

SunWater Limited
Level 10, 179 Turbot Street
PO Box 15536 City East
Brisbane Queensland 4002
www.sunwater.com.au
ACN 131 034 985



2017 Annual Performance Report

Bundaberg Distribution

October 2017

Table of Contents

Introduction	3
Financial Summary.....	4
Water Usage	6
Revenue	7
Routine Expenditure	8
Operations.....	8
Preventive Maintenance	9
Corrective Maintenance.....	10
Non-Routine Expenditure	13
R&E – Annuity Funded	14
Corrective Maintenance.....	16
Other	16
R&E – Non Annuity.....	16
Annuity Balance.....	16
Appendix – Financial Reporting Overview	18
Notes.....	20

Introduction

This annual Performance Report is to provide to SunWater Bundaberg Distribution customers the routine expenditure (opex) and non-routine expenditure for the financial year 2016-2017. The Performance Plan covers:

- past performance for opex and non-routine expenditure for 2017
- summary of past performance for opex and non-routine expenditure for the Price Path period 2013 – 2017.

This is the final Performance Plan for the period 2013 - 2017 comparing SunWater's costs with the Queensland Competition Authority (QCA) targets set in the 2012 price review. The QCA price path expired 30 June 2017.

The Network Service Plan (NSP) for 2018 was published earlier this year and will form the basis for Performance Reports for 2018 and 2019.

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 at the following addresses:

Email: nspfeedback@sunwater.com.au

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

Table 1 – Operating Revenue Less Spend

Bundaberg IS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Revenue	3	9,154	12,381	10,510	12,479	13,578	58,101
Less - Routine Expenditure	4 & 7	7,907	12,782	10,160	10,477	11,880	53,206
Less - Non-Routine Expenditure							
• Annuity Funded	5, 6 & 7	1,513	811	960	1,120	2,657	7,060
• Non Annuity Funded	5	273	63	102	114	118	670
Surplus (Deficit)		(539)	(1,275)	(712)	768	(1,078)	(2,835)

Table 1 provides an indication of the annual cash performance of the scheme. Note that the table reports total non-routine spend and does not take into account the renewals annuity. Further information is provided below in each section of this report.

