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# 2017 Annual Performance Report

## Eton Distribution

October 2017

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## Introduction

This annual Performance Report is to provide to SunWater Eton 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:

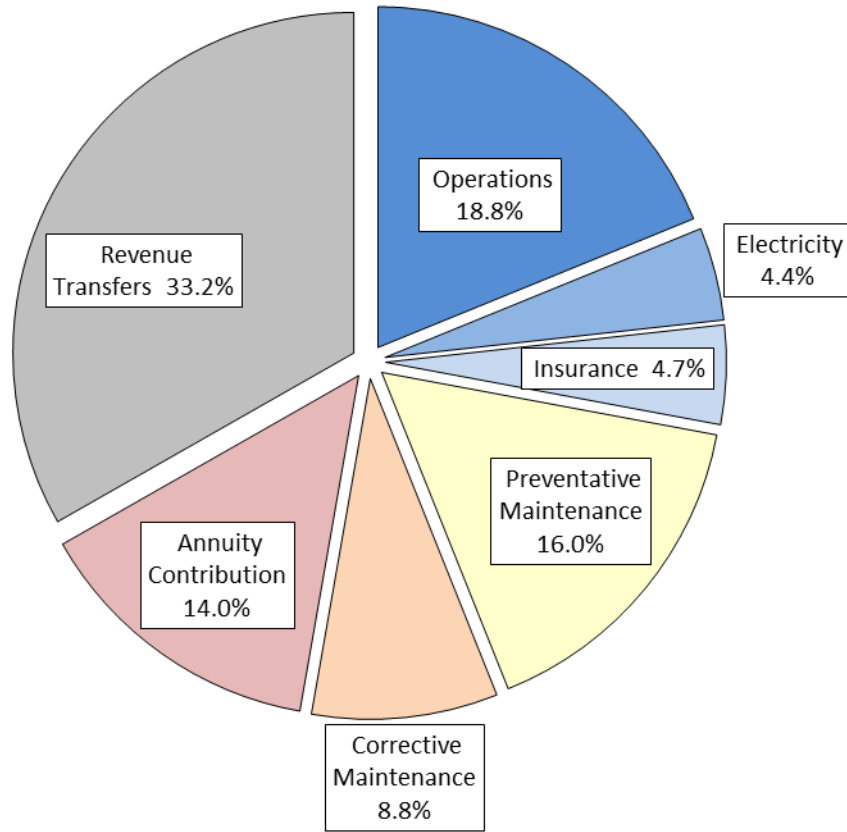
Email: [nspfeedback@sunwater.com.au](mailto:nspfeedback@sunwater.com.au)

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

**Table 1 – Operating Revenue Less Spend**

Eton 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	2,923	3,378	3,185	3,500	3,072	16,058
Less - Routine Expenditure	4 & 7	1,883	2,407	2,840	2,887	2,332	12,348
Less - Non-Routine Expenditure							
• Annuity Funded	5, 6 & 7	577	259	515	574	659	2,584
• Non Annuity Funded	5	26	10	3	13	-	52
Surplus (Deficit)		437	703	(173)	26	82	1,074

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		0	0	0	0	0
2. Irrigation		51,644	51,634	100	12,904	25
3. Urban		175	185	106	40	23
4. Other		81	81	100	7	9
5. SunWater		9,384	9,384	100	4,475	48
<b>Service Contract Total</b>	<b>329</b>	<b>61,284</b>	<b>61,284</b>	<b>100</b>	<b>17,411</b>	<b>28</b>

QCA Assumed Total Water Usage 55.1%

Note: Risk allocations have been included in the above table.

## Revenue

**Table 3 – Revenue**

Eton IS	2013	2014	2015	2016	2017	2013 to 2017
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Irrigation	2,802	3,125	3,288	3,723	3,330	16,268
Industrial	-	6	7	9	6	28
Urban	-	9	11	12	12	43
Irrigation CSO	1,497	1,433	1,357	1,277	1,191	6,756
Revenue Transfers	(1,404)	(1,194)	(1,510)	(1,535)	(1,469)	(7,112)
Drainage	-	-	-	-	-	-
Other	29	-	3	14	2	48
Insurance Proceeds - Flood	-	-	28	-	-	28
<b>Revenue Total</b>	<b>2,923</b>	<b>3,378</b>	<b>3,185</b>	<b>3,500</b>	<b>3,072</b>	<b>16,058</b>

\* Following feedback from customers, SunWater has unbundled bulk water charges from distribution system charges. This means that 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**

