

Allconnex Water Price Monitoring Submission 2011-2012

Submission to the Queensland Competition Authority
Review of Prices for Allconnex Water



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Allconnex Water Price Monitoring Submission 2010-11

1 Executive summary

As part of the Queensland Government's reform of water supply arrangements in South East Queensland, the water businesses of Gold Coast City Council, Logan City Council and Redland City Council transferred to the newly-formed Allconnex Water.

The Queensland Government subsequently referred Allconnex Water to the Queensland Competition Authority (QCA) for a price monitoring investigation from 1 July 2010 to 30 June 2013. To facilitate its price monitoring role, the QCA requires Allconnex Water to complete an Information Requirements Template (Information Template).

This report is Allconnex Water's second interim price monitoring information return to the QCA and is provided in support of the completed Information Template for 2011-12.

In April 2011, the Queensland Government announced measures allowing participating Councils to opt out of the Allconnex Water business and proposing a price cap on distribution and retail water charges in South East Queensland. Subsequent to this, in June 2011, the Queensland Government introduced legislation capping price increases for residential and small business customer at CPI for 2011-12 and 2012-13.¹

These announcements created considerable uncertainty for the Allconnex Water business and, in some cases, resulted in the suspension of business programs until such time as the future of Allconnex Water is confirmed. The capping of prices also has a considerable impact on Allconnex Water future pricing strategy and associated financial position.²

Notwithstanding the above, Allconnex Water made significant progress during the year toward integrating the activities of the three former Council water businesses, introducing a range of initiatives both in response to the QCA's first interim price monitoring report and internal business imperatives. For example, Allconnex Water:

- commenced work on integrating existing financial systems and commenced development of a consolidated billing system to replace the three existing systems³;

¹ Queensland Government, *Fairer Water Prices for SEQ Amendment Act 2011*.

² In this submission, Allconnex Water has assumed that all three participating Councils will elect to continue with the current organisational model, pending further advice from the Councils on their intentions in this regard.

³ These projects are currently on hold until such time as the future of Allconnex Water is clarified.

- made significant progress in the area of capital expenditure planning, identifying significant opportunities to defer and reduce the business' capital expenditure program without affecting levels of service;
- completed development of a Corporate Portfolio Management Office to provide a formal and transparent process for managing investment in projects;
- developed a consolidated Customer Service Standard, integrating the three different standards administered by each of the districts; and
- refined its demand forecasting methodology, incorporating suggestions previously made by the QCA.

The integration process is expected to continue over a number of years and deliver measurable efficiencies to Allconnex Water customers.

Despite these initiatives, information provided in this submission remains affected by existing financial systems. Specifically, Allconnex Water continues to rely on a range of disparate Council information systems, corporate policies and processes.

Practically, this means that Allconnex Water has been unable to provide all of the information requested by the QCA, or in some instances has applied reasonable allocations to provide information as per the required QCA categories. Allconnex Water has sought to clearly identify where there are variances in the data provided from that requested, and during 2011-12 will continue to develop its information systems and processes to inform future regulatory submissions.

1.1 2010-11 performance

Allconnex Water's financial outcomes during 2010-11 were lower than forecast in the 2010-11 price monitoring submission to the QCA. These outcomes reflect both a review of the underpinning Council forecasts and lower-than-forecast consumption, largely resulting from higher than average wet weather during the year and limited bounce-back in consumption to pre-restriction levels.

- total revenue for 2010-11 was approximately \$50 million lower than Allconnex Water's original forecast. This has been driven by a 15% reduction in water demand. This is most likely due to higher than average wet weather in South East Queensland;
- capital expenditure of \$217.5 million was around \$270 million lower than Allconnex Water's original forecast for 2010-11, which was based on previous Council forecasts. However, \$168 million is attributable to the removal and deferral of a number of significant capital projects identified by Allconnex Water. The remaining shortfall reflects a number of factors, including higher than average wet weather during the year; and
- operating expenditure of \$323 million was \$36.3 million lower than originally forecast, reflecting lower consumption volumes and reduced labour costs.

1.2 Forecasts – 2011-12 to 2013-14

1.2.1 Demand

Volumetric demand for 2011-12 is projected to increase slightly above Allconnex Water's previous forecasts (and actual consumption for 2010-11), but is not expected to reach pre-water restriction consumption levels in 2011-12 or beyond (see Table 1.1).

Table 1.1: Forecast growth in residential volumes (litres per person per day)

	2010-11	2011-12	2012-13	2013-14
Gold Coast	179	190	190	190
Logan	156	170	170	170
Redland	170	185	185	185

1.2.2 Regulatory asset base

As at 1 July 2011, Allconnex Water's opening regulatory asset base (RAB) is \$4,255.91 million, as shown in Table 1.2.

Table 1.2: RAB Roll-forward 2010-11 (\$ million)⁴

	2010-11
Opening RAB as at 1 July 2010	4,107.72
<i>plus</i> Net Capital Expenditure*	135.88
<i>plus</i> Indexation	141.88
<i>less</i> Depreciation	129.57
<i>equals</i> RAB as at 1 July 2011	4,255.91

* Net capital expenditure includes capital expenditure as commissioned *less* disposals, donated assets and cash contributions.

1.2.3 Capital Expenditure

Allconnex Water has made significant progress in refining the participating Councils' previous capital planning processes into a single process. As a result, Allconnex Water considers that the forecast capital expenditure program for 2011-12 to 2013-14 represents a more realistic and considered approach than the initial capital program provided in the 2010-11 submission.

Capital expenditure is expected to increase in 2011-12 (\$289.5 million compared to \$217.5 million in 2010-11) and is expected to remain relatively stable to 2013-14 (see

⁴ Based on advice received from the QCA, the opening 1 July 2010 RAB differs from that provided in the QCA's Final Report on its 2010-11 prices monitoring review (see Chapter 9 for details). Also, the opening 1 July 2010 RAB remains an interim value until such time as the QCA comprehensively verify all capital expenditure for the preceding two year period.

Table 1.3). Wastewater capital expenditure is expected to account for around 70% of forecast expenditure for the period. In particular, major wastewater expenditure is associated with growth in the Coombabah, Loganholme and Stapylton wastewater catchments.

The forecast program of works attempts to start at a lower and more achievable level of capital expenditure, and progressively increase in a manner which makes optimum efficiency of resources and builds capacity and capability. Allconnex Water anticipates identifying further improvements to the capital planning process as a result of the continuing business integration program.

Table 1.3: Capital program, by product and expenditure driver (\$000's)

Product	2010-11 (Actual)	2011-12	2012-13	2013-14
Drinking Water	64,302	76,591	66,750	60,773
Other Core Water	2,858	8,603	13,868	14,112
Wastewater	138,391	187,817	259,520	230,804
Trade waste	11,953	16,473	22,914	20,478
Total Capital Expenditure	217,504	289,484	363,052	326,167

1.2.4 Weighted average cost of capital

Consistent with the requirements of the amended Ministerial Direction, Allconnex Water has adopted a weighted average cost of capital of 9.35% for each year of the forecast period.⁵

1.2.5 Operating expenditure

Table 1.4 indicates that total operating expenditure is forecast to increase to \$379.2 million in 2011-12. Operating expenditure forecasts continue to be significantly impacted by rising State Government bulk water charges. Bulk water charges are forecast to represent 44% of total Allconnex Water operating expenditure in 2011-12, rising to 50% in 2013-14. Similarly, while Allconnex Water is attempting to constrain increases in its operating expenditure over the forecast period to 2013-14, this is undermined by significant increases in State Government bulk water charges.

⁵ Amended Ministers' Direction Notice, gazetted 29 June 2011.

Table 1.4: Forecast operating expenditure (\$000's)

	2010-11 (Actual)	2011-12	2012-13	2013-14
Bulk water costs	130,323	167,332	195,418	225,081
Other operating costs	192,742	211,842	222,738	222,014
Total Operating Expenditure	323,065	379,174	418,156	447,094

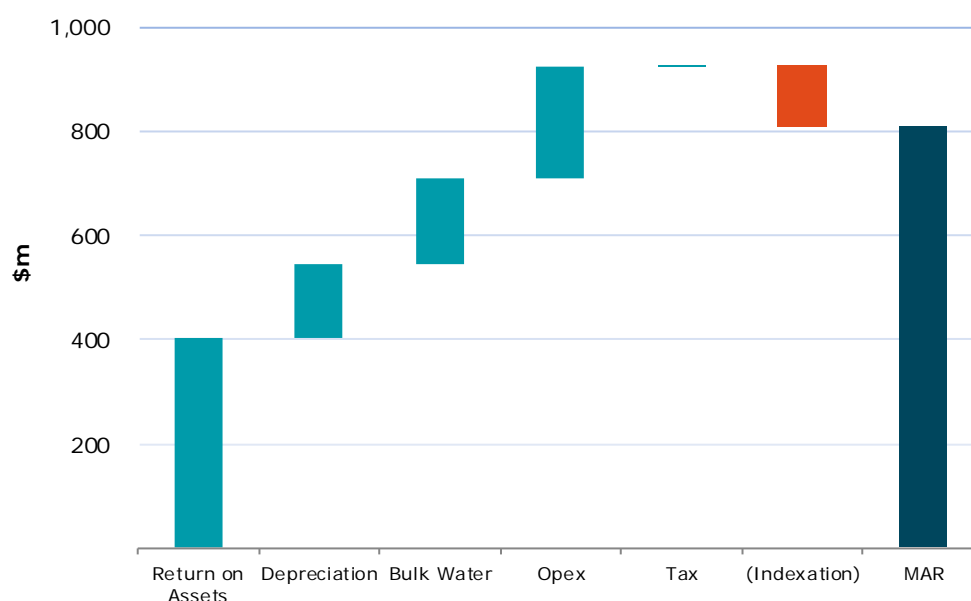
1.2.6 Maximum Allowable Revenue

Allconnex Water has calculated its revenue requirement, or maximum allowable revenue (MAR) using a 'building block' methodology, informed by the QCA's Building Block model and other regulatory guidance materials.

Allconnex Water's total MAR (for all regulated services) for 2011-12 is \$807.0 million. The 2011-12 MAR has increased by \$104 million (14.9%) from 2010-11 due to factors such as higher bulk water costs and continued capital investment across Allconnex Water's operating area.

Figure 1.1 shows calculation of the total 2011-12 MAR based on the cumulative building block components.

Figure 1.1: 2011-12 Maximum Allowable Revenue

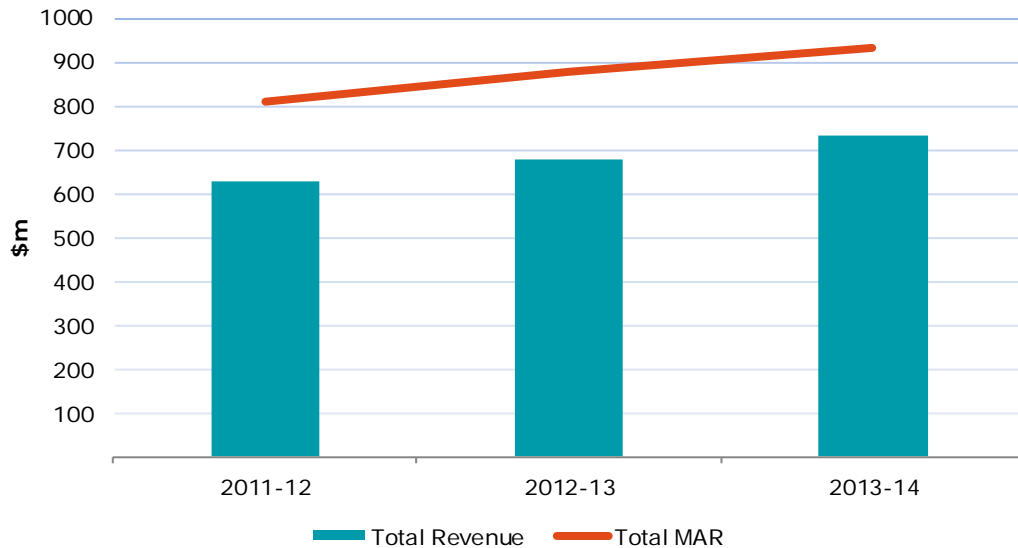


1.2.7 Revenue

Allconnex Water continues to recover regulated revenues well below its revenue requirement. Based on forecast revenue increases, recovery of total MAR is forecast to

be 77.9% in 2011-12, increasing marginally to 78.3% in 2013-14, as shown in Figure 1.2.⁶

Figure 1.2: Total revenue compared to Maximum Allowable Revenue



The continued under-recovery of MAR reflects historic under-recovery, significant external cost pressures such as increasing bulk water charges, and the application of Queensland Government legislation to cap distributor-retail price increases at CPI for both 2011-12 and 2012-13.⁷

1.2.8 2011-12 tariffs and customer impacts

Consistent with recently introduced legislation, a 3.6% increase has been applied to all current Allconnex Water distribution and retail tariffs for both residential and non-residential customers. While the legislated price cap is only required to apply to small business customers of the non-residential sector, Allconnex Water has resolved to apply this price cap to all non-residential customers.

Consequently, the average residential bill for a customer in each of the three regions has increased by CPI of 3.6% plus a pass through for increased 2011-12 State Government bulk water charges.

Taking into account these price increases, an 'average' residential customer using 200 kL per annum will face an increased water and wastewater bill (including bulk water) of approximately 6.6% to 7.3% for 2011-12. This is shown below in Tables 1.5 to 1.7.

⁶ Total revenue includes revenue from water and wastewater services, but excludes revenue from other regulated fees and services.

⁷ While the Queensland Government's CPI cap is only applicable to 2011-12 and 2012-13, Allconnex Water has chosen to extend the CPI based price path into the third year of the submission period.

Table 1.5: Customer impact – Gold Coast

Gold Coast Bill (200 kL)	2010-11 (\$)	2011-12 (\$)	Change (\$)	Change (%)
Water Volumetric - Allconnex	0.9950	1.0308	0.0358	3.6
Water Volumetric - State Government Bulk Water	1.6850	1.9550	0.2700	16.0
Water Service Charge	192.00	198.91	6.91	3.6
Wastewater Service	656.40	680.03	23.63	3.6
Total	1,384.40	1,476.10	91.70	6.6

Table 1.6: Customer impact – Logan

Logan (North) Bill (200 kL)	2010-11 (\$)	2011-12 (\$)	Change (\$)	Change (%)
Water Volumetric - Allconnex	0.8570	0.8878	0.0308	3.6
Water Volumetric - State Government Bulk Water	1.8430	2.1130	0.2700	14.6
Water Service Charge	240.00	248.64	8.64	3.6
Wastewater Service	550.80	570.62	19.82	3.6
Total	1,330.80	1,419.42	88.62	6.7

Table 1.6: Customer impact – Redland

Redland Bill (200 kL)	2010-11 (\$)	2011-12 (\$)	Change (\$)	Change (%)
Water Volumetric – Allconnex (Tier 1)	0.6580	0.6816	0.0236	3.6
Water Volumetric – Allconnex (Tier 2)	1.0680	1.1064	0.0384	3.6
Water Volumetric – Allconnex (Tier 3)	1.4780	1.5312	0.0532	3.6
Water Volumetric - State Government Bulk Water	0.9320	1.2020	0.2700	28.9
Water Service Charge	240.36	249.01	8.65	3.6
Wastewater Service	696.00	721.05	25.05	3.6
Total	1,276.50	1,369.72	93.22	7.3

2 Introduction

Following significant structural reform in the South East Queensland water sector, on 1 July 2010, the water businesses of Gold Coast City Council, Logan City Council and Redland City Council transferred to the newly-formed Allconnex Water. Allconnex Water is responsible for the delivery of water, wastewater and recycled water services to households and businesses across the three local government areas.

In March 2010, pursuant to section 23A of the Queensland Competition Authority Act 1997, the Premier and Treasurer referred Allconnex Water to the Queensland Competition Authority (QCA) for a price monitoring investigation from 1 July 2010 to 30 June 2013 (Ministers' Direction Notice, July 2010). However, in June 2011, the Queensland State Parliament passed the *Fairer Water Prices for SEQ Amendment Act 2011* (the legislation). The legislation revoked the previous declaration of Allconnex Water. In addition, while retaining the QCA's price monitoring role, residential and small business customer price increases were capped at CPI for 2011-12 and 2012-13. As a result of the legislation, an amended Ministers' Direction Notice was issued in June 2011.

During financial year 2010-11 the QCA conducted its first price monitoring review in accordance with the Ministers' Direction Notice. The QCA found Allconnex Water's forecast total water and wastewater revenue of \$591.6 million was well below the level of total revenue required to achieve full cost recovery.⁸ Notwithstanding average prices for 2010-11 were also well below the prices implied by the QCA's analysis, the QCA made a number of recommendations for future improvement. These recommendations have been considered, and where possible, implemented by the business or are in the process of being addressed (see Chapter 3).

In accordance with the amended Ministers' Direction Notice, the QCA's second price monitoring review has now commenced. Allconnex Water has prepared this submission to accompany the regulatory "Information Template" required to be submitted as part of this review in accordance with the QCA's Information Requirements for 2011-12. This submission is intended to provide context to the Information Template, including an overview of Allconnex Water's business, customer base, cost structure and pricing strategy.

This submission also provides an indication of the business' progress in implementing key initiatives, such as integration and efficiency projects, some of which were highlighted in Allconnex Water's (first) submission to the QCA for 2010-11. As a business now entering its second year of operations, Allconnex Water has made significant progress since its commencement. This includes consolidating and harmonising key aspects of capital planning, customer service standards, and internal business processes and systems. Collectively, these initiatives are delivering tangible benefits to customers.

⁸ The QCA calculated Allconnex Water's (total) Maximum Allowable Revenue (MAR) for water and wastewater as \$770.6 million.

Allconnex Water has undergone a challenging period of change during 2010-11, now compounded by uncertainties surrounding the future operating and pricing environment for the three distribution-retail entities in South East Queensland. The provision of cost, revenue and pricing information in this submission and the accompanying Information Template should be considered in this context. However, Allconnex Water has endeavoured to provide the QCA with as much information as practicable to assist the QCA's review. Allconnex Water continues to support the transparent reporting by the QCA's regulatory oversight.

2.1 About Allconnex Water

Allconnex Water provides a population of more than 900,000 consumers with safe, reliable and high-quality water and wastewater services and employs more than 800 people. It distributes around 80,000 megalitres of water annually to about 400,000 properties and owns and maintains around \$4.3 billion in assets.⁹ Allconnex Water is owned by Gold Coast, Logan and Redland City Councils and is the largest distributor-retailer within South East Queensland.¹⁰

Within its service area, Allconnex Water:

- purchases water from the SEQ Water Grid Manager and delivers this to residents and businesses;
- collects, treats and disposes of wastewater;
- builds critical new infrastructure to meet the demands of our customers;
- manages and maintains infrastructure and assets, including water supply mains and wastewater networks;
- operates water and wastewater pumping stations;
- provides recycled water services to businesses; and
- provides Class A+ recycled water services to dual reticulated customers for outdoor use and toilet flushing.¹¹

Figure 2.1 shows the Allconnex Water service area.

⁹ Includes both regulated and unregulated assets.

¹⁰ Based on Maximum Allowable Revenue as determined by the QCA in its Final Report on its 2010-11 prices monitoring review.

¹¹ Pimpama-Coomera Waterfuture Master Plan customers only.

Figure 2.1: Allconnex Water service area



3 Response to QCA recommendations

The QCA's Final Report on its 2010-11 prices monitoring review (released March 2011) sets out a number of recommendations for Allconnex Water in relation to the capture and provision of data, forecasting methodologies, and other business processes. Allconnex Water generally accepts the QCA's findings and recommendations, and has commenced addressing many of these within the business.

Key recommendations relate to:

- Data capture and reporting;
- Capital expenditure systems and processes;
- Customer service standards; and
- Demand forecasts.

A full list of the QCA's recommendations is provided in Appendix 1.

3.1 Addressing key recommendations

Many of the QCA's recommendations relate to improving the business' capacity to capture and apply information, to improve its internal decision-making processes, and regulatory reporting. These informational processes cut across the business' wider integration strategy that seeks to create a focused and effective services delivery organisation, without the boundaries and limitations created by the previous Council-level operations.

Allconnex Water's progress in addressing the QCA's recommendations is outlined below.

3.1.1 Business integration

Since its formation on 1 July 2010, Allconnex Water has focused on establishing itself as a single integrated business delivering water and wastewater services to customers across Gold Coast, Logan, and Redland. Throughout 2010-11, the business has progressed a range of critical integration initiatives aimed at improving services to customers. These initiatives include:

- establishing a single customer contact 1300 number with single interactive voice response system, and aligning Logan and Gold Coast districts calls to one contact centre;
- developing a new Allconnex Water Customer Service Charter, and consolidating a single set of Customer Service Standards;

- developing Policies and Guidelines for Leak Remissions, Sub Metering of Community Title Schemes, Fire-fighting and Community Service Obligations, Debt Management, and Hardship;
- developing and implementing a new Complaints Management system for customers, and commencing a complaint management process with the Queensland Energy and Water Ombudsman with the introduction of the Customer Water and Wastewater Code on 1 January 2011;
- establishing separate billing for two of our three geographic locations within the first seven months of operating. This enables customers to better understand how the business can assist them in water management and conservation. This has also allowed the business to improve the design architecture for a new billing system currently being implemented; and
- consolidating and improving education programs.

There are still significant challenges associated with integrating the three businesses that will continue to be addressed throughout 2011-12.

For the coming financial year, Allconnex Water's objective is to consolidate the integration of the three legacy businesses. The practical benefit of integration is the realisation of more effective business practices, including opportunities to achieve economies of scale and scope. Ultimately, these flow through to benefit Allconnex Water's customers.

These benefits are dependent on the State's recent decision to permit Gold Coast, Redland and Logan Councils' to reconsider their participation in Allconnex Water as a jointly-owned distributor-retailer authority. In this submission, Allconnex Water has assumed that all three participating Councils will elect to continue with the current organisational model, pending further advice from the Councils on their intentions in this regard.

Notwithstanding this uncertainty, key focus areas for Allconnex Water's integration strategy are outlined below.

Finance Practices and Systems

Allconnex Water's original budget and regulatory submission for 2010-11 was largely based on a consolidation of forecasts for the three Council businesses. The three Councils operate different financial systems, and consolidating key financial data into a consistent format presented significant challenges, particularly in terms of consistent revenue and cost categorisation and reporting.