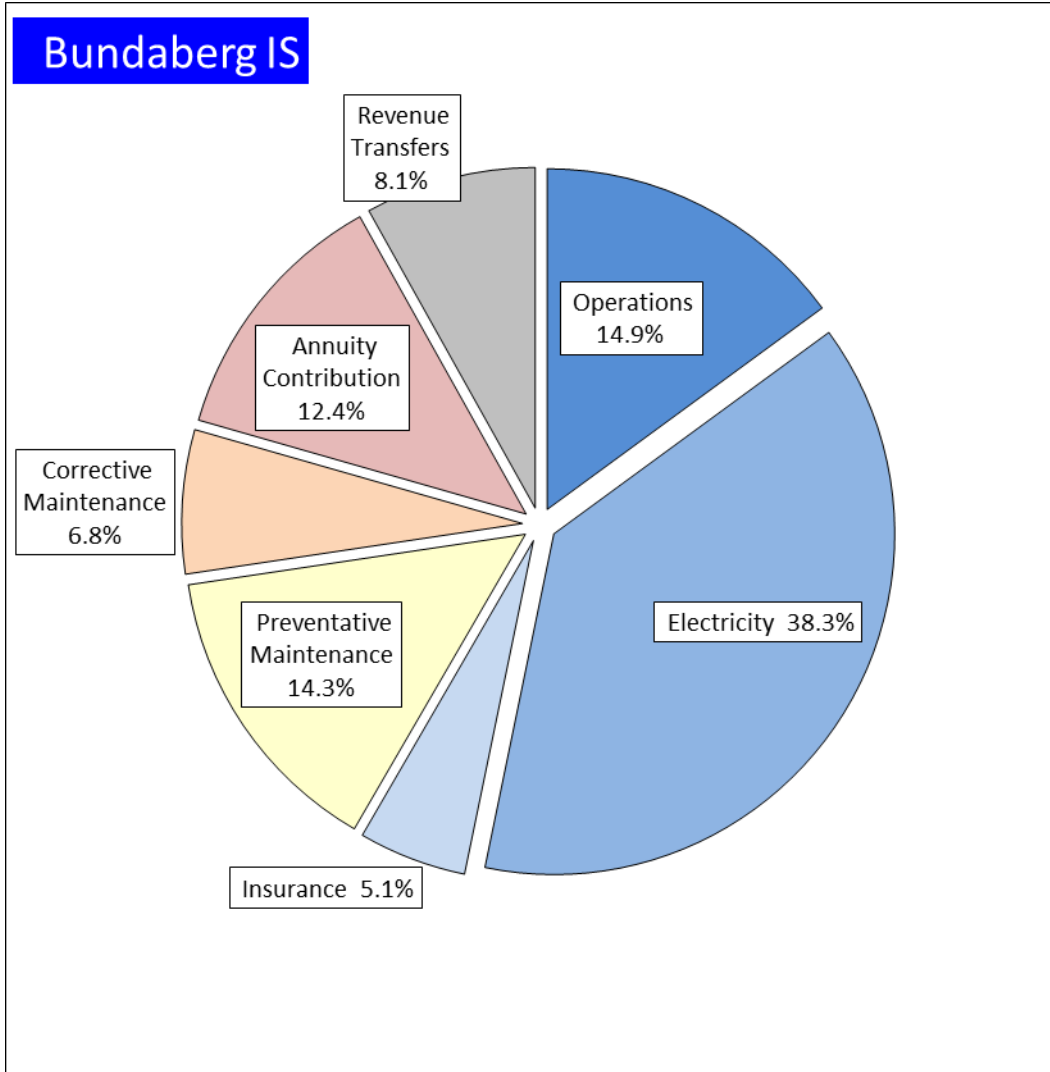


Figure 1: Breakdown of Irrigation Scheme Costs – 2017 Actual

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.

Water Usage

Table 2 – 2017 Water Usage

Customer Segment	No. of Customers	Water Entitlements (ML)	Available Water (ML)	Available Water (%)	Water Deliveries (ML)	Water Deliveries (%) Against Entitlement
1. Industrial		386	387	100	98	25
2. Irrigation		155,108	174,078	112	107,501	69
3. Urban		1,859	2,570	138	2,440	131
4. Other		46	46	100	17	36
5. SunWater		41,590	41,590	100	24,761	60
Service Contract Total	926	198,989	218,671	110	134,817	68

QCA Assumed Water Usage for Total 48.0%

Scheme water usage was above the QCA projected total usage of water entitlements.

Revenue

Table 3 – Revenue

Bundaberg IS	2013	2014	2015	2016	2017	2013 to 2017
	Actual	Actual	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000	\$000	\$000
Irrigation	8,723	11,921	9,855	12,019	13,881	56,398
Industrial	219	96	103	93	108	620
Urban	564	586	609	628	641	3,028
Irrigation CSO	1,074	761	467	157	1	2,460
Revenue Transfers	(1,712)	(1,105)	(1,101)	(1,134)	(1,214)	(6,264)
Drainage	-	-	-	-	-	-
Other	286	122	114	185	160	867
Insurance Proceeds - Flood	-	-	463	529	-	992
Revenue Total	9,154	12,381	10,510	12,479	13,578	58,101

* 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 will 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 by Activity

