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2016/17 Annual Network Service Plan

Mareeba Bulk Water

July 2016

Table of Contents

Introduction	3
Financial Summary	4
Water Data	5
Revenue	6
Routine Expenditure	7
Operations	7
Changes to Flood Operations	8
Preventive Maintenance	8
Corrective Maintenance	8
Routine Cost – Summary and Charts	11
Non-Routine Expenditure	12
Non-Routine Budget	13
Annuity Balance	15
Overview of Annuity Funded Non-Routine Projects 2013-41	16
Material Projects 2017-18	17
Material Projects 2019-23	17
Material Projects 2024-41	18
Appendix 1: Total Expenditure by Expense Type	19
Notes	21

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 WS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	4,019	2,246	2,402	1,688	1,580
Less - Routine Expenditure	4 & 7	939	1,038	1,223	1,204	1,182
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	250	209	78	305	466
• Non Annuity Funded	5	(1)	3	0	-	-
Surplus (Deficit)		2,832	996	1,100	179	(69)

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

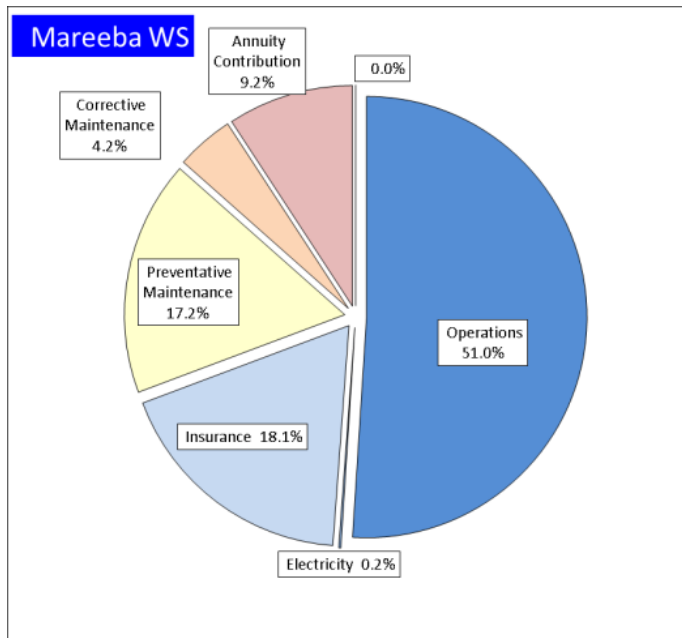


Figure 1 shows a high level summary of total scheme lower bound costs. These costs are apportioned to water entitlements in accordance with the methodology adopted by the QCA in their 2012 review of irrigation charges. The item “Annuity Contribution” refers to the annualised renewals annuity component 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)
Mareeba Dimbulah	1. Industrial		1,351	135	1,216
	2. Irrigation		151,412	0	151,412
	3. Urban		6,656	5,901	755
	5. SunWater		45,005	8,000	37,005
	Total	1,131	204,424	14,036	190,388

QCA Assumed Water Usage

69.4%

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 47% and High Priority 53% 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

Mareeba WS	2013	2014	2015	2016	2017
	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Irrigation	161	132	77	21	79
Industrial	1,528	1,245	1,475	807	613
Urban	338	330	340	336	352
Irrigation CSO	-	-	-	-	-
Revenue Transfers	1,989	532	512	520	533
Drainage	-	-	-	-	-
Other	3	5	4	4	4
Insurance Proceeds - Flood	-	-	(6)	-	-
Revenue Total	4,019	2,246	2,402	1,688	1,580

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

Mareeba 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	604	698	94	552	728	177	586	728	142	639	723	84	664	729	64	91	3,045	3,606	561	84
Electricity	2	6	4	2	6	5	3	7	3	2	7	5	2	8	6	26	11	33	23	32
Insurance	180	83	(97)	321	85	(236)	211	86	(124)	216	88	(128)	236	89	(147)	264	1,163	432	(731)	269
Operations Total	787	788	1	874	819	(54)	800	821	21	856	818	(39)	903	826	(77)	109	4,219	4,071	(148)	104
Preventative Maintenance	136	195	59	148	204	56	314	204	(110)	282	201	(80)	225	203	(22)	111	1,104	1,008	(97)	110
Corrective Maintenance	16	24	9	16	25	9	109	25	(84)	66	25	(41)	55	25	(30)	217	262	125	(137)	209
Routine Total	939	1,007	68	1,038	1,049	11	1,223	1,050	(173)	1,204	1,044	(160)	1,182	1,054	(129)	112	5,586	5,204	(381)	107

The budget routine spend is 12% above the QCA's target for 2017. The budget falls to align with the target when the above-QCA increases in insurance are taken into account.

