

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

Mareeba Distribution

July 2016

Table of Contents

Introduction	1
Financial Summary	2
Water Data	3
Revenue	4
Routine Expenditure	5
Operations	5
Preventive Maintenance	7
Corrective Maintenance	7
Routine Cost – Summary and Charts	9
Non-Routine Expenditure	10
Non-Routine Budget	11
Annuity Balance	13
Overview of Annuity Funded Non-Routine Projects 2013-41	14
Material Projects 2017-18	15
Material Projects 2019-23	15
Material Projects 2024-41	15
Appendix 1: Total Expenditure by Expense Type	16
Appendix 2: Organisational Chart of Local Resources	18
Notes	19

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

Mareeba IS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	5,225	6,802	6,197	6,038	5,889
Less - Routine Expenditure	4 & 7	4,286	4,567	5,123	4,853	5,017
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	471	1,091	544	1,113	1,144
• Non Annuity Funded	5	4	9	7	-	-
Surplus (Deficit)		465	1,135	522	71	(272)

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

Figure 1: Breakdown of Irrigation Scheme Costs – 2017 Budget

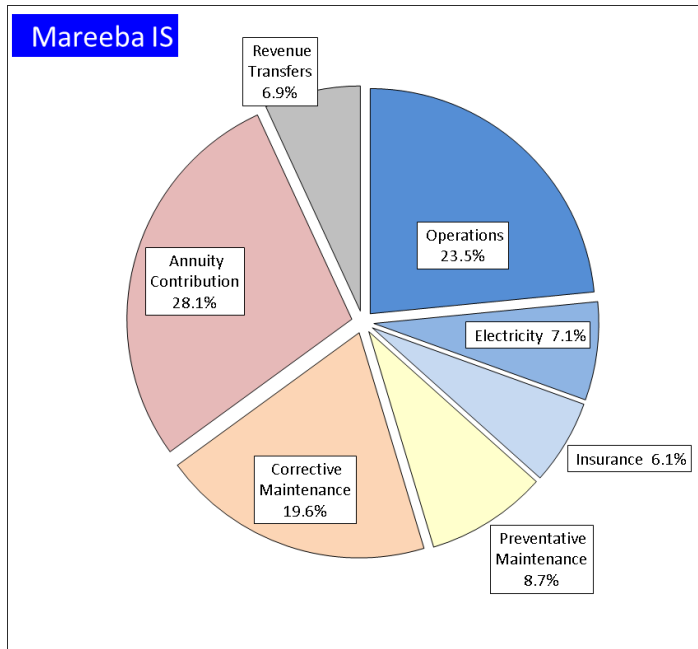


Figure 1 shows a high level summary of scheme costs and provides an indication of where revenue from irrigation water charges is applied. The item “Annuity Contribution” refers to the component of irrigation water charges that is applied toward the renewals annuity each year. The item “Revenue Transfers”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

Table 2: Water Data

	No. of Customers	Water Entitlements
		ML
1. Industrial		1,033
2. Irrigation		144,746
3. Urban		1,153
4. Other		0
Total	1,111	191,932

QCA Assumed Water Usage

67.1%

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

Revenue

Table 3: Revenue

Mareeba IS	2013	2014	2015	2016	2017
	Actual	Actual	Actual	Forecast	Budget
	\$000	\$000	\$000	\$000	\$000
Irrigation	6,314	6,610	6,126	6,188	6,069
Industrial	196	171	213	138	138
Urban	185	191	195	139	139
Irrigation CSO	495	332	142	82	66
Revenue Transfers	(1,989)	(532)	(512)	(520)	(533)
Drainage	-	-	-	-	-
Other	23	31	33	10	10
Insurance Proceeds - Flood	-	-	-	-	-
Revenue Total	5,225	6,802	6,197	6,038	5,889

Note: Following feedback from customers, SunWater has unbundled bulk water charges from distribution system charges. This means that total revenue figures in past Performance Reports and NSPs may not match those above.

Revenue Transfers represent the cost of bulk water supplies delivered through the distribution system(s). The revenue accrues to the distribution system before it is transferred to the Bulk Water Supply Scheme as a contribution to the cost of the bulk water service. The QCA established the transfer cost for irrigation supplies at the cost reflective bulk water tariff. The revenue transfer above does not include the bulk water costs of SunWater's channel distribution system losses.