During the first year of operations, Allconnex Water has invested significantly in new systems and processes to support more robust financial reporting and projections. This has included significant work to produce consistent and harmonised:

- budgeting processes;

- financial reporting; and
- a new chart of accounts.

However, Allconnex Water's ability to capture costs at the detail required by the QCA remains limited by the continuation of district-based financial systems. Allconnex Water intends to develop an integrated financial system as part of its Enterprise Resource Planning (ERP) implementation. However, as discussed below, while the business had begun the development of an ERP solution, the project has been placed on hold until the future of Allconnex Water is clarified.¹²

Enterprise resource planning

Under the terms of the Service Level Agreements (SLAs) agreed with each of the participating Councils, the provision of systems and associated services relating to finance, procurement, asset management, inventory management, contract management and customer relationship management will expire between now and 30 June 2013.

In December 2010, the Allconnex Water Board approved the Strategic ICT Vision. A fundamental principle included in the Strategic ICT Vision is the adoption of an ERP solution to replace the existing SLAs and provide Allconnex Water with an integrated suite of applications to support major business functions.

The objective of the ERP project is to implement an enterprise solution that will enable Allconnex Water to:

- undertake activities in relation to financial accounting and administration;
- undertake activities in relation to management accounting and reporting;
- undertake activities in relation to asset management and operations including production planning, production scheduling, integration with GIS, integration with field service management, work management and asset maintenance;
- undertake activities in relation to procurement and inventory management;
- undertake activities in relation to contract management;
- undertake activities in relation to billing and customer relationship management;
- undertake activities in relation to program and project management;
- remove the dependency on participating Councils solutions for finance, asset management, inventory management, procurement, contract management and customer relationship management; and

¹² Notwithstanding this uncertainty, this submission assumes that the Allconnex Water business will continue and has therefore included costs associated with the ERP project in the expenditure forecasts.

- enable the implementation of industry best practice processes across the organisation.

The expected business benefits from implementing an ERP solution include:

- increased efficiency in completing routine tasks;
- reduction in the costs of maintaining disparate systems;
- elimination of redundant and duplicated activities;
- elimination of data silos by creating a single, centralised repository of timely and accurate data resulting in a single source of the truth;
- increased effectiveness in resource allocation and management; and
- increased productivity in completing cross-functional activities.

Work on the development of an Allconnex Water ERP solution commenced late 2010, but has since been placed on hold until such time as the future of the integrated Allconnex Water business is clarified.

Water Network Services Plan (NetServ Plan)

The NetServ Plan¹³ is intended to be the peak planning and strategy document for each of the three distributor-retailer entities in South East Queensland.

The NetServ Plan will replace a number of previous planning documents. This includes the Customer Service Standards, the Strategic Asset Management Plan, the Total Management Plan and the System Leakage Management Plan. It will also reference the Drinking Water Quality Management Plan, the Trade Waste Management Plan and the Recycled Water Management Plan which will remain as separate statutory plans after the introduction of the NetServ Plan¹⁴. Overall, the Plan will cover water supply and wastewater services (including collection, treatment and trade waste management) over the entire asset lifecycle from infrastructure planning to renewal.

The *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* requires that Allconnex Water must have a NetServ Plan in place by 1 July 2013. From September to December 2010 initial planning was undertaken with the output being a project plan for the development of the Netserv Plan. The project plan outlined three stages of development:

- Stage 1 – first draft

¹³ The Plan is specified under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* and supersedes parts of the *Sustainable Planning Act 2009* (which replaced the *Integrated Planning Act 2007*), the *Water Supply (Safety & Reliability) Act 2008* (which replaced parts of the *Water Act 2000*) and the *Environmental Protection (Water) Policy 2009*.

¹⁴ It is possible that the Trade Waste Management Plan and the Recycled Water Management Plan will also be replaced by the NetServ Plan but this is yet to be confirmed by the Queensland Water Commission.

Stage 1, the development of the first draft of the NetServ Plan, has commenced. The first draft will document the current state and identify any opportunities for Allconnex Water to consolidate existing plans, methodologies and technical standards.

- Stage 2 – second draft

The second draft of the Plan will benefit from up to another 12 months of business consolidation. It is expected that most, if not all of the gaps and planning variances identified in the first draft will be resolved. The second draft will also be informed by Allconnex Water's liaison with each of the participating Councils with regard to their revised Planning Scheme and Total Water Cycle Management Plan.

- Stage 3 – consultation, final draft, endorsement and adoption (by 30 June 2013).

The final stage of the project will involve public consultation, further liaison with the councils, finalisation of the proposed plan, endorsement by the Planning Minister and the councils, and adoption by the Allconnex Water Board.

Billing system

In order to meet the Queensland Water Commission (QWC) requirement for quarterly customer billing¹⁵ and remove the dependency on participating Council billing systems, Allconnex Water has commenced a Billing Systems Project. The Billing System Project is intended to create a billing solution that will enable Allconnex Water to:

- meet the current and future requirements of the South East Queensland Water and Wastewater Customer Code;
- meet any other legislative requirements;
- bill customers independently of the three participating Council requirements, business rules and timeframes;
- bill sundry debtors;
- bill for water and wastewater including trade waste;
- implement continuous billing in the future;
- implement consumer-based billing over time (rather than property-based billing);
- undertake all activities associated with billing from meter reading through to payment; and
- manage and report on billing activities.

The new billing system is expected to result in reduced billing costs over time and facilitate enhanced customer service through improved system integration. In addition,

¹⁵ Queensland Water Commission, *Customer Water and Wastewater Code*, January 2011.

the implementation of quarterly billing is expected to allow customers currently on six-monthly billing cycles to better manage bill payments. More frequent billing will also allow Allconnex Water to properly identify and address system leakages earlier.

3.1.2 Capital expenditure planning

Allconnex Water's original capital expenditure forecasts were derived from the capital plans of Gold Coast, Redland and Logan City Council. Collectively, the three Council-owned water businesses had forecast capital expenditure of around \$1.3 billion over the three years 2010-11 to 2012-13, with approximately \$485 million in the 2010-11 financial year.

One of the first actions of the integrated Allconnex Water business was to review infrastructure capital programs. This review identified significant opportunities to defer and reduce the business' capital program – Allconnex Water resubmitted its capital expenditure program to the QCA identifying \$300 million in project savings/deferrals over the forecast period, with the QCA's review identifying only small further adjustments (for instance, a reduction of \$2.5 million in 2010-11, based on adjustments proposed by the QCA's independent consultant, Sinclair Knight Merz (SKM)). Ultimately, these reductions in capital expenditure benefit Allconnex Water's customers by lowering the revenue requirements of the business and hence reducing potential price increases.

A range of other initiatives are in progress to further improve the capability and capacity of the organisation to assist in the planning, selection, project management and delivery of infrastructure capital projects and programs. These include:

- establishment of a Planning and Infrastructure Development Committee (consisting of Executive Management) for review and approval of major planning initiatives and capital expenditure;
- development of a consistent project management framework and process across the business;
- establishment of a Corporate Portfolio Management Office to ensure quality assurance with respect to project management procedures and processes including implementation of a risk-based gateway review process; and
- establishment of a standard set of criteria for project options via a multi-criteria assessment. The selected criteria reflect both Corporate and regulatory requirements and objectives.

The business had planned upon the acquisition of an Enterprise Asset Management (EAM) system as part of the ERP. Implementation of an EAM (integrated with GIS capability) would provide much needed capacity for building asset management capability within the business. This project is currently on hold.

Finally, as recommended by the QCA, Allconnex Water has moved to an "as commissioned" basis for reporting capital expenditure.

Further information on capital planning processes is provided at Chapter 7.

Project management methodology project

The QCA report made a number of recommendations for the effective management of investment in projects across Allconnex Water, including:

- a standardised approach to cost estimating;
- a summary document be prepared for identified major projects so as to develop standardised reporting;
- an implementation strategy to be developed for each major project to assist in ensuring the deliverability of the project in the proposed timeframe;
- a 'toll gate' or 'gateway' review process to be implemented so that appropriate reviews are undertaken at milestone stages for selected projects; and
- a process for considering synergies between the districts.

An environmental analysis of current projects and programs carried out during March 2011 identified opportunities to improve investment visibility, project control and reporting.

To meet the recommendations of the QCA and direction of Allconnex Water plans, a Corporate Portfolio Management Office (CPMO) has been established. The CPMO is intended to address these recommendations and achieve the enterprise outcomes of:

- project assurance through application of the Allconnex Water Gateway framework;
- investment visibility through enterprise analysis and reporting; and
- consistent corporate behaviour through standards management.

The CPMO provides a complementary service that leverages current practices and reporting approaches to enable the Allconnex Water executive to direct these enterprise outcomes.

The Gateway framework, derived from an industry standard, includes five investment decision points supported by guidelines and templates. The framework is structured to accommodate projects and programs of all complexities and includes provision for external, internal and self-assessment reviews.

Core project meta-data required for enterprise level analysis and reporting has been identified. Templates for the capture of this data from all projects and associated monthly reporting have been developed and trialled. Implementation of this initiative has been temporarily suspended pending organisational clarity.

3.1.3 Customer service standards

The Customer Services Standards of each of the former Council water businesses have been aligned into the new Allconnex Water Customer Service Standards (CSS). The new CSS was approved in February 2011 and provide a single point of reference for customers on their expected service standards from Allconnex Water.

The CSS also set out the shared rights and responsibilities of Allconnex Water and its customers, including obligations with respect to property accessibility and entry and meter reading.

Further information on Allconnex Water's CSS are provided at Chapter 7.

3.1.4 Demand forecasting

The QCA's recommendations in relation to demand forecasting primarily relate to the documentation of Allconnex Water's demand forecasting methodology, the use of the Queensland Government's Population Information and Forecasting Unit (PIFU) growth rates for forecasting residential water connections and usage, and the development of short-term forecasts for trade waste and recycled water customers.

While, Allconnex Water generally agrees with the QCA's recommendations, the development of more refined demand forecasts is still progressing. This process is hindered by the lack of robust historic data on which to base future consumption. While historic data is available, this data is distorted by the imposition of water restrictions over recent years, making the establishment of a "business as usual" base case very difficult.

Nevertheless, demand forecasting for water will be refined in parallel with processes undertaken by the QWC, the Water Grid Manager and the QCA. As such, Allconnex Water has incorporated the QCA's recommendations into its forecasts where practicable, however has retained many of the elements of its previous forecasts until further work is undertaken.

For example, the QCA recommended that estimates of price elasticity of demand should be considered, however Allconnex Water remains of the view that a comprehensive investigation into price elasticity of demand would need to be conducted over an extended period of time and would need to consider the impact of the (possible) future introduction of tenant billing. As discussed above, historic consumption data is distorted by the imposition of water restrictions, necessitating complex data adjustments to develop a "clean" data set on which to base elasticity estimates.

Allconnex Water acknowledges the limitations of its demand forecasting data, however notes that variances in its medium-term demand forecasts has not materially impacted its overall pricing strategy for 2011-12, which is to cap price increases in accordance with State government policy, nor is likely to materially impact on its aggregate cost recovery position (since forecast total revenue is still significantly below total Maximum Allowable Revenue (MAR)).

Allconnex Water engaged an independent expert (the Centre for International Economics (CIE)) to review its demand forecasting methodology and associated demand forecasts for the period 1 July 2011 to 30 June 2014. This work concluded the approach adopted by Allconnex Water in formulating its medium-term forecasts of water consumption is reasonable. In particular, the report noted the forecasting methodology:

- takes account of the key drivers of demand and expected trends in each of these drivers; and
- utilises the most robust information currently available.

While indicating there was scope for refinement of the methodology, the report suggested Allconnex Water's demand forecasts were considered conservative and no adjustments were warranted.

Further details of the demand forecasting methodology and the findings of the CIE report are discussed in Chapter 8.

4 Explanation of template returns

The current 2011-12 Template represents the second Information Template required to be populated and submitted by Allconnex Water to the QCA. At the time of submission, Allconnex Water has been operating for a 12-month period. While Allconnex Water has made significant progress during that period, it is still dealing with the challenging task of integrating and aligning the three legacy Council businesses. An important part of this task is the ongoing development of information systems and data capture processes that meet the QCA's reporting requirements.

In many cases, Allconnex Water is still reliant on the previous Council information systems, particularly in relation to financial reporting and the capture of 'actual' and 'historical' cost and revenue information. Allconnex Water has developed its own financial forecasting model to address many of the QCA's requirements, however this model is unable to fully integrate/reconcile to historical information as the format of data is significantly different to the format previously used by Councils. As such, the data provided in Allconnex Water's current Information Template is drawn primarily from three sources:

- Allconnex Water's Financial Forecast Model (and supporting data/inputs to the model). This Model has been used to populate most of the forecast information for 2011-12 to 2013-14;
- the 2010-11 Information Template (populated using the previous Enterprise Financial Model). The Template has been used to populate most of the historical information for 2008-09 to 2009-10; and
- outputs from current financial systems, which have been used to populate some of the 2010-11 actual/forecast financial information.

Due to differences in the format of information available from these sources, there are differences in the presentation and categorisation of data between historical and forecast years.

A description of how Allconnex Water has used the Template categories (and, where relevant, where the use of categories differs between historical/forecast years) is set out in the Table 4.1.

Table 4.1: Summary of categories

Summary of service categories	Revenue	Volume	Costs/Assets
Drinking Water	Drinking water	Drinking water	Drinking water
Other core water services	Recycled water	Recycled water (NB. Recycled water volumes for the 2008-10 period were not separately identified, consistent with the presentation of the 2010-11 Information Template)	Capital expenditure associated with recycled water. NB. Operating expenditure has not been separately allocated to recycled water products.
Wastewater via sewer	Wastewater via sewer	Wastewater via sewer	Total wastewater costs have been apportioned between wastewater via sewer and trade waste based on the (estimated) proportion of flows. The percentage apportionment differs between districts.
Trade waste	Trade waste	Trade waste	Total wastewater costs have been apportioned between wastewater via sewer and trade waste based on the (estimated) proportion of flows. The percentage apportionment differs between districts.
Other core wastewater services	Not used	Not used	Not used

4.1 Data

In its 2010-11 submission, Allconnex Water flagged a number of ‘gaps’ in the information able to be provided to the QCA as part of the 2010-11 Information Template. At that time, information systems from the three Councils were not able to separate all of the costs associated with service categories, revenue, volume and assets to fully populate the Information Template.

For the current prices monitoring review, the QCA requires similar information to be provided in relation to the historical period (2008-09 and 2009-10), the first prices monitoring period (2010-11) and the forecast period (2011-12 to 2013-14). Data for the historical period (and in many cases for the 2010-11 and 2011-12 period) must still be drawn from Council information systems. As such, Allconnex Water remains unable to provide all information at the level of disaggregation requested by the QCA. In many cases, Allconnex Water has attempted to address this issue by allocating higher-level data across the QCA's asset and/or product categories. Where such an allocation would be meaningless or inappropriate, Allconnex Water has provided data at the higher-level only.

In particular, due to system limitation, revenue from non-core and non-regulated fees and charges has been aggregated under non-regulated revenue. Similarly, recycled water (class A+) capital expenditure was included in the wastewater category for the 2010-11 submission. From 2011-12, recycled water is able to be separately identified and has therefore been included in the other core water category.

A summary of Allconnex Water's ability to respond to the QCA's Information Requirements is provided in Table 4.2, including a description of each requirement, an indication of compliance with each requirement, and a brief explanation of any key departures from the Information Requirements.

Table 4.2: Data limitations

Template Reference	Requirement	Compliance	Comment
5.1	Statutory Accounts and budget, including details of profit and loss, balance sheet and cashflow.	Partially compliant	<p>Statutory accounts are currently unavailable for 2010-11 and will be provided to the QCA when available.</p> <p>Budget information for the 2011-12 price monitoring period has been provided.</p> <p>Forecast "regulatory accounts" have been partially provided, reflecting known or clearly identifiable adjustments to (forecast) financial accounts.</p>
5.2	Revenue from prices and other sources	Substantially compliant	<p>Revenue from most core services has been provided on a price times quantity basis as set out in the Information Template, however revenue from non-regulated services has been provided at an aggregate level only.</p> <p>Revenue for historical periods (2008-09 and 2009-10) has been provided on an 'average' basis in a format consistent with previous modeling (and consistent with the format</p>

			provided to the QCA for the 2010-11 Template). This format differs to Allconnex Water's current modeling, therefore direct comparisons of year-on-year price increases should be undertaken using individual tariffs/prices, rather than the average rates presented in the Template.
5.3	Service standards	Substantially compliant	Customer service standards have been itemised for the period 2011-12 to 2013-2014, however previous Council service standards for the period 2008-09 to 2010-11 have been provided in separate documentation rather than itemised in the Template.
5.4	Demand	Substantially compliant	Demand for most regulated service categories has been provided, however non-regulated services are unable to be specified on a quantity basis.
5.5	Regulatory asset base	Compliant	The allocation of Allconnex Water's opening RAB for 1 July 2008 was approved by the QCA as part of the 2010-11 price monitoring review. Allconnex Water uses an opening RAB for 1 July 2010 of \$4,107.72 million as advised by the QCA (amended from its Final Report on its 2010-11 prices monitoring review. See Chapter 9 for details).
5.6	Capital expenditure	Substantially compliant	<p>Forecast capital expenditure has been provided on an 'as commissioned' basis, however historical capital expenditure has been retained on an 'as incurred' basis. Details of expenditures for individual projects have been provided for the forecast period 2011-12 to 2013-14.</p> <p>Details of expenditure approvals and other processes have been provided as supporting documentation.</p> <p>Historical expenditure information has not been re-visited in the current Information Template, therefore expenditure for the 2008-09 to 2010-11 period has been provided in a format consistent with the QCA's 2010-11 Information Template.</p>

5.7	Contributed, donated and gifted assets	Substantially compliant	Substantial detail in relation to contributed, donated and gifted assets has been provided. Audited information in relation to contributed assets for 2010-11 is unable to be provided, however will be provided when financial statements are available. Allconnex Water has elected to adopt an asset offset approach to contributed assets from 1 July 2010 onwards.
5.8	Depreciation	Compliant	Allconnex Water has provided regulatory remaining useful lives and opening RAB values as at 1 July 2011, as per the Information Template.
5.9	Indexation	Partially compliant	Consistent with the QCA's Information Requirement, inflation for 2010-11 reflects the 2011-12 Queensland State Budget estimate of 3.25%. From 2011-12 onwards, Allconnex Water has applied the inflation forecasts reported in the Economic Statement issued by the Australian Government in July 2010.
5.10	Return on capital	Compliant	For the 2011-12 price monitoring period, Allconnex Water has adopted the QCA's WACC of 9.35%.
5.11	Operating costs	Compliant	Actual and forecast operating expenditure has been provided.
5.12	Third party transactions	Compliant	Details of significant third party transactions have been provided.
5.13	Related party transaction	Compliant	Details of related party transactions have been provided
5.14	Non-regulated services	Substantially Compliant	Details of revenue for non-regulated services have been provided, and where possible, costs related to non-regulated services have also been provided. Although the inability of current systems to correctly capture data means that non-regulated services will include some regulated fees and charges.
5.15	Tax	Partially compliant	Allconnex Water's tax asset base was not finalised at the time that the Information Template was completed. Accordingly, tax

			written-down asset values and remaining useful lives have been provided based on regulatory values (continuing the approach adopted for the 2010-11 Information Template). Allconnex Water remains of the opinion that this is a conservative interim assumption pending the finalisation of tax arrangements.
5.1.6	Maximum Allowable Revenue	Compliant	This submission contains details of Allconnex Water's Maximum Allowable Revenue, though noting that the return on assets component is based on an asset base which includes capital expenditure as incurred up until 30 June 2010.
n/a	Board Members responsibility statement	Compliant	-

5 Policies and Procedures

The Allconnex Water accounts are prepared under the historical cost convention on an accrual basis and have not been adjusted to take account of the current costs of specific assets, except to the extent that they are reflected in the revaluation of certain assets and liabilities.

Financial statements produced by Allconnex Water are subject to the provisions of:

- Southern SEQ Distributor-Retailer Authority Participation Agreement;
- Financial Accountability Act 2009;
- Financial Accountability Regulation 2009;
- Financial and Performance Management Standard 2009;
- Annual Report Guidelines for Queensland Government Agencies;
- Auditor-General Act 2009;
- Statutory Bodies Financial Arrangements Act 1982;
- South East Queensland Water (Distribution and Retail Restructuring) Act 2009 (Restructuring Act);
- Local Governments Tax Equivalent Regime;
- All Australian Accounting Standards and Mandatory Pronouncements; and
- Australian Taxation Law.

Allconnex Water has developed a Financial Management Practice Manual. The manual is consistent with that required by Queensland Government owned corporations and departments and provides statement guidance to ensure assets, liabilities and results of all of Allconnex Water's operations are accurately recorded and reported.

Allconnex Water is currently developing additional accounting guidelines to support the operations of the business. These guidelines are being developed in accordance with the Financial Management Practice Manual.

5.1 Non-current Asset Policy

Forecasts have been developed in accordance with the Allconnex Water Non-Current Asset Policy. The Non-Current Asset Policy provides the framework for the treatment of non-current assets including:

- how an asset is accounted for on acquisition/construction/contribution for financial accounting purposes;
- how to account for an asset after initial recognition;

- the valuation methodology to be used in valuing Allconnex Water’s non-current assets for financial accounting purposes;
- the requirements to ensure that Allconnex Water’s asset management component registers are complete, accurate and up to date; and
- the requirements of actively managing Allconnex Water’s work in progress and capital projects.

The policy adopts the following thresholds for the capitalisation of non-current assets:

Table 5.1: Non-current asset recognition thresholds

Asset Type	Threshold
Network Assets	\$1
Land	\$1
Plant and Equipment	\$1,000
Intangibles	\$1,000
Infrastructure	\$10,000
Buildings	\$10,000
All Other Non-Current Assets	\$10,000

As discussed in Chapter 4, the allocation of costs to capital and operating expenditure categories (and QCA product categories) remains constrained by existing financial systems. Financial information is collected from a wide range of legacy systems within the Allconnex Water network. Information provided by these systems is neither collected nor presented in a consistent format. As a result, identification and allocation of costs is a difficult process. While Allconnex Water has commenced the development of a comprehensive cost allocation policy, this policy has yet to be finalised. As such, indirect costs are currently capitalised through a variety of procedures, including for example:

- major capital expenditure projects are independently reviewed and generally assume an allocation of corporate overheads as a component of agreed unit rates;
- minor capital expenditure projects incorporate a limited component of corporate overheads; and
- some contractor costs are able to be directly attributed to capital expenditure projects.

