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2016/17 Annual Network Service Plan

Nogoa Bulk Water

July 2016

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Introduction

A recommendation from the 2013-17 review of SunWater's irrigation pricing was for SunWater to produce annual Network Service Plans (NSPs) to help keep customers informed throughout the pricing period. These annual NSPs will focus on both routine expenditure (opex) and non-routine expenditure. In particular, the NSPs will cover:

- past performance for routine opex and non-routine expenditure,
- forecast opex and non-routine for the approaching year, and
- the long-term outlook for material non-routine spend.

This NSP compares SunWater's actuals for 2013, 2014 and 2015, budget for 2016 and budget for 2017 to the targets from the QCA's final report. The 2013-16 figures are provided for information only, with the focus the budget figures for 2017. The 2017 budget has been finalised following customer and shareholder consultation.

SunWater values customer feedback and will publish all submissions and SunWater's responses on our website. Customers can provide their feedback via email or post using one of the following addresses:

Email: nspfeedback@sunwater.com.au

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

Financial Summary

Table 1: Operating Revenue Less Spend

Nogoa WS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	4,427	4,711	5,672	4,980	5,133
Less - Routine Expenditure	4 & 7	2,222	2,058	1,966	2,784	2,350
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	559	459	1,383	1,562	1,432
• Non Annuity Funded	5	100	-	1	-	37,125
Surplus (Deficit)		1,546	2,194	2,322	633	(35,774)

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

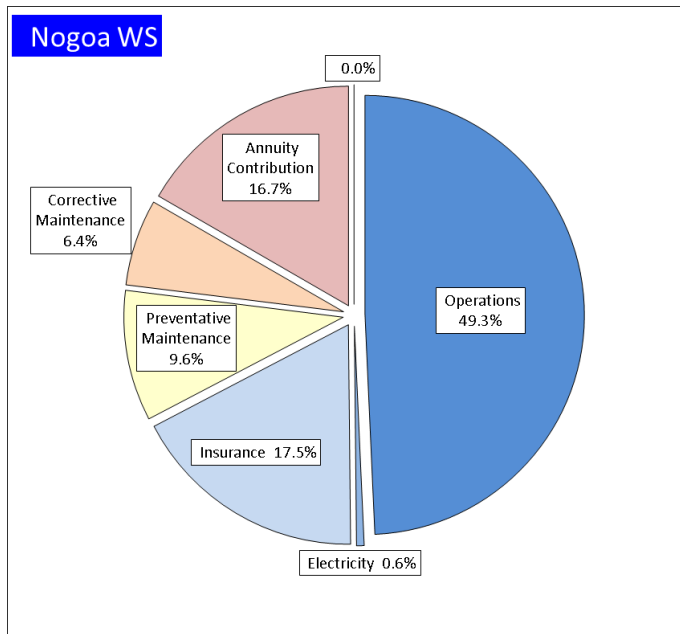


Figure 1 shows a high level summary of total scheme lower bound costs. These costs are apportioned to water entitlements in accordance with the methodology adopted by the QCA in their 2012 review of irrigation charges. The item “Annuity Contribution” refers to the annualised renewals annuity component 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)
Nogoa Mackenzie	1. Industrial		29,420	26,051	3,369
	2. Irrigation		160,132	2,515	157,616
	3. Urban		8,548	8,458	90
	4. Other		331	331	0
	5. SunWater		32,088	9,439	22,649
	Total		389	230,518	46,794

QCA Assumed Water Usage

83.2%

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 45% and High Priority 55% 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.

Revenue

Table 3: Revenue

Nogoa WS	2013	2014	2015	2016	2017
	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Irrigation	987	911	923	949	974
Industrial	1,784	2,386	2,666	2,739	2,841
Urban	432	435	428	288	289
Irrigation CSO	6	2	-	-	-
Revenue Transfers	1,170	958	921	1,000	1,025
Drainage	-	-	-	-	-
Other	49	19	441	4	4
Insurance Proceeds - Flood	-	-	292	-	-
Revenue Total	4,427	4,711	5,672	4,980	5,133

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. Revenue transfers also occur from industrial pipeline service contracts.