Bundaberg 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 Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000
Operations	1,790	1,864	74	2,428	1,917	(511)	2,510	1,960	(550)	2,218	1,967	(251)	2,233	1,947	(286)	11,179	9,655	(1,524)
Electricity	2,425	2,958	534	5,678	3,166	(2,512)	3,356	3,387	31	4,344	3,658	(686)	5,729	3,914	(1,815)	21,532	17,084	(4,448)
Insurance	760	538	(221)	1,055	547	(508)	794	557	(237)	720	566	(153)	767	576	(191)	4,096	2,785	(1,310)
Operations Total	4,975	5,361	386	9,161	5,630	(3,531)	6,660	5,904	(757)	7,282	6,192	(1,090)	8,729	6,437	(2,291)	36,806	29,524	(7,283)
Preventative Maintenance	1,540	1,722	182	2,203	1,774	(430)	2,207	1,817	(391)	2,231	1,838	(393)	2,131	1,834	(297)	10,313	8,984	(1,329)
Corrective Maintenance	1,392	995	(397)	1,418	1,025	(393)	1,293	1,050	(243)	964	1,062	98	1,021	1,060	39	6,087	5,192	(895)
Routine Total	7,907	8,078	171	12,782	8,429	(4,353)	10,160	8,770	(1,390)	10,477	9,091	(1,385)	11,880	9,331	(2,549)	53,206	43,700	(9,506)

Operations

Operational 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:

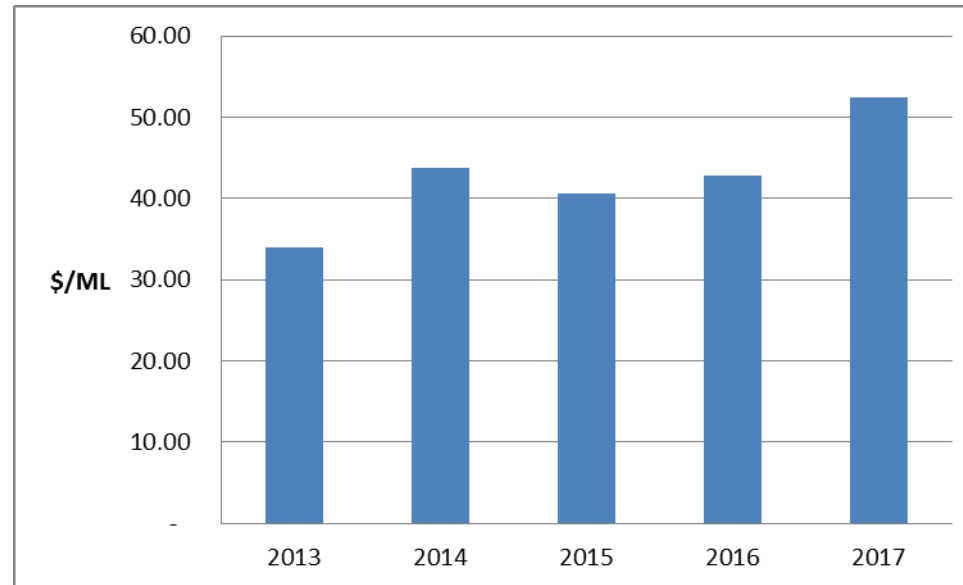
- Scheduling and delivering water, including processing water orders, releasing water, operating pump stations, regulation and monitoring of channel flows and monitoring of customer deliveries;
- Emergency responses for channel overflows and other emergency events;
- Meter reading;
- Administration of 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; and
- Managing public relations associated with the scheme.

¹ Activities listed will not apply to all service contracts.

The operations expenditure in 2016 was above the QCA target. The major operation activities for the year included:

- Insurance cost above the QCA target,
- Operational costs were higher than budget due to the continued need for increased surveillance and water management activities; and
- Electricity costs.

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



Preventive Maintenance

Preventive maintenance is maintaining the ongoing operational performance and service capacity of physical assets to designed 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 includes¹:

- 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 channel and drainage reserves and balancing storages.

Preventive maintenance for 2017 was above the QCA's 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

² Activities listed will not apply to all service contracts.