While acknowledging the limitations of the current approach, Allconnex Water considers the impact of adopting an alternate formal cost allocation policy is unlikely to materially

impact forecast capital expenditure. Nevertheless, Allconnex Water intends to develop a comprehensive cost allocation policy in conjunction with its proposed ERP solution.

5.2 Cost Allocation Method

As discussed, Allconnex Water is currently developing a cost allocation policy to inform the configuration of the ERP and further refinement of the Chart of Accounts.

In the interim, costs within the template have been allocated using either direct allocation or indirect allocation. Allconnex Water has attempted to ensure costs are allocated on a reasonable and equitable basis. A description of the allocation basis associated with operating and capital expenditure is provided below.

5.2.1 Operating Expenditure

The formation of the operating cost budget and forecasts is based on previous years' costs taking into consideration additions of any new assets, staff, efficiency gains and changes to indexations for the various operating cost categories.

5.2.1.1 Direct attributed costs

Allconnex Water's financial system comprises three district systems feeding into a corporate system. All areas within Allconnex Water use general ledger accounts within the Chart of Accounts (CoA) or accounts mapped to the CoA. Where financial transaction processing is performed for Allconnex Water by participating Councils under Service Level Agreements (SLAs), transactions are captured in the Allconnex Water system. Transactions are mapped from Council CoAs to the Allconnex Water CoA as part of this capture process. The CoA and general ledger provides for the recording of budget and forecast values.

The CoA is the basis of the financial reporting framework and is a numbering structure that determines how financial information is captured by corporate systems and reported within Allconnex Water. The costs are captured across four dimensions – district, cost centre, product and natural account:

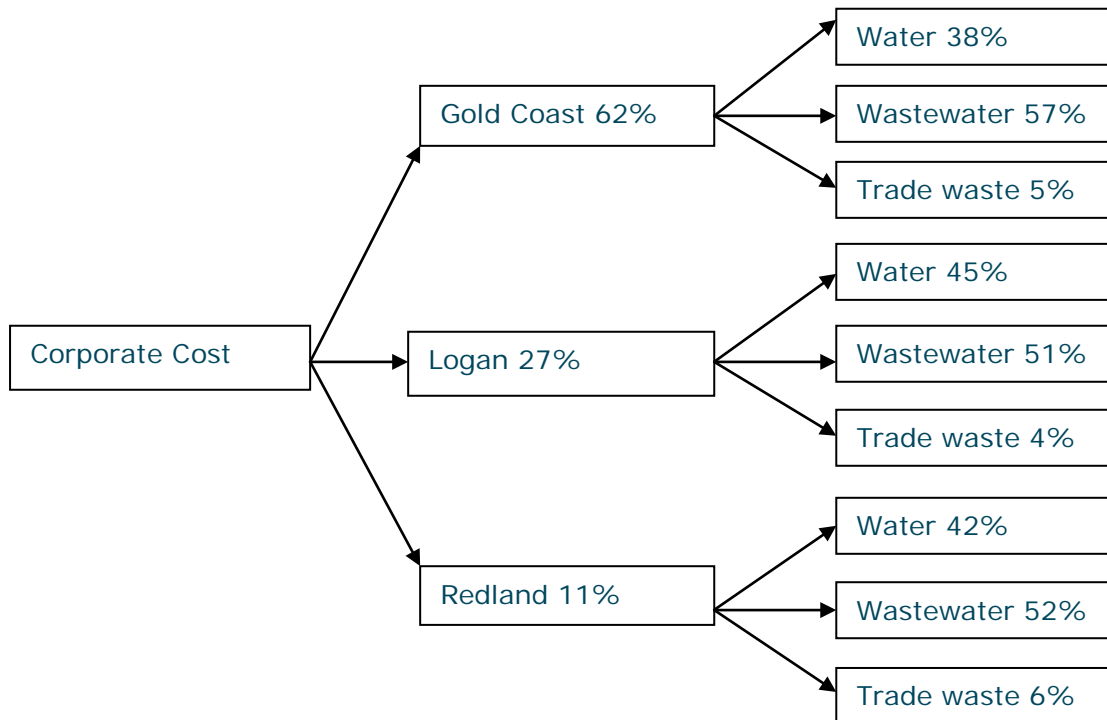
- the district represents each participating Council's geographic area and corporate costs;
- the product represents the core business products and/or services delivered to customers;
- the cost centre represents areas within Allconnex Water grouped by common function, geographic location or financial accountability on an ongoing basis. These groupings can be aggregated to provide reporting at the various levels within the organisational structure; and
- the natural account represents the nature of the business transaction (for example, labour, materials and electricity).

5.2.1.2 Indirect attributed costs

In certain cases indirect cost allocation has been applied to assign costs to district and service categories. These allocations are discussed below.

Corporate district costs are allocated to districts then products (where products were not provided by the finance system) using the opening 1 July 2010 regulatory asset base (RAB). Figure 5.1 provides a summary of the RAB allocation.

Figure 5.1: Allocation of Corporate Costs¹⁶



Allocation to the non-regulated category and/or product is based on historic data and was applied only on to other materials and services and corporate costs (employee expenses associated with non-regulated products have been captured under the direct allocation methodology).

5.2.2 Capital Expenditure

The formation of the capital expenditure budget is based on infrastructure and asset requirements identified in various planning reports, Strategic Asset Management Plans, Total Management Plans, Priority Infrastructure Plans and corporate systems required for Allconnex Water to operate without reliance on Council SLAs.

5.2.2.1 Direct attributed costs

Infrastructure assets were allocated directly to districts and products. Allconnex Water operates the business as a single entity (as opposed to three districts) and in certain

¹⁶ Class A+ recycled water costs and assets are attributed to the Gold Coast water category. Conversely, the 2010-11 QCA Information Template included recycled water in the wastewater category.

cases programs were developed that covered the entire Allconnex Water area of operations.

5.2.2.2 Indirect attributed costs

Where there is no direct link to district and/or product, capital costs were assigned using the opening 1 July 2010 RAB as above. Corporate systems, billing systems and other corporate assets were allocated on this basis.

5.2.3 Cash contributions and donated assets

Cash contributions and donated assets are collected at the product level.

Cash contributions are allocated to asset classes defined as trunk infrastructure in the Priority Infrastructure Plan guidelines published by the Department of Infrastructure and Planning. The proportion of each of these assets in the opening 1 July 2010 RAB are determined and used to allocate forecast cash contributions across asset classes. Water assets include reservoirs, pump stations, telemetry and mains, while wastewater assets include pump stations, treatment, telemetry and mains.

Developers provide small reticulation mains to support their sub-divisions which connect to the water and wastewater networks. These assets are subsequently contributed to Allconnex Water. These assets are allocated 100% to the mains asset class.

6 Allconnex Water's Financial Position

6.1 Overview of Allconnex Water's consolidated financial position

During financial year 2010-11, Allconnex Water adopted a strategy of increasing operating revenues to accommodate expected growth in operating costs – particularly in bulk water procurement, but also in other key cost categories – and to support the financing of its existing balance sheet and projected ongoing capital expenditure.

Total operating revenues increased from 2009-10 (based on the consolidated revenues of the former Council businesses) to 2010-11. However, growth in business operating and capital costs meant any change in overall profitability was more subdued. Indeed, as confirmed by the QCA's analysis, Allconnex Water's revenues were substantially *below* that level needed to provide a full commercial return on value of assets used to deliver water and wastewater services to customers.¹⁷ The consolidated financial information presented in this chapter is intended to provide context in relation to the overall business impact of cost and revenue information presented elsewhere in this submission.

Table 6.1: Summary Operating Statement 2010-11 - estimated¹⁸ (\$m)

Income statement	2010-11
Operating revenue	648,076
Operating expenditure	369,712
EBITDA*	278,364
Depreciation expense	109,500
Net interest/borrowing expense	132,978
Profit before tax	35,886
Tax expense	9,488
Profit after tax	26,398

* Earnings before interest, taxes, depreciation, and amortization.

¹⁷ QCA, *SEQ Interim Price Monitoring for 2010/11 – Part B, Final Report*, March 2011.

¹⁸ Audited financial statements for 2010-11 were not available at the time of preparing this submission, so financial results for 2010-11 are estimates only. Note that all estimates are presented on a consolidated entity-level basis for Allconnex Water.

Table 6.2: Summary Statement of Financial Position 2010-11 – estimated (\$m)

Statement of Financial Position	2010-11
Current assets	173.7
Non-current assets	4,129.3
Total assets	4,302.9
Current liabilities	227.4
Non-current liabilities	1,836.7
Total liabilities	2,064.0
NET ASSETS	2,238.9

The commentary below provides details on key factors impacting on Allconnex Water’s actual financial performance in 2010-11, as compared to that submitted to the QCA in the business’ submission last year, and key financial projections for the coming three year period.

6.2 Performance against 2010-11 submission

Variances exist between Allconnex Water’s 2010-11 financial results compared to previous forecasts submitted to the QCA as part of the 2010-11 submission/information template. Allconnex Water’s original forecasts were largely informed by previous Council data/forecasts, and the business has since undertaken a financial re-forecasting exercise throughout the year.

A summary of key aspects of Allconnex Water’s current forecasts compared to previous forecasts is provided below:

- total revenue for 2010-11 was approximately \$50 million lower than Allconnex Water’s original forecast, though is higher than the consolidated revenues of the former Council businesses for 2009-10. This has been driven by a large reduction in water demand.¹⁹ This is most likely due to higher than average wet weather in South East Queensland;²⁰
- capital expenditure is \$269 million lower than Allconnex Water’s original forecast, which was based on previous Council forecasts. Early in 2010-11, Allconnex Water undertook a comprehensive review of Council’s forward capital program, resulting in a \$168.0 million reduction in the original forecast due to the removal and deferral of a number of significant capital projects in line with the business’ focus on capital planning efficiency. Allconnex Water’s actual expenditure on capital projects during 2010-11 was around \$100 million lower than this revised figure (and the QCA’s

¹⁹ Total estimated consumption for 2010-11 is 15% lower than originally forecast and 16% below that forecast by the QCA.

²⁰ Data provided in the Bureau of Meteorology *Queensland Monthly Weather Review* (various editions) indicates that monthly rainfall (for each month) during 2010-11 was around twice the long-term average.

'approved' capital spend). Further details are provided in Chapter 10 of this report; and

- operating expenditure at the consolidated level was \$3 million higher than originally forecast. However, this included \$37 million of adjustments to total operating expenditure during 2010-11 (including a \$23 million increase in operating expenditure to reflect the expensing of previously capitalised costs associated with the Stapylton Wastewater Treatment Plant and Merrimac West Wastewater Upgrade²¹). Conversely, regulatory operating expenditure was around \$36 million lower than originally forecast, reflecting lower consumption volumes and reduced labour costs.

At an aggregate level, Allconnex Water's 3-year forecasts have been updated to reflect more recent information and learnings over the previous year. A comparison of the forecasts included in the 2010-11 submission against current forecasts is presented in Table 6.3.

Table 6.3: Comparison of forecasts – 2010-11 Submission and 2011-12 Submission (\$'000's)

Forecasts	2010-11	2011-12	2012-13	2013-14*
2010-11 Submission				
Revenue	698,551	822,418	993,739	n/a
Operating expenditure	366,715	404,164	449,802	n/a
Capital expenditure	486,744	528,071	319,162	n/a
2011-12 Submission				
Revenue	648,076	712,767	763,981	817,919
Operating expenditure	369,712	390,539	430,011	458,905
Capital expenditure	217,504	289,484	363,052	326,167
Variance (%)				
Revenue	-7%	-13%	-23%	n/a
Operating expenditure	1%	-3%	-4%	n/a
Capital expenditure	-55%	-45%	14%	n/a

* 2013-14 forecasts were not provided for the 2010-11 submission, hence not applicable.

Note. Forecasts are presented on a consolidated basis for Allconnex Water, including unregulated business activities. A minor part of the variance in operating revenue/expenditures is due to the re-classification of certain expenditures within the forecasts, due to changes in modelling assumptions between the (previous) Enterprise Financial Model and Allconnex Water's (current) Financial Model. Note that 2010-11 data also includes a number of material accounting adjustments (including approximately \$37 million of adjustments to total operating expenditure).

²¹ See Chapter 10 for details concerning the reconfiguration of the Allconnex Water capital program.

Revenue forecasts for 2011-12 and 2012-13 are significantly lower in the current submission reflecting the application of the Queensland Government's CPI cap on tariffs. In the 2010-11 submission, Allconnex Water had assumed a glide-path to full cost recovery (see section 6.4 below for further discussion on the impact of the CPI cap on long term financial sustainability). While forecast operating expenditure is reasonably consistent between submissions, capital expenditure forecasts substantially differ. The reason for this divergence is discussed in Chapter 10.

6.3 Auditors' comments

The Queensland Audit Office certified Allconnex Water's General Purpose Financial Statements in September 2010. One of the key issues highlighted in the Auditor General's report is the significant uncertainty regarding the accounting asset values transferred to Allconnex Water from the three participating Councils at 1 July 2010. The Report noted that:

The value of assets transferred was disclosed in the relevant note using the RAB valuation methodology approved by the Queensland Government for water pricing purposes, which may not equate to asset valuations for accounting purposes. As the accounting valuation methodology has not been finalised at the time of this financial report, a significant uncertainty exists in relation to the value of the assets being transferred and the likely impact on the valuation and classification of the [Allconnex Water's] assets from 1 July 2010.

As yet, Allconnex Water's opening accounting asset base (and indeed its tax asset base) has not yet been finalised. As such, the (accounting) balance sheet comparisons and other forecasts outlined in this submission may need to be adjusted to reflect either an updated opening 1 July 2010 RAB (given that the QCA is currently viewing the opening RAB as 'interim' pending verification of 2008-09 and 2009-10 data) or an alternative asset valuation methodology.

Allconnex Water expects these issues will be finalised in accordance with our statutory reporting timelines.

6.4 Long-term financial sustainability

Allconnex Water's original submission was informed by forecasts of costs to deliver water and wastewater services to customers, balanced against:

- delivering acceptable financial returns to Participating Councils, recognising their significant financial investment in Allconnex Water;
- a 'glide path' approach to increasing revenues over the QCA interim price monitoring period, to a level equivalent to the business maximum allowable revenue (MAR) within the first year of deterministic price setting by the QCA (2013-14); and
- a requirement in the business' lending agreement to achieve BBB+ credit metrics by the end of 2012-13.

In June 2011, the State Government passed the *Fairer Water Prices for SEQ Amendment Act 2011*. The legislation altered the environment within which Allconnex Water and the other distributor-retailer authorities operate. The changes limit increases in customer charges to increases in underlying bulk water costs and allow only for CPI-linked increases to the distributor-retailer share of water and wastewater charges. Allconnex Water's financial forecasts have been prepared consistent with these recently announced requirements, with CPI-linked price increases forecast to continue beyond 2012-13 to the end of the forecast period (3.6% for 2011-12, and 2.5% for both 2012-13 and 2013-14).

While the Queensland Government's CPI cap is only applicable to 2011-12 and 2012-13, Allconnex Water has chosen to extend the CPI based price path into the third year of the submission period.

Table 6.4: Forecast Operating Statement 2011-12 to 2013-14 (\$m)

Income statement	2011-12	2012-13	2013-14
Operating revenue	713	764	818
Bulk water costs	167	195	225
Other operating costs	217	228	227
Total operating costs	391	430	459
Depreciation	112	120	128
EBIT*	210	214	231
Interest expense	143	149	160
Income tax equivalents	20	20	21
Profit after tax	47	45	50

* Earnings before interest and tax.

Financial projections for the coming three year period (2011-12 to 2013-14) are presented above (on a consolidated basis for Allconnex Water). Broadly, these projections show Allconnex Water maintaining a relatively stable level of profit after tax, with revenue growth largely tracking growth in the businesses underlying operating and capital cost profile. The accompanying statement of financial position is provided below.

Further details regarding the business operating cost, capital and demand and revenue projections are provided in the following chapters of this submission.

Table 6.5: Forecast Statement of Financial Position 2011-12 to 2013-14 (\$m)

Statement of Financial Position	2011-12	2012-13	2013-14
Current assets	181	132	144
Non-current assets	4,305	4,549	4,747
Total assets	4,487	4,680	4,891
Current liabilities	110	119	128
Non-current liabilities	2,109	2,258	2,423
Total liabilities	2,219	2,377	2,551
Net Assets	2,268	2,303	2,340

Table 6.6 presents a series of key financial performance indicators for the forecast period, for Allconnex Water's consolidated business. These generally show that, despite nominal growth in revenues, key indicators of business financial sustainability are forecast to remain at below-sustainable levels. This is a direct result of revenue increases being constrained by the State Government's recently announced *Fairer Water Prices for SEQ Amendment Act 2011*.

Indeed, the changes will directly cause Allconnex Water to renegotiate borrowing terms with its lender, Queensland Treasury Corporation. Allconnex Water's existing borrowing terms require it to meet certain benchmark financial performance metrics by the end of 2012-13, and with constrained revenue growth these benchmarks are unachievable.

Table 6.6: Key financial performance ratios 2011-12 to 2013-14

	2011-12	2012-13	2013-14
Return on asset (%) (pre-tax)	4.68	4.57	4.72
Gearing (%)	48.5	49.2	50.5
Return on equity (%)	2.1	2.0	2.1
EBIT* Interest Cover	1.47	1.44	1.44

* Earnings before interest and tax.

Notes:

Return on assets = EBIT / Total Assets

Gearing = Net Debt / Fixed Assets

Return on equity = NPAT / Net Assets

EBIT Interest Cover = EBIT / Interest Expense

6.5 Summary

Allconnex Water will continue to investigate and pursue opportunities for efficiency improvements in both its operating practices and capital program, but neither provides practical scope to offset the revenue constraints applied by the State Government. Significant efficiencies have already been factored into Allconnex Water's future cost projections, yet key indicators of business financial sustainability are forecast to remain at below-sustainable levels.

The business will need to adjust to a near-term future of constrained and reduced financial performance. This may have implications for Allconnex Water's participating Councils, in terms of lower-than-desired profit distributions, and as noted, to the business' capacity to meet borrowing covenants.

7 Planning and Service Standards

7.1 Introduction

Allconnex Water's business strategies and forecasts are informed by an integrated suite of planning frameworks, legislative and regulatory requirements, regional and industry trends, and business-specific policies and customer service standards.

The business' planning has been developed consistent with the requirements of the *Water Supply (Safety and Reliability) Act 2008*, the *Environmental Protection Act 1994*, *Sustainable Planning Act 2009*, *South East Queensland (Distribution and Retail Restructuring) Act 2009* (the Act), and the various subordinate legislation and policies to these statutes.

Council planning schemes are still critical to informing network growth and development plans. In the transition to the full implementation of the forthcoming NetServ Plans, the Strategic Asset Management Plans (SAMPs) of the three districts continue to provide important planning guidance, as do the Priority Infrastructure Plans (PIPs) and Planning Scheme Policies (PSPs) of Allconnex Water's participating Councils.

Allconnex Water has now developed a consolidated Customer Service Standard, integrating the three different standards administered by each of the districts, and has also substantially refined its capital planning processes to accommodate the needs of the new integrated business and its customers.

7.2 Customer Service Standards

Allconnex Water's Customer Service Standards (CSS) provide guidance to customers on the service they can expect to receive from the business, and the obligations of customers in relation to their use of the water and wastewater systems. It applies to all customers who do not have a specific contract with Allconnex Water for supply of water and wastewater services.

The CSS reflect the service standard of Allconnex Water and includes the following:

- General Information - information about Allconnex Water, its corporate vision and the services it provides;
- Service Standard - an explanation of the services offered for drinking water, recycled water (Classes A+ and C), wastewater collection and treatment. General information is also provided about the provision of trade waste services; however, as with Non-Class A+ recycled water services, trade waste customers are expected to have individual contracts with Allconnex Water that will contain information specific to their requirements;
- Customer Service Processes - information on a wide range of customer service processes including connections, metering, billing, and management of maintenance work, complaints and dispute resolution; and

- Technical and Performance Standards - a list of key performance indicators and targets to express the level of service that Allconnex Water aims to deliver to its customers and the environment. This includes standards for drinking water quality, water pressure, water supply interruptions, wastewater overflows and odours, response times and repair completion times.

In setting out Allconnex Water's obligations to its customers, the CSS represent a key reference document for the business' capital and operational planning. Planning can focus on strategies supporting the business' capacity to maintain service quality in accordance with the CSS.

Allconnex Water's CSS are based broadly on an amalgamation of the three previous Council customer and planning standards. While the consolidation of a single source document has been an early regulatory requirement, there has to date been little opportunity to either validate the current Service Standards with customers, or to analyse and engage with customers on the costs and benefits of alternative Service Standards.

7.3 Infrastructure planning

Allconnex Water's infrastructure plan has been developed from first principles and organised into three major components:

- Major projects (>\$5m);
- Minor Projects (<\$5m); and
- Renewal and Upgrade Programs.

Approximately thirty different renewal and upgrade programs have been identified. These include: fire flow upgrade program; disinfection improvement program; sewer relining program; and valve and hydrant replacement programs.

The defining feature of Allconnex Water's renewal and upgrade programs is that they consist of a number of projects of a similar nature which are part of an overall strategy.

At a high level, infrastructure planning is based on the Queensland Water and Sewerage Infrastructure Guidelines produced by the Department of the Environment and Resource Management. At a business level, infrastructure planning is determined to a large extent by two internal frameworks:

- Customer Service Standards; and
- Infrastructure Desired Standards of Service.

Desired Standards of Service for infrastructure services are being developed across Allconnex Water through the SAWS initiative (Standardising Allconnex Water Standards). This project provides a key input into the wider development of the South

East Queensland Design and Construction Code, required under the Act.²² Allconnex Water, along with the other distributor-retailers, has adopted the Water Services Association of Australia (WSAA) standard Codes of Practice as the basis for the planned South East Queensland Design and Construction Code. This is anticipated to provide a firm basis for infrastructure planning into the future, although not all infrastructure types are covered by the WSAA Codes of Practice. The degree to which standardisation is achieved or even desirable for all infrastructure across South East Queensland remains to be determined.

Approximately 70% of the planned capital expenditure over the next three years is growth related. Significant future development is projected particularly in the Logan East and South areas, as well as the Gold Coast. The timing of these developments and supporting infrastructure is a critical part of infrastructure planning. Understanding the impacts on the growth of South East Queensland of the global financial crisis, flooding in South East Queensland and natural disasters in New Zealand and Japan (particularly tourist-related commercial development on the Gold Coast) remains a challenge.