Eton 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	485	608	123	584	624	39	921	637	(284)	1,031	643	(388)	832	636	(196)	3,853	3,148	(706)
Electricity	255	467	212	381	499	119	458	534	76	465	577	112	195	618	423	1,754	2,695	941
Insurance	190	134	(56)	264	137	(127)	200	139	(61)	180	141	(39)	207	144	(64)	1,041	695	(346)
Operations Total	930	1,209	279	1,229	1,260	31	1,579	1,311	(268)	1,676	1,362	(315)	1,234	1,397	163	6,649	6,538	(110)
Preventative Maintenance	443	631	188	644	650	5	740	666	(73)	685	676	(9)	707	677	(30)	3,219	3,300	80
Corrective Maintenance	510	444	(67)	534	457	(76)	521	469	(52)	526	477	(48)	390	479	89	2,480	2,326	(154)
Routine Total	1,883	2,283	400	2,407	2,367	(40)	2,840	2,446	(393)	2,887	2,515	(372)	2,332	2,553	221	12,348	12,164	(184)

### 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;
- 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.

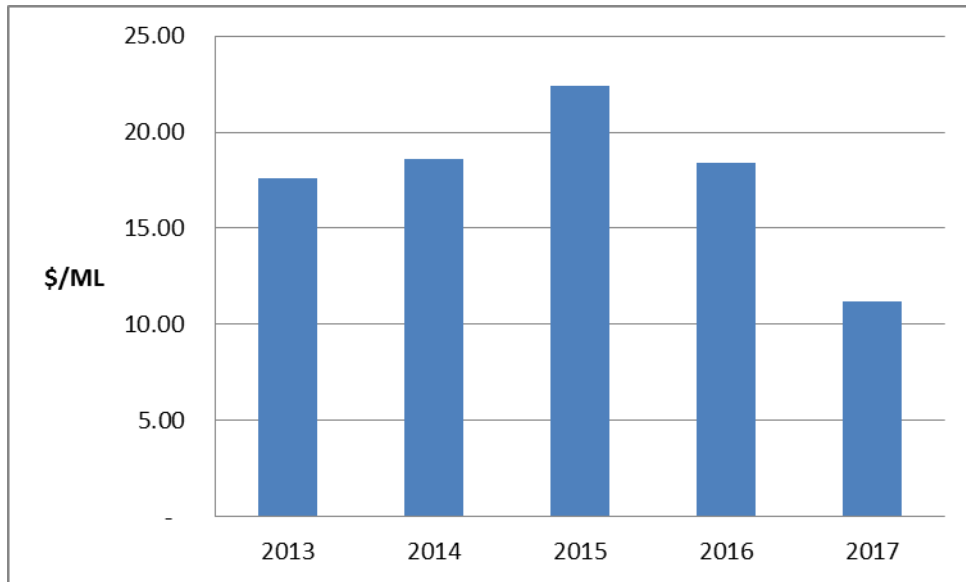
<sup>1</sup> Activities listed will not apply to all service contracts.



The operations expenditure was below the QCA target.

- Insurance costs were higher than target;
- Electricity costs were below the QCA target. Usage was considerably less than in previous years.

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 includes<sup>1</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 channel and drainage reserves and balancing storages.

The Preventive maintenance expenditure was above the 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