Routine Expenditure

Table 4: Routine Operating Expenditure

Mareeba IS	2013			2014			2015			2016			2017				2013 to 2017			
	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Forecast \$000	QCA Target \$000	Variance \$000	SW Budget \$000	QCA Target \$000	Variance \$000	% of target	SW Forecast \$000	QCA Target \$000	Variance \$000	% of target
Operations	1,830	1,571	(259)	1,716	1,617	(99)	1,580	1,653	73	1,717	1,663	(53)	1,811	1,650	(161)	110	8,654	8,155	(499)	106
Electricity	424	337	(87)	412	360	(51)	477	386	(91)	519	417	(102)	545	446	(99)	122	2,376	1,945	(431)	122
Insurance	406	287	(119)	564	292	(272)	434	297	(137)	445	302	(143)	471	307	(164)	154	2,319	1,483	(835)	156
Operations Total	2,660	2,195	(465)	2,692	2,269	(423)	2,490	2,335	(155)	2,680	2,382	(298)	2,827	2,403	(424)	118	13,349	11,584	(1,765)	115
Preventative Maintenance	489	498	9	679	513	(166)	1,030	525	(505)	680	531	(149)	674	529	(144)	127	3,552	2,597	(955)	137
Corrective Maintenance	1,136	1,373	237	1,197	1,442	245	1,603	1,505	(98)	1,493	1,553	60	1,517	1,579	63	96	6,946	7,453	507	93
Routine Total	4,286	4,067	(219)	4,567	4,224	(344)	5,123	4,366	(757)	4,853	4,465	(388)	5,017	4,511	(506)	111	23,847	21,633	(2,213)	110

The budget routine spend is 11% above the QCA's target for 2017 however the budget falls to 105% of target when the above-QCA increases in insurance and electricity are taken into account.

Appendix 2 includes an organisation chart showing the labour resources based in Mareeba and utilised in the scheme.

Operations

Operation activities include the day-to-day costs of the administration and management of the scheme, water delivery and meeting compliance obligations. Specific activities include the direct and non-direct cost of¹:

- Scheduling and delivering water, including processing water orders, releasing water, operating pump stations, regulation and monitoring of channel flows and monitoring of customer deliveries;
- Emergency responses for channel overflows and other emergency events;
- Meter reading;
- Administration of water accounts, billing, and receipting payments;
- Customer management, including enquiries, complaints and maintaining the customer service help desk;
- Scheme management, including licences and permits, rates, land management, planning and reporting;
- Insurance;
- Monitoring the security of infrastructure and unauthorised access and trespass;
- Managing public relations associated with the scheme; and

¹ Activities listed will not apply to all service contracts.

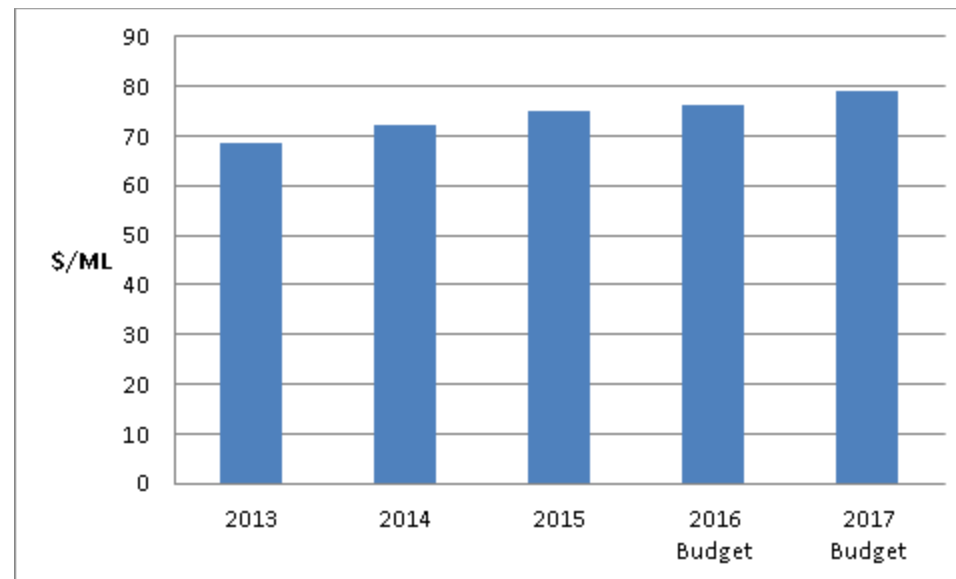
- Managing enquiries from adjoining landholders, and in some cases developers, that require input and negotiations with SunWater’s property and legal sections to resolve issues.