Another key input into the planning process is the development of individual Council Total Water Cycle Management plans. These plans have a key relationship with the establishment of a single entity-wide NetServ Plan (refer Chapter 3). Of particular relevance is Redland City Council's aspiration to sewer existing non-sewered areas, such as the Southern Moreton Bay Islands and their mainland community coastal counterparts. These plans may come at significant cost, and it is unclear at this stage how these would be funded.

At a practical level, infrastructure planning remains a key uncertainty for Allconnex Water. Each of the previous Councils managed and mitigated infrastructure planning risks utilising different mechanisms. As a result, Allconnex Water is significantly reliant on external contractors, consultants and Alliances for a large part of its planning capability.²³ A key challenge for Allconnex Water is to establish its own mechanism for undertaking planning functions across the business.

An external review has been undertaken in relation to the efficiency of the Logan Water Alliance, established prior to Allconnex Water to meet the significant planning and capital works delivery challenges in the Logan South area. Allconnex Water is currently considering the recommendations of this review. Regardless, the current and ongoing uncertainty within the water industry in South East Queensland, along with the resurgence in the mining sector, make it increasingly difficult to attract and retain skilled and experienced personnel, which places the achievement of good planning outcomes at some risk.

Despite this uncertainty, Allconnex Water has progressed key elements of its internal infrastructure planning process. These are summarised below:

²² Section 99AZ of the *South East Queensland (Distribution and Retail Restructuring) Act 2009*.

²³ Under an alliance contract, Allconnex Water works collaboratively with private sector parties to deliver projects.

- progress to single project management methodology;
- coordinated planning process for growth and renewals;
- developing a single unit cost report; and
- developing a single Desired Standards of Service (design and construction manual).

Allconnex Water's capital expenditure forecasts are detailed further at Chapter 10.

7.4 Operating forecasts

Consistent with the approach outlined in Allconnex Water's submission last year, operating forecasts have been developed having regard to expected movements in unit costs for defined consumables and services (including energy and chemicals procurement), as well as for direct business costs such as labour. Also, the expected level of demand for Allconnex Water's water, recycled water, wastewater and trade waste services will impact on operating forecasts.

These forecasts are detailed further at Chapter 15.

8 Demand forecasts

8.1 Introduction

Demand forecasting is a key business driver for Allconnex Water. At a broad level, projections of customer numbers and water consumption are used to inform capital planning and operating budgets.

Key determinants of demand for water and wastewater services include factors such as population growth, growth in commercial and industrial activity, implementation of demand policies such as water restrictions, and changes in consumer behaviour over time. Allconnex Water has continued to develop its approach to forecasting these factors, however acknowledges that further work is required to develop comprehensive and robust forecasts for future periods.

To assist with the development of future forecasts, Allconnex Water has engaged an independent consultant to review its demand forecasting methodology and associated demand forecasts for the period 1 July 2011 to 30 June 2014. Allconnex Water had also requested specific recommendations in relation to an alternate forecasting methodology for use in future regulatory submissions; however this work has been suspended given the current uncertainty regarding the future of the Allconnex Water business.

Notwithstanding the above, the development of robust demand forecasts is currently complicated by a number of factors, including:

- the absence of a stable long-term data series on which to base forecasts. This largely reflects the extended imposition of water restrictions throughout the region;
- the impact of significant investment in retrofitting of water saving devices by consumers during periods of water restriction; and
- the lack of short-term evidence of “bounce back” in consumption to pre-restriction levels complicating the development of a “business as usual” baseline on which to base forecasts.

An overview of Allconnex Water’s current demand forecasts is provided below.

8.2 Allconnex Water’s approach to forecasting demand

Allconnex Water currently services a resident population of over 900,000 people across the Gold Coast, Logan and Redland districts, delivering water and wastewater services to almost 400,000 households and businesses. There is also a large number of tourists and visitors to the region who access water and wastewater services provided by Allconnex Water.

The nature of Allconnex Water’s customer base, including its projected growth profile and consumption characteristics, differs across the three districts. While the business has continued a district-based approach to forecasting for the 2011-12 pricing period (and beyond), it has, however, adopted a more aligned methodological approach.

8.2.1 Medium-term forecasts

The general approach adopted by Allconnex Water is based on establishing an underlying baseline level of consumption and then explicitly building up the aggregate volume by taking into account a range of factors such as population growth or change in number of connections. It also takes account of other factors such as the number of tourists visiting and the vacancy rate of properties, as well as the current Permanent Water Use Measures (PWUM).

The following steps are used to establish the baseline consumption:

- adopt metered residential and non-residential consumption data based on recent quarterly billing data;
- obtain historical billing data on customer connections and historical population estimates sourced from PIFU, taking account of the percentage of the population serviced, occupancy rates and other factors; and
- calculating a per capita consumption estimate for the residential sector and a per connection consumption estimate for the non-residential sector.

In establishing its baseline consumption Allconnex Water implicitly takes account of factors such as current demographic and housing stock characteristics of the region, the application of PWUM and investments made in water efficient saving devices. It does not make any further explicit adjustments for these factors in its medium-term forecasts.

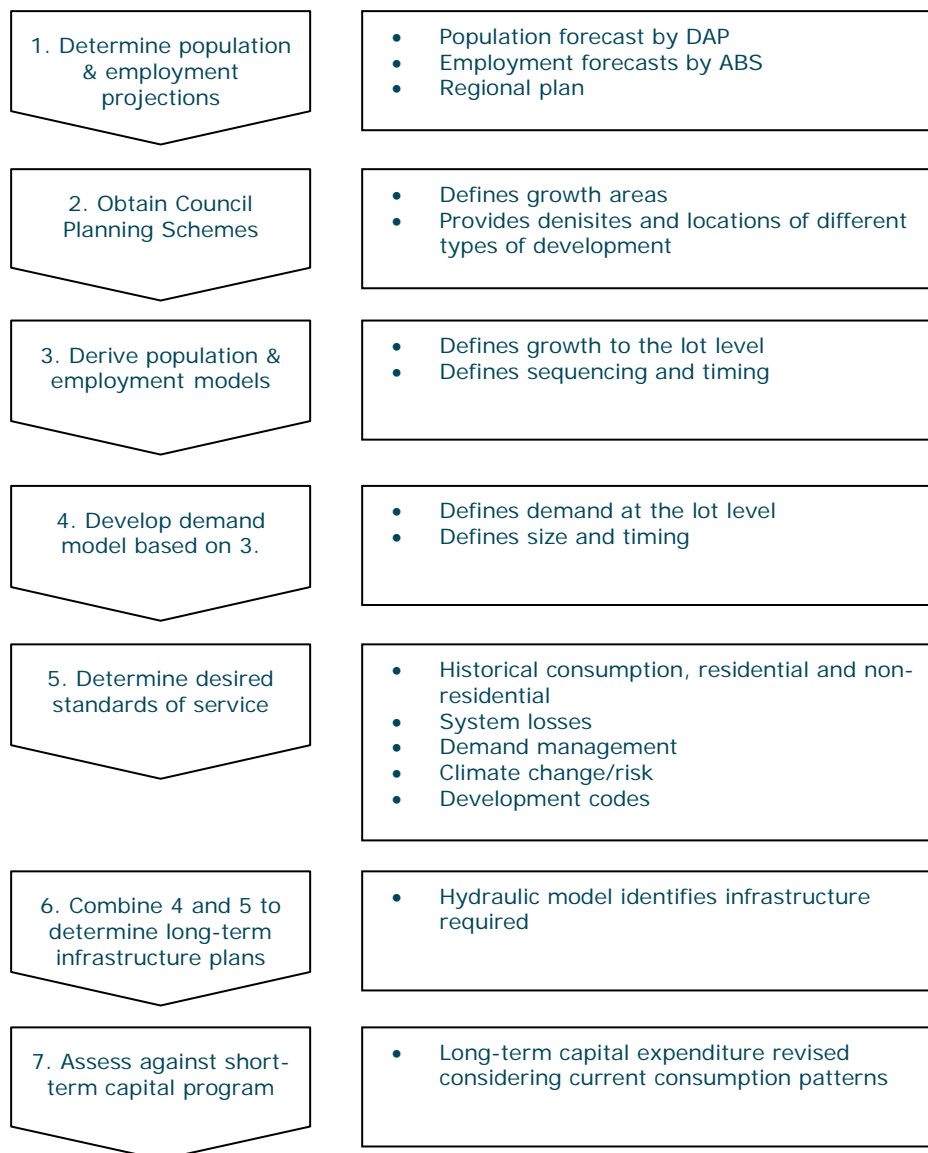
Further, Allconnex Water's approach focuses on those parameters that it can reasonably expect to estimate over the next three years, recognising that there will be a confidence interval surrounding some of the assumptions used in the modelling. The approach does not seek to adjust for forecast climatic conditions over the next three years, although Allconnex Water recognises that climatic conditions are an important driver of consumption.

Allconnex Water notes that its (forecast) total revenue remains significantly below total MAR for 2011-12 and therefore minor variances in the demand forecasts will not materially impact on its aggregate cost recovery 'position', nor are these likely to be material to other key business decisions, such as capital planning.

8.2.2 Long-term forecasts

Allconnex Water also prepares longer-term demand forecasts for the purposes of growth planning and expenditure. Long-term infrastructure demands are derived approximately every five years to align with legislative requirements for network planning. The method used to derive long-term forecast demands for water and wastewater is illustrated in Figure 8.1.

Figure 8.1: Long-term demand forecasting methodology



1. Regional population projections are provided by the Office of Economic and Statistical Research Demography and Planning (DAP) and employment projections are taken from the ABS journey to work projections in 5 year cohorts. These projections along with the SEQ regional plan set out the population and employment growth and define the urban footprint for the Allconnex Water network.
2. The Council planning scheme details to a precinct level where development can occur and defines the development type and density.
3. A population and employment model is developed by Allconnex Water taking into consideration the planning scheme and existing development. The model makes assumptions about where and when development is likely to occur in the Allconnex Water network to the lot level.

4. A demand model is developed based on the population and employment models to determine water and wastewater demands to the lot level. The demand model is a major input to growth capital planning. Demand projections are made in 5 year cohorts for up to 20 years and also include demand required for ultimate planning scheme density. The demand model assumes development will proceed as predicted by DAP.
5. The desired standard of service defines the operating and design parameters of the network. Desired standards of service define the units of demand for residential (single family and multi residential) and non-residential customer types. A bottom-up approach is used to determine the average day demand using a number of years of historical billed water consumption from the residential sector. Other factors that impact demand and the desired standards of service that are taken into consideration include water restrictions that were in place, PWUM, water from alternate sources, consumption patterns, the Queensland Building Code, climate risk, non-revenue water (system losses) and mandated operating/design criteria. As a consequence of these considerations, demand derived via this method is generally more conservative than medium-term demand forecasts.
6. The long-term capital program is derived using hydraulic modelling based on the planning scheme, desired standards of service and outputs from the demand model. Augmentations are identified with timings based on growth in 5 year cohorts.
7. The medium-term capital program is built around the long-term capital program, however the demand is reviewed to take into consideration changes in water consumption patterns from the long-term assumptions. When undertaking options analysis to determine the best solution, actual demands are verified along with development types and connection growth. The size and timing of the infrastructure is reassessed and, where demands and/or growth differ to the long-term plan, capital programs are deferred or brought forward. The results of the options analysis form the medium-term capital works program. Infrastructure design also considers the asset life of the infrastructure and seeks to optimise its useful life while ensuring that the infrastructure desired standards of service are met.

As illustrated, the approach adopted to forecasting long-term demand is based on similar information to that utilised in generating medium-term forecasts. However, it places greater emphasis on a range of other factors that impact future consumption.

For example, in projecting long-term demand there is greater weight on population growth and demographic changes. These factors are also considered in medium-term projections, although they are not expected to substantially change over the medium-term and, therefore, are not the major determinant of forecast demand.

In medium-term forecasts, estimates of water restrictions consider long-term average climatic conditions but also the storage level at the start of the forecasting period.²⁴ In the case of long-term forecasts, assumptions on water restrictions are largely based on average long-term storage levels. Storage levels will also be affected by factors such as population growth and average levels would be expected to decline over time (all else being equal). These factors would also lead to different assumptions of the probability of triggering restrictions in the long-term compared with the short-term.

Another issue that is more important in longer-term demand forecasts is risk and uncertainty. Typically, there is a greater emphasis on scenario analysis to generate a range of different long-term demand forecasts. Further, water planners are typically risk averse and may, therefore, adopt assumptions that are more conservative compared with that which may be used in the medium-term.

Allconnex Water also assumes higher consumption per Equivalent Tenement (or Equivalent Population) for long-term forecasting compared with the medium-term. The longer-term calculation incorporates non-revenue water which raises estimated usage per property. Further, long-term forecasts are prepared at infrequent intervals (differing by district), so differences in baseline assumptions partly reflect new information that emerges between the time of preparing both forecasts.

In addition, for the longer-term forecasts there is greater emphasis on understanding the water network and security of supply constraints. Therefore, issues such as peak demand and peak flow become more important for analysis of forecast longer-term demand. This could be relevant for both medium-term and longer-term forecasting. However, for Allconnex Water, given the existing 'excess capacity' in its networks typically the peak demand is more important for the longer-term.

8.2.3 2010-11 Demand Summary

Total demand for water in the Allconnex Water service area has decreased compared to initial forecasts provided in Allconnex Water's 2010-11 submission. Total estimated consumption for 2010-11 is 15% lower than originally forecast (81,030 ML compared to 95,403 ML). When compared to the QCA's forecast of 96,308 ML in its Final Report for 2010-11 the reduction is almost 16%.

Total drinking water demand has primarily reduced due to prolonged periods of wet weather coupled with no perceived return to pre-drought water usage patterns (that is, there has been no significant "bounce back" in consumption). This has occurred predominantly in the residential customer segment, where outdoor water usage has declined due to the wet weather. Further analysis of individual segments is discussed in subsequent sections, as well as the impact this has on wastewater volumes.

Non-revenue water essentially makes up the difference between bulk supply data (that is, water use billed by the SEQ Water Grid Manager) and identifiable billable

²⁴ Allconnex Water assumes that water restrictions would not apply over the medium-term. That is, it assumes that given the stock of water currently in storage that, even with below average rainfall, that there is a very low probability of falling into restrictions.

consumption (from residential, non-residential and potable water standpipes). The reduction in non-revenue water consumption is in line with general water demand reductions and is estimated at approximately 7,473 ML for 2010-11.

8.2.4 Residential demand forecasts

Connections forecasts

Residential demand forecasts were developed by the business based on historical/actual data and 2010 population and dwelling data (Appendix E medium series extracted October 2010) published by DAP.

DAP household and dwelling estimates include entire local government areas (LGAs), including areas outside of Allconnex Water's service area. As a consequence, the total forecast connections over the period differ from the DAP household and dwelling estimates, reflecting the number of connections (which is the basis for access charges) rather than total households or dwellings. Growth rates for connections were derived for each district using the absolute average (annual) change in the number of households from 2011-16 and the actual number of connections for water and wastewater in the base year, 2009-10 (that is, the average number of additional connections per annum implied by DAP 2011-2016 data was added to the actual number of connections in the base year, and then for each subsequent forecast year).

Forecast growth in residential connections from 2011-12 to 2013-14 is summarised in Table 8.1.

Table 8.1 Forecast growth in residential connections

Residential demand	2010-11 number	2011-12 % growth	2012-13 % growth	2013-14 % growth
Water connections				
Gold Coast	219,433	2.77	2.69	2.62
Logan	93,740	2.82	2.74	2.67
Redland	54,513	2.47	2.41	2.36
Wastewater connections				
Gold Coast	199,317	2.77	2.69	2.62
Logan	83,988	2.82	2.74	2.67
Redland	46,412	2.47	2.41	2.36

The easing of growth in the number of residential connections over the forecast period reflects the projected decline in migration and sustained low fertility rates expected by DAP.

Volume forecasts

Volumetric demand for 2011-12 is projected to increase slightly above Allconnex Water's previous forecasts (and actual consumption for 2010-11), but is not expected to reach pre-water restriction consumption levels in 2011-12.

As discussed, recent consumption data indicates that demand for 2010-11 was significantly below the levels experienced when Allconnex Water developed its forecasts and budget for 2010-11. In aggregate, demand for water in 2010-11 was approximately 15% lower than Allconnex Water's previous forecast. Calculated residential consumption of 172 l/p/d, is approximately 16.5% lower than Allconnex Water's previous (average) forecast of around 206 l/p/d and 14% lower than the 200 L/p/d target under Permanent Water Conservation Measures.

Allconnex Water considers that this variance has largely been driven by a higher than average incidence of wet weather in South East Queensland, and no "bounce back" of consumption due to increased water efficiency measures and behaviours, rather than as a result of pricing reforms. As noted above, Allconnex Water has not adopted a formal estimate of price elasticity of demand for the purposes of forecasting consumption, therefore current projections do not vary with respect to specific pricing policy decisions.

Consistent with historic consumption data and previous forecasts, Allconnex Water has continued to forecast different average consumption rates across the three districts, reflecting the differing customer profiles across those areas. The key components of Allconnex Water's residential water consumption estimates for each of the districts are outlined in Table 8.2. Consumption volumes are expressed as litres per person per day, as averaged over a twelve month period (noting that there are significant seasonal variances around the average rates presented below).

Table 8.2 Forecast growth residential volumes

Volumetric water demand	2010-11	2011-12	2012-13	2013-14
Consumption per connected population	<i>litres per person per day</i>			
Gold Coast	179	190	190	190
Logan	156	170	170	170
Redland	170	185	185	185
Connected population	<i>Persons</i>	<i>% growth per annum</i>		
Gold Coast	536,543	2.63	2.57	2.50
Logan	240,526	2.19	2.15	2.10
Redland	143,361	1.83	1.80	1.77

While Allconnex Water provides water and wastewater services to the Gold Coast, Logan and Redland local government areas, its area of operation does not cover the entire geographical region of the LGAs. DAP population projections are estimated resident figures for the LGA which includes areas outside of Allconnex Waters service area. The DAP population figures are adjusted to determine the serviced population. The serviced population adjustment factor of 96.2% was determined by MWH for the Regional Water Supply Strategy and utilised for all three districts. DAP publishes

population projections in 5 year cohorts, where the estimate of the resident population is mid-year of the final year of the cohort.

The methodology used to calculate the serviced population and demand is detailed below:

- growth rates for resident population were derived for each district using the absolute average annual change published by DAP from the 2011-2016 cohort;
- annual changes were added to the base year 2010-11 population and then added to the previous year population figure for each subsequent forecast year to obtain a total LGA (district) figure;
- the annual district figure is then modified by the serviced population adjustment factor to determine the actual population supplied services by Allconnex Water.²⁵ In addition, Gold Coast district population estimates were increased by 15,000 per annum to allow for the high number of tourists visiting the district and staying in residential premises;
- the volumetric water demand in litres per person per day was calculated using the actual billed residential consumption for the 2010 calendar year and the number of persons for each district, with consideration given to weather and length of time out of restrictions to determine a “business as usual” rate; and
- forecast total annual water consumption was calculated using the number of litres per person per day and estimates of the total connected/serviced population in each district (as set out above).

8.2.5 Non-residential demand forecasts

Non-residential water and wastewater connections forecasts are driven by the growth in total connections, and are based on the composition of (current) residential/non-residential connections. Total connections were projected using the absolute change in PIFU household and dwelling estimates (as described above), and then allocated to residential/non-residential connections using the current (actual) percentage composition of connections. As noted above, total forecast connections over the period differ slightly from the PIFU household and dwelling estimates, reflecting the number of connections rather than total households or dwellings.

Non-residential use for 2010-11 is estimated at 15,370 ML. This compares to 17,317 ML used in 2010-11 forecasts. The demand reduction largely reflects the failure of water usage patterns to return to pre-drought conditions.

Standpipe use, primarily used by non-residential customers, is estimated at 564 ML for 2010-11. This compares to 632 ML previously forecast. The reason for reduced

²⁵ The 2010-11 population figures for the Logan district differ from DAP figures. These figures are based on population estimates used by Logan Council and adjusted for connected population.

consumption is increased rainfall, reducing the need for some standpipe related services (such as dust suppression and irrigation).

The non-residential volumetric demand per connection was calculated using the actual billed consumption for 2009-10 and actual water connected properties to determine litres per connection per day.

The non-residential volumetric water forecasts are then based on forecast growth in connections and per connection demand. The wastewater volumetric forecasts are based on previous Council estimations. Wastewater volume forecasts are only provided for the Gold Coast district, as only this district imposes a charge for wastewater volumes (due to historic Council charging).

For applicable customers, billable wastewater volumes are calculated as a percentage of water use dependant on the customer's industry type.

Wastewater volumes for 2010-11 are estimated at 6,780 ML. This compares to 7,200ML used in 2010-11 forecasts. The reasons for the difference are aforementioned reductions in expected non-residential water consumption due to a slow return to pre-drought conditions.

A summary of forecast non-residential connections and volumes are provided in Tables 8.3 and 8.4 respectively.

Table 8.3 Forecast growth in non-residential connections

Non-residential connections	2010-11 number	2011-12 % growth	2012-13 % growth	2013-14 % growth
Water connections				
Gold Coast	16,516	2.77	2.69	2.62
Logan	4,934	2.82	2.74	2.67
Redland	2,271	2.47	2.41	2.36
Wastewater connections				
Gold Coast	24,635	2.77	2.69	2.62
Logan	4,420	2.82	2.74	2.67
Redland	1,934	2.47	2.41	2.36

Table 8.4 Forecast growth in non-residential volumes

Non-residential volumes	2010-11 number	2011-12 % growth	2012-13 % growth	2013-14 % growth
Water volume				
Gold Coast	10,466	3.05	2.41	2.62
Logan	3,209	3.10	2.46	2.67
Redland	1,695	2.75	2.13	2.36
Wastewater volume				
Gold Coast	6,780	2.90	-0.10	-0.10
Logan	-	-	-	4.68
Redland	-	-	-	-

8.2.6 Trade waste and recycled water forecasts

Allconnex Water has not significantly progressed its forecasting methodology for trade waste and recycled water, and has therefore continued to apply previous Council forecasts.

Forecasts for trade waste and recycled water are broadly held constant over the three-year period, and in many cases a unit forecast of “1” has been applied, such that any forecast growth in revenue is a result of growth in prices only.