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

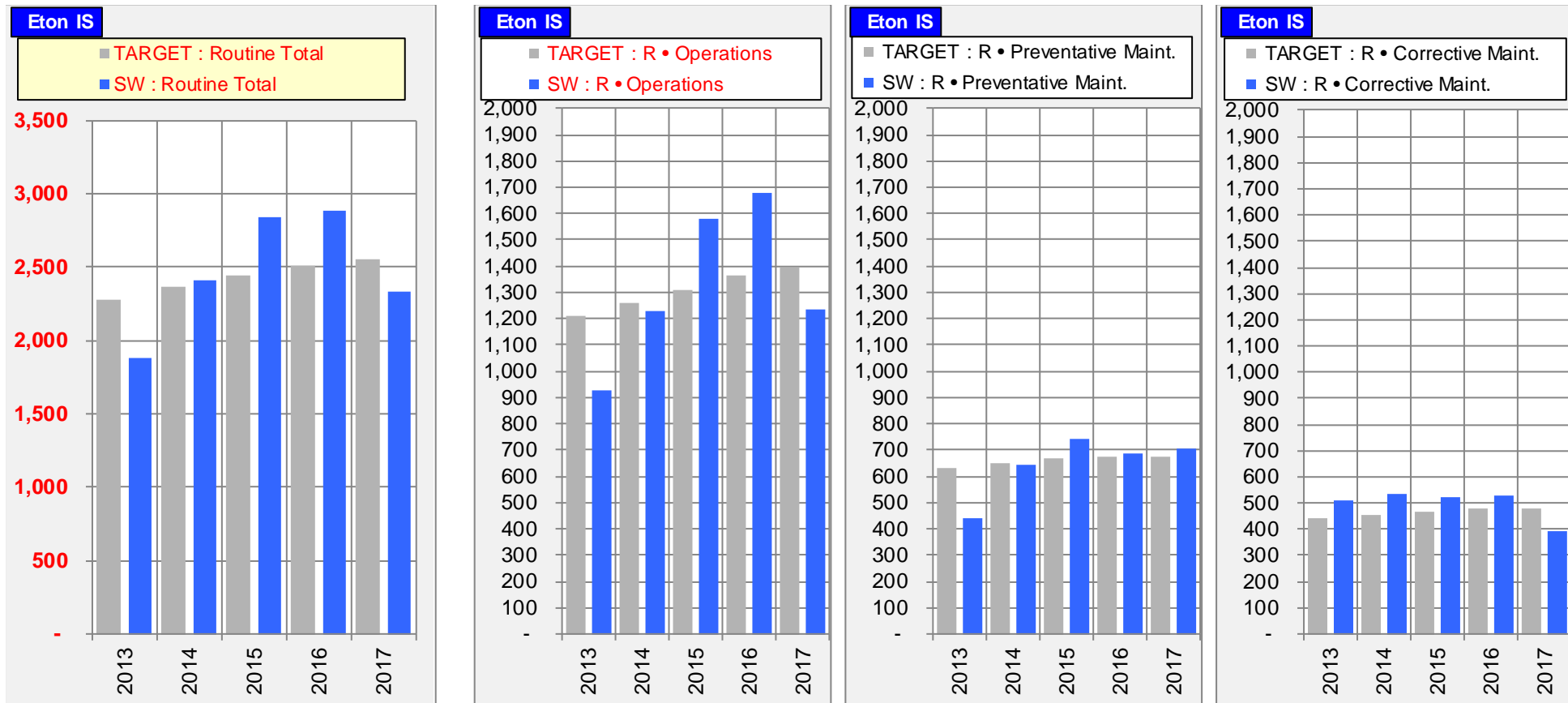
- Pipe breaks;
  - Repair air valves, scour valves, etc.;
  - Erosion control and repair of rock protection works; and
  - Repair concrete structures.
- Scheme Roads
  - Repair pot holes;
  - Grade roads; and
  - Repair, replace and paint guide posts and signs.
- Pump stations
  - Repair pumps and motors;
  - 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.

## 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**

Eton 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
<b>Annuity Funded</b>																		
Operations	-	-	-	-	-	-	40	-	(40)	-	-	-	-	-	-	40	-	(40)
Preventative Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance (Flood)	-	-	-	-	-	-	-	-	-	-	-	-	88	-	(88)	88	-	(88)
R&E	577	568	(9)	259	272	13	475	335	(140)	574	706	132	572	646	74	2,456	2,527	70
Non-routine Total	577	568	(9)	259	272	13	515	335	(180)	574	706	132	659	646	(14)	2,584	2,527	(58)
<b>Non Annuity Funded</b>																		
	26			10			3			13			-			52		

## R&E – Annuity Funded

The annuity funded R&E Projects undertaken included:

<b>R&amp;E Annuity Funded</b>	<b>17ETO36 Reprofile OMC Balancing Storage No.1</b>	<b>111,010</b>
	<b>17ETO21 17ETO21 Replace Meters/Isolation Valves - OMC MO7,MO8,MO11,MO12,MO13</b>	<b>76,933</b>
	<b>17ETO17 17ETO17 Replace Control Equip at RG1A &amp; RG1B</b>	<b>60,998</b>
	<b>17ETO15 17ETO15 Mt Alice PSTN - Refurbish Pump Unit 1</b>	<b>29,451</b>
	<b>17ETO03 17ETO03 REFURBISH PUN1 SUB. PUMP - ABINGDON PSTN</b>	<b>26,314</b>
	<b>17ETO27 Refurbish Pump 1 - Brightley PSTN2 PUN1</b>	<b>23,441</b>
	<b>17ETO04 17ETO04 Replace 4 Meters outlets Abingdon (501,505,507,508)</b>	<b>18,890</b>
	<b>17ETO09 Replace Switchboard and Control Equipment (Options Analysis 2017) - Vic Plains Pump Station</b>	<b>16,987</b>
	<b>17ETO29 17ETO29 Replace Isolation Valve @ 4260</b>	<b>16,402</b>
	<b>17ETO20 17ETO20 Replace flow meters - OMC MO6,MO9,MO69</b>	<b>15,119</b>
	<b>17ETO22 17ETO22 Replace Customer Meter OMC CH20_2 MO5</b>	<b>14,810</b>
	<b>17ETO26 Replace Reflux Valve - Brightley PSTN2 PUN1</b>	<b>14,076</b>
	<b>17ETO12 17ETO12 Design &amp; Construct Stairway over Pipework</b>	<b>13,038</b>
	<b>16ETO23 Install Safety Fencing - Oakenden Main Channel E027</b>	<b>12,357</b>
	<b>17ETO06 17ETO06 Replace 2 meters Abingdon CH34_1 MO504,MO506</b>	<b>12,002</b>
	<b>17ETO25 Replace Failed Isolation Valve - Brightley 2 Balancing Storage</b>	<b>11,898</b>
	<b>17ETO30 17ETO30 Replace meters Marwood 251A &amp; 247</b>	<b>11,002</b>
	<b>17ETO31 17ETO31 Replace Filter on Eye Wash/Safety Shower Brightley Acrolien Store</b>	<b>10,270</b>
	<b>17ETO23 Study Options Analysis Switchboard/Control Equipment - Oakenden Pump Station</b>	<b>10,067</b>

17ETO34	Replace batescrew overflow gate at 18,849.28m OMC	9,572
17ETO19	17ETO19 Replace flow meters - OMC CH20_3 MO84/MO88	9,233
16ETO15	Replace Bulk Flow Meter - Oakenden Main Channel (548m) Options Study	8,683
17ETO16	17ETO16 Replace Door Locks & Keys - Mt Alice PSTN	6,401
17ETO08	17ETO08 Brightley Replace Door Locks & Keys	5,874
17ETO14	17ETO14 Replace Door Locks & Keys - Oakenden PSTN	5,497
17ETO11	17ETO11 Victoria Plains Replace Door Locks & Keys	4,307
17ETO18	17ETO18 Study - Affect of silt on operat. OMC BS1	4,223
17ETO24	17ETO24-Replace Isolation Valve at MO03C on OMC	3,924
17ETO10	17ETO10 REPLACE MO 477B VICTORIA PLAINS MC	3,884
17ETO28	17ETO28 Replace Valve MO328 CH26_2 MTA	2,203
17ETO07	17ETO07 Replace Door Lock & Keys - Abingdon PSTN	1,754
17ETO05	17ETO05 Replace Customer Meters - AMC M062,M064 & CH34_1 M015	1,426
16ETO16	Replace 3 sections of Boundary Fence - Oakenden Main Channel (23.68 to 32.3km)	310
16ETO09	Install Safety Fencing - Oakenden Main Channel FN18	0
16ETO13	Refurbish Break Pressure Valve - Brightley BPST VL02	-723
<b>R&amp;E Annuity Funded Total</b>		<b>571,633</b>

### Corrective Maintenance

The Corrective Maintenance projects were:.

☐ <b>Corrective Maintenance</b>	17ETO39 FD01 (2017) Flood Damage Repair post TC Debbie - OMC	49,817
	17ETO37 FD01 (2017) Flood Damage Repair post TC Debbie - Oakenden Relift	20,466
	17ETO32 FD01 (2017) Flood Damage Inspection post TC Debbie - Eton Irrigation Area	11,700
	17ETO38 FD01 (2017) Flood Damage Repair post TC Debbie - Mt Alice	5,515
	17ETO35 FD01 (2017) Flood Damage Repairs post TC Debbie - Brightley Distribution	52
<b>Corrective Maintenance Total</b>		<b>87,550</b>

### Other

There was no expenditure categorised as "Annuity Funded Other".

## R&E – Non Annuity

There were no “Non-annuity” funded R&E Projects:

## Annuity Balance

The 2017 annuity balance is shown below.