Operations

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

- Scheduling and delivering water, including processing water orders, releasing water, operating pump stations, regulation and monitoring of channel flows and monitoring of customer deliveries;
- Emergency responses for channel overflows and other emergency events;
- IGEM (Inspector General Emergency Management) Response - (see Changes to Flood Operations below)
- Meter reading;
- Administration of water accounts, billing, and receipting payments;
- Customer management, including enquiries, complaints and maintaining the customer service help desk;
- Scheme management, including licences and permits, rates, land management, planning and reporting;
- Insurance;
- Monitoring the security of infrastructure and unauthorised access and trespass;
- Managing public relations associated with the scheme; and
- Managing enquiries from adjoining landholders, and in some cases developers, that require input and negotiations with SunWater's property and legal sections to resolve issues.

¹ Activities listed will not apply to all service contracts.

The operations budget in 2017 is 9% above the QCA target, however this is due to the increases in insurance costs being higher than allowed for by the QCA. Increased premiums followed flood events that have occurred in the past few years in Queensland. The budget for operations is 8% under the QCA target when the insurance over-runs are taken into account.

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 11% above the QCA’s target for 2017, mainly due to allowance for additional contractors. Ongoing review of work required will be undertaken to minimise costs over QCA target.

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;
 - De-silt intake structures;
 - Repair concrete structure; and

² Activities listed will not apply to all service contracts.

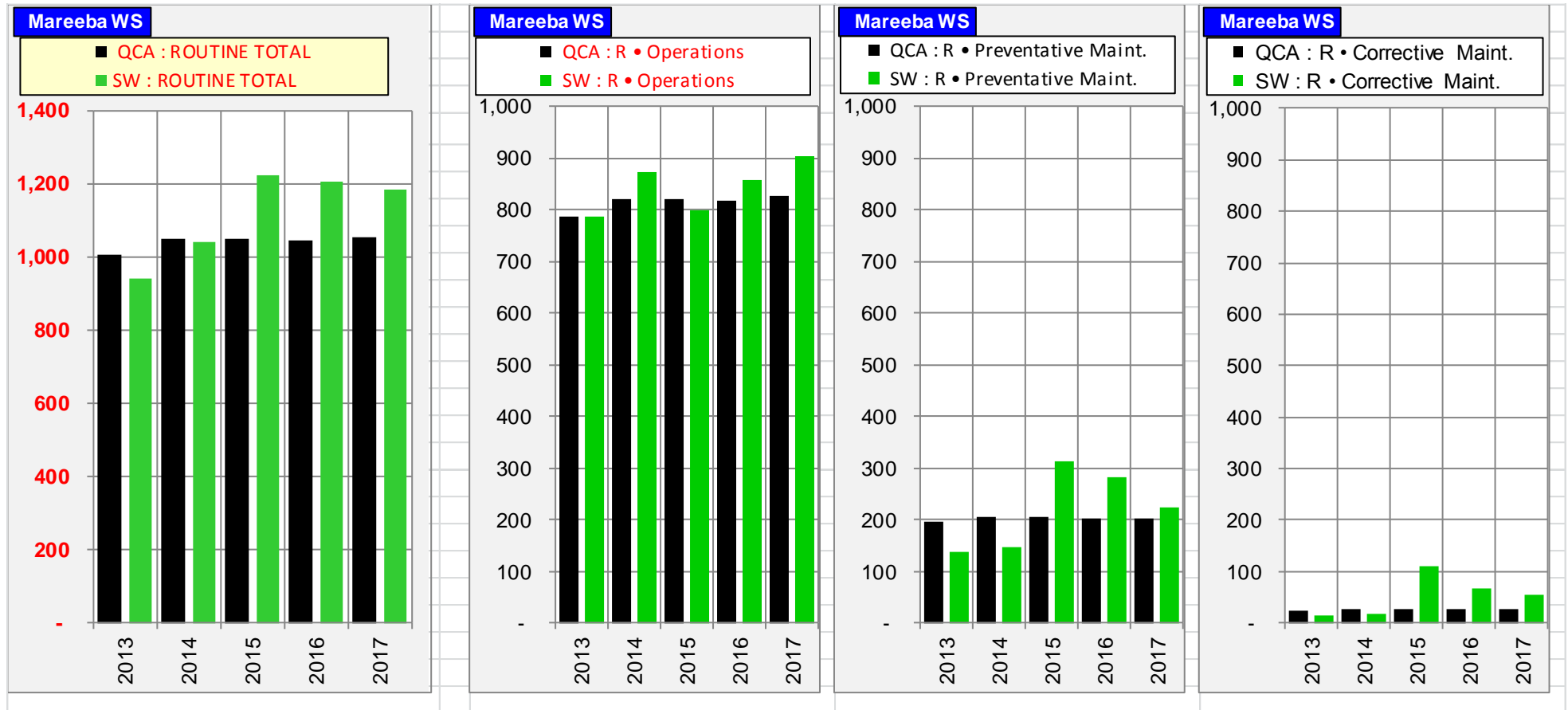
- Repair control building.
- Storages (balancing storages and reservoirs)
 - Repair control gates and valves;
 - Repair walls, embankments and spillways; and
 - Repair concrete structures.
- Meters
 - Repair bulk water meters; and
 - Repair customer meters.
- Emergency corrective maintenance is maintenance that has to be carried out immediately to restore normal operation or supply to customers or to meet regulatory obligations (e.g. rectify a safety hazard) and includes:
 - Repair or correction of pump station faults;
 - Repair or correction of channel faults;
 - Repair or correction of pipeline faults; and
 - Response to theft or vandalism associated with scheme assets.