Class A+ Recycled Water is supplied to approximately 5,000 customers in the Gold Coast suburbs of Pimpama and Coomera. This is a reticulated recycled water scheme connected directly to business and residential dwellings for outdoor and toilet use only. Data available for 2010-11 shows that average consumption per residential household has been approximately 34 kL per property. Overall 200 ML of Class A+ recycled water was supplied during 2010-11. As Class A+ recycled water has only been provided to customers since late 2009, there is currently a limited history of consumption information from which to determine trends and forecasts.

8.2.7 Assessment of demand forecasting methodology

Allconnex Water engaged the Centre for International Economics (the CIE) to test the reasonableness of its existing demand forecasting methodology and associated forecasts for the period 1 July 2011 to 30 June 2014 as well as offer suggestions on improvements to the approach.

As part of this consultancy, Allconnex Water had also requested a comprehensive study and recommendations in relation to an alternate forecasting methodology for use in future regulatory submissions. However, given the current uncertainty regarding the future of the Allconnex Water business, this work has been suspended.

The CIE report concluded that the approach adopted by Allconnex Water to forecast medium-term water consumption is reasonable.²⁶ In particular, the report noted that:

- the forecasting methodology takes account of the key drivers of demand and expected trends in each of these drivers and uses the most robust information available;
- the approach of establishing baseline consumption based on recent observed historical metered consumption data provides a robust basis to develop demand forecasts;
- Allconnex Water's assumption that there has not been full bounce-back of consumption to pre-restrictions levels is reasonable. In particular, the CIE noted that this assumption was supported by the evidence to date from other jurisdictions in Australia and the preliminary analysis undertaken by the CIE for the Gold Coast; and
- the approach to forecasting wastewater volumes for the non-residential sector is broadly consistent with approaches adopted in other jurisdictions.

The CIE report indicates there is scope for refinement of the methodology, and proposed some additional analysis that could be undertaken, including:

- establishing the baseline consumption estimates on a longer time series of billing data;
- normalising historic consumption for changes in climatic conditions;
- a more detailed examination of the extent of bounce-back in consumption; and
- further examination of the responsiveness of demand to changing prices

However, while identifying possible improvements to the demand forecasting methodology, the CIE concluded that:

*...given the conservative nature of Allconnex's estimates provided in its upcoming submission any immediate adjustment to the estimates provided in its submission is not warranted.*²⁷

Notwithstanding the existing business uncertainty, Allconnex Water intends to progressively refine its demand forecasting methodology, incorporating the suggestions provided by the CIE, over the coming year.

²⁶ The CIE assessment focuses on the methodology used to derive medium-term (as opposed to long-term) demand forecasts. While both medium and long-term forecasts are utilised by Allconnex Water, given their use in calculating regulated prices, forecasting for regulatory purposes relates primarily to medium-term forecasts.

²⁷ Centre for International Economics (2011), *Review of Demand Forecasting Methodology – Allconnex Water*, p. 40.

8.3 Demand management

Demand Management Programs

Allconnex Water's demand management programs target both the residential and non-residential sectors. The demand management programs include:

- home watersaver program;
- garden watersaver program;
- sustainable gardening workshops;
- school education program; and
- water efficiency management plans (WEMPs).

Further details of these initiatives are provided in Appendix 2.

Pressure and Leakage Management

Allconnex Water's Pressure and Leakage Management Project (PLMP) helps conserve drinking water by:

- detecting and repairing leaks in the network;
- decreasing potential pipe bursts by reducing excess water pressure, and
- reducing the amount of water used in homes by reducing excess water pressure.

The PLMP also aims to prolong the lifespan of the water supply network by reducing excess water pressure, thereby reducing the overall cost of water supply. Reducing excess water pressure in the supply network has the following advantages:

- pipe materials have reduced fatigue and a longer lifespan;
- pipe bursts are reduced resulting in lower repair costs and water lost;
- reduction in leakage from pipe joints, valves, hydrants and fittings;
- dripping taps, dripping showers, running toilets and washer replacements are reduced;
- hot water cylinder lifespan is increased; and
- significant reduction in 'water hammer' noises when water suddenly stops or starts in the pipeline.

Lower water pressure also means reduced water consumption. Trials conducted on the Gold Coast generated water savings of more than 10 per cent and reduced pipe breaks and leaks by approximately 80 per cent.

9 Regulatory asset base

The Ministers' Direction Notice provides guidance to distribution-retail businesses and the QCA on the methodology that the QCA is to apply in rolling-forward the Regulatory Asset Base (RAB).

The Minister for Natural Resources, Mines and Energy and the Minister for Trade (the Minister) advised the initial RAB as at 1 July 2008 for interim price monitoring. The Minister advised the allocation of the opening RAB to each district which was subsequently allocated to product type and asset class. The RAB was consequently adjusted to remove identified non-regulated assets from the Gold Coast district.

The opening RAB for 1 July 2010 was determined by the addition of capital expenditure for 2008-09 and 2009-10 as detailed in the 2010-11 information templates. The QCA reviewed the capital expenditure against the Council's audited financial statements; however it could not be fully reconciled. Further adjustments to the RAB were made after the Minister advised of the allowable establishment costs and an additional \$6.3 million in capital expenditure was included for assets that were not captured in the asset valuation that established the initial RAB.

The QCA's Final Report on its 2010-11 prices monitoring review (released March 2011) set out the RAB roll-forward to 30 June 2010, with a closing RAB as at 30 June 2010 of \$4,111.85 million.²⁸

However, the QCA subsequently indicated that it had identified a minor error in the reported roll-forward calculation for Allconnex Water.²⁹ The error related to the QCA's 2009-10 indexation allowance. Specifically, indexation of a portion of capital expenditure in 2009-10 was (incorrectly) double counted. The correction of this error affects the closing interim RAB value as at 30 June 2010 by approximately \$4 million (0.10%).

The amended QCA RAB roll-forward to 30 June 2010 is provided in Table 9.1. The closing 30 June 2010 RAB remains an interim value until such time as the QCA comprehensively verify all capital expenditure for the 2 year period.

²⁸ QCA, *SEQ Interim Price Monitoring for 2010/11 – Part B, Final Report*, March 2011, Tables 40 and 41.

²⁹ Email received from the QCA, 4 August 2011.

Table 9.1: RAB Roll-forward 2008-2010

	2008-09 (\$m)	2009-10 (\$m)
Opening RAB	3,557.28	3,796.19
<i>plus</i> Capital Expenditure	267.3	299.22
<i>plus</i> Indexation	74.46	125.64
<i>less</i> Depreciation	93.34	102.79
<i>Less Disposals</i>	9.51	10.54
<i>equals</i> RAB	3,796.19	4,107.72

Allconnex Water has incorporated commissioning dates (and other supporting materials) in the collection of capital expenditure information to allow relevant assets to be included in the RAB only when able to contribute to the productive capacity of the system.

A summary of the RAB roll-forward to 30 June 2011 is provided in the table below. For the purposes of calculating the RAB roll-forward, a mid-year assumption has been adopted for capital expenditure, the receipt of donated assets, and asset disposals.

As at 1 July 2011, Allconnex Water's opening RAB is \$4,255.91 million, as shown in Table 9.2.

Table 9.2: RAB Roll-forward 2010-11

	2010-11
Opening RAB as at 1 July 2010	4,107.72
<i>plus</i> Net Capital Expenditure*	135.88
<i>plus</i> Indexation	141.88
<i>less</i> Depreciation	129.57
<i>equals</i> RAB as at 1 July 2011	4,255.91

* Net capital expenditure includes capital expenditure as commissioned less disposals, donated assets and cash contributions.

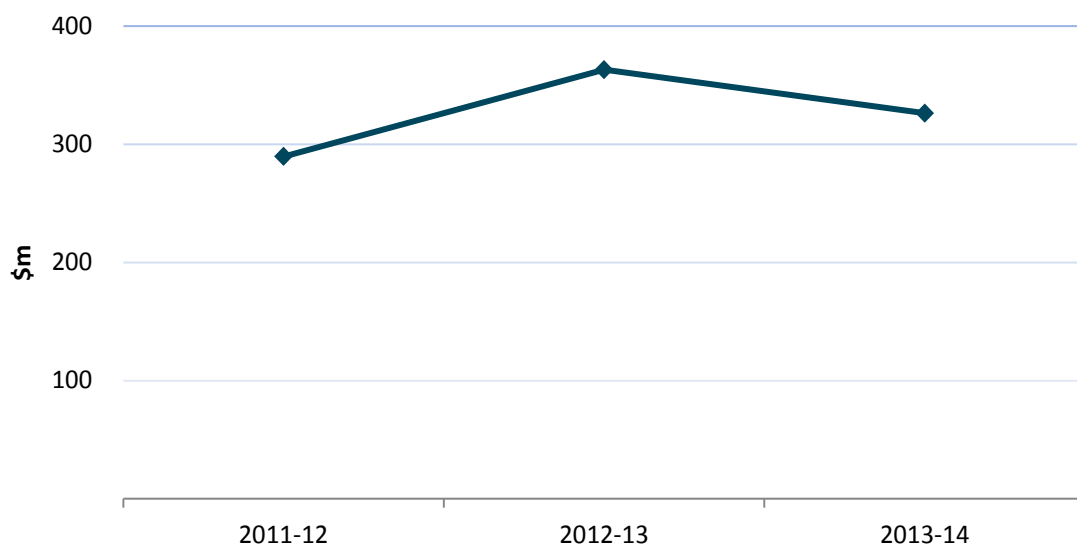
10 Capital Expenditure³⁰

10.1 Introduction

Water and wastewater services are heavily capital-intensive. Maintaining and renewing existing assets, servicing growth in customers and volumetric demand, and complying with environmental, public health, safety and other regulatory obligations are key drivers of Allconnex Water's ongoing capital works program.

Figure 10.1 shows Allconnex Water's capital works forecast for the coming three year period. For 2011-12 Allconnex is expecting to spend around \$289 million on capital related projects, predominately water and wastewater infrastructure.

Figure 10.1: Capital expenditure forecast



10.2 Performance against 2010-11 review

Allconnex Water's original forecast capital expenditure for 2010-11 was \$485 million. This was a significant program of works developed by combining the proposed programs from each of the three Council water business units prior to establishment of Allconnex Water.

Through a process of internal review, Allconnex Water identified significant opportunities for savings and deferrals in its capital program. A supplementary submission to the QCA proposed a reduction of \$300 million in capital expenditure over the three year period 2010-11 to 2012-13, with some small additional savings identified by the QCA. Total capital expenditure for 2010-11 was therefore reforecast at \$317.4 million (with an additional saving of \$2.5 million identified by the QCA).

³⁰ Note: figures presented in this chapter refer to actual/forecast capital spend during the period, whereas those provided in the QCA Information Template (schedule 5.6) refer to capital expenditure commissioned during the period.

The actual capital expenditure for 2010-11 is expected to be \$217.5 million. This is a significant short-fall from the original forecast and can be attributed to:

- an overly ambitious original program;
- significant disruption to processes and procedures as part of the transition to a new operating environment, including dispersed responsibility for capital project development and delivery;
- a prolonged wet season with monthly rainfall (for each month) around twice the long-term average rainfall;
- review and re-scoping of a number of major investment projects in an advanced stage of development and/or design; and
- a lack of integrated financial and project reporting systems.

Re-scoping of the two largest major projects: Stapylton Wastewater Treatment Plant; and Merrimac West Wastewater Upgrade; had a significant impact on capital expenditure. Both projects were reviewed internally based on principles of prudence and efficiency and, after extensive investigation, were considered to be able to be delivered in an alternative form, while still achieving key project objectives.

The construction of the Stapylton Wastewater Treatment Plant (WWTP) was deferred in favour of an upgrade to the adjacent Beenleigh WWTP and reconfiguring of the Beenleigh and Loganholme WWTP catchments. This reconfiguration allows transfer of loads from the Beenleigh WWTP and use of free capacity within the Loganholme WWTP (capacity of 66ML/d compared with loading of 45ML/d), allowing the Beenleigh WWTP to continue to serve the growing requirements in the Stapylton area. Process improvements and upgrades at the Beenleigh WWTP will allow it to continue to service this development area for the foreseeable future. This alternative strategy reduced anticipated capital costs by approximately \$60 million over the next five years and provided a much lower ongoing operational cost, than establishment of the new Stapylton WWTP. This project provided an excellent example of the benefits of a broader regional Water Utility perspective.

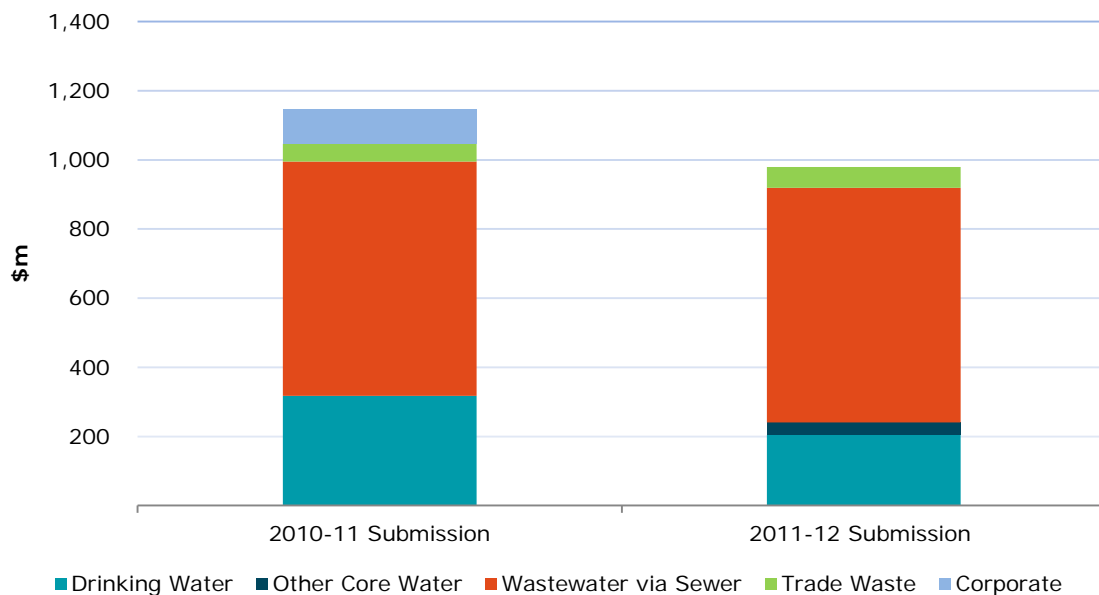
The Merrimac West Wastewater Upgrade was similarly reviewed following development of a Target Outturn Cost. As an alternative to the proposed tunnelling upgrade to the wastewater catchment network, an alternative strategy of progressive upgrades to existing wastewater pump stations within the catchment was proposed. While a tunnelling option provided significant benefit from a range of perspectives including no further upgrades required for 50 years, it was found to cost approximately \$126 million more than the alternative pump station option over the three year submission period with further upgrades required in later years. On this basis, implementation of the project based on the tunnel option was suspended, and development of an alternative arrangement is currently underway.

10.3 Reconfiguration of Allconnex Water’s capital expenditure forecasts³¹

Review of the performance of the 2010-11 year, and establishment of an alternative structure for organisation of the capital expenditure program, has led to a reconfiguration and reduction of the forecast capital expenditure over the next three years.

Figure 10.2 illustrates the scale of reconfiguration to Allconnex Water’s capital program. Total projected capital expenditure over the three year period 2011-12 to 2013-14 is significantly lower – more than \$166 million – than the original three year forecast. The majority of this reduction is in wastewater projects, though capital expenditure for water-related infrastructure is also expected to be lower than originally forecast.

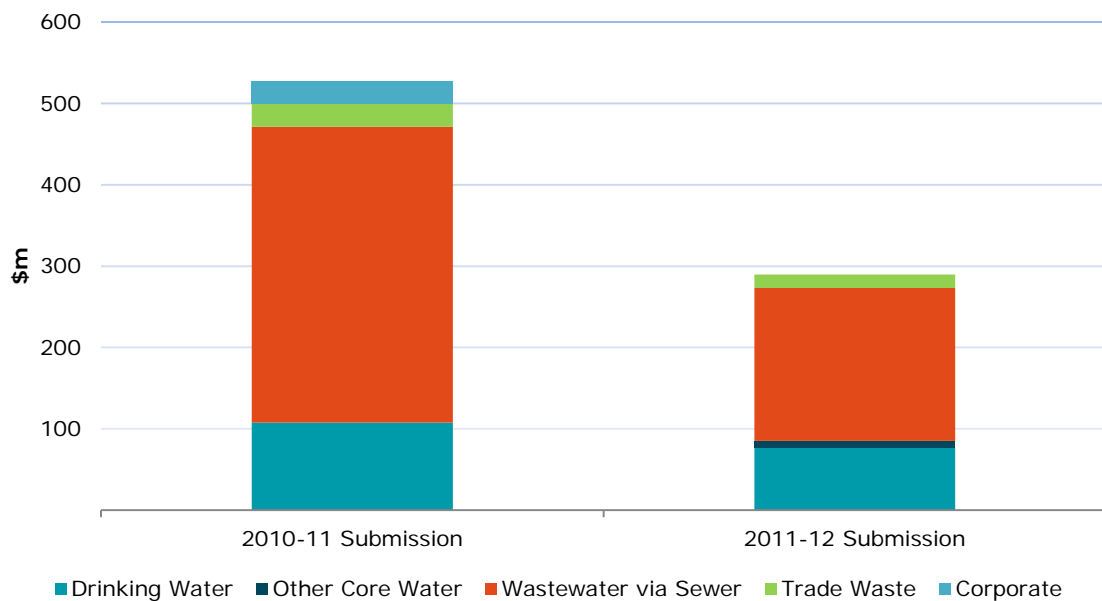
Figure 10.2: Reconfiguration of Allconnex Water’s three year capital program (2011-12 to 2013-14)



For the coming financial year, Allconnex Water projects a further reduction in capital expenditure. Total capital expenditure for 2011-12 is forecast at \$289 million, more than 45% lower than originally planned.

³¹ Unlike 2010-11, the 2011-12 QCA Information Template does not separately identify capital expenditure related to “corporate” activities.

Figure 10.3: Comparison of capital expenditure projections for 2011-12



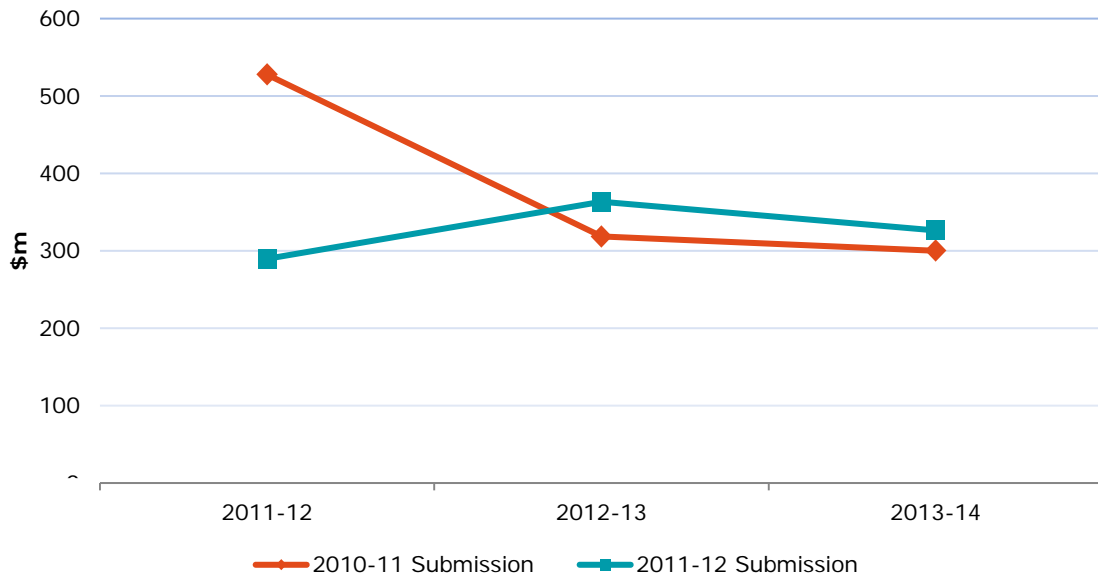
The previous forecast (prepared prior to the creation of Allconnex Water) was characterised by a significantly elevated expenditure profile within the first two years, dropping dramatically after 2012. This tends to indicate a short-term approach with a limited longer-term view.

The revised program of works attempts to start at a lower and more achievable level of capital expenditure, and progressively increase in a manner which makes optimum efficiency of resources (that is, steady programs are more efficiently resourced than wildly fluctuating programs) and builds capacity and capability.

Figure 10.4 compares the original capital expenditure profile with the current proposed capital expenditure profile.

It is anticipated that through further planning, improved project management and implementation of improved asset management systems, further capital expenditure efficiencies will be achieved in coming years.

Figure 10.4: Comparison of capital expenditure projections for 2011-12 – 2013-14



10.4 Proposed capital expenditure

Over the next three years about 90% of the proposed capital expenditure is held within projects and programs of greater than \$5 million in value. These projects and programs represent about 30% of the total number of capital works program line items.

Table 10.1 details the ten largest projected capital project investments over the 2011-12 financial year, including the total three year expenditure on each project/program.

Table 10.1: Allconnex Water – ten largest capital projects for 2011-12 (\$ million)

Project Title	Projected Expenditure in 2011-12	Estimated 3 Year Capital Investment
Coomababah Wastewater Treatment Plant Upgrade Stage 5*	33	37
Alfred Street Pumpstation to Loganholme Wastewater Treatment Plant Rising Main Augmentation	12	83
ICT Critical Needs Program	10	10
Base ERP program	9	9
Loganholme Wastewater Treatment Plant Inlet Works and By-Pass	9	15
Fire Flow Upgrade Program	8	20
Merrimac West Wastewater Augmentation Program^	8	90
Meter Replacement Program	8	24
Stapylton-Beenleigh- Network Upgrade^	8	25
Burleigh Wastewater Pumpstation B47 Rising Main and Gravity Main Upgrade	8	8

*Project currently approved by the Board. ^ Strategy currently noted by the Board.

10.4.1 Detailed capital project forecasts

This section provides a summary of all capital expenditure across all products for the next three years. Figure 10.5 and Table 10.2 show forecast capital expenditure by product and expenditure driver respectively.