The operations budget in 2017 is 18% 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. The budget for operations drops to 106% of the QCA target when the electricity and insurance over-runs are taken into account.

Electricity costs are budgeted 22% 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 as much as 5% in 2016/17. This will relieve the price pressure on SunWater and our customers but prices remain above the level allowed by the QCA. In addition, SunWater has performed annual electricity reviews on many of its sites and moved sites to lower-priced tariffs where cost savings were apparent. This has served to further reduce the impact of previous electricity cost increases.

The chart below tracks pumping cost per ML delivered with the relift sections across the price path, based on actual and forecast data. The chart reflects the escalation of electricity prices, tariff changes and the variation in volumes lifted by high cost and low cost pumpstations.

Figure 2: Electricity Cost per ML Delivered - Relift



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;
 - Copper Sulphate treatment; and
 - Spraying and other activities to control operational and noxious weeds within channel and drainage reserves and balancing storages and other land managed by SunWater

Preventive maintenance is budgeted 27% above the QCA's target for 2017, with this being driven predominantly by weed control in addition to inspections on cross drains, valves, control gates, electrical and SCADA equipment

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:
 - Safety Hazards
 - Channels
 - De-silting channels and catch drains;
 - Erosion control and repair of rock protection works;
 - Repair fencing;
 - Repair concrete structures; and

² Activities listed will not apply to all service contracts.

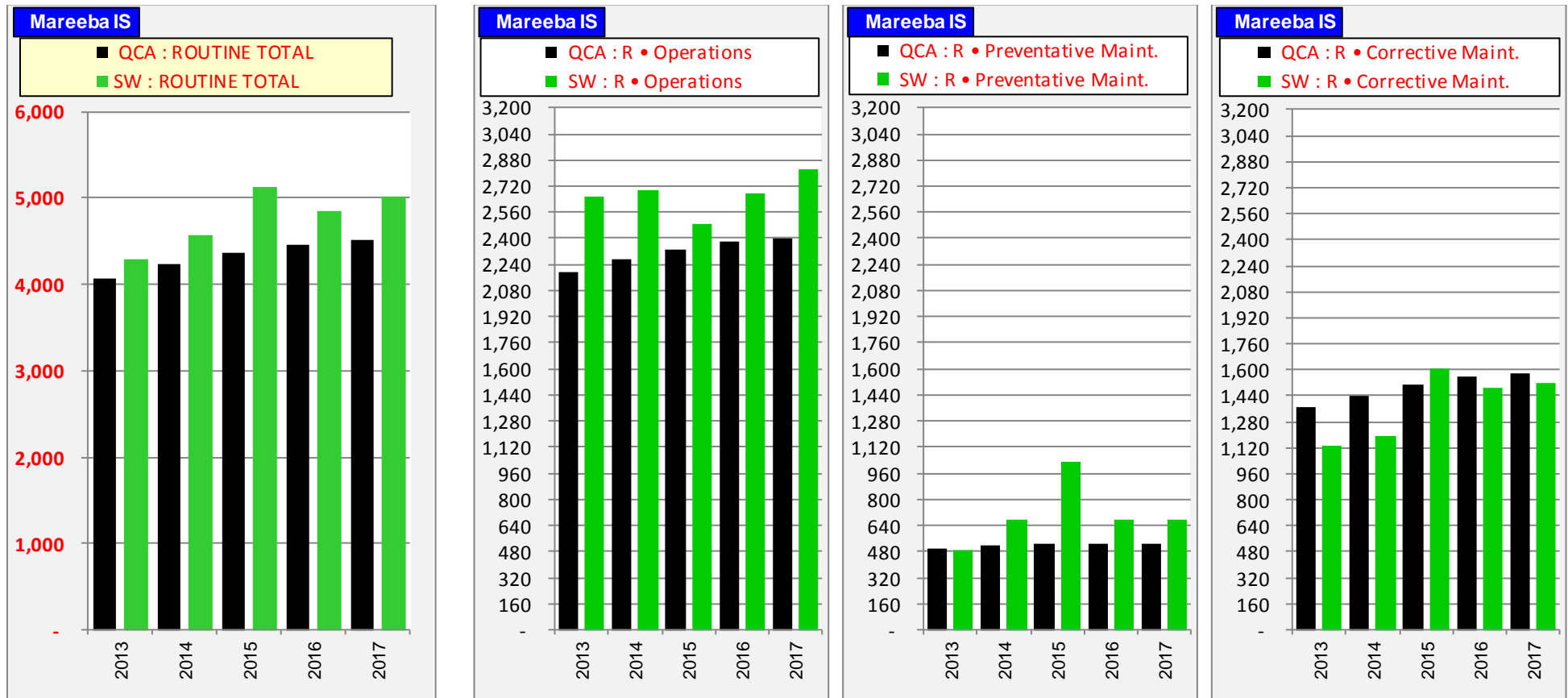
- Repair regulator gates, control valves, SCADA etc.
- Drains
 - De-silting drains;
 - Erosion control and repair of rock protection works;
 - Repair fencing; and
 - Repair concrete structures.
- Pipelines
 - Pipe breaks (over 270 pipe repairs in 2015 and increasing)
 - Repair air valves, scour valves, etc.;
 - Erosion control and repair of rock protection works; and
 - Repair concrete structures.
- Scheme Roads
 - Repair pot holes;
 - Grade and gravel roads; and
 - Repair, replace guide posts and signs.
- Pump stations
 - Repair pumps and motors;
 - 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 SCADA and 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 within the QCA's target for 2017.