Corrective maintenance is budgeted above the QCA's target for 2017. SunWater will continue to refine budgets with the aim of bringing the overall expenditure into line with target.

Routine Cost – Summary and Charts

In summary the key challenges in managing routine cost lie with reigning the cost of insurance premiums. 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

Mareeba 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	-	-	-	-	-	-	-	-	-	-	-	-	14	3	(11)	510	14	3	(11)	510
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&E	250	-	(250)	209	89	(120)	78	-	(78)	305	106	(199)	453	237	(216)	191	1,295	432	(863)	300
Non-routine Total	250	-	(250)	209	89	(120)	78	-	(78)	305	106	(199)	466	240	(226)	194	1,308	434	(874)	301
Non Annuity Funded	(1)			3			0			-			-				2			

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)
Testing of post tensioning permanent strand anchors – TINAROO FALLS DAM	The dam has been assessed as an “Extreme” hazard category dam in accordance with ANCOLD Guidelines on Assessment of the Consequences of Dam Failure. Under best practice, the ANCOLD guidelines on dam safety management recommend 5-yearly monitoring frequency on post tensioning of the anchors for “Extreme” hazard category dams. This will be the second time this will be undertaken following the post construction testing, Given this is dam safety regulatory requirement due to its stipulation in the guidelines, an options analysis will not be completed.	190
Study: Dam Safety Hydrology and Dam Break Review – TINAROO FALLS DAM	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
Overhaul the gearbox & replace the gate bottom seal, fixings, protection steel painting - TINAROO FALLS DAM	During the 2013 five-yearly inspection, the radial gate was cycled from fully closed through fully open and back to fully closed with some minor noise coming from the actuator gearbox. The condition of the gearbox and its operation and evidence of minor oil leaks dictates that refurbishment is required to maintain optimal asset life. This project is to undertake an overhaul.	42
Refurbish Vertical Lift Gate and Seal – TINAROO FALLS DAM	The Barron River Main Channel Compensator Gate Offtake is not operational (bent shaft, cracked head) and needs repair/replacement. Based on the current condition assessment in September 2015 and age of asset which is near end of life, the optimal maintenance strategy is replacement with a new gate.	36
Update O&M Manuals and SOPs for Mareeba Supply - TINAROO FALLS DAM	It is a regulatory requirement for this dam safety documentation to be reviewed annually and under ANCOLD Dam Safety Management guidelines a comprehensive review should be undertaken at least every five years or when circumstances change.	20
Other works	There are 7 other non-routine projects for 2017 ranging from \$4,000 to \$20,000. Further detail was tabled at the IAC meeting.	78
Total		466