Figure 10.5: Capital expenditure 2011-12 to 2013-14, by product

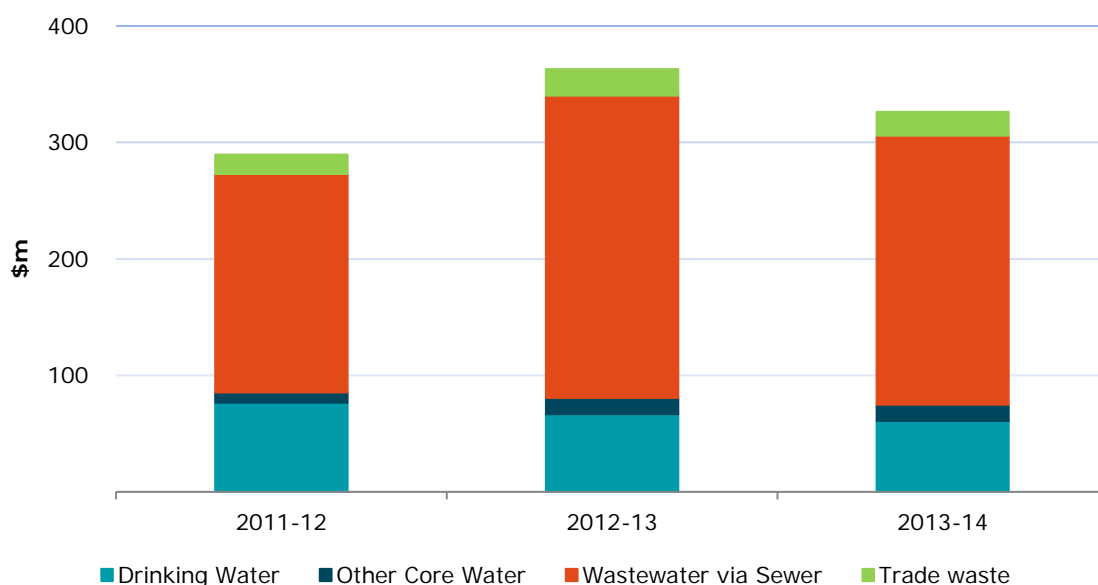


Table 10.2 Capital program, by product and expenditure driver (\$000's) *

	2010-11 (Actual)	2011-12	2012-13	2013-14
Drinking Water				
New	29,822	28,791	25,979	21,531
Renewals	14,812	11,924	9,863	9,526
Improvements	-	21,002	15,906	14,601
Compliance	8,775	750	524	274
Donated Asset	10,893	14,125	14,478	14,840
Total Drinking Water	64,302	76,591	66,750	60,773
Other Core Water				
New	1,053	383	5,258	5,093
Renewals	1	8,220	8,610	9,019
Donated Asset	1,805	-	-	-
Total Other Core Water	2,858	8,603	13,868	14,112
Wastewater via Sewer				
New	81,440	96,151	155,529	132,031
Renewals	17,796	23,715	32,270	33,157
Improvements	-	49,864	50,855	42,292
Compliance	20,854	1,880	4,254	6,297
Donated Asset	18,300	16,207	16,612	17,027
Total Wastewater	138,391	187,817	259,520	230,804
Trade waste				
New	6,984	8,285	13,334	11,399

Renewals	1,544	2,159	2,971	2,962
Improvements	-	4,422	4,676	3,915
Compliance	1,810	172	462	694
Donated Asset	1,615	1,435	1,471	1,508
Total Trade waste Services	11,953	16,473	22,914	20,478
Total Non-Regulated Services	-	-	-	-
TOTAL CAPITAL EXPENDITURE	217,504	289,484	363,052	326,167

* Totals may not add due to rounding.

10.4.2 Water

Water related projects make up approximately 21% of forecast capital expenditure.

Major water project expenditure is associated with growth in the Logan East and South areas, in particular the areas of Flagstone, Yarabilba and Jimboomba. This work builds on and continues work commenced in the 2010-11 financial year, with the development of the Round Mountain (20ML) Reservoir and installation of a major distribution main from Jimboomba to Woodend.

Significant renewal and upgrade Programs are planned associated with:

- fire flow upgrade;
- water main renewal; and
- pressure and leakage management.

Each of these programs is inter-related to some degree, and all have a significant impact on Allconnex Water's capacity to continue to meet its Customer Service Standards.

10.4.3 Wastewater

Wastewater related projects make up approximately 70% of forecast infrastructure capital expenditure.

Major wastewater project expenditure is associated with growth in the Coombabah, Loganholme and Stapylton wastewater catchments. This work builds on and continues work commenced in the 2010-11 financial year, with the development of Stage 5 of the Coombabah WWTP, and the upgrade of the Beenleigh WWTP.

Work at the Loganholme WWTP has been undertaken over the last two years to improve effluent quality and to cater for projected growth. The next stage of works to commence in 2011-12 is to increase the transfer capacity to the plant and upgrade the plant inlet works.

A range of works is also planned in the Logan East and South areas to cater for increased growth. The existing treatment plants at Logan Village, Jimboomba and Flagstone are all at or near capacity. A new regional treatment plant is proposed at Cedar Grove (adjacent to the Flagstone Urban Development Area). Detailed strategic

planning is underway for the staging of both wastewater network and treatment capacity to best service the developments in this area.

Finally, a major project to upgrade the Point Lookout WWTP will be further developed with implementation expected to commence in 2011-12. This plant upgrade is a regulatory requirement to achieve improved environmental outcomes, as well as to cater for anticipated growth and recreational use on North Stradbroke Island.

In addition to these major projects, significant renewal and upgrade programs are planned associated with:

- sewer relining;
- switchboard replacement at WWTPs and pump stations; and
- wastewater overflow management.

10.4.4 Other Core Water

Other core water projects makes up approximately 4% of the forecast capital expenditure. A significant proportion of the expenditure is associated with the drinking water meter replacement program which replaces meters as part of a scheduled program. Other projects are associated with the growth of the recycled water network and include:

- recycled water filling stations; and
- the class A+ network identified in the Pimpama Coomera WaterFutures Master Plan.

10.4.5 Trade waste

The capital program includes the purchase, over two years, of four automatic trade waste samplers. Together with the six automatic trade waste samplers already in use within Allconnex Water, the samplers will:

- enable benchmarking reports on gamma radiation and pharmaceutical concentration levels discharged from hospitals;
- help to facilitate the regulatory reporting function on the condition of the wastewater in the Pimpama-Coomera Class A+ recycled water sewer catchment and audits against parameters listed in the risk assessment for the catchment such as herbicides;
- audit sampling of all trade waste customers identified by a risk assessment process, as having the potential to discharge substances that are not compliant with the sewer admission limits; and
- audits and benchmarking of the sewer catchments throughout the Allconnex Water Service Area for any increase in problematic substances such as Conductivity, Total Dissolved Salts and Total Oil and Grease.

10.4.6 Corporate

The Allconnex Water Board approved Strategic Information and communication technologies (ICT) Vision and Roadmap identified at least 40 ICT projects relating to the evolution of Allconnex Water. These have now been structured into the Information Services Program of Work which aligns project delivery along functional capabilities based on the following:

- Allconnex Water's organisation structure to simplify governance;
- matched to deliver efficient business processes to support business process improvements;
- optimised for quick delivery to meet SLA dates; and
- to provide a sustainable technology base that can cost effectively manage business change.

Table 10.3 shows the overall ICT forecasted capital spend over the next three years. These projects are allocated to districts and products as per the allocation methodology detailed in Chapter 5.

Table 10.3 Forecast ICT Program (\$000's)

Program Name	2010-11 (Actual)	2011-12	2012-13	2013-14
Critical Needs Program	3,733	10,467	Program finishes	
Base ERP Program	0	9,123	0	0
Corporate Services Program	0	963	3,472	4,051
Operational Management Program	0	4,734	3,685	1,496
Governance, Risk and Compliance Program	39	665	0	0
Customer Service Program	2,014	468	4,626	3,128
Common Technology and Tools Program	697	1,700	953	0
ICT Program	4,785	190	287	300
ICT Organisation and Process Program	477	3,324	2,307	1,803
ICT Program Total	11,745	31,633	15,330	10,779

The ICT Program includes:

- Critical Needs Program – this program is in progress and covers the short-term needs to meet the 2011 SLA deadlines for billing, payroll and human resources requirements;

- Enterprise Foundation Program - delivers the ICT building blocks for all enterprise ICT solutions and delivers the enterprise solutions strategic product set. Key components are the Enterprise Resource Planning, GIS and Field Services Management products;
- Corporate Services Program - delivers all ICT capability required to support our human resources and finance business areas.
- Operational Management Program - delivers all ICT capability required to operate Allconnex Water's water and waste water assets;
- Governance, Risk and Compliance Program – delivers all ICT capability required to support governance, risk and compliance activities to ensure Allconnex Water meets its obligations as a responsible organisation;
- Customer Services Program - delivers all ICT capability required to support the Allconnex Water customer facing business activities and provide customers with a simple and easy mechanism to interact with the business;
- Common Capabilities, Technologies and Tools Program – delivers those ICT capabilities, technologies and tools that can be shared across Allconnex Water, but are not specific to an individual business function and leverages potential economies of scale;
- ICT Base Infrastructure Program - covers the design, development and implementation of the foundational ICT infrastructure; and
- ICT Organisation and Process Program - delivers an efficient and effective information services capability for Allconnex Water that supports the delivery of ICT programs.

10.4.7 Non-regulated services

As discussed previously, Allconnex Water is reliant on district-based systems to capture financial data. These systems are not sufficiently developed to capture asset and capital expenditure allocations to the QCA required non-regulated services category.

Notwithstanding this shortcoming, Allconnex Water considers that the majority of costs incurred in the delivery of non-regulated services are likely to be classed as operating costs. In addition, a range of costs typically classified as capital related, such as fleet services, are provided via SLAs and are therefore also reported as operating costs in the Allconnex Water financial system.

Allconnex Water had commenced the development of an ERP solution to, amongst other things, address a range of data capture issues.

10.5 Efficiency of capital program

The revised 2011-12 capital program is considered to represent a more realistic and considered approach than the initial capital program provided in the 2010-11 submission.

The introduction of an internal prudence and efficiency test, reflecting the QCA requirements, has had immediate benefits in the review of existing projects (for example, the Stapylton WWTP and the Merrimac West Wastewater Network Upgrade). It is anticipated that this focus will continue to identify potential improvements to the veracity of the current capital works program.

The re-structure of Allconnex Water to improve definition of responsibility and accountability for the capital works program, and the division of the program into Major Projects, Minor Projects and Renewals and Upgrade Program, is expected to provide the platform for continuous improvement.

Definition of a number of Renewals and Upgrade Programs in particular, will provide an improved framework for definition of objectives, analysis of requirements and justification of expenditure. From 2011-12 each of the programs will undergo strategic analysis integrating asset management, customer service and financial perspectives. There is potential that the outcome of this analysis may change the proposed level of investment in each of the programs.

Strategic analysis of the Renewals and Upgrade Program will be undertaken in conjunction with development of the required NetServ Plan. This plan will form the basis of a Business Plan for investment in infrastructure.

Development of a range of other policy and strategic positions by Allconnex Water is also likely to impact the capital works program. A clear policy and strategy on recycled water is one key area. Currently significant cost has been invested in the Pimpama-Coomera Recycled Water Scheme. Preliminary analysis of the costs of this scheme suggests significant concerns associated with the economic viability of the project. Additional expenditure is currently forecast in the capital expenditure program, based on the original scheme concept. The prudence and efficiency of this additional expenditure has yet to be tested.

A significant constraint to the efficiency of the capital program is the lack of integrated financial and asset management systems within Allconnex Water, or indeed within any of the previous Council water businesses. Such a system is essential if sustainable asset management and financial outcomes are to be achieved. The lack of high credibility in the data within existing systems is also of some concern. Clear policies, procedures and programs for improvement in asset management capability are required to underpin long-term investment and efficiency improvements.

10.6 Capital cost escalation

Capital cost are escalated based on the annual average increase in the price of road and bridge construction in Queensland over the period December 1999 to December 2010.³²

³² Australian Bureau of Statistics Catalogue number 6427.0 Index Number 3101 Road and Bridge Construction Queensland.

The QCA Information Requirement requires capital expenditure for each year of the interim period from 1 July 2010 to 30 June 2013 to be indexed using forecasts of CPI (using the difference between the Reserve Bank of Australia return on the market rate for five year bonds and five year capital indexed bonds). However, the QCA previously accepted Allconnex Water's approach to capital cost escalation (as above) for the time being, but suggested that further work was required.³³

The capital cost escalation used in the 2011-12 submission was 4.75%.

³³ QCA, *SEQ Interim Price Monitoring for 2010/11 – Part B, Final Report*, March 2011.

11 Capital contributions and Infrastructure Charges

11.1 Infrastructure Charging Framework

The Sustainable Planning Act (SPA) 2009 and its statutory guidelines currently form the framework for infrastructure charges. The SPA promotes the importance of infrastructure in land use planning and decision making. The SPA also establishes an equitable, efficient and accountable system for funding development infrastructure. The purpose of the SPA includes supplying infrastructure in a coordinated, efficient and orderly way, including encouraging urban growth in areas where adequate infrastructure exists or can be provided efficiently.

The priority infrastructure plan (PIP) and planning scheme policies (PSPs) assist with the integration of land use and infrastructure planning in planning schemes. The PIP/PSP form part of the planning scheme. It includes:

- the priority infrastructure area, where infrastructure has been planned to service the growth expected to occur;
- assumptions about the nature and scale of this growth that have informed the local government's infrastructure planning;
- the desired standards of service for the water and wastewater networks;
- the plans for trunk infrastructure necessary to service existing and future development; and
- relevant infrastructure charges schedules.

The PIP/PSP is an important strategic planning tool that aims to align the water entities ability to service with infrastructure, the areas identified for future urban growth in the Councils planning scheme. The PIP/PSP is also the core element of the infrastructure charging framework in the SPA. It provides a clear, transparent and certain basis for the calculation of infrastructure charges.

The planning assumptions about the type of use, scale, location and timing of development are critical elements underpinning the PIP/PSP. Their purpose is to provide a logical and consistent basis for the detailed infrastructure planning. Together with the desired standards of service they assist in the development of the plans for trunk infrastructure, and form the basis for the calculation of infrastructure charges and upon which to base additional infrastructure cost assessments.

The PIP/PSP provides a basis for ensuring the development of infrastructure costs associated with development proposals are identified and levied on a development.

11.2 Performance against 2010-11 review

Allconnex Water's original forecast cash contributions and donated assets for 2010-11 was \$44.8 million and \$61.3 million respectively. These figures assumed some bounce back in the development industry and were developed from each of the three Council Water business units prior to establishment of Allconnex Water.

The actual 2010-11 cash contributions and contributed assets were \$45.0 million and \$32.6 million respectively. Total capital contributions were almost 35% lower than 2009-10.

11.3 Proposed contributions for 2011-12

Development activity in Allconnex Water's area of operation has slowed significantly over recent years. Factors contributing to the slowdown include the global financial crisis (GFC), infrastructure charges and the ability of developers to secure loans with the same conditions prior to the GFC. Although the Australian economy was not significantly affected by the GFC its impact on the development industry is cited as substantial.

Forecast developer charges and donated assets are based on historic results collected by product and district. Projections have taken into consideration the continued bleak outlook of the development industry in the Allconnex Water region. Table 11.1 indicates an initial decline in contributions in the first year of the forecast period, followed by modest increases in the final two years.

Table 11.1 Capital Contributions

Capital Contributions \$000's	2010-11 (Actual)	2011-12	2012-13	2013-14
Developer contributions	45,007	39,454	40,440	41,451
Contributed Assets	32,613	31,767	32,561	33,375
TOTAL	77,621	71,221	73,001	74,826

11.4 Infrastructure Charges Taskforce

The Queensland Government held the Queensland Growth Management Summit on 30–31 March 2010. The government's response identified 47 actions to help deliver on the growth management agenda, including establishing an Infrastructure Charges Taskforce to further reform development infrastructure charging arrangements.³⁴ The actions include identifying opportunities to simplify charges and provide greater certainty (that is, uniform maximum standard infrastructure fees), as well as provide advice on alternative trunk infrastructure funding arrangements such as third party financing.

³⁴ Queensland Government, *Shaping Tomorrow's Queensland: A response to the Queensland Growth Management Summit*, May 2010.

The Infrastructure Charges Taskforces identified 14 recommendations involving sweeping reforms to government and council development charges to deliver more affordable homes and jobs, reduce the costs of new homes, and provide a stimulus to Queensland's struggling property industry.³⁵

In mid-April 2011, the State Government released its response to the Infrastructure Charges Taskforce report.³⁶ The Government's report contains 10 key recommendations on infrastructure charge reform including setting uniform maximum standard infrastructure fees, with different development types attracting a different maximum standard charge.

The impact of the standard charge is yet to be determined; two Councils adopted the maximum charge for all development types while the third adopted the actual calculated charge from the PIP for a number of residential development types. An agreement has been reached with the three participating Councils on Allconnex Water's proportion of the charge. The proportion is the similar to the historic splits prior to water reform.

The infrastructure charges calculation methodology is a departure from the methodology used for Allconnex Water charges in the Gold Coast district. Historically these charges were calculated using planned demand rather than actual application demand. The impact of applying a standard charge in some greenfield areas may see a substantial reduction in the amount that is able to be charged. In addition, the standard charge to be applied to non-residential developments is lower under the new regime. Any potential shortfall in developer contributions as a consequence of the State Government infrastructure reforms have not be incorporated in the forecasts.

Infrastructure charges for each district are provided at Appendix 3 and are consistent with the State Government infrastructure reforms.

³⁵ Infrastructure Charges Taskforce - Final Report, *Recommended reform of local government development infrastructure charging arrangements*, March 2011

³⁶ Queensland Government - *Response to the report by the Infrastructure Charges Taskforce Improving Queensland's local government infrastructure charges system*, April 2011.

12 Depreciation and disposals

12.1 Depreciation

Regulatory depreciation is based on remaining useful lives of asset classes from the Councils' fixed asset registers (adjusted to reflect the Minister's advised RAB – see Chapter 9).

Allconnex Water adopted a straight line approach to depreciation based on existing asset lives. In forecasting regulatory depreciation, Allconnex Water has assumed that that forecast capital expenditure and disposals occur evenly throughout the year.

In determining depreciation associated with the existing asset base, the remaining useful lives of assets from Councils' fixed asset bases were used. Depreciation of new assets was determined using standard asset lives. For the purposes of modeling, asset lives are determined at an asset class level (rather than individual asset) based on a weighted average approach.

Accounting/reporting depreciation is calculated using a slightly different approach to regulatory depreciation. In particular, depreciation in the financial statements is calculated from the written down value of individual assets, compared to a weighted average approach used to determine regulatory depreciation.

12.2 Disposals

Asset disposals are not separately forecast in the existing financial systems. As a result, Allconnex Water uses participating Councils' historic asset disposal figures as a basis for its forecast values. Specifically, Allconnex Water determined historic disposals as a proportion of individual asset classes. These proportions were then used to determine the value of disposals over the forecast period.

Allconnex Water intends to address the identification of asset disposals as part of the proposed ERP solution.

13 Indexation

Consistent with the QCA's Information Requirement, inflation for 2010-11 reflects the 2011-12 Queensland State Budget estimate of 3.25%.³⁷

From 2011-12 on, Allconnex Water has applied the inflation forecasts reported in the Economic Statement issued by the Australian Government in July 2010.³⁸

While this approach differs to that proposed by the QCA in its Information Requirement, it is noted that the QCA has since indicated that its previously adopted method of using the difference between the nominal bond rate and capital indexed bonds was no longer appropriate.³⁹

In addition, in its recent Draft Report on SEQ Grid Service Charges, the QCA used information from the Reserve Bank of Australia (RBA). Specifically, the QCA applied a 2.5% indexation factor on the basis that this represents the mid-point of the RBA's target inflation band and that there is a reasonable expectation that the RBA will be able to maintain inflation within this band over time.⁴⁰

The Allconnex Water estimated and forecast inflation figures are presented in Table 15.1.

Table 15.1: Indexation (%)

2010-11	2011-12	2012-13	2013-14
3.25	2.7	2.5	2.5

³⁷ Queensland Government, *State Budget 2011-12, Budget Paper No. 2, Budget Strategy and Outlook*, May 2011.

³⁸ Commonwealth Government, *Economic Statement*, July 2010.

³⁹ QCA, *Gladstone Area Water Board: Investigation of Pricing Practices - Draft Report*, March 2010.

⁴⁰ QCA, *Draft Report, SEQ Grid Service Charges 2011-12*, May 2011.

14 Weighted average cost of capital

The amended Ministerial Direction requires the QCA to "...adopt a weighted average cost of capital (WACC) of 9.35% for 2011-12 and for 2012-13."⁴¹ Consistent with this requirement, Allconnex Water has adopted a WACC of 9.35% for each year of the forecast period.

⁴¹ Amended Ministers' Direction Notice, gazetted 29 June 2011.

15 Operating expenditure

15.1 Introduction

Allconnex Water incurs operating costs in the delivery of water and wastewater services to its customers. Costs are incurred directly in employing staff and contractors, purchasing inputs such as energy, chemicals and other consumables, procuring services from external suppliers (including Councils, in respect to certain ongoing services provided under SLAs) and, significantly, purchasing treated bulk water from the State Government's South East Queensland Water Grid Manager.

This chapter provides an overview of factors impacting on actual operating costs incurred in 2010-11, as compared to original forecasts, and key factors driving the business' operating cost forecasts for 2012-13 and beyond.

15.2 Performance against 2010-11 submission

Allconnex Water's operating cost budget for 2010-11 was substantially informed by consolidating the operating cost budgets from each of the three districts, with adjustments for certain corporate costs. Total operating costs for 2010-11 were forecast at \$359 million (including \$155 million in bulk water procurement and a further \$204 million for water and wastewater).

The QCA reviewed Allconnex Water's operating cost forecasts taking into account data and supporting information provided by the business, and the findings of the QCA's review consultant, SKM. The QCA made a number of amendments to certain cost forecasts, including applying an overarching efficiency factor to all non-bulk water operating costs.

For 2010-11, however, these adjustments were negligible. In fact, the QCA's revised forecast operating costs were around \$200,000 higher than Allconnex Water's proposed operating cost budget.

In addition to the overlay of a generalised 'efficiency' factor, the QCA proposed adjustments to certain escalation parameters used by Allconnex Water to construct its 2011-12 and 2012-13 operating cost budgets. Reflecting these adjustments, from 2011-12 onwards, the QCA's revised operating cost forecasts were slightly lower than the cost estimates originally submitted by Allconnex Water; 2.35% lower in 2011-12 and 3.73% lower in 2012-13.