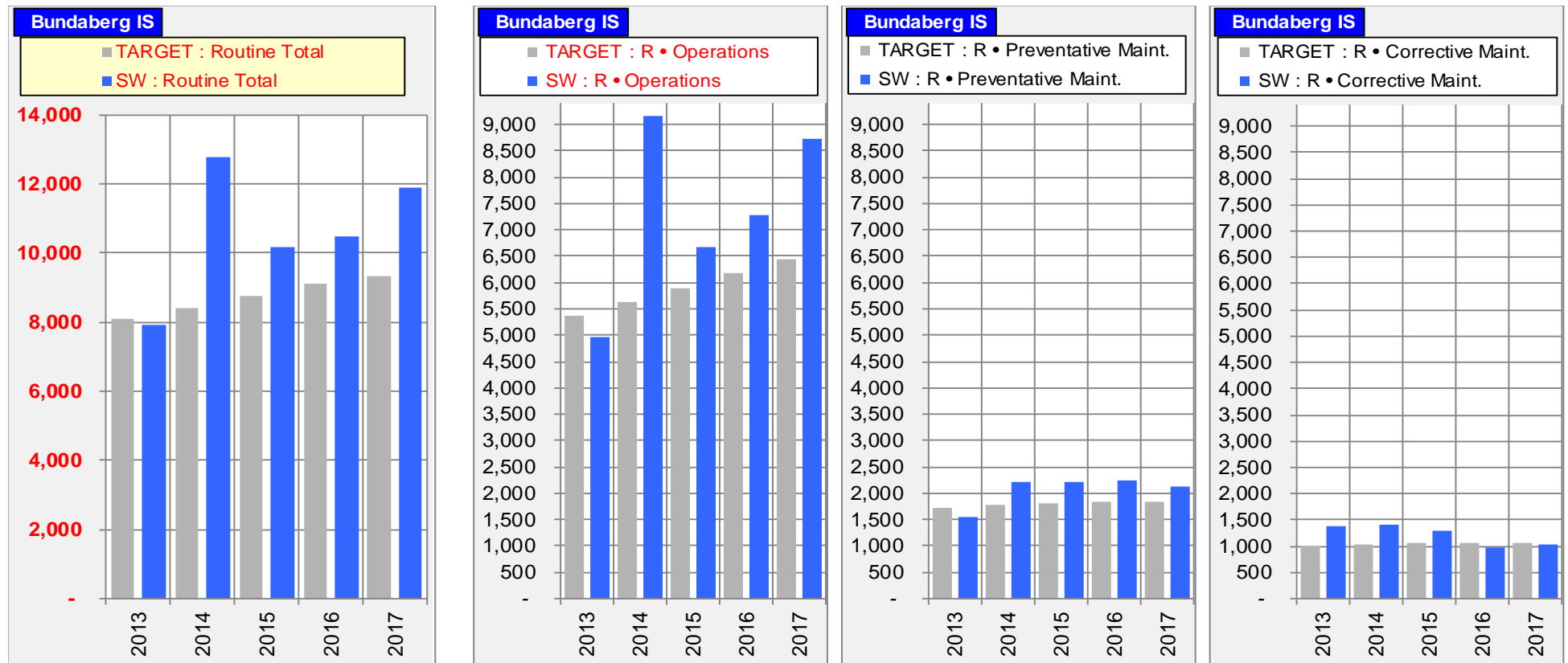
- Pipe breaks
- Repair air valves, scour valves, etc.;
- Erosion control and repair of rock protection works; and
- Repair concrete structures.
- Scheme Roads
 - Repair pot holes;
 - Grade roads; and
 - Repair, replace and paint guide posts and signs.
- Pump stations
 - Repair pumps and motors;
 - De-silt intake structures;
 - Repair concrete structure; and
 - 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 was below 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. In summary the key challenges in managing routine cost lie with reigning in input cost like electricity, Acrolein and insurance. Emergency Event Management costs are also an impact on the scheme, but have not been distributed at the scheme level.

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 2015; 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 estimated program of works from the 2010-11 year. While this was the best estimate of expected work at the time, there has been significant project churn in the three years since this estimate was made. This can mean that, in some cases, the QCA's funding allowance for renewals work 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 and will be discussed in more detail with customers prior to the 2017 financial year.