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

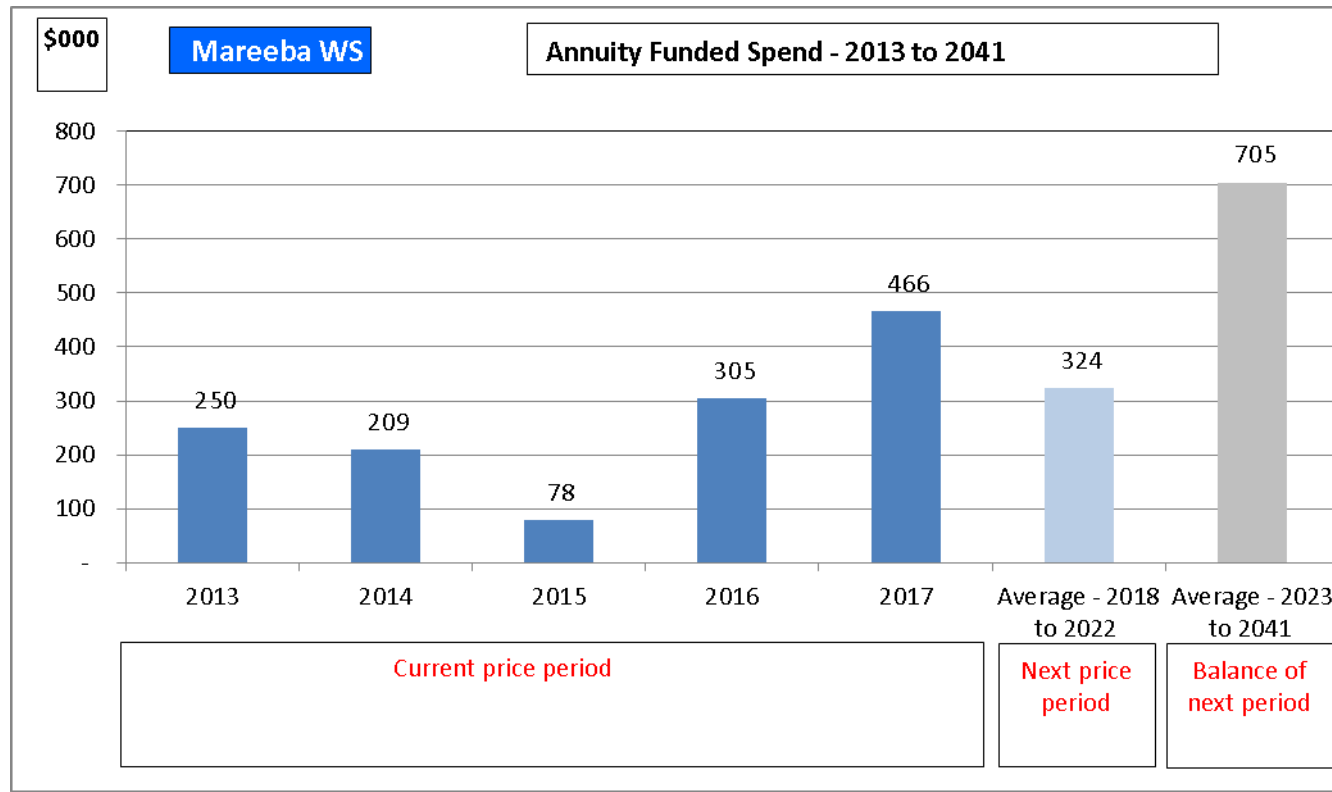
Mareeba WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance		1,007	940	910	1,016	904	1,007
Net Spend	See below	(250)	(209)	(78)	(305)	(466)	(1,308)
Annuity Contribution		108	108	116	117	120	569
Interest		75	70	68	76	68	358
SunWater - Closing Balance		940	910	1,016	904	625	625
QCA - Closing Balance		706	778	952	1,034	992	992
Difference		235	132	63	(131)	(367)	(367)
Net Spend Analysis							
Spend	5 & 7	(250)	(209)	(78)	(305)	(466)	(1,308)
Insurance Proceeds Receipts							
• Prior Year		-	-	6	-	-	6
• Current Year		-	-	(6)	-	-	(6)
Net Spend		(250)	(209)	(78)	(305)	(466)	(1,308)