Actual expenditure for 2010-11 is estimated at \$323.1 million, \$36.3 million (10%) lower than forecast in the 2010-11 submission. This difference is almost entirely attributable to lower-than-forecast outcomes for bulk water (\$24 million lower) and labour costs (\$9.5 million lower). The reduction in forecast bulk water costs reflects lower-than-expected water demand throughout the year, whilst the reduced labour costs largely reflect lower-than-anticipated recruitment of new employees.

At an aggregate level, Allconnex Water's current three-year operating cost forecast varies marginally from the original forecast provided to the QCA. The variance is

attributable to a forecast reduction in water demand causing a reduction in projected bulk water purchases. A summary of the variance in forecast bulk water costs and other operating costs is set out in Table 15.1.

Table 15.1: Comparison of operating cost forecasts

Operating cost forecast (\$'000)	2011-12	2012-13	2013-14*
Bulk water costs			
2010-11 submission	187,761	222,549	n/a
2011-12 submission	167,332	195,418	225,081
Variance (%)	-11	-12	-
Other operating costs			
2010-11 submission	209,158	219,636	n/a
2011-12 submission	211,842	222,738	222,014
Variance (%)	1.3	1.4	-
Total operating costs			
2010-11 submission	396,919	442,185	n/a
2011-12 submission	379,174	418,156	447,094
Variance (%)	-4.5	-5.4	-

* 2013-14 forecasts were not provided for the 2010-11 submission, hence not applicable.

15.3 Forecast operating expenditure for 2011-12

Allconnex Water's operating expenditure is forecast at approximately \$379 million for 2011-12.

The 2011-12 operating cost forecast has been informed by Allconnex Water's 2010-2011 actual operating costs, cost escalation assumptions (including for volume-related and population growth-related costs, council SLAs, electricity costs, labour costs and costs for other services/materials), and the State's published schedule of bulk water charges.

Operating costs are divided into two categories: controllable and non-controllable costs. Controllable operating costs represent cost categories over which Allconnex Water has some reasonable degree of management discretion (for example, electricity, labour and services) while non-controllable costs are largely external to Allconnex Water (bulk water purchases).

Figure 15.1: Key operating cost drivers 2011-12

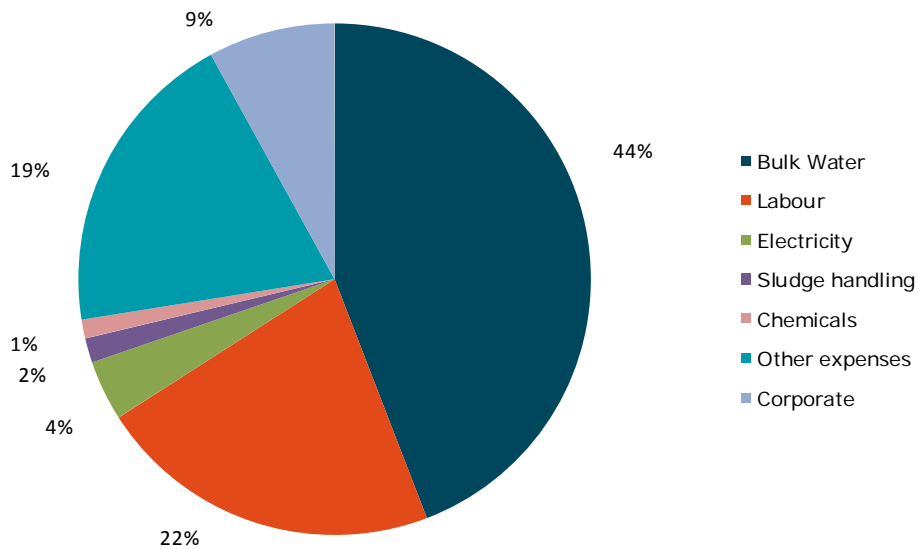
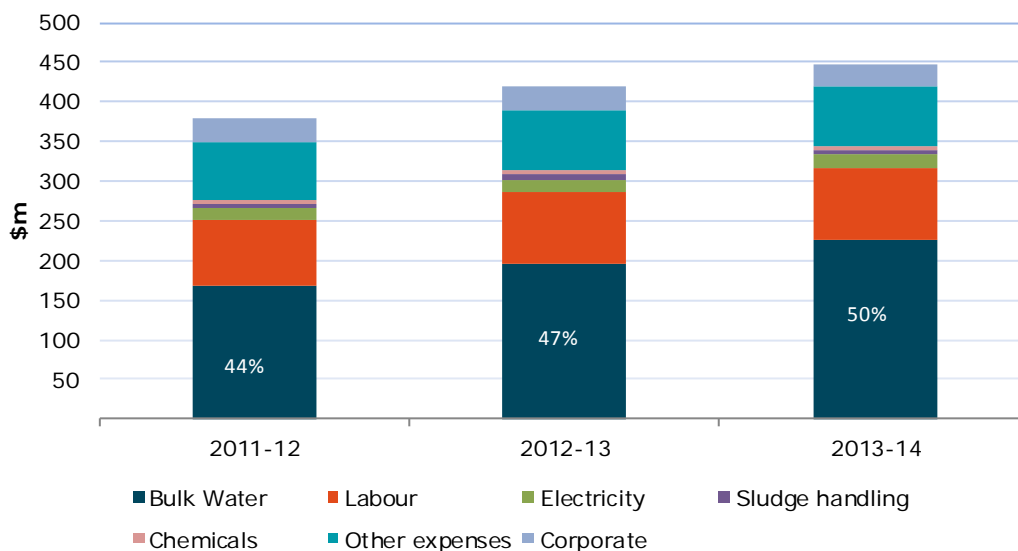


Figure 15.1 shows that the cost of purchasing bulk water from the State Government is expected to account for around 44% of Allconnex Water’s total operating costs for 2011-12.

Figure 15.2 show the anticipated growth in operating costs over the forecast period. It demonstrates that bulk water costs will continue to be the largest single operating cost component and the fastest growing over the forecast period. By 2013-14, bulk water costs will account for half of total operating costs.

Figure 15.2: Forecast operating expenditure



Bulk water, electricity, sludge handling and chemical costs are all linked to volume growth, and therefore the nominal growth in these costs needs to be interpreted against a forecast of continuing customer demand growth (see Chapter 8). Above-CPI increases in both bulk water costs and electricity prices compound the effect of

customer/volume growth. Other operating costs are escalated using various escalation indices, as discussed further below.

Between 2011-12 and 2013-14 Allconnex Water has forecast:

- total operating costs to increase by an annual average of around 12%, reflecting both underlying cost inflation and an increasing quantity of services being provided;
- total controllable costs to increase by an annual average of around 6%; and
- total bulk water costs to increase by an annual average of around 20%.

Increases in bulk water cost account for over 70% of the total operating cost increase over the forecast period.

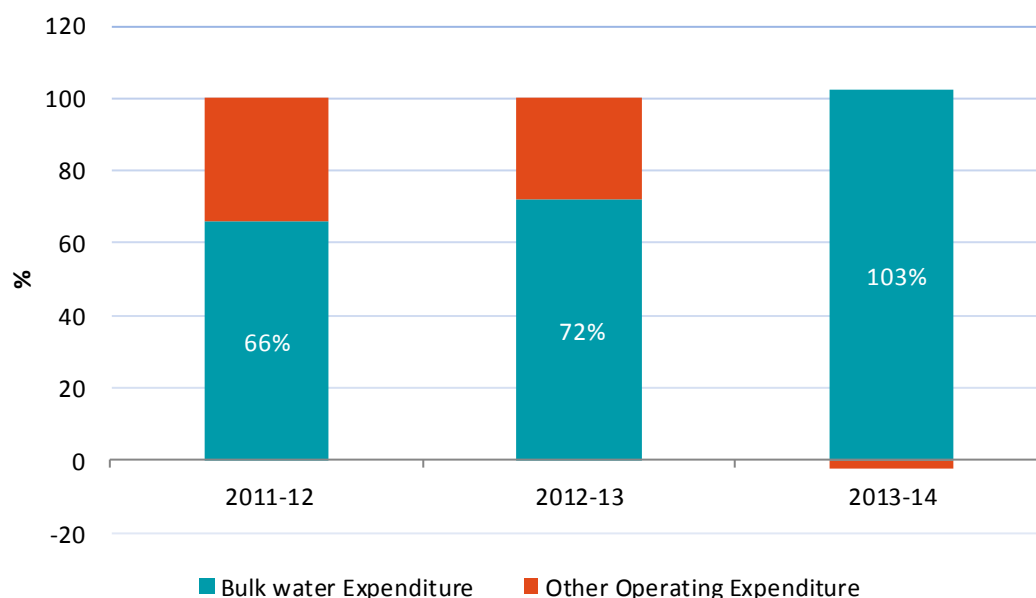
15.3.1 Bulk water charges

Bulk water costs are determined by the Queensland Water Commission (QWC). The QWC set a ten year price path that commenced on 1 July 2008. Allconnex Water's forecasts assume that bulk water costs will increase in line with the QWC's published price path (December 2010), noting however that the QCA has commenced a review of each of the State's bulk water services providers (Seqwater, WaterSecure and LinkWater).

Bulk water costs are forecast to increase 72.7% from 2010-11 to 2013-14. For the reporting year 2011-12, bulk water costs comprise approximately 44% of Allconnex Water's total operating costs, increasing to around 50% by 2013-2014 (Figure 15.2).

Bulk water charges are also expected to account for the majority of the increase in operating costs over the forecast period. Figure 15.3 shows that the proportion of operating cost increases attributable to bulk water increases from 66% in 2011-12 to 103% in 2012-13. Thus, while Allconnex Water is reducing its own operating costs over the forecast period, this reduction is muted by increases in bulk water costs. In fact, while operating costs attributable to Allconnex Water are forecast to decline between 2012-13 and 2013-14, this reduction is more than offset by the increase in bulk water costs (resulting in a net increase in operating costs).

Figure 15.3: Bulk water percentage of total operating cost increases



15.3.2 Other operating costs

Electricity

Table 15.2 below illustrates the escalation rates applied to electricity for 2011-12 to 2013-14. These forecasts are based on increases in electricity costs derived by the QCA’s Benchmark Retail Cost Index (BRCI). In particular, the QCA calculated an increase in electricity costs for 2011-12 of 6.6%.⁴² Forecast escalations of 10.4% for both 2012-13 and 2013-14 are consistent with the average BRCI over the five years to 2011-12.⁴³

Table 15.2: Electricity cost escalation (%)

2011-12	2012-13	2013-14
6.6	10.4	10.4

Labour costs

Labour cost forecasts are based on Allconnex Water’s 2010-11 staff costs, small changes in the business’ operational headcount⁴⁴ and escalation assumptions consistent with the business’ Enterprise Bargaining Agreements (EBA). However in light of the recent announcement by the State Government, EBA negotiations have been placed on hold temporarily until Councils make a decision on the structure of the water

⁴² QCA, *Final Decision Benchmark Retail Cost Index for Electricity: 2011-12* May 2011.

⁴³ QCA Benchmark Retail Cost Index for Electricity – various papers 2007-08 to 2010-11

⁴⁴ Allconnex Water currently has 939 employees, which is slightly lower than its establishment headcount of 953. In each year a proportion of labour costs are capitalised into the cost of various infrastructure projects. The business’ operating cost forecast for labour therefore includes variances from year-to-year in the number of “operational FTEs”.

businesses going forward. Allconnex Water anticipates labour cost increases of approximately 4.0% per annum over the forecast period, broadly consistent with the existing Council EBAs.

Table 15.3: Labour cost escalation (%)

2011-12	2012-13	2013-14
4.0	4.0	4.0

Chemicals and other operating costs

Chemical and other operating costs are escalated by Allconnex Water at the rates illustrated in Table 15.4 below. These figures reflect inflation forecasts reported in the Economic Statement issued by the Australian Government in July 2010.⁴⁵

Table 15.4: Chemicals and other operating cost escalation (%)

Cost	2011-12	2012-13	2013-14
Chemicals	2.7	2.5	2.5
Fuel	2.7	2.5	2.5
Other services	2.7	2.5	2.5

15.4 Efficiency improvements

In December 2010, Allconnex Water undertook a budget reforecast resulting in lower operating expenses when compared to the original 2010-11 submission. The budget process was again revisited in March 2011 resulting in further reductions in operating costs being incorporated in categories such as services and materials, chemicals and electricity. Efficiencies have also resulted from the consolidation of the three former Council businesses into Allconnex Water, including through:

- development of a centralised Contact Centre consolidating previous call centre arrangements provided through six areas in Council's and each district's water business;
- alignment and consolidation of Water Education Programs from three districts to one central team; and
- the negotiation of new contracts for electricity and some chemicals.

Allconnex Water has also sought to limit increases associated with demand/connection-related costs such as chemicals, electricity, sludge handling costs and other materials and services. Forecast increases for these costs categories have been limited to CPI, rather than CPI plus an allowance for growth, resulting in an implied reduction in associated costs of around 2.5% per annum.

⁴⁵ Commonwealth Government, *Economic Statement*, July 2010.

Reductions in labour have also occurred, however, this was not a result of synergies, rather costs have been reduced as a result of vacant positions remaining unfilled.

Allconnex Water's financial forecasts continue to include a productivity factor of 3%, applied after the expiry of the current three-year workforce framework. This efficiency/productivity factor is applied to labour, services, materials and other expenses, reducing the nominal cost amount otherwise forecast.

15.5 Summary of operating cost forecast

Table 15.5 provides a summary of forecast operating costs for the period 2011-12 to 2013-14.

Table 15.5: Summary of forecast operating expenditure (\$000's)

Operating Expenditure	2011-12	2012-13	2013-14
Bulk water costs	167,332	195,418	225,081
Employee expenses	79,655	90,121	90,237
Contractor expenses	2,973	0	0
Electricity charges	14,430	15,931	17,060
Sludge handling costs	5,853	6,000	5,965
Chemical costs	4,549	4,663	4,497
Other materials and services	71,542	73,106	71,998
License or regulatory fees	1,094	1,139	1,102
Corporate costs	30,376	28,970	28,446
Indirect costs	1,370	2,809	2,709
TOTAL	379,174	418,156	447,094

16 Maximum allowable revenue

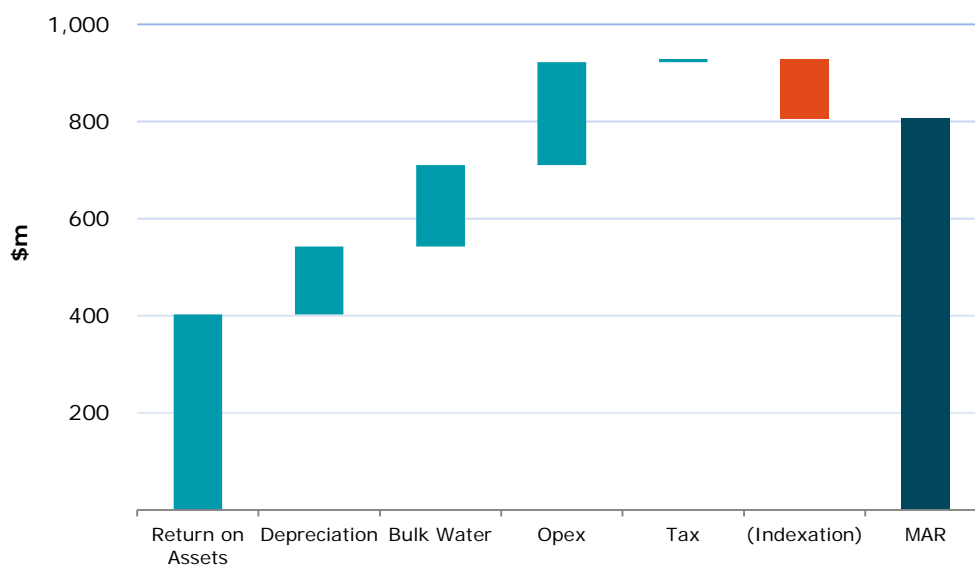
16.1 Total revenue

Allconnex Water has calculated its revenue requirement, or maximum allowable revenue (MAR) using a 'building block' methodology, informed by the QCA's Building Block model and other regulatory guidance materials. This represents the sum of: return on assets; depreciation; operating expenditure (including both bulk water charges and Allconnex Water's own operating expenditure); and taxation, less indexation.

Allconnex Water's total MAR (for all regulated services) for 2011-12 is \$807.0 million. The 2011-12 MAR has increased by \$104 million (14.9%) from 2010-11 due to factors such as higher bulk water costs and continued capital investment across Allconnex Water's operating area.

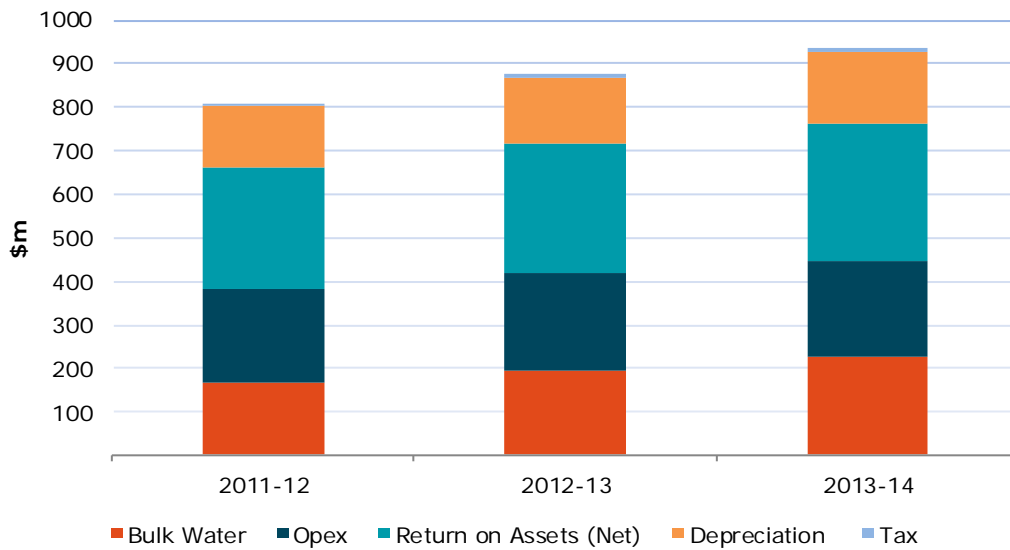
Figure 16.1 below shows calculation of the total 2011-12 MAR based on the cumulative building block components.

Figure 16.1: 2011-12 Maximum Allowable Revenue



Allconnex Water has also calculated its MAR for the next three years from 2011-12 to 2013-14. Over this period, MAR is forecast to increase by 15.5% to a total of \$932 million in 2013-14, as shown in Figure 16.2. This increase is largely due to the continued upward trend in the bulk water price path, contributing to higher annual operating expenditure, and the business' continued significant investment in prudent and efficient capital projects to provide for new growth and improvements/ refurbishments of existing assets to maintain high service quality.

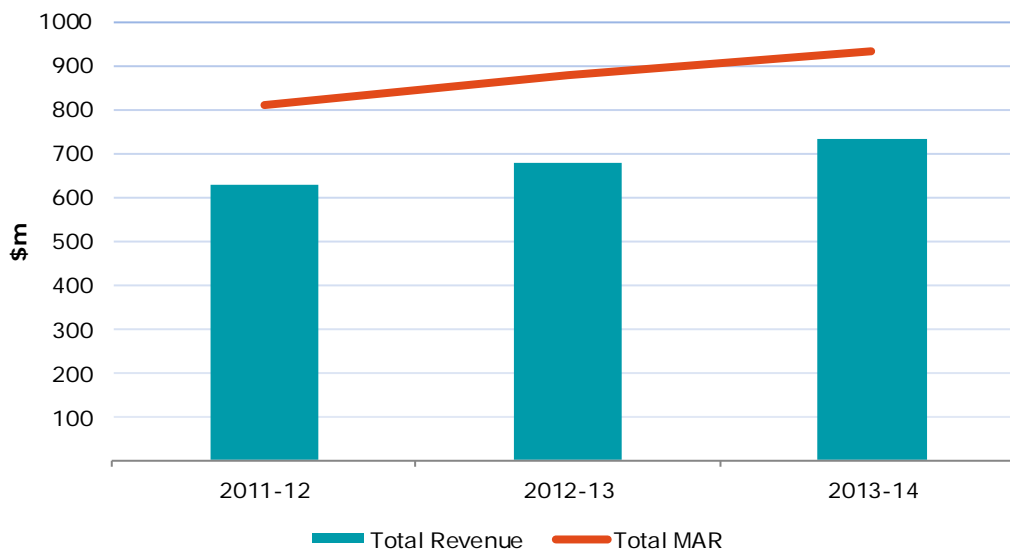
Figure 16.2: Maximum Allowable Revenue 2011-12 to 2013-14



Separate MARs have been calculated for both water and wastewater. These are discussed in following sections.

Allconnex Water continues to recover regulated revenues well below its revenue requirement. Based on forecast revenue increases, recovery of total MAR is forecast to be 77.9% in 2011-12, increasing marginally to 78.3% in 2013-14, as shown in Figure 16.3.⁴⁶

Figure 16.3: Total revenue compared to Maximum Allowable Revenue



⁴⁶ Total revenue includes revenue from water and wastewater services, but excludes revenue from other regulated fees and services.

The continued under-recover of MAR reflects historic under-recovery, significant external cost pressures such as increasing bulk water charges, and Allconnex Water’s transitional approach in 2010-11 to ameliorate price shocks to customers. Adding to this under recovery is the recent Queensland Government legislation to cap distributor-retail price increases at CPI for both 2011-12 and 2012-13 (discussed further in Chapter 17).