Routine Expenditure

Table 4: Routine Operating Expenditure

Nogoa 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	1,388	1,686	297	1,065	1,762	697	1,135	1,763	628	1,737	1,745	7	1,390	1,759	369	79	6,715	8,714	1,998	77
Electricity	12	13	1	16	14	(2)	15	15	1	16	16	1	16	18	2	90	74	76	3	97
Insurance	374	198	(176)	681	201	(480)	439	205	(234)	451	208	(242)	494	212	(282)	233	2,439	1,024	(1,414)	238
Operations Total	1,774	1,897	122	1,762	1,977	216	1,589	1,983	394	2,204	1,969	(234)	1,899	1,989	89	96	9,228	9,815	586	94
Preventative Maintenance	244	264	20	184	276	92	195	275	81	389	273	(116)	271	275	3	99	1,283	1,362	79	94
Corrective Maintenance	204	197	(7)	113	205	92	183	206	23	191	206	15	180	208	28	86	870	1,021	152	85
Routine Total	2,222	2,357	135	2,058	2,458	400	1,966	2,464	498	2,784	2,448	(336)	2,350	2,471	121	95	11,381	12,198	817	93

The budget routine spend is under the QCA's target for 2017.

Operations

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

- Scheduling and delivering water, including processing water orders, releasing water, operating pump stations, regulation and monitoring of channel flows and monitoring of customer deliveries;
- Emergency responses for channel overflows and other emergency events;
- IGEM (Inspector General Emergency Management) Response - (see Changes to Flood Operations below)
- 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 under the QCA target, despite 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.

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 at 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.

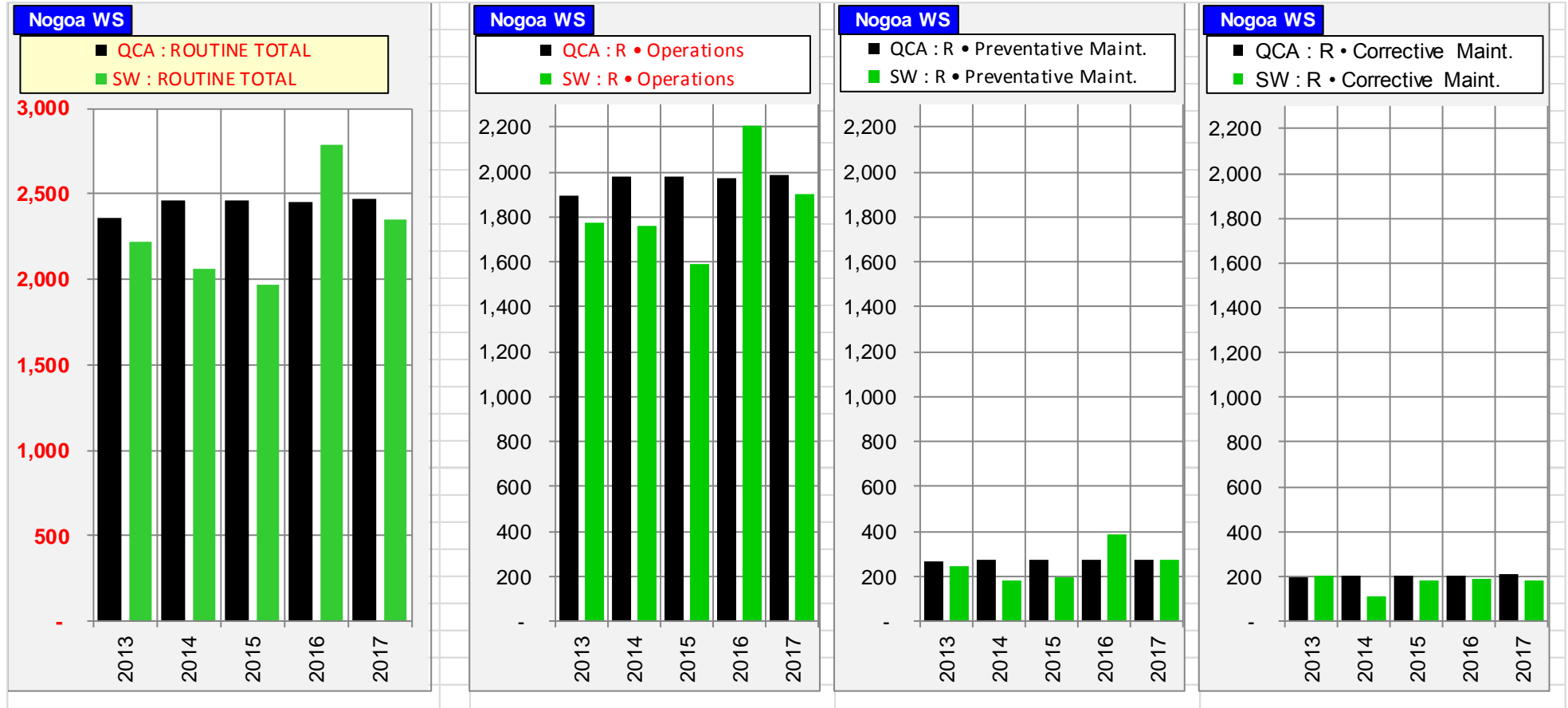
- De-silt intake structures;
- Repair concrete structure; and
- Repair control building.
- Storages (balancing storages and reservoirs)
 - Repair control gates and valves;
 - Repair walls, embankments and spillways; and
 - Repair concrete structures.
- Meters
 - Repair bulk water meters; and
 - Repair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

