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# 2016/17 Annual Network Service Plan

## Pioneer Bulk Water

July 2016

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## Introduction

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

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

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

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

Email: [nspfeedback@sunwater.com.au](mailto:nspfeedback@sunwater.com.au)

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

**Table 1: Operating Revenue Less Spend**

Pioneer WS		2013	2014	2015	2016	2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000
Revenue	3	1,311	1,363	1,675	1,546	1,578
Less - Routine Expenditure	4 & 7	980	951	802	1,118	1,029
Less - Non-Routine Expenditure						
• Annuity Funded	5, 6 & 7	669	231	317	817	1,574
• Non Annuity Funded	5	0	-	-	-	-
Surplus (Deficit)		(338)	182	556	(389)	(1,024)

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**

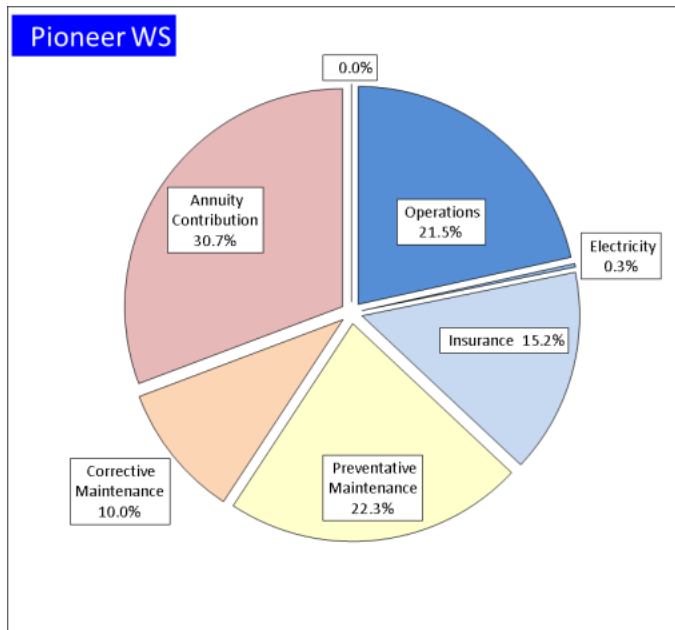


Figure 1 shows a high level summary of total scheme lower bound costs. These costs are apportioned to water entitlements in accordance with the methodology adopted by the QCA in their 2012 review of irrigation charges. The item “Annuity Contribution” refers to the annualised renewals annuity component 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)	High-A Water Priority (ML)	High-B Water Priority (ML)
Pioneer River	1. Industrial		1,920	0	1,920	0
	2. Irrigation		47,390	0	33	47,357
	3. Urban		16,520	0	16,520	0
	5. SunWater		12,280	0	12,280	0
	Total	25	78,110	0	30,753	47,357

QCA Assumed Water Usage

44.2%

The 2017 budget is compiled taking into account the QCA water use assumption.

The QCA established the Headworks Utilization Factor (HUF) for this scheme at High B Priority 44% and High A Priority 56% meaning that proportionally more costs in the scheme are apportioned to high priority water allocation holders on the basis that these water entitlements utilize more of the headworks assets located within the scheme. High priority water entitlements are typically held by urban and industrial customers. Further detail on the HUF and how it is applied to apportion scheme costs can be found in the QCA's final report from the 2012 pricing review, chapters 5 and 6. The QCA final report can be downloaded from [www.qca.org.au/Water/Rural/SunWater-s-Irrigation-Prices](http://www.qca.org.au/Water/Rural/SunWater-s-Irrigation-Prices). The HUFs for each bulk water scheme are published in the QCA final report in a table beginning on p193.

Note: When average water usage in the PVWSS approaches 66% a review of options for replacing storage capacity associated with deflated fabridams in the scheme will be undertaken.