Routine Cost – Summary and Charts

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

Figure 3: Routine Expenditure by Activity compared to QCA Target (\$'000)



Non-Routine Expenditure

SunWater has developed a whole of life strategy around the replacement and maintenance of its asset portfolio which is based on the concept of optimised life. The key drivers in this approach are the risk and condition of each asset. The current condition of an asset drives an estimate of the future work required to ensure an asset continues to be able to provide the required level of service into the future. SunWater maintains a program of asset inspections and condition assessments which continually updates our knowledge of asset condition. This information feeds into the annual review of the renewals program, the most recent of which was completed in February 2016; items requiring immediate maintenance or replacement are included in the budget for the following year.

While the immediate program for the next year's budget is well defined; the further into the planning timeline, the more uncertain the estimates become. Consequently, the program of works is not a specific forecast of when individual projects are expected to be executed but rather it is portfolio level estimate of works based on the best-available risk and condition information for the service contract as a whole. This information feeds into calculation of the annuity to fund renewals. Having an annuity funding arrangement acknowledges that a long-term view of renewals spend is required to ensure adequate funding and to address issues such as inter-generational equity.

The QCA targets were set against an indicative program of works from the 2010-11 year. While this was the best estimate of expected work at the time, in some cases, the QCA's funding allowance for renewals work across the price path does not cover the total expenditure required to maintain asset condition to the required standard. In addition, there have been unexpected events, such as floods, that were not allowed for in the QCA's annuity funding allowance.

SunWater is focusing effort on reviewing renewals profiles so that assets are maintained to the required standard with the minimum spend. This review extends to considering the key asset replacement assumptions so that the profile better reflects likely spend each year and moves away from assuming assets are replaced at end of standard life, based on their replacement costs. This is expected to reduce the renewals profile going forward, reducing upward pressure on water charges.

Non-Routine Budget

The budget non-routine spend for 2017 is shown in the table below, along with the actual spend for 2013, 2014, 2015 and the budget spend for 2016.