* 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

Testing of post tensioning permanent strand anchors – TINAROO FALLS DAM

Year: 2017

Current estimate: \$190k

Options analysis completed: No

The dam has been assessed as an “Extreme” hazard category dam in accordance with ANCOLD Guidelines on Assessment of the Consequences of Dam Failure. Under best practice, the ANCOLD guidelines on dam safety management recommend 5-yearly monitoring frequency on post tensioning of the anchors for “Extreme” hazard category dams. This will be the second time this will be undertaken following the post construction testing, Given this is dam safety regulatory requirement due to its stipulation in the guidelines, 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 – TINAROO FALLS DAM

Year: 2019

Current estimate: \$127k

Options analysis completed: No

SunWater policy is to conduct annual and 5 yearly inspections on our dam assets to ensure that the asset will be able to perform its designed function. The estimate to carry out the works is a built up figure using our works order system and recognised the time and rate of engineers and also the remoteness of the site. No options analysis is required.

Replace SCADA Telemetry and Controls - Procurement and Installation – TINAROO FALLS DAM

Year: 2020

Current estimate: \$119k

Options analysis completed: No

The Rubicon system is owned and operated by the Irrigation System group in Mareeba. This project is to consider if a stand alone SCADA system can be installed for Tinaroo Falls Dam. This is a direct result of an incident that resulted in an uncontrolled release of water from a radial gate at Tinaroo Falls Dam potentially causing damage to SunWater channels.

It is recommended to upgrade the PLC and provide a Citect SCADA computer on site to provide remote operation. Off site access to the SCADA computer can be made using SunWater 3G network. The SCADA system should include functions for the control and monitoring of radial gate 1 and the vertical lift gates at the main channel outlet. The system may also incorporate the existing mini-hydro SCADA program.

Replace Valve Controls – TINAROO FALLS DAM

Year: 2021

Current estimate: \$121k

Options analysis completed: No

Testing of post tensioning permanent strand anchors – TINAROO FALLS DAM

Year: 2022

Current estimate: \$213k

Options analysis completed: No

This project is identical in scope to the 2017 Project and is based on a regulatory requirement for a five yearly frequency.

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.