# Revenue

**Table 3: Revenue**

Pioneer WS	2013	2014	2015	2016	2017
	Actual	Actual	Actual	Forecast	Budget
	\$000	\$000	\$000	\$000	\$000
Irrigation	614	641	653	695	712
Industrial	457	528	608	622	627
Urban	222	192	201	218	229
Irrigation CSO	-	-	-	-	-
Revenue Transfers	-	-	-	-	-
Drainage	-	-	-	-	-
Other	18	2	219	10	10
Insurance Proceeds - Flood	-	-	(6)	-	-
Revenue Total	1,311	1,363	1,675	1,546	1,578

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**

Pioneer 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	328	433	105	253	451	198	301	451	151	446	448	3	320	452	132	71	1,647	2,236	589	74
Electricity	3	4	1	3	4	1	4	5	1	4	5	1	4	5	1	74	18	23	5	79
Insurance	172	91	(81)	307	93	(215)	201	94	(107)	206	96	(111)	226	97	(129)	232	1,113	471	(642)	236
Operations Total	503	527	24	563	548	(15)	506	550	44	656	549	(107)	550	555	5	99	2,778	2,729	(49)	102
Preventative Maintenance	267	234	(33)	280	245	(36)	257	244	(13)	341	242	(99)	331	244	(87)	136	1,477	1,209	(268)	122
Corrective Maintenance	209	185	(24)	107	193	86	39	195	156	121	196	75	149	198	49	75	625	967	342	65
Routine Total	980	947	(33)	951	985	35	802	989	187	1,118	987	(131)	1,029	997	(33)	103	4,880	4,905	25	99

The budget routine spend is 3% above the QCA's target for 2017.

### Operations

Operation activities include the day-to-day costs of the administration and management of the scheme, water delivery and meeting compliance obligations. Specific activities include the direct and non-direct cost of<sup>1</sup>:

- Scheduling and delivering water, including processing water orders, releasing water, operating pump stations, regulation and monitoring of channel flows and monitoring of customer deliveries;
- Emergency responses for channel overflows and other emergency events;
- 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.

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

The operations budget in 2017 is within 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 includes<sup>2</sup>:

- Condition monitoring – the inspection, testing or measurement of physical assets to report and record its condition and performance for determination of maintenance requirements. Condition monitoring is carried out on electrical, mechanical and civil assets including pump stations (pumps, electrical motors, valves, switchboards and associated equipment), channels (regulator gates, civil works, signs, structures, etc.), drains (civil works, structures etc.), pipelines (valves, air valves, scours easements etc.), and other infrastructure;
- Servicing – planned maintenance activities normally expected to be carried out routinely on physical assets including valves, cranes, sump pumps and associated equipment; and
- Weed control – which includes the following activities:
  - Slashing channels and drains;
  - Acrolein treatment of channels;
  - Copper Sulphate treatment; and
  - Spraying and other activities to control operational and noxious weeds within dams, channel and drainage reserves and balancing storages and other land managed by SunWater

Preventive maintenance is budgeted above the QCA’s target for 2017. This is 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 emergency<sup>2</sup>:

- Scheduled corrective maintenance is maintenance that can be planned and scheduled, and includes:
  - Channels
    - De-silting channels and catch drains;
    - Erosion control and repair of rock protection works;
    - Repair fencing;
    - Repair concrete structures; and
    - Repair regulator gates, control valves, etc.
  - 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;

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

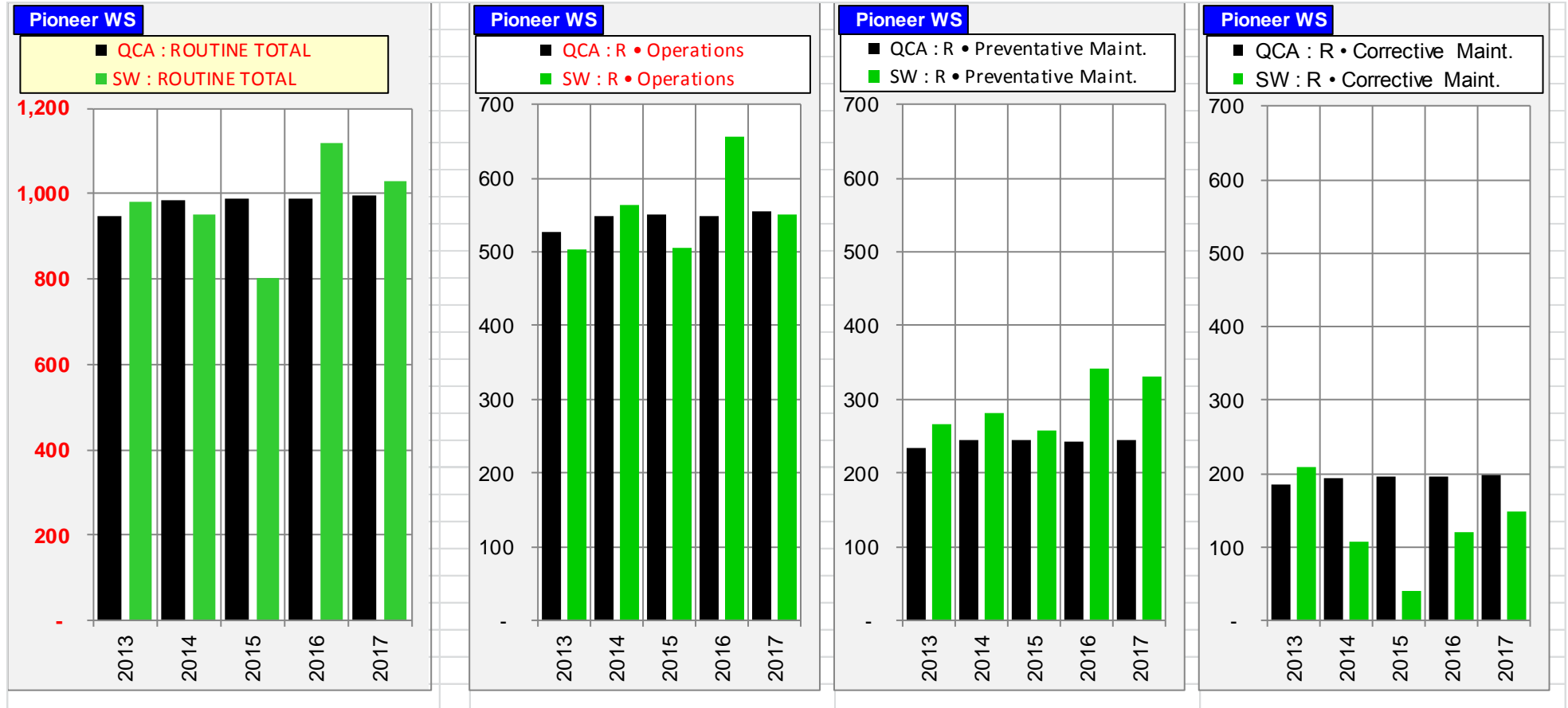
- De-silt intake structures;
- Repair concrete structure; and
- Repair control building.
- Storages (balancing storages and reservoirs)
  - Repair control gates and valves;
  - Repair walls, embankments and spillways; and
  - Repair concrete structures.
- Meters
  - Repair bulk water meters; and
  -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

Pioneer WS	2013			2014			2015			2016			2017			2013 to 2017				
	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Forecast \$000	QCA Target \$000	Variance \$000	SW Budget \$000	QCA Target \$000	Variance \$000	% of target	SW Forecast \$000	QCA Target \$000	Variance \$000	% of target
<b>Annuity Funded</b>																				
Operations	-	-	-	8	-	(8)	0	-	(0)	-	-	-	26	167	141	16	34	167	134	20
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	1	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	(1)	-
R&E	668	833	165	224	141	(83)	317	101	(216)	817	266	(551)	1,547	388	(1,160)	399	3,573	1,728	(1,844)	207
<b>Non-routine Total</b>	<b>669</b>	<b>833</b>	<b>164</b>	<b>231</b>	<b>141</b>	<b>(90)</b>	<b>317</b>	<b>101</b>	<b>(216)</b>	<b>817</b>	<b>266</b>	<b>(551)</b>	<b>1,574</b>	<b>555</b>	<b>(1,018)</b>	<b>283</b>	<b>3,607</b>	<b>1,896</b>	<b>(1,711)</b>	<b>190</b>
<b>Non Annuity Funded</b>	<b>0</b>			<b>-</b>			<b>-</b>			<b>-</b>			<b>-</b>				<b>0</b>			

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)
Decommission fabridam for Mirani and Dumbleton Weirs	The fabridam at Bedford Weir failed unexpectedly during December 2008 resulting in a fatality. SunWater has investigated the options for replacing the fabridams and has determined through a series of consultations with irrigators and other advisory bodies, to decommission the four fabridams. At the end of the project, the remaining fabridams must be removed from site and destroyed. The pumps and blowers that automatically retain pressure within the dams must be removed from site and pipe work rendered non-functional. The clamping plates fastening the dams to the weirs must be removed and bolt holes filled with an appropriate cementitious material.	494
Study: 20yr Dam Safety Review – TEEMBURRA DAM	This project is initiated to meet the regulatory requirement. The purpose of the project to carry out 20 year dam safety review in accordance with Dam Safety Management Guidelines 2012. The scope includes review of foundations, main wall, spillway, outlet works, associated equipment and monitoring system and historical performance during floods and seismic events since construction. The review also reviews the dam design and construction against current best practice and standards.	277
Remove sheet piling cofferdam – MARIAN WEIR	This project was planned in 2016 to address the work place health and safety issue. However, the project was halted due to coronial inquiry and if it is permitted, the project is planned to be carried out in 2017 as per original scope of the works. An unacceptable level of risk exists with maintaining this temporary structure into the long term so the project is required but may be delayed for several years.	252
Carry out ground penetrating radar survey of the spillway crest every 20 years during dam safety review – TEEMBURRA DAM	The ground penetrating radar survey is planned as part of the Dam Safety review so that voids, rebar corrosion etc can be located and the strength of spillway crest can be assessed on an unseen but more informed condition.	77
Refurbish: Pull out tests on grout anchors as part of DSR (anchors on extended slab) – TEEMBURRA DAM	Pull out tests on grout anchors are planned to ensure the strength of anchors are adequate. This will be carried out as part of the dam safety review. Due to the lessons learnt with failure of Fairbairn Dam spillway anchors, testing of anchors has now been programmed in the asset maintenance strategy for all dams.	69
Other works	There are 19 other non-routine projects for 2017 ranging from \$5,000 to \$49,000. Further detail was tabled at the IAC meeting.	405
Total		1,574



## 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**

Pioneer WS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Forecast \$000	Budget \$000	Forecast \$000
<b>Annuity</b>							
Opening Balance		(2,401)	(2,826)	(2,836)	(2,884)	(3,471)	(2,401)
Net Spend	See below	(669)	(231)	(280)	(817)	(1,574)	(3,570)
Annuity Contribution		423	433	444	446	457	2,204
Interest		(180)	(212)	(212)	(216)	(260)	(1,080)
SunWater - Closing Balance		(2,826)	(2,836)	(2,884)	(3,471)	(4,848)	(4,848)
QCA - Closing Balance		(1,976)	(1,832)	(1,626)	(1,567)	(1,783)	(1,783)
Difference		(850)	(1,004)	(1,258)	(1,904)	(3,065)	(3,065)
<b>Net Spend Analysis</b>							
Spend	5 & 7	(669)	(231)	(317)	(817)	(1,574)	(3,607)
Insurance Proceeds Receipts							
• Prior Year		-	-	43	-	-	43
• Current Year		-	-	(6)	-	-	(6)
Net Spend		(669)	(231)	(280)	(817)	(1,574)	(3,570)

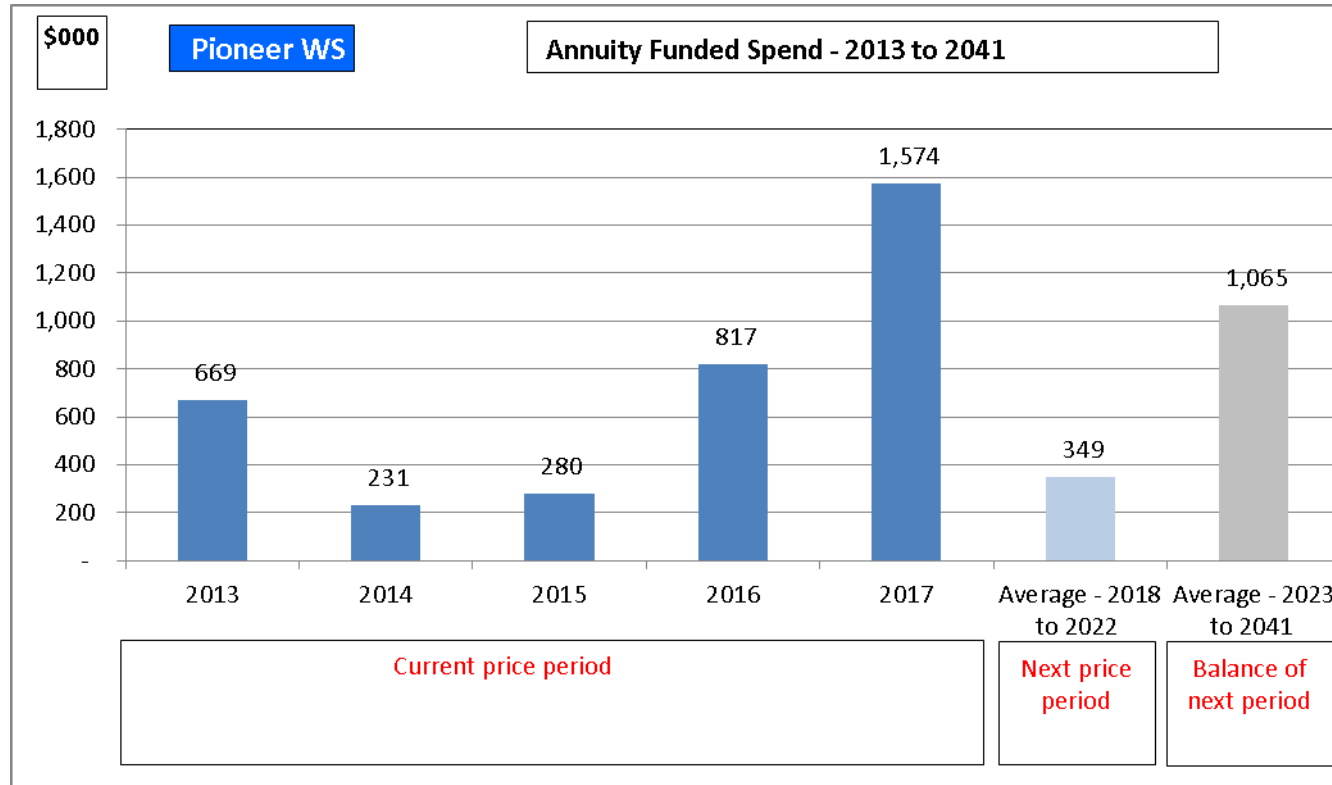
\* All 2016 and 2017 figures are subject to change once actual spend is known.



## 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.

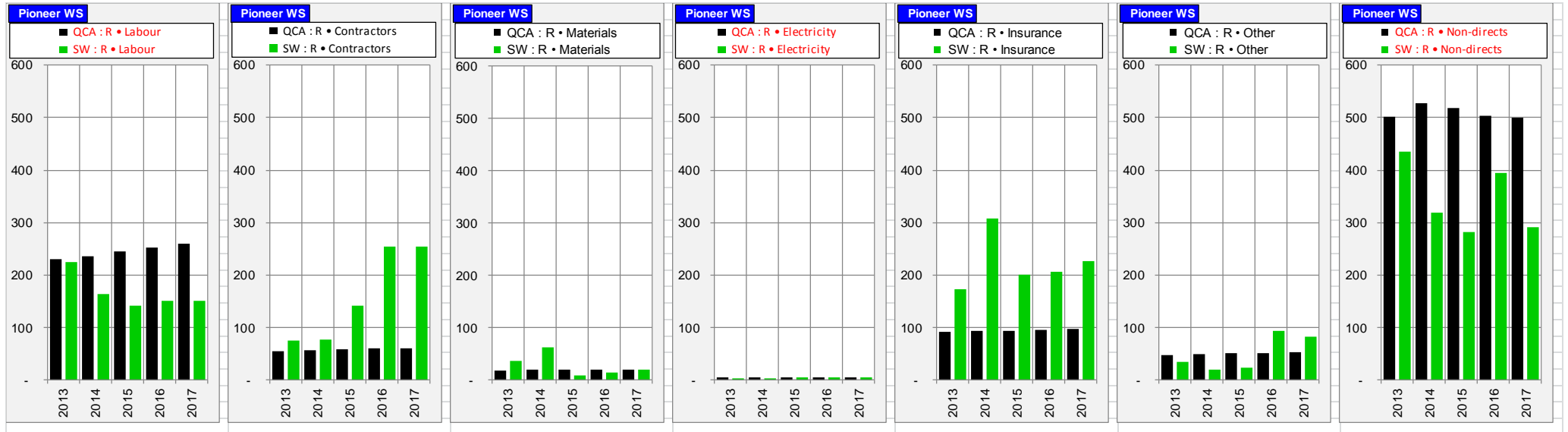
## Appendix 1: Total Expenditure by Expense Type

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

Pioneer 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	1,311			1,363			1,675			1,546			1,578			7,474		
<b>Routine Spend</b>																		
<b>Operations</b>																		
Labour	94	125	31	74	129	56	74	133	60	89	138	49	74	142	68	405	667	263
Contractors	12	13	1	8	13	5	53	14	(39)	80	14	(66)	55	15	(40)	208	69	(139)
Materials	1	2	1	2	2	1	3	2	(1)	2	2	0	5	2	(3)	13	11	(2)
Electricity	3	4	1	3	4	1	4	5	1	4	5	1	4	5	1	18	23	5
Insurance	172	91	(81)	307	93	(215)	201	94	(107)	206	96	(111)	226	97	(129)	1,113	471	(642)
Other	33	14	(19)	19	14	(5)	21	14	(7)	42	14	(28)	42	15	(27)	157	71	(86)
Non-directs	187	279	92	150	293	142	151	288	137	233	280	47	144	279	134	865	1,417	553
	503	527	24	563	548	(15)	506	550	44	656	549	(107)	550	555	5	2,778	2,729	(49)
<b>Preventative Maintenance</b>																		
Labour	83	68	(14)	76	71	(5)	66	73	6	57	75	18	66	78	11	348	365	16
Contractors	22	8	(14)	40	8	(32)	58	8	(50)	116	8	(108)	120	9	(111)	356	41	(316)
Materials	5	5	0	25	5	(20)	5	5	1	4	5	1	5	6	1	43	26	(17)
Other	0	8	8	1	8	8	2	9	6	19	9	(10)	17	9	(8)	39	43	4
Non-directs	158	145	(13)	139	153	14	126	150	24	145	144	(1)	122	143	21	690	735	45
	267	234	(33)	280	245	(36)	257	244	(13)	341	242	(99)	331	244	(87)	1,477	1,209	(268)
<b>Corrective Maintenance</b>																		
Labour	47	36	(12)	14	37	23	2	38	36	5	39	34	11	40	30	79	190	111
Contractors	40	34	(6)	27	35	8	30	36	6	59	37	(22)	80	38	(42)	236	180	(56)
Materials	31	11	(20)	36	12	(24)	2	12	10	8	12	4	10	13	3	87	60	(27)
Other	0	26	25	0	26	26	0	27	27	32	28	(3)	24	29	5	56	136	80
Non-directs	91	79	(12)	29	83	54	5	82	76	17	79	62	24	78	54	167	401	234
	209	185	(24)	107	193	86	39	195	156	121	196	75	149	198	49	625	967	342
<b>Routine - total</b>	<b>980</b>	<b>947</b>	<b>(33)</b>	<b>951</b>	<b>985</b>	<b>35</b>	<b>802</b>	<b>989</b>	<b>187</b>	<b>1,118</b>	<b>987</b>	<b>(131)</b>	<b>1,029</b>	<b>997</b>	<b>(33)</b>	<b>4,880</b>	<b>4,905</b>	<b>25</b>
<b>Non-Routine Spend</b>																		
Labour	96	206	111	65	32	(33)	107	15	(92)	82	57	(25)	188	93	(95)	538	403	(135)
Contractors	239	227	(12)	15	39	23	82	23	(58)	480	31	(450)	904	99	(804)	1,721	419	(1,301)
Materials	15	227	212	11	30	19	0	15	15	4	30	26	-	92	92	31	394	363
Other	109	124	15	25	16	(8)	(72)	10	82	26	19	(7)	105	54	(51)	193	223	30
Non-directs	210	48	(162)	115	24	(91)	200	38	(162)	225	129	(95)	377	217	(159)	1,126	457	(669)
<b>Non-Routine - Total</b>	<b>669</b>	<b>833</b>	<b>164</b>	<b>231</b>	<b>141</b>	<b>(90)</b>	<b>317</b>	<b>101</b>	<b>(216)</b>	<b>817</b>	<b>266</b>	<b>(551)</b>	<b>1,574</b>	<b>555</b>	<b>(1,018)</b>	<b>3,607</b>	<b>1,896</b>	<b>(1,711)</b>
<b>Total Regulated Spend</b>	<b>1,648</b>	<b>1,780</b>	<b>131</b>	<b>1,182</b>	<b>1,126</b>	<b>(55)</b>	<b>1,119</b>	<b>1,090</b>	<b>(29)</b>	<b>1,935</b>	<b>1,253</b>	<b>(682)</b>	<b>2,603</b>	<b>1,552</b>	<b>(1,051)</b>	<b>8,487</b>	<b>6,801</b>	<b>(1,686)</b>
<b>Non Annuity Funded Spend</b>	<b>0</b>			<b>-</b>			<b>-</b>			<b>-</b>			<b>-</b>			<b>0</b>		
<b>Surplus (Deficit)</b>	<b>(338)</b>			<b>182</b>			<b>556</b>			<b>(389)</b>			<b>(1,024)</b>			<b>(1,014)</b>		

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

**Figure 4: Routine Expenditure by Expense Type (\$'000)**



## Notes

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

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

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

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

### Disclaimer

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