Table 5: Non-Routine Expenditure

Mareeba IS	2013			2014			2015			2016			2017				2013 to 2017			
	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Forecast \$000	QCA Target \$000	Variance \$000	SW Budget \$000	QCA Target \$000	Variance \$000	% of target	SW Forecast \$000	QCA Target \$000	Variance \$000	% of target
Annuity Funded																				
Operations	-	59	59	120	74	(46)	151	-	(151)	137	-	(137)	58	-	(58)	-	466	133	(334)	351
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&E	471	1,141	670	971	1,239	268	393	1,537	1,144	976	1,813	836	1,086	1,546	461	70	3,897	7,275	3,379	54
Non-routine Total	471	1,200	729	1,091	1,313	221	544	1,537	993	1,113	1,813	699	1,144	1,546	402	74	4,363	7,408	3,045	59
Non Annuity Funded	<u>4</u>			<u>9</u>			<u>7</u>			<u>-</u>			<u>-</u>				<u>20</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)
Replace Access Bridge – Cherry Creek & Springs Creek – WEST BARRON	Spring and Cherry Creek Bridges Project - Bridge replacement based on condition. Planned to be steel 'Uni-bridge' arrangements utilising the existing bridge abutments and supports. Supply and installation project.	178
Concrete Lining Refurbishment – MAREEBA & SOUTH WALSH MAIN CHANNEL AND SOUTH WALSH CHANNEL 29	The project comes out of the 30 year strategy for concrete lined channels where we budget for complete asset replacement over 60 years starting 40 years into the service life. The budget items appear once each 5 year price path (effectively 8.3% of the replacement cost per 5 years). The works are required due to condition and this project has been bought forward from 2020. A number of concrete channel panels and sections are failing and in need of replacement. Works will be prioritised across the worst sections in 2017.	210
Address overflow risk EBMC splitter box Options, design, construct – EAST BARRON MAIN CHANNEL	The East Barron Main Channel (EBMC) Splitter Box recently overflowed resulting in water flowing onto a public road causing damage which required repairs by the Mareeba Shire Council. This project will address the risk of overflow.	125
Copper Sulphate Research Project - WEST BARRON MAIN CHANNEL	Copper Sulphate research project (continuing project) concerning application and effectiveness of channel treatment strategies.	58
Protective Coating Refurbishment Gorge Creek Siphon Options Study & Construction - WEST BARRON MAIN CHANNEL	A section of the Gorge Creek siphon is supported on concrete piers approximately 5 metres above the creek bed. This section of pipe was not recoated with the remainder of the siphon in 1985 due to the height above the creek and an inability to provide safe access. This project is to refurbish the section of pipe.	45
Other works	There are another 37 various works ranging from \$2,000 to \$40,000 included in the non-routine projects for 2017. Further detail will be tabled at the IAC meeting.	438
Total		1,144

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

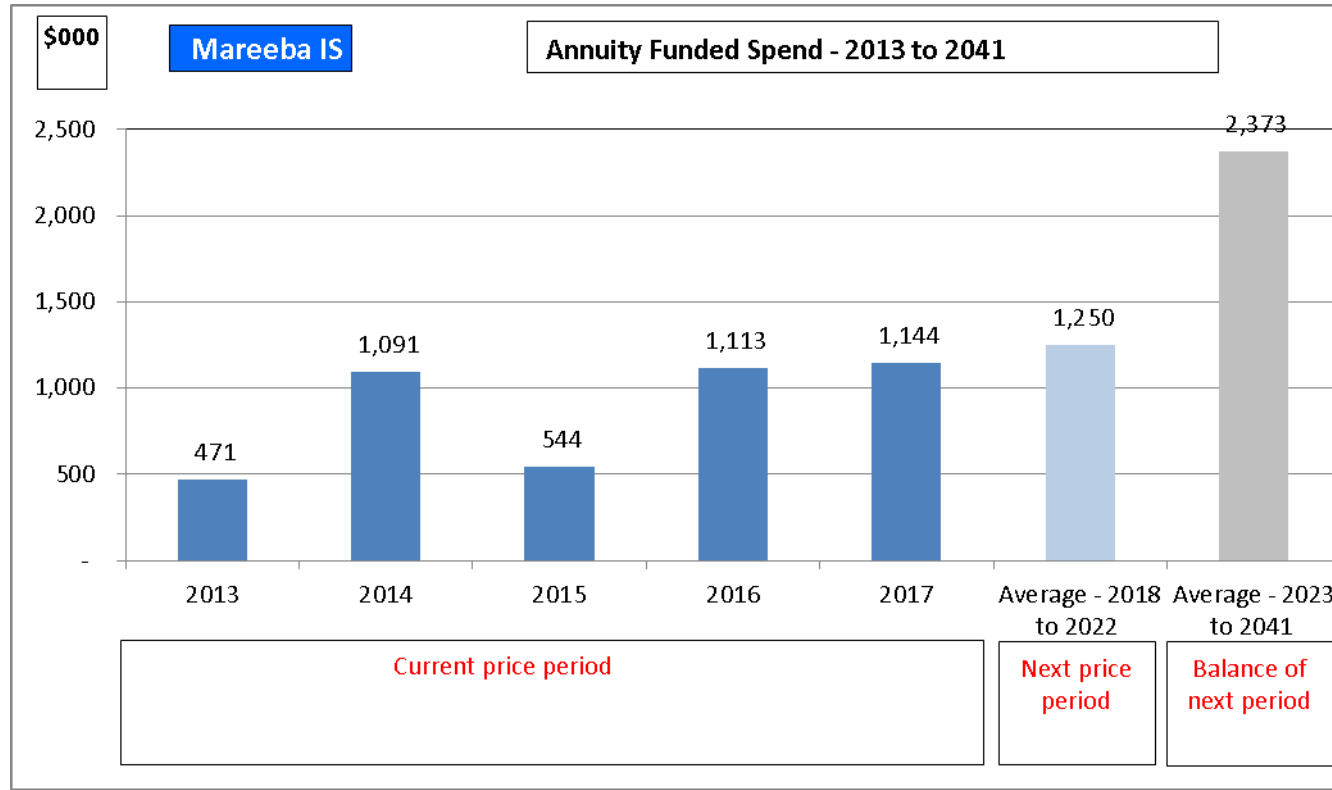
Mareeba IS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance		(587)	660	1,507	2,981	4,031	(587)
Net Spend	See below	(471)	(1,091)	(544)	(1,113)	(1,144)	(4,363)
Annuity Contribution		1,761	1,889	1,905	1,940	2,171	9,666
Interest		(44)	49	113	223	302	644
SunWater - Closing Balance		660	1,507	2,981	4,031	5,360	5,360
QCA - Closing Balance		983	1,633	2,124	2,410	3,215	3,215
Difference		(323)	(126)	858	1,622	2,145	2,145
Net Spend Analysis							
Spend	5 & 7	(471)	(1,091)	(544)	(1,113)	(1,144)	(4,363)
Insurance Proceeds Receipts							
• Prior Year		-	-	-	-	-	-
• Current Year		-	-	-	-	-	-
Net Spend		(471)	(1,091)	(544)	(1,113)	(1,144)	(4,363)

