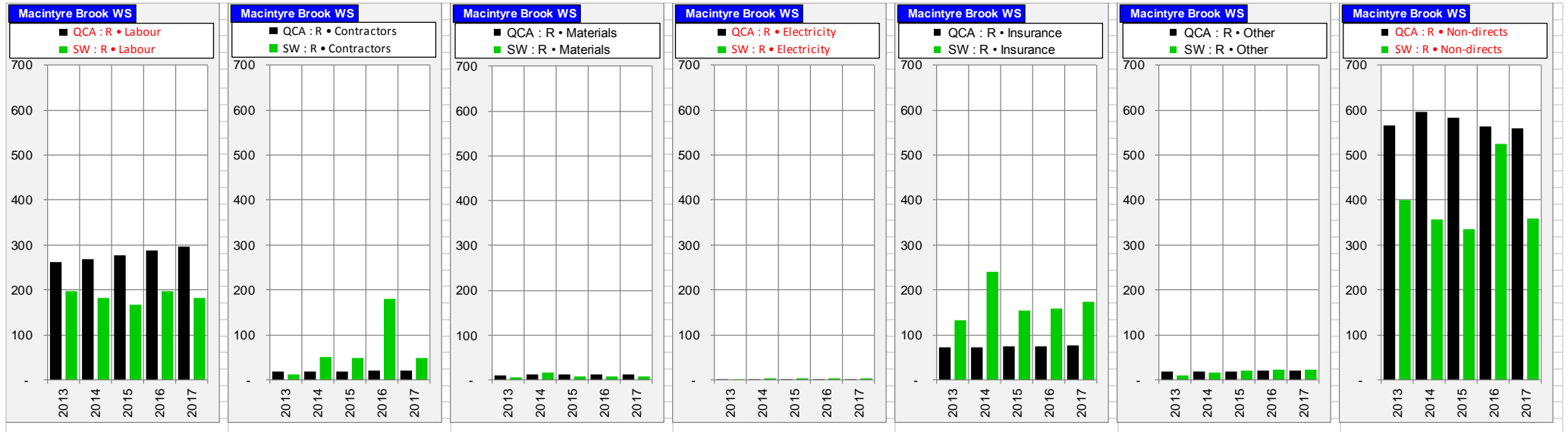
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Macintyre Brook 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	1,153			1,218			1,152			1,197			1,223			5,944		
Routine Spend																		
Operations																		
Labour	122	190	68	98	196	98	83	203	120	137	209	73	121	216	95	562	1,015	453
Contractors	10	17	7	7	17	10	27	18	(10)	127	18	(108)	30	18	(11)	200	88	(112)
Materials	2	6	4	2	6	5	1	7	6	3	7	4	3	7	4	10	33	23
Electricity	2	2	(0)	3	2	(1)	4	2	(2)	3	2	(1)	3	2	(1)	15	9	(6)
Insurance	133	71	(62)	241	73	(168)	155	74	(81)	158	75	(83)	173	76	(97)	860	369	(491)
Other	10	17	7	14	18	4	12	18	6	20	18	(1)	20	19	(1)	76	91	15
Non-directs	263	417	155	207	438	231	180	429	249	376	416	40	254	412	157	1,280	2,113	833
	541	720	179	571	750	179	462	750	288	823	746	(77)	604	750	146	3,002	3,716	714
Preventative Maintenance																		
Labour	71	59	(12)	80	61	(18)	82	63	(19)	48	65	17	48	67	20	329	317	(12)
Contractors	2	2	(0)	8	2	(7)	14	2	(12)	54	2	(52)	20	2	(18)	98	9	(89)
Materials	4	3	(1)	12	3	(9)	5	3	(2)	4	3	(1)	4	3	(1)	28	14	(15)
Other	0	1	1	2	1	(1)	8	1	(7)	4	1	(3)	4	1	(3)	17	5	(12)
Non-directs	130	125	(5)	141	132	(9)	152	129	(23)	120	125	5	84	124	39	628	636	8
	207	190	(17)	243	199	(44)	261	198	(63)	229	196	(33)	160	197	38	1,101	981	(120)
Corrective Maintenance																		
Labour	3	11	8	4	12	7	2	12	10	12	12	0	12	13	1	33	60	27
Contractors	-	-	-	36	-	(36)	7	-	(7)	-	-	-	-	-	-	44	-	(44)
Materials	1	2	2	1	2	1	2	2	0	2	2	0	2	2	0	8	11	3
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-directs	6	24	17	9	25	16	3	25	21	29	24	(6)	21	24	3	69	121	52
	10	37	27	51	39	(12)	14	39	25	43	38	(5)	35	39	4	153	192	38
Routine - total	759	948	189	866	988	122	737	987	250	1,095	980	(115)	799	986	187	4,256	4,889	633
Non-Routine Spend																		
Labour	20	33	12	56	22	(34)	37	-	(37)	40	36	(4)	61	24	(37)	216	115	(101)
Contractors	-	160	160	185	79	(106)	94	-	(94)	134	23	(111)	469	25	(443)	881	288	(593)
Materials	9	32	23	2	26	24	18	-	(18)	15	28	13	29	25	(4)	72	111	39
Other	2	11	9	3	2	(1)	1	-	(1)	11	13	2	4	14	10	21	40	19
Non-directs	34	90	56	109	59	(50)	74	-	(74)	106	83	(23)	131	53	(78)	454	285	(168)
Non-Routine - Total	65	327	262	354	188	(166)	225	-	(225)	306	183	(123)	694	141	(553)	1,643	839	(805)
Total Regulated Spend	824	1,274	451	1,220	1,175	(45)	962	987	25	1,401	1,163	(238)	1,493	1,128	(365)	5,899	5,728	(172)
Non Annuity Funded Spend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus (Deficit)	330	-	-	(1)	-	-	191	-	-	(204)	-	-	(270)	-	-	45	-	-

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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