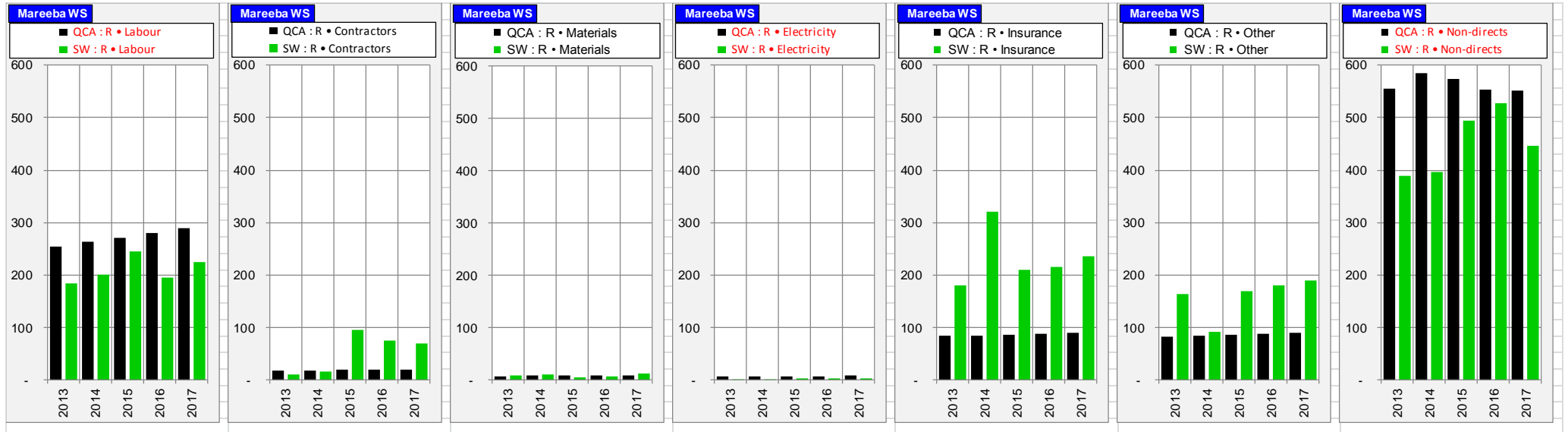
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Mareeba 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	4,019			2,246			2,402			1,688			1,580			11,934		
Routine Spend																		
Operations																		
Labour	143	188	45	147	194	47	141	200	60	118	207	88	158	213	56	707	1,002	295
Contractors	7	16	9	7	16	10	14	17	3	10	17	7	10	18	8	48	83	36
Materials	7	3	(4)	5	3	(2)	2	3	1	2	3	1	3	3	(0)	18	14	(4)
Electricity	2	6	4	2	6	5	3	7	3	2	7	5	2	8	6	11	33	23
Insurance	180	83	(97)	321	85	(236)	211	86	(124)	216	88	(128)	236	89	(147)	1,163	432	(731)
Other	138	78	(60)	92	79	(13)	134	80	(54)	172	82	(90)	167	83	(84)	703	402	(301)
Non-directs	310	414	104	301	436	135	295	428	133	336	414	78	327	412	85	1,570	2,104	534
	787	788	1	874	819	(54)	800	821	21	856	818	(39)	903	826	(77)	4,219	4,071	(148)
Preventative Maintenance																		
Labour	38	60	22	52	62	11	93	64	(29)	70	66	(4)	61	69	8	314	322	8
Contractors	1	1	(0)	2	1	(1)	11	1	(10)	30	1	(29)	35	1	(34)	80	5	(75)
Materials	1	3	2	2	3	0	1	3	2	1	3	2	5	3	(2)	10	14	4
Other	24	4	(21)	0	4	3	33	4	(30)	8	4	(4)	15	4	(11)	81	19	(62)
Non-directs	72	128	56	91	134	43	175	132	(43)	172	127	(45)	109	126	18	619	647	28
	136	195	59	148	204	56	314	204	(110)	282	201	(80)	225	203	(22)	1,104	1,008	(97)
Corrective Maintenance																		
Labour	3	6	3	2	6	4	11	7	(4)	7	7	(0)	6	7	1	29	33	4
Contractors	2	1	(1)	7	1	(6)	70	1	(69)	35	1	(34)	25	1	(24)	140	5	(134)
Materials	2	2	0	2	2	(0)	3	2	(1)	4	2	(2)	5	2	(3)	16	11	(5)
Other	2	2	(0)	-	2	2	1	2	1	1	2	1	8	2	(6)	12	9	(3)
Non-directs	7	13	6	4	14	9	24	14	(10)	19	13	(6)	12	13	1	66	67	1
	16	24	9	16	25	9	109	25	(84)	66	25	(41)	55	25	(30)	262	125	(137)
Routine - total	939	1,007	68	1,038	1,049	11	1,223	1,050	(173)	1,204	1,044	(160)	1,182	1,054	(129)	5,586	5,204	(381)
Non-Routine Spend																		
Labour	14	-	(14)	56	13	(42)	14	-	(14)	24	19	(5)	41	40	(1)	149	72	(76)
Contractors	187	-	(187)	25	14	(11)	37	-	(37)	199	21	(178)	322	43	(279)	771	78	(692)
Materials	6	-	(6)	2	14	12	-	-	-	7	21	14	4	43	39	19	78	59
Other	7	-	(7)	19	8	(11)	0	-	(0)	6	12	6	10	23	13	42	43	1
Non-directs	36	-	(36)	107	39	(69)	28	-	(28)	68	33	(36)	89	91	2	328	162	(166)
Non-Routine - Total	250	-	(250)	209	89	(120)	78	-	(78)	305	106	(199)	466	240	(226)	1,308	434	(874)
Total Regulated Spend	1,189	1,007	(181)	1,247	1,138	(109)	1,301	1,050	(251)	1,509	1,150	(358)	1,648	1,294	(355)	6,894	5,639	(1,255)
Non Annuity Funded Spend	(1)			3			0			-			-			2		
Surplus (Deficit)	2,832			996			1,100			179			(69)			5,038		

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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