The Fairbairn Dam Improvement Project Stage 1 & 2 has not been included in the scheme annuity.

Table 5: Non-Routine Expenditure

Nogoa 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	(445)	-	445	41	15	(26)	31	-	(31)	-	-	-	27	-	(27)	-	(345)	15	361	---
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	91	-	(91)	239	-	(239)	22	-	(22)	-	-	-	-	-	-	-	352	-	(352)	-
R&E	913	108	(804)	179	288	109	1,330	482	(848)	1,562	258	(1,305)	1,405	887	(518)	158	5,388	2,023	(3,365)	266
Non-routine Total	559	108	(451)	459	303	(156)	1,383	482	(901)	1,562	258	(1,305)	1,432	887	(545)	161	5,395	2,038	(3,357)	265
Non Annuity Funded	100			-			1			-			37,125				37,226			

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)
Fairbairn Dam Improvement Project - Stage 1 – FAIRBAIRN DAM - not annuity funded	<p>Following the detailed options analysis, a two stage approach to the spillway rectification works is recommended to facilitate the proposed project objectives and to deliver the proposed project as efficiently and effectively as practical. A comprehensive assessment of the spillway risks has identified that Fairbairn Dam has an unacceptable level of risk and is now the highest priority on the SunWater dam safety improvement program. Stage 1 aims to undertake critical construction activities that are required to considerably reduce the existing immediate risk of spillway failure during future flood events with completion due prior to December 2016. Stage 1 activities include:</p> <ul style="list-style-type: none"> • replacement of the under slab drains in the 2:1 section of the spillway chute and filling of concrete voids beneath the concrete slabs; • installation of corrosion resistant passive anchors in the 2:1 section of the spillway chute; • installation of a 400 mm reinforced concrete slab over the 2:1 section of the chute; • 3D Physical Hydraulic modelling to understand the requirements for additional Stage 2 works; and • further engineering design, investigations and testing to determine the extent and requirement of Stage 2 activities. 	25,495
Fairbairn Dam Improvement Project - Stage 2 – FAIRBAIRN DAM -- not annuity funded	<p>Stage 2 works, if identified by Stage 1 investigations as necessary, will aim to restore the original functionality of the spillway to within a tolerable risk profile. Investigations and assessments to confirm and define the requirements of Stage 2 works will be undertaken as part of Stage 1; however it is currently anticipated that works will involve:</p> <ul style="list-style-type: none"> • anchoring of the 10:1 slope of the chute and the ogee crest; • strengthening the 10:1 chute with reinforced concrete slab; • anchoring and strengthening of the dissipator; • possible extension of the dissipator; • possible relocation of the siphon; • possible anchoring on spillway walls; and • updating of the Fairbairn Dam Comprehensive Risk Assessment (CRA). 	11,500
Replace pipework and tank – FAIRBAIRN DAM	<p>This project is to replace the high level storage tank and associated pipework. An option study is currently underway which may identify a more cost effective WOL option of on demand pumping which may result in savings to this budget of up to 30%.</p>	408