**Table 6 – Annuity Balance**

Eton IS		2013	2014	2015	2016	2017	2013 to 2017
	Table reference	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000
<b>Annuity</b>							
Opening Balance	See below	(223)	(300)	(42)	71	98	(223)
Net Spend		(577)	(259)	(469)	(574)	(659)	(2,538)
Annuity Contribution		517	539	585	596	618	2,855
Interest		(17)	(22)	(3)	5	7	(30)
SunWater - Closing Balance		(300)	(42)	71	98	64	64
QCA - Closing Balance		(10)	256	525	454	461	461
Difference		(289)	(298)	(454)	(356)	(396)	(396)
<b>Net Spend Analysis</b>							
Spend	5 & 7	(577)	(259)	(515)	(574)	(659)	(2,584)
Insurance Proceeds Receipts							
• Prior Year		-	-	18	-	-	18
• Current Year		-	-	28	-	-	28
Net Spend		(577)	(259)	(469)	(574)	(659)	(2,538)



## Appendix – Total Expenditure by Expense Type

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

Eton 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	2,923			3,378			3,185			3,500			3,072			16,058		
<b>Routine Spend</b>																		
<b>Operations</b>																		
Labour	173	224	51	209	231	22	332	238	(93)	374	246	(128)	300	254	(46)	1,387	1,193	(194)
Contractors	1	4	3	2	4	2	2	4	2	1	4	3	17	4	(13)	23	20	(3)
Materials	4	2	(2)	4	2	(2)	3	2	(1)	1	2	2	1	2	2	12	11	(1)
Electricity	255	467	212	381	499	119	458	534	76	465	577	112	195	618	423	1,754	2,695	941
Insurance	190	134	(56)	264	137	(127)	200	139	(61)	180	141	(39)	207	144	(64)	1,041	695	(346)
Other	13	3	(9)	16	3	(12)	15	4	(12)	18	4	(15)	23	4	(19)	85	18	(67)
Non-directs	295	375	80	353	383	30	570	389	(180)	637	387	(250)	492	372	(120)	2,347	1,906	(441)
	930	1,209	279	1,229	1,260	31	1,579	1,311	(268)	1,676	1,362	(315)	1,234	1,397	163	6,649	6,538	(110)
<b>Preventative Maintenance</b>																		
Labour	103	153	50	137	158	20	149	163	14	132	168	36	122	173	52	643	814	171
Contractors	67	97	31	93	101	8	116	104	(12)	108	107	(1)	222	109	(113)	605	518	(88)
Materials	89	130	41	176	134	(42)	189	138	(51)	199	143	(56)	144	145	1	797	691	(106)
Other	0	2	1	2	2	(0)	18	2	(16)	9	2	(7)	7	2	(5)	35	8	(27)
Non-directs	184	249	65	237	256	19	268	260	(8)	237	257	20	213	248	34	1,139	1,269	130
	443	631	188	644	650	5	740	666	(73)	685	676	(9)	707	677	(30)	3,219	3,300	80
<b>Corrective Maintenance</b>																		
Labour	108	92	(16)	116	95	(20)	104	98	(5)	112	101	(10)	80	105	25	519	492	(27)
Contractors	68	92	24	54	95	41	83	98	16	78	101	23	70	103	33	353	490	138
Materials	145	92	(53)	164	95	(68)	63	98	35	73	101	28	63	103	41	508	490	(17)
Other	1	13	12	2	14	11	86	14	(72)	65	14	(50)	41	15	(26)	196	70	(126)
Non-directs	187	153	(34)	198	158	(40)	186	160	(25)	198	159	(39)	136	153	17	905	783	(122)
	510	444	(67)	534	457	(76)	521	469	(52)	526	477	(48)	390	479	89	2,480	2,326	(154)
Routine - total	1,883	2,283	400	2,407	2,367	(40)	2,840	2,446	(393)	2,887	2,515	(372)	2,332	2,553	221	12,348	12,164	(184)
<b>Non-Routine Spend</b>																		
Labour	13	78	65	43	47	5	59	58	(0)	91	126	35	74	119	45	280	429	149
Contractors	496	199	(297)	87	52	(36)	226	65	(160)	205	137	(68)	265	129	(136)	1,278	581	(697)
Materials	19	82	63	44	52	7	72	64	(9)	83	137	54	175	126	(49)	394	461	67
Other	1	48	47	11	28	17	43	35	(8)	23	75	51	7	69	62	85	254	169
Non-directs	49	161	113	74	93	20	116	113	(3)	171	231	60	139	203	64	548	802	254
Non-Routine - Total	577	568	(9)	259	272	13	515	335	(180)	574	706	132	659	646	(14)	2,584	2,527	(58)
<b>Total Regulated Spend</b>	2,460	2,851	391	2,666	2,639	(27)	3,355	2,781	(574)	3,461	3,221	(240)	2,991	3,199	208	14,932	14,690	(242)
<b>Non Annuity Funded Spend</b>	26			10			3			13			-			52		
Surplus (Deficit)	437			703			(173)			26			82			1,074		

## **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

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