Table 5 – Non-Routine Expenditure

Bundaberg 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 Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Forecast \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000
Annuity Funded																		
Operations	6	-	(6)	1	-	(1)	5	15	10	17	195	178	19	-	(19)	48	210	162
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	835	-	(835)	139	-	(139)	18	-	(18)	178	-	(178)	987	-	(987)	2,157	-	(2,157)
R&E	672	879	207	671	777	106	937	1,057	120	924	756	(168)	1,651	891	(760)	4,855	4,360	(495)
Non-routine Total	1,513	879	(634)	811	777	(34)	960	1,071	111	1,120	952	(168)	2,657	891	(1,766)	7,060	4,570	(2,490)
Non Annuity Funded	273			63			102			114			118			670		

R&E – Annuity Funded

The annuity funded R&E direct spend was above QCA's target. Projects undertaken included:

R&E Annuity Funded	15BIA52 Investigate Bank Instability - Don Beattie Pump Station	141,016
	17BIA25 Study Options Analysis/Conclude Design/Drafting - Woongarra Pump Station	113,912
	17BIA19 Inspect Crane 7 Year - Gooburrum Pump Station	110,290
	16BIA11 Replace Pump No. 1&2 - Abbotsford Pump Station	91,007
	17BIA35 17BIA35 Replace Failed Meters - ISIS Channel System	89,757
	16BIA19 Refurbish Pump Unit 3 Woongarra PSTN	82,270
	17BIA43 17BIA43 Refurbish Motor # 3 - Quart Pot PSTN	74,676
	17BIA30 17BIA30 Refurbish Pump Cartridges #2, #3 & Spare - Walker Street PSTN	63,417
	17BIA26 17BIA26 Repaint Pipeline Exterior - Alloway Temporary Pipeline	57,278
	17BIA48 17BIA48 Refurbish Supp Pump - Monduran PSTN	54,380
	17BIA41 Replace Failing PVC Section - Farnsfield Pipeline 2 on F06	50,364
	17BIA49 17BIA49 Refurbish Supp Motor - Monduran PSTN	49,856
	17BIA20 17BIA20 Refurbish Regulator Gate GT01 @ 1563m - Gooburrum Main Channel	43,191
	17BIA08 17BIA08 Refurbish Pump # 1 Mc Ilwraith PSTN	35,283
	17BIA28 17BIA28 Replace Failed Meters - Woongarra Channel System	29,028
	17BIA13 17BIA13 Refubish Pump - Bucca PSTN Pump 1	27,457
	17BIA42 Dam Safety Hydrology & Dam Break Analysis - Isis Balancing Storage	26,766
	17BIA62 17BIA62 HV Inspect/Test Quart Pot PSTN	23,987
	17BIA64 17BIA64 Interim SCADA Upgrade PSTNQP	22,908
	17BIA77 Replace the lock and key system across Bundaberg Pump Stations	22,345
	17BIA57 Install level sensor equipment Isis BS	20,857
	14BIA23 Refurbish Motor # 3 Walker Street PSTN	20,318
	17BIA58 Install level sensor equipment Woongarra BS	20,152
	17BIA34 17BIA34 - 4 Year Deformation Survey Data Review - Don Beattie PSTN	19,426
	17BIA61 17BIA61 HV Inspect/Test D Beattie PSTN	18,514
	17BIA63 17BIA63 HV Inspect/Test Monduran PSTN	18,310
	17BIA54 Install safe access to screw jacks - RG01 GMC	18,245
	12BIA05 Design & Install Permanent Stiffening Support - GOOB PSTN PUN2 - Identified in Report 2012	17,622
	17BIA60 17BIA60 HV Inspect/Test Woongarra PSTN	17,459