Project Title	Project Scope	2017 Budget (\$'000)
Study: 20yr Dam Safety Review – FAIRBAIRN DAM	It is a regulatory requirement that a 20year dam safety review is undertaken in accordance with the Queensland Dam Safety Management Guidelines – February 2002. The last safety review was undertaken in September 1999. The next safety review is due on or before 1st day of December 2016.	327
Stage 2 - Site Work - Improve the rock face stability on the right abutment adjacent to the Weemah inlet tower -- FAIRBAIRN DAM	Instability of the slope below the Lookout has been noted during the 2009 inspection and subsequently intermittent slope failures have been recorded since. This is an operator and public safety issue that is being addressed by benching the hillside. Options have been investigated and this is the most cost effective solution. Relocation of the lookout is also being considered.	243
Other works	There are 17 other non-routine projects for 2017 ranging from \$4,000 to \$147,000. Further detail was tabled at the IAC meeting.	584
Total		38,557

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

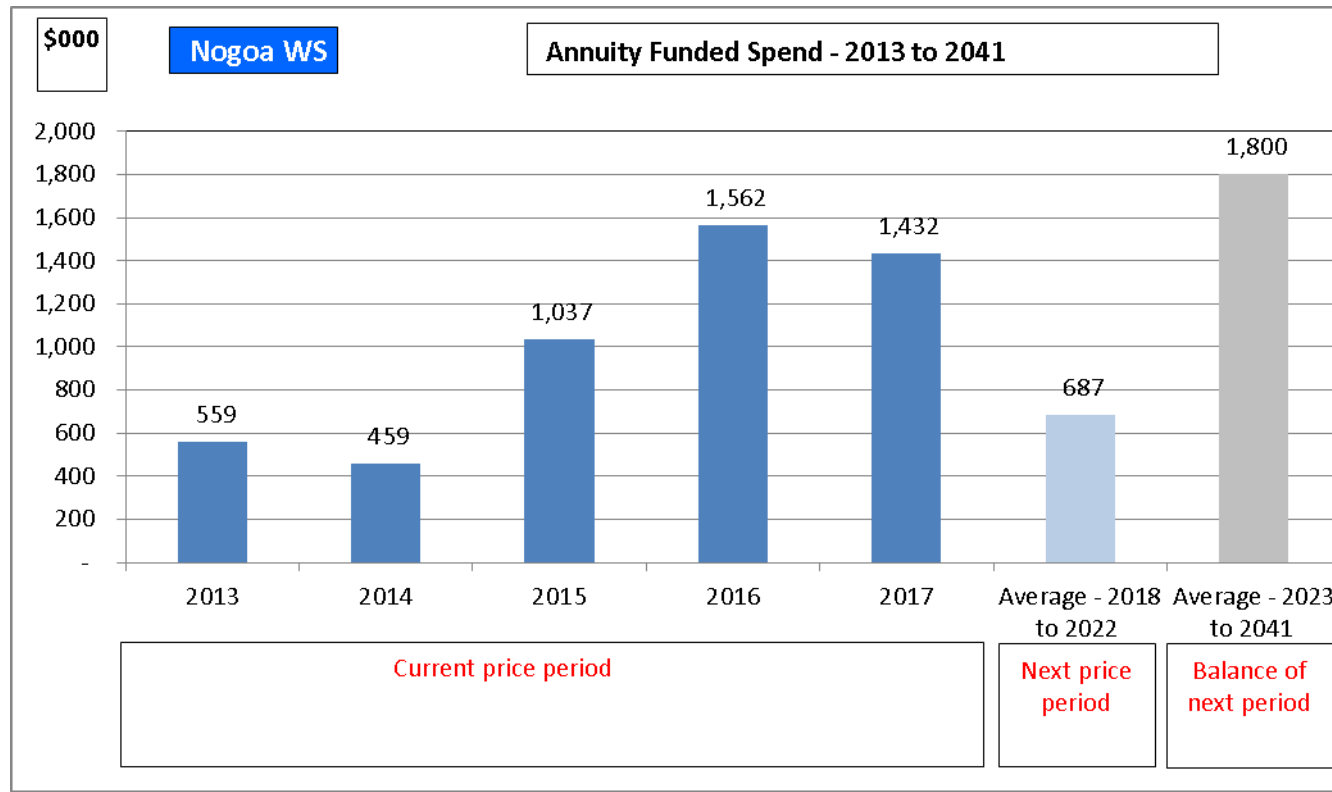
Nogoa WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
Annuity							
Opening Balance		(853)	(1,033)	(1,115)	(1,781)	(3,008)	(853)
Net Spend	See below	(559)	(459)	(1,037)	(1,562)	(1,432)	(5,049)
Annuity Contribution		443	454	455	468	470	2,291
Interest		(64)	(77)	(84)	(133)	(225)	(583)
SunWater - Closing Balance		(1,033)	(1,115)	(1,781)	(3,008)	(4,195)	(4,195)
QCA - Closing Balance		(1,193)	(1,131)	(1,242)	(1,125)	(1,626)	(1,626)
Difference		159	16	(538)	(1,883)	(2,569)	(2,569)
Net Spend Analysis							
Spend	5 & 7	(559)	(459)	(1,383)	(1,562)	(1,432)	(5,395)
Insurance Proceeds Receipts							
• Prior Year		-	-	54	-	-	54
• Current Year		-	-	292	-	-	292
Net Spend		(559)	(459)	(1,037)	(1,562)	(1,432)	(5,049)