* All 2016 and 2017 figures are subject to change once actual spend is known.

Overview of Annuity Funded Non-Routine Projects 2013-41

The renewals annuity is calculated over a 20-year planning period; given that the following pricing period ends in 2022, the estimated renewals spend out until 2041 will affect the next pricing review. The estimated renewals expenditure out to 2041 is shown in the chart following.

Figure 4: Annuity Expenditure 2013-41



All material renewals items out until 2041 are discussed in the sections following. Materiality is defined as >10% of the present value of the period in question. SunWater will develop options analyses for all material items in the annuity calculation planning period. These reports will be tailored to suit project complexity and budget, with detailed options analyses being completed within the current and following 5-year pricing periods and high-level options analyses for the 20-year period beyond the next price path. The materiality tests will be applied each year as part of annual planning process. Given that there will be project variations, some items will no longer require options analysis in future years and new items may join the list.

Material Projects 2017-18

The evenness in the spread of estimated project costs and/or spend that has already occurred over 2013-16 means there are no projects which exceed the materiality threshold for this service contract for the 2017-18 period.

Material Projects 2019-23

The evenness in the spread of estimated project costs means there are no projects which exceed the materiality threshold for this service contract for the 2019-23 period.

Material Projects 2024-41

The evenness in the spread of estimated project costs means there are no projects which exceed the materiality threshold for this service contract for the 2023-41 period.