17BIA33	17BIA33 Isis BSTR - 5yr Comprehensive Inspection	16,994
17BIA11	17BIA11 Refurbish Electrical/Control Components - McIlwraith PSTN (2015 Condition Assessment)	16,847
17BIA59	17BIA59 HV Inspect/Test Gooburrum PSTN	16,604
17BIA38	Business Case - VF Drive Installation Quart Pot PSTN	16,404
17BIA21	Business Case - VF Drive Installation Gooburrum PSTN	15,936
17BIA37	Business Case - VF Drive Installation Don Beattie PSTN	15,842
17BIA24	17BIA24 Woongarra BSTR - 5yr Comprehensive Inspection	14,816
17BIA47	17BIA47 Assess Risk to Dwellings D/S of Channels	13,326
17BIA40	Study Options Analysis Switchboard/Control System - Quart Pot Pump Station	11,246
17BIA10	Options Study - McIlwraith PSTN Switchboard/Control System	9,786
17BIA53	Options Study - North Gregory PSTN Switchboard/Control System Replacement	9,786
17BIA56	Replace failed meters Bingera & Gin Gin	8,004
17BIA07	17BIA07 Refurbish Motor # 1 Mc Ilwraith PSTN	6,527
17BIA12	Refurbish Bulkhead Gate Guides Bingera System As Identified by 2016 Audit	6,449
17BIA14	17BIA14 Refurbish Motor Pump Unit # 1 - Bucca PSTN	5,359
17BIA29	17BIA29 Replace Failed Safety Screen WBS Outlet	5,074
17BIA27	Refurbish Bulkhead Gate Guides Woongarra System As Identified By 2016 Audit	4,918
17BIA46	17BIA46 Re-route Pipework Town Water Supply Monduran PSTN	4,666
17BIA55	Replace airconditioner Woongarra PSTN	3,648
17BIA23	17BIA23 Replace Safety Screen @1113m - Woongarra AMC DO01	2,757
17BIA16	17BIA16 Replace Safety Screen - Gooburrum MPM AC03	2,079
17BIA09	17BIA09 Replace Weedscreen Berembea Inlet	2,041
17BIA22	Refurbish Bulkhead Guides Gooburrum System As Identified By 2016 Audit	1,683
17BIA15	17BIA15 Screen Winch Inspection - Bingera BSTR	1,571
17BIA71	Replace SCADA Computer - Don Beattie Pump Station	1,052
16BIA10	Screw Jack Trial - Float Regs Woongarra System	-98
16BIA39	16BIA39 Re-locate Powerlines AC 3 WMC	-15,025
R&E Annuity Funded Total		1,578,383

Corrective Maintenance

The annuity funded corrective maintenance spend was not budgeted. Projects undertaken were:

☐ Corrective Maintenance	13BIA48 FD01 (2013) Flood Damage Repairs - Don Beattie PSTN	880,058
	16BIA22 FD01 (2013) Replace Straub Coupling Don Beattie PSTN - Rising Main (Options)(Design)(Construct)	106,900
Corrective Maintenance Total		986,958

Other

☐ Other	Port Curtis CC Native Title	18,954
Other Total		18,954

R&E – Non Annuity

The Non-annuity funded Projects are projects where customers have funded the project. For 2017 they included:

☐ Customer Funded	17BIA69 17BIA69 Install new metered offtake AMC0034	70,904
	17BIA73 17BIA73 Install new metered offtake GMC0031 Gooburrum Main Channel	23,363
	17BIA66 17BIA66 Install New Metered Offtake MPM0022 4090m	17,250
	17BIA72 17BIA72 Upgrade metered offtake CMC0034	15,071
	17BIA52 Install New Customer Meter Outlet - Ch10 490m on BMC	14,013
	17BIA65 17BIA65 Install New 150mm MO & Remove Exist MO G120001	13,538
	17BIA68 17BIA68 Install new metered offtake W201016	12,753
	16BIA36 Install New Customer Meter Outlet - Ch19 900m on BMC	9,663
	17BIA51 Relocation of MO0045 at Ch2100m on the CMC	6,296
	16BIA37 Provide Property, Legal & Engineering Services - Woongarra W2 Pipeline	4,922
	17BIA76 17BIA76 Installation of a new offtake BEM0026	1,749
	17BIA70 17BIA70 Install new metered offtake C051002	1,073
Customer Funded Total		190,595

Annuity Balance

The 2017 annuity balance is shown below.