* 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.

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 2024-41 period.

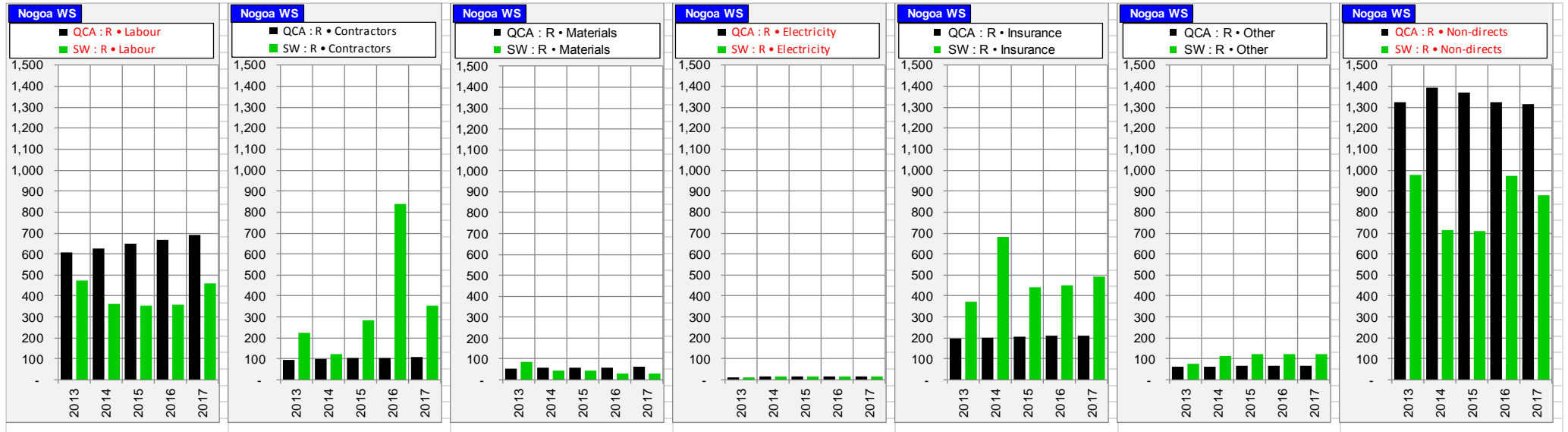
Appendix 1: Total Expenditure by Expense Type