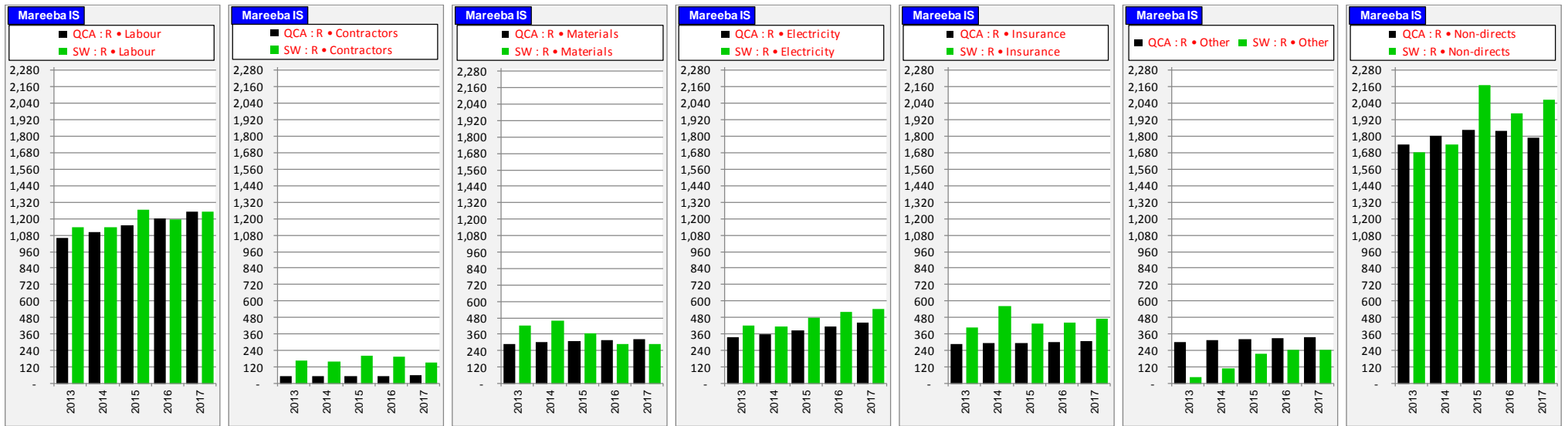
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Mareeba IS	2013			2014			2015			2016			2017			2013 to 2017		
	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Forecast \$000	QCA Target \$000	Variance \$000	SW Budget \$000	QCA Target \$000	Variance \$000	SW Forecast \$000	QCA Target \$000	Variance \$000
Revenue	5,225			6,802			6,197			6,038			5,889			30,151		
Routine Spend																		
Operations																		
Labour	666	557	(109)	601	575	(26)	539	594	55	597	613	16	631	632	1	3,034	2,972	(62)
Contractors	1	6	5	1	6	4	7	6	(1)	2	6	4	2	6	4	13	30	17
Materials	13	9	(4)	4	9	5	2	10	8	4	10	6	4	10	6	27	47	21
Electricity	424	337	(87)	412	360	(51)	477	386	(91)	519	417	(102)	545	446	(99)	2,376	1,945	(431)
Insurance	406	287	(119)	564	292	(272)	434	297	(137)	445	302	(143)	471	307	(164)	2,319	1,483	(835)
Other	40	72	32	98	73	(25)	103	75	(28)	132	76	(56)	132	77	(54)	505	373	(131)
Non-directs	1,110	927	(183)	1,012	953	(59)	929	969	40	982	959	(23)	1,042	924	(118)	5,075	4,732	(343)
	2,660	2,195	(465)	2,692	2,269	(423)	2,490	2,335	(155)	2,680	2,382	(298)	2,827	2,403	(424)	13,349	11,584	(1,765)
Preventative Maintenance																		
Labour	204	149	(56)	229	153	(76)	312	158	(153)	197	163	(34)	202	169	(33)	1,145	792	(352)
Contractors	110	15	(94)	127	16	(111)	111	16	(94)	110	17	(93)	90	17	(73)	548	82	(466)
Materials	65	41	(23)	107	43	(64)	33	44	11	30	45	15	30	46	16	264	220	(44)
Other	1	56	55	3	58	55	48	60	12	21	62	41	21	63	42	93	300	207
Non-directs	110	236	127	212	243	31	527	247	(281)	322	243	(79)	331	234	(97)	1,503	1,203	(299)
	489	498	9	679	513	(166)	1,030	525	(505)	680	531	(149)	674	529	(144)	3,552	2,597	(955)
Corrective Maintenance																		
Labour	266	354	87	305	376	71	411	399	(13)	403	423	20	419	448	29	1,804	1,998	194
Contractors	58	31	(27)	30	32	2	84	33	(51)	80	34	(46)	60	34	(26)	312	163	(148)
Materials	348	241	(107)	345	249	(96)	328	257	(72)	253	265	12	253	269	16	1,528	1,280	(248)
Other	4	176	172	6	182	176	65	187	122	92	193	101	92	197	104	259	935	676
Non-directs	459	572	113	512	604	92	715	630	(85)	664	638	(26)	692	631	(61)	3,043	3,075	32
	1,136	1,373	237	1,197	1,442	245	1,603	1,505	(98)	1,493	1,553	60	1,517	1,579	63	6,946	7,453	507
Routine - total	4,286	4,067	(219)	4,567	4,224	(344)	5,123	4,366	(757)	4,853	4,465	(388)	5,017	4,511	(506)	23,847	21,633	(2,213)
Non-Routine Spend																		
Labour	57	128	71	158	146	(13)	158	182	24	152	229	77	137	287	150	663	972	309
Contractors	256	570	314	583	605	22	13	666	654	535	747	211	584	303	(281)	1,971	2,891	920
Materials	50	141	91	58	159	101	69	199	129	143	249	106	166	303	138	486	1,051	565
Other	2	77	75	11	87	77	31	108	78	5	136	131	1	165	165	49	574	524
Non-directs	105	284	179	282	316	34	273	381	108	277	452	174	257	488	231	1,194	1,920	727
Non-Routine - Total	471	1,200	729	1,091	1,313	221	544	1,537	993	1,113	1,813	699	1,144	1,546	402	4,363	7,408	3,045
Total Regulated Spend	4,757	5,266	510	5,659	5,536	(122)	5,667	5,903	236	5,966	6,278	312	6,161	6,058	(104)	28,210	29,041	832
Non Annuity Funded Spend	4			9			7			-			-			20		
Surplus (Deficit)	465			1,135			522			71			(272)			1,922		