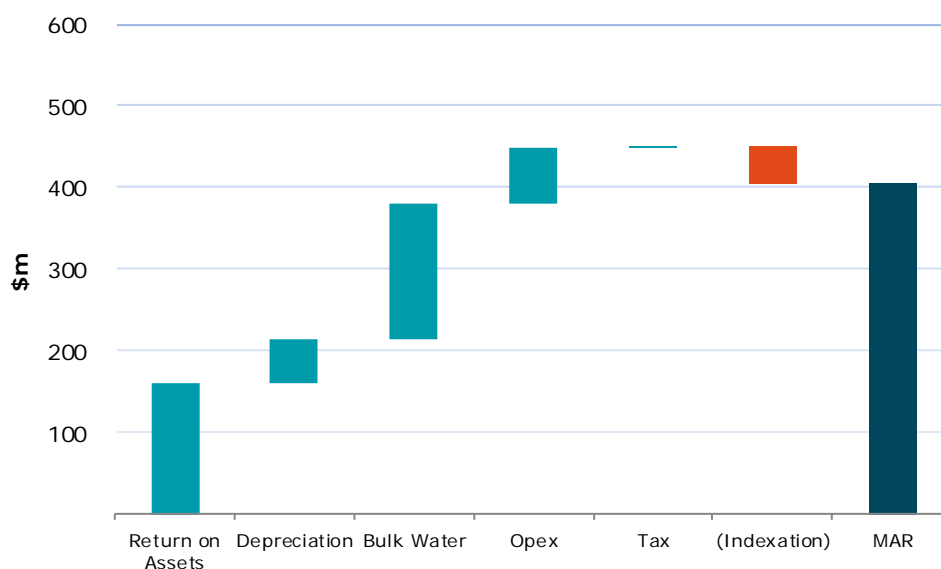
Due to this two year price cap, Allconnex Water is essentially under a revenue glide path which minimises price increases to customers. Allconnex Water considers that an NPV-neutral cost recovery outcome should be achieved over the longer term, where any shortfall in cost recovery is recouped in later years with single year revenues that exceed MAR. This approach ensures that both price increases are smoothed, with shocks to customers minimised, and over time Allconnex Water recovers revenue shortfalls due to the price cap. Allconnex Water believes strongly that it would be appropriate for the QCA to recognise recoverability of a long-term glide path.

16.2 Water revenue

Allconnex Water has calculated a water MAR of \$404.3 million for 2011-12, an increase of 13.9% from 2010-11 (of which 35% is attributable to the increase in bulk water costs).⁴⁷

Figure 16.4 below shows calculation of the total 2011-12 water MAR based on the cumulative building block components.

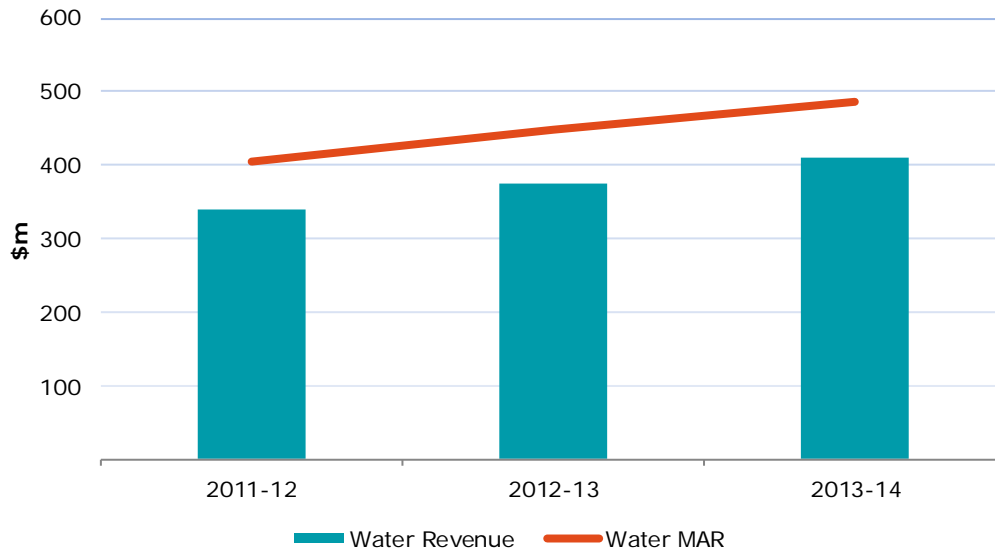
Figure 16.4: 2011-12 Maximum Allowable Revenue (Water)



⁴⁷ The water MAR includes recycled water.

Allconnex Water continues to recover regulated revenues well below its revenue requirement associated with the provision of water services. Recovery of the total water MAR is forecast to be 83.8% in 2011-12, increasing to 84.8% in 2013-14, shown in Figure 16.5.

Figure 16.5: Water revenue compared to Maximum Allowable Revenue



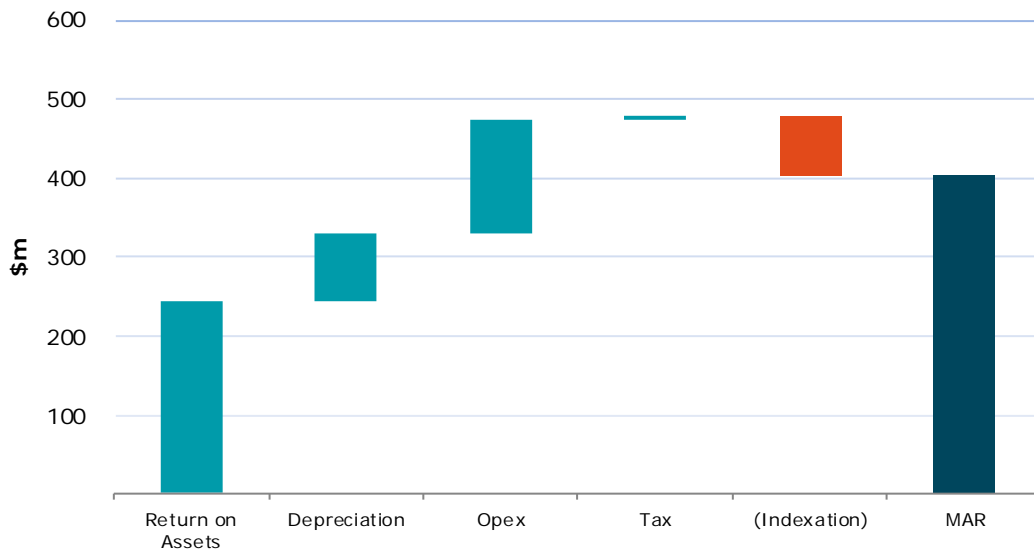
16.3 Wastewater revenue

Allconnex Water has calculated a wastewater MAR of \$402.7 million for 2011-12, an increase of 15.9% from 2010-11.⁴⁸

Figure 16.6 shows calculation of the total 2011-12 MAR based on the cumulative building block components.

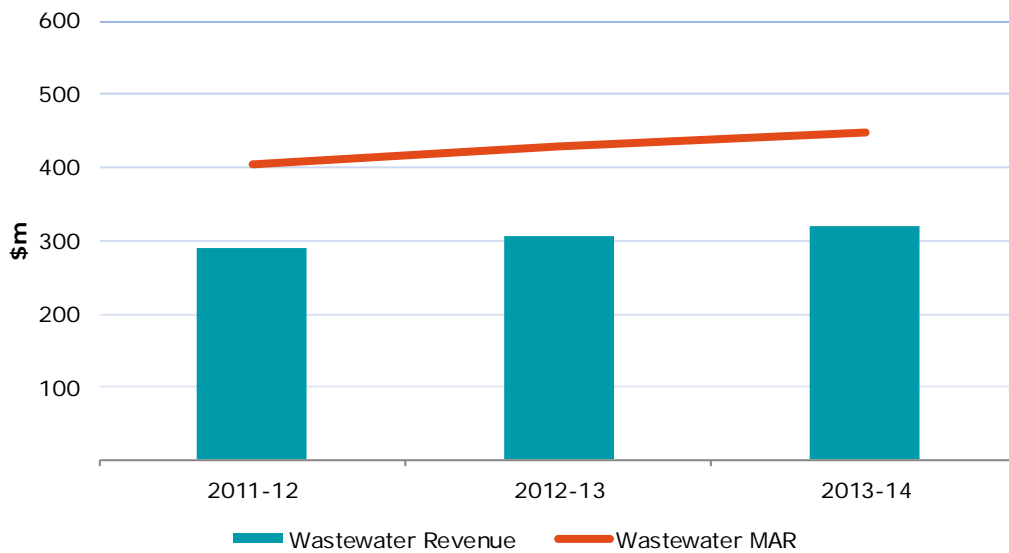
⁴⁸ The wastewater MAR includes trade waste components.

Figure 16.6: 2011-12 Maximum Allowable Revenue (Wastewater)



Allconnex Water continues to recover regulated revenues well below its revenue requirement associated with wastewater services. Recovery of total wastewater MAR is forecast to be 72.1% in 2011-12, decreasing to 71.3% in 2013-14, shown below in Figure 16.7.

Figure 16.7: Wastewater revenue compared to Maximum Allowable Revenue



17 2011-12 tariffs and charges

17.1 Queensland Government Legislation

On 17 June 2011, the Queensland State Parliament passed the *Fairer Water Prices for SEQ Amendment Act 2011* (the legislation) which implemented “a legislative price cap on distribution and retail water and wastewater price increases of residential and small business customers for two years”⁴⁹. A small business customer is defined in the Water and Wastewater Code as a non-residential customer using less than 100kL per annum.⁵⁰ Business customers using more than 100kL per annum (except for Aged Care facilities) do not have a price cap mandated in the proposed legislation and are therefore classified as “uncapped”.

The impact of the legislation on Allconnex Water’s 2011-12 tariffs is that distribution retail charges are escalated by the consumer price index (CPI), with the water volumetric charge also escalated by the increase in the bulk water charge from 2010-11 to 2011-12.

17.2 Application of CPI

The legislation indicates that “CPI means 3.6%”.⁵¹ As a result of the legislation, a 3.6% increase has been applied to all current Allconnex Water distribution and retail tariffs for both residential and non-residential customers. While the legislated price cap is only required to apply to small business customers of the non-residential sector, Allconnex Water has resolved to apply this price cap to all non-residential customers.

The increase in tariffs (3.6%) for 2011-12 is substantially below the forecast increase in costs for the provision of the associated services as measured by the MAR (15.3%). Similarly, while costs for both the capped and uncapped customers are forecast to increase by 15.3%, revenue is forecast to increase by approximately 6.3% and 6.1% respectively. However, this forecast increase in revenue includes growth in customer connections and demand as well as price increases.⁵²

A complete price schedule for 2011-12 is provided at Appendix 4.

⁴⁹ *Fairer Water Prices for SEQ Amendment Bill 2011*, Explanatory Notes, 2011, p 4.

⁵⁰ Queensland Water Commission, *Customer Water and Wastewater Code – South East Queensland*, 2011.

⁵¹ *Fairer Water Prices for SEQ Amendment Bill 2011*, p.12.

⁵² In undertaking this analysis; uncapped customer connections and demand were determined using the Gold Coast district as a proxy for all non-residential customers within the Allconnex Water service area. Non-residential customers were extracted from the Gold Coast 2009-10 billing data. The percentage of non-residential customers using over 100kL was then determined and applied to future connection growth in the same proportion.

17.3 Water tariffs

Water service charges in each district have been escalated by CPI of 3.6% for both residential and non-residential customers. This contributes to an increase in a residential bill of between \$7 and \$14 per annum, as shown below in Table 17.1.

Table 17.1: Water Service charges

Water Service Charge- residential	2010-11 (\$)	2011-12 (\$)	Change (\$)	Change (%)
Gold Coast	192.00	198.91	6.91	3.6
Logan (Standard)	240.00	248.64	8.64	3.6
Logan (East)	216.00	223.77	7.77	3.6
Logan (South)	408.00	422.68	14.68	3.6
Redland	240.36	249.01	8.65	3.6

Water volumetric charges have been escalated by both CPI of 3.6% and bulk water charges. CPI has been applied to the 'distribution-retail' component of water volumetric charges, with the increase in the bulk water charge from 2010-11 to 2011-12 subsequently added. This is detailed in Table 17.2.

Table 17.2: Water Volumetric charges

		2010-11 (\$/kl)	2011-12 (\$/kl)	Change (\$/kl)	Change (%)
Gold Coast	Allconnex Water	0.9950	1.0308	0.0358	3.60
	State Government bulk water charge	1.6850	1.9550	0.2700	16.02
	Total	2.6800	2.9858	0.3058	11.41
Logan	Allconnex Water	0.8570	0.8878	0.0308	3.59
	State Government bulk water charge	1.8430	2.1130	0.2700	14.65
	Total	2.7000	3.0008	0.3008	11.14
Redland	Allconnex Water				
	Tier 1	0.6580	0.6816	0.0236	3.59
	Tier 2	1.0680	1.1064	0.0384	3.60
	Tier 3	1.4780	1.5312	0.0532	3.60
	State Government bulk water charge	0.9320	1.2020	0.2700	28.97
	Tier 1 Total	1.5900	1.8836	0.2936	18.47
	Tier 2 Total	2.0000	2.3084	0.3084	15.42
Tier 3 Total	2.4100	2.7332	0.3232	13.41	

Escalation of the distribution-retail component of the water volumetric charge adds between 2 to 4 cents per kilolitre, depending on district. This contributes to an annual increase of between \$4 and \$8 for an 'average' customer using 200 kL per annum.

Bulk water charges increase between 14% and 29% depending on district. This contributes to an increase of 27 cents per kilolitre or \$54 for an 'average' customer using 200kL per annum.

Depending on the district, increased bulk water charges of \$54 in 2011-12 make up between 78% and 79% of the total water bill increase and between 58% and 61% of a combined water and wastewater bill increase.

17.4 Wastewater tariffs

Wastewater service charges in each district have been escalated by CPI of 3.6% for both residential and non-residential customers. This contributes to an increase in a residential bill of approximately \$20 and \$25 per annum. This is summarised by each district in Table 17.3.

Table 17.3: Wastewater Service charges

Wastewater Service Charge- residential	2010-11 (\$/annum)	2011-12 (\$/annum)	Change (\$)	Change (%)
Gold Coast	656.40	680.03	23.63	3.6
Logan	550.80	570.62	19.82	3.6
Redland	696.00	721.05	25.05	3.6

17.5 Trade waste tariffs

Trade waste charges in each district have been escalated by CPI consistent with the application to water and wastewater charges. Depending on the district, customers may be charged on the basis of fixed charges, generators, volumes, quality parameters or a combination of all of these.

17.6 Infrastructure charges

The infrastructure charges and associated policies (or Priority Infrastructure Plan) were developed by the three district Councils and transferred to Allconnex Water consistent with governing legislation. However with the introduction of the standard infrastructure charging regime the infrastructure charges schedules associated with the PIP and PSPs are no longer relevant.

The Councils have adopted an infrastructure charge consistent with the Sustainable Planning Act 2009 and an agreement of Allconnex Water's relevant proportion of the charge has been finalised.

The Minister for Local Government and Planning determines the maximum infrastructure charge and the relevant indexation, which is announce by gazettal each year.

Infrastructure charges for each district are provided at Appendix 3.

17.7 Other charges

Allconnex Water's schedule of non-core and non-regulated fees and charges remains unchanged from 2010-11 and is still administered on a district basis. Some of these charges have previously been 'built up' under the principles of full cost pricing.

All charges have been escalated by CPI of 3.6% as per regulated tariffs.

18 Customer impacts

18.1 Average residential water and wastewater bills

The average residential bill for a customer in each of the three regions has increased by CPI of 3.6% plus a pass through for increased 2011-12 bulk water charges.

Taking into account these price increases, an 'average' residential customer using 200 kL per annum will face an increased water and wastewater bill (including bulk water) of approximately 6.6% to 7.3% for 2011-12 as shown in Tables 18.1 to 18.3.

Table 18.1: Customer impact – Gold Coast

Gold Coast Bill (200 kL)	2010-11 (\$)	2011-12 (\$)	Change (\$)	Change (%)
Water Volumetric - Allconnex	0.9950	1.0308	0.0358	3.6
Water Volumetric - State Government Bulk Water	1.6850	1.9550	0.2700	16.0
Water Service Charge	192.00	198.91	6.91	3.6
Wastewater Service	656.40	680.03	23.63	3.6
Total	1,384.40	1,476.10	91.70	6.6

Table 18.2: Customer impact – Logan

Logan (North) Bill (200 kL)	2010-11 (\$)	2011-12 (\$)	Change (\$)	Change (%)
Water Volumetric - Allconnex	0.8570	0.8878	0.0308	3.6
Water Volumetric - State Government Bulk Water	1.8430	2.1130	0.2700	14.6
Water Service Charge	240.00	248.64	8.64	3.6
Wastewater Service	550.80	570.62	19.82	3.6
Total	1,330.80	1,419.42	88.62	6.7

Table 18.3: Customer impact – Redland

Redland Bill (200 kL)	2010-11 (\$)	2011-12 (\$)	Change (\$)	Change (%)
Water Volumetric – Allconnex (Tier 1)	0.6580	0.6816	0.0236	3.6
Water Volumetric – Allconnex (Tier 2)	1.0680	1.1064	0.0384	3.6
Water Volumetric – Allconnex (Tier 3)	1.4780	1.5312	0.0532	3.6
Water Volumetric - State Government Bulk Water	0.9320	1.2020	0.2700	28.9
Water Service Charge	240.36	249.01	8.65	3.6
Wastewater Service	696.00	721.05	25.05	3.6
Total	1,276.50	1,369.72	93.22	7.3

18.2 Average non-residential water and wastewater bills

In general, non-residential charges have increased in line with those applied to residential customers. This also includes increases on charges that only non-residential customers incur such as trade waste.

Any relationship between residential charges and non-residential charges that currently exists (for example, non-residential customers are charged the same volumetric charge as residential customers in Gold Coast and Logan) in Allconnex Water’s tariff structure has been retained.

18.3 Social programs

Allconnex Water provides a range of social programs designed to look after the community. Allconnex Water also has a ‘Customer Charter’ that sets out our commitments to our customers, our community and our environment.

Hardship Policy

Allconnex Water maintains a hardship policy which applies to small customers who have the intention, but not the capacity, to make a payment within the timeframe required, usually as a result of financial difficulties. Hardship may be short, medium or longer term in duration.

Allconnex Water provides the following support options:

- payment extensions - Allconnex Water can extend the time customers have to pay accounts;
- payment plans - customers can pay off their bill in smaller instalments. This is agreed with the customer and based on what they can reasonably afford;
- centrepay - customers registered with Centrelink can arrange regular deductions direct from their Centrelink benefits to help pay their water bills; and

- water efficiency - Allconnex Water provides access to a range of programs to help people use water efficiently in their homes, gardens and businesses.

Allconnex Water's payment assistance program aims to:

- ensure all customers have access to essential water services, irrespective of their capacity to pay;
- address the needs of all vulnerable/disadvantaged groups in the community;
- be well-known, understood and accessible to people experiencing hardship and the community agencies who support them;
- assist customers to manage their payments, ultimately aiming to migrate them on to normal payment channels;
- ensure that customers experiencing hardship are using water efficiently; and
- improve customer satisfaction with Allconnex Water as a customer-focused utility.

Home Dialysis discount

Allconnex Water continues to provide concessions to renal dialysis patients that undergo home dialysis. The discount applies to the water consumption charges for eligible Allconnex Water customers who are either home owners, tenants or their dependent. The discount is calculated based on advice from the hospital on an estimate of treatment related usage. This discount is limited to 400 kL per year.

Fire Fighting Emergencies

Allconnex Water provides water free of charge to the Queensland Fire and Rescue Service.

Allconnex Water also provides financial relief from water volumetric charges and wastewater volumetric charges (for non-residential customers) on a customer's account in cases of proven use of water, drawn from Allconnex Water's water supply system, for genuine fire emergencies.

All applications received must meet the following eligibility criteria:

- that the water used for fighting the fire was drawn from Allconnex Water's water supply system;
- a copy of the fire brigade's confirmation and / or statutory declaration is received; and
- the application is received within a period of two years of the fire occurring.

Water Leaks

Allconnex Water provides financial relief from water volumetric charges and wastewater volumetric charges (for non-residential customers) for customers affected by cases where water is lost by proven concealed (undetected) leaks on their property. This

policy includes residential and non-residential properties serviced by a water meter in Allconnex Water's service area.

Flood Assistance

Allconnex Water has offered assistance to its customers affected by the January 2011 South East Queensland flood event. Up to \$100 off the water consumption charges of our customers whose properties have been inundated in these floods was offered to assist with additional water used for clean-up activities.

Appendix 1 - QCA 2010-11 Final Report Recommendations and responses

QCA Recommendation	Response	Submission Reference
<i>Demand Forecasts</i>		
<i>Collect data on the demand corresponding to each component of prices. (p 85)</i>	Agree, however the absence of historical information as well as the current use of Council legacy systems have made this task difficult thus far. However, it is expected that significant progress on this item will be made in the future.	7.2
<i>Document the method and approach undertaken in preparing its demand forecasts. Any differences between the forecasting approaches used for pricing and capital planning should be clearly identified and explained. (p 86)</i>	Agree that such a link should be established. Allconnex Water has endeavored to explain the relationship in this submission. Allconnex Water had anticipated conducting a thorough assessment of its demand forecasting methodology. However, this project has been postponed until such time as the future of the Allconnex Water business is clarified.	7.2
<i>PIFU growth rates are the most reliable independent estimates of connections growth currently available, and residential connections for water should be based on PIFU forecasts. (pp 86-88)</i>	Generally agree with the use of PIFU forecasts for population and growth rates as it provides a central verifiable point of information. However, Allconnex Water is concerned that solely using PIFU forecasts may not reflect changing economic and demographic conditions, as PIFU is updated at regular intervals. Allconnex Water is currently developing a history of property data it believes should be used in conjunction with PIFU forecasts in determining future demand.	7.2
<i>Develop short-term forecasts for trade waste customers and recycled water for future years. (p 92)</i>	Agree that short-term forecasts for trade waste and recycled water should be developed in future. This work is still being progressed.	7.2

<p><i>Document approach to forecasting demand for all purposes, and establish procedures and protocols for the collection and collation of data. (p 93)</i></p>	<p>Agree that further procedures and protocols related to demand forecasting, collection and collation be established. Allconnex Water has attempted to clarify its demand forecasting methodology in this submission. As discussed above, further development of the demand forecasting methodology has been postponed until such time as the future of Allconnex Water is clarified.</p>	<p>7.2</p>
<p><i>Take into account the response of consumers to increasing prices (that is, estimate the elasticity of demand) which estimating future consumption patterns. (p 93)</i></p>	<p>Allconnex Water agrees in principle with incorporating elasticity estimates into demand forecasts. Recent studies have found elasticity estimates were generally lower than previously found however.</p> <p>To further complicate this it is estimated that as much as 40% of the Gold Coast's customers are tenants and thus do not even receive a water notice / price signal.</p> <p>Additionally, the investigation of price and demand elasticity is a substantial body of work which would require at least 12 months to complete. Also, given the introduction of tenant billing in the future, it would appear impractical to conduct such