Table 8: Expenditure for Activity by Type

Nogoa 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	4,427			4,711			5,672			4,980			5,133			24,923		
Routine Spend																		
Operations																		
Labour	350	485	135	279	500	221	257	516	259	237	533	296	342	550	208	1,465	2,584	1,120
Contractors	176	67	(110)	93	69	(24)	220	71	(149)	704	73	(631)	251	75	(177)	1,444	354	(1,090)
Materials	64	27	(37)	21	28	7	30	29	(1)	21	30	9	21	30	9	157	144	(13)
Electricity	12	13	1	16	14	(2)	15	15	1	16	16	1	16	18	2	74	76	3
Insurance	374	198	(176)	681	201	(480)	439	205	(234)	451	208	(242)	494	212	(282)	2,439	1,024	(1,414)
Other	66	47	(19)	112	48	(65)	99	49	(51)	107	50	(57)	107	51	(56)	491	243	(247)
Non-directs	733	1,060	328	560	1,117	557	528	1,098	569	669	1,059	390	669	1,054	385	3,158	5,388	2,229
	1,774	1,897	122	1,762	1,977	216	1,589	1,983	394	2,204	1,969	(234)	1,899	1,989	89	9,228	9,815	586
Preventative Maintenance																		
Labour	75	78	2	63	80	17	61	83	22	87	86	(1)	78	88	10	365	415	51
Contractors	20	7	(14)	6	7	0	9	7	(2)	81	7	(74)	50	7	(43)	167	35	(132)
Materials	2	7	5	1	7	6	0	8	7	-	8	8	-	8	8	4	38	34
Other	3	7	4	2	7	6	11	7	(4)	5	7	2	5	8	2	27	37	10
Non-directs	143	165	22	111	174	62	113	170	57	216	164	(51)	138	163	25	721	837	116
	244	264	20	184	276	92	195	275	81	389	273	(116)	271	275	3	1,283	1,362	79
Corrective Maintenance																		
Labour	50	45	(5)	22	47	25	35	48	13	35	50	15	39	52	12	181	242	61
Contractors	28	23	(5)	25	24	(1)	54	25	(30)	53	25	(28)	53	26	(28)	214	123	(91)
Materials	20	20	0	23	21	(3)	12	21	10	7	22	15	7	22	15	69	106	38
Other	6	10	4	1	10	9	14	10	(3)	9	11	2	9	11	2	37	51	14
Non-directs	100	98	(2)	42	104	61	68	102	33	88	98	11	71	98	26	370	499	129
	204	197	(7)	113	205	92	183	206	23	191	206	15	180	208	28	870	1,021	152
Routine - total	2,222	2,357	135	2,058	2,458	400	1,966	2,464	498	2,784	2,448	(336)	2,350	2,471	121	11,381	12,198	817
Non-Routine Spend																		
Labour	204	18	(186)	81	46	(35)	283	73	(211)	155	45	(111)	195	148	(47)	919	329	(590)
Contractors	165	20	(145)	93	61	(32)	517	89	(428)	927	44	(882)	807	155	(652)	2,510	369	(2,141)
Materials	150	20	(130)	69	47	(22)	5	78	73	8	44	36	1	155	154	234	345	111
Other	(368)	11	379	67	24	(43)	72	43	(29)	45	30	(16)	47	89	42	(136)	196	333
Non-directs	407	39	(368)	148	125	(24)	506	200	(306)	426	95	(332)	381	340	(41)	1,869	799	(1,070)
Non-Routine - Total	559	108	(451)	459	303	(156)	1,383	482	(901)	1,562	258	(1,305)	1,432	887	(545)	5,395	2,038	(3,357)
Total Regulated Spend	2,781	2,465	(316)	2,517	2,761	244	3,350	2,946	(404)	4,346	2,706	(1,641)	3,782	3,358	(424)	16,776	14,236	(2,540)
Non Annuity Funded Spend	100			-			1			-			37,125			37,226		
Surplus (Deficit)	1,546			2,194			2,322			633			(35,774)			(29,079)		

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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