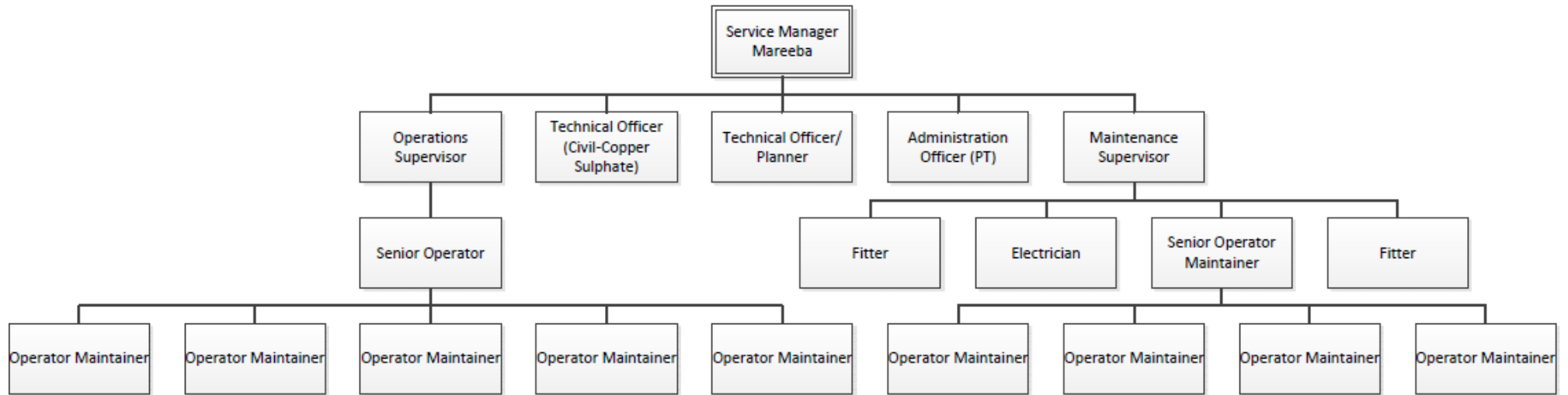
The charts below graphically report routine costs by expense type compared to the QCA target.

Figure 5: Routine Expenditure by Expense Type (\$'000)



Appendix 2: Organisational Chart of Local Resources

The chart below outlines the human resources engaged locally in providing services in the channel distribution system.



Notes

All financial figures in this report are presented in nominal dollars.

Although the QCA set cost targets based on assumed inflation of 2.5%, most of the financial figures in the QCA's final report on SunWater's irrigation prices were presented in real dollars (\$2011). To convert the QCA reported real dollars to nominal dollars multiply by the conversion factors listed below. The conversion factors are based on the QCA's assumed inflation rate of 2.5% p.a. For comparison, the QCA conversion factors based on assumed inflation of 2.5% are compared with conversion factors based on actual inflation as measured by the Brisbane All Groups Consumer Price Index taken in March each year.

Table 9: Conversion Factors for real \$2011 to Nominal Dollars

	2013	2014	2015	2016	2017
QCA Conversion Factor	1.0510	1.0770	1.1040	1.1310	1.1600
Accumulative March Quarter CPI	1.0494	1.0714	1.1050	1.1208	1.1397

Disclaimer

This report has been produced by SunWater, to provide information for client use only. The information contained in this report is limited by the scope and the purpose of the study, and should not be regarded as completely exhaustive. Permission to use or quote information from this report in studies external to the Corporation must first be obtained from the Chief Executive, SunWater.