Table 6 – Annuity Balance

Bundaberg IS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Annuity							
Opening Balance	See below	2,485	2,605	3,601	5,288	6,883	2,485
Net Spend		(1,513)	(811)	(266)	(590)	(2,657)	(5,837)
Annuity Contribution		1,446	1,613	1,683	1,789	1,860	8,391
Interest		186	195	270	396	516	1,563
SunWater - Closing Balance		2,605	3,601	5,288	6,883	6,602	6,602
QCA - Closing Balance		3,857	4,981	5,965	7,250	8,762	8,762
Difference		(1,252)	(1,380)	(678)	(367)	(2,160)	(2,160)
Net Spend Analysis							
Spend	5 & 7	(1,513)	(811)	(960)	(1,120)	(2,657)	(7,060)
Insurance Proceeds Receipts							
• Prior Year		-	-	231	-	-	231
• Current Year		-	-	463	529	-	992
Net Spend		(1,513)	(811)	(266)	(590)	(2,657)	(5,837)

Insurance claims for 2013 flood damage are yet to be completed. The spend in 2016 includes flood repairs to Don Beattie Pump Station.

Appendix – Financial Reporting Overview

**Table 7 – Detailed Financial Summary
(Including Expenditure for Activity by Type)**

Bundaberg 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 Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000	SW Actual \$000	QCA Target \$000	Variance \$000
Revenue	9,154			12,381			10,510			12,479			13,578			58,101		
Routine Spend																		
Operations																		
Labour	642	681	39	863	703	(160)	864	726	(138)	752	749	(3)	752	773	21	3,873	3,632	(241)
Contractors	4	1	(3)	13	1	(12)	40	1	(39)	13	1	(12)	46	1	(45)	115	3	(113)
Materials	17	0	(17)	19	0	(19)	10	0	(10)	12	0	(12)	7	0	(7)	65	1	(65)
Electricity	2,425	2,958	534	5,678	3,166	(2,512)	3,356	3,387	31	4,344	3,658	(686)	5,729	3,914	(1,815)	21,532	17,084	(4,448)
Insurance	760	538	(221)	1,055	547	(508)	794	557	(237)	720	566	(153)	767	576	(191)	4,096	2,785	(1,310)
Other	43	37	(6)	80	38	(43)	103	38	(65)	102	39	(63)	99	40	(59)	427	191	(236)
Non-directs	1,084	1,146	62	1,452	1,176	(276)	1,494	1,195	(299)	1,340	1,178	(161)	1,329	1,134	(195)	6,698	5,829	(869)
	4,975	5,361	386	9,161	5,630	(3,531)	6,660	5,904	(757)	7,282	6,192	(1,090)	8,729	6,437	(2,291)	36,806	29,524	(7,283)
Preventative Maintenance																		
Labour	417	496	79	547	512	(35)	555	529	(26)	573	545	(28)	554	563	9	2,647	2,645	(1)
Contractors	109	108	(1)	198	111	(87)	127	115	(13)	71	118	47	128	120	(8)	634	572	(61)
Materials	310	305	(5)	528	315	(213)	463	325	(138)	519	336	(183)	451	342	(110)	2,270	1,622	(648)
Other	4	20	16	17	21	3	95	21	(73)	70	22	(48)	79	22	(57)	265	106	(159)
Non-directs	700	793	93	914	815	(99)	968	827	(141)	998	816	(181)	918	787	(131)	4,497	4,038	(459)
	1,540	1,722	182	2,203	1,774	(430)	2,207	1,817	(391)	2,231	1,838	(393)	2,131	1,834	(297)	10,313	8,984	(1,329)
Corrective Maintenance																		
Labour	397	285	(112)	379	294	(85)	343	304	(39)	280	313	34	275	323	48	1,674	1,519	(154)
Contractors	17	41	24	60	42	(17)	88	44	(44)	16	45	29	76	46	(30)	257	218	(39)
Materials	285	131	(154)	330	135	(195)	152	139	(13)	106	144	37	111	146	35	985	695	(290)
Other	1	83	82	9	85	76	112	88	(24)	84	91	6	114	92	(22)	321	440	119
Non-directs	692	456	(236)	639	468	(171)	598	475	(122)	477	469	(8)	445	452	7	2,851	2,321	(530)
	1,392	995	(397)	1,418	1,025	(393)	1,293	1,050	(243)	964	1,062	98	1,021	1,060	39	6,087	5,192	(895)
Routine - total	7,907	8,078	171	12,782	8,429	(4,353)	10,160	8,770	(1,390)	10,477	9,091	(1,385)	11,880	9,331	(2,549)	53,206	43,700	(9,506)
Non-Routine Spend																		
Labour	332	136	(196)	149	134	(15)	154	191	37	184	152	(32)	338	167	(170)	1,157	781	(377)
Contractors	334	156	(178)	282	161	(121)	364	206	(158)	468	284	(184)	1,297	171	(1,126)	2,744	977	(1,767)
Materials	137	212	75	56	140	84	113	198	86	88	145	57	290	175	(115)	683	870	187
Other	155	77	(78)	60	77	17	45	108	63	37	76	40	108	94	(13)	404	434	29
Non-directs	554	297	(257)	264	265	1	285	368	83	344	295	(49)	625	284	(341)	2,072	1,510	(562)
Non-Routine - Total	1,513	879	(634)	811	777	(34)	960	1,071	111	1,120	952	(168)	2,657	891	(1,766)	7,060	4,570	(2,490)
Total Regulated Spend	9,420	8,957	(463)	13,592	9,206	(4,387)	11,120	9,842	(1,279)	11,596	10,043	(1,553)	14,537	10,223	(4,315)	60,266	48,270	(11,996)
Non Annuity Funded Spend	273			63			102			114			118			670		
Surplus (Deficit)	(539)			(1,275)			(712)			768			(1,078)			(2,835)		

Non-Direct Costs Explained

Non-direct costs reflect SunWater's methodology for distributing indirect costs, local overheads and corporate overheads to each service contract. Wherever practicable labour and other costs are booked direct to service contracts, however, where this is not possible the costs accumulate in either indirect or overhead accounting cost pools and are then distributed to service contracts.

Indirect cost pools capture costs such as billing and customer support, irrigation pricing regulation, asset management (including dam safety, asset systems, channels and drainage) that have not been directly charged. They also include flood room operations including the IGEM emergency management program, water planning, hydrographic services, environmental support costs and GM Operations. These indirect costs are shared between SunWater's lines of business ie Bulk Water, Irrigation Distribution Systems, Industrial Pipeline and Facilities Management where appropriate. For example service contracts without a dam are not apportioned dam safety costs.

Local overheads are spread across service contracts managed in each locality. They include regional accommodation costs, vehicle costs, local admin support and other local labour not directly booked to activities within service contracts.

Corporate overhead costs are more generic than indirect cost and local overheads and are spread across all service contracts based on direct labour. They include the cost of HR and payroll, ICT, communications, legal and property, finance, internal audit, plus the costs of the CEO, GM Corporate and the SunWater Board of Directors, where these costs are not directly charged to activities within service contracts.

SunWater's methodology was reviewed and accepted by the QCA during the 2012 pricing review.

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 pricing were presented in real dollars (\$2011). To convert the QCA reported real dollars to nominal dollars, multiply by the below factors; these 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 8 – Conversion Factors for real \$2011 to Nominal Dollars

	2013	2014	2015	2016	2017
QCA Conversion Factor	1.051	1.077	1.104	1.131	1.16
Accumulative March Quarter CPI	1.0494	1.0714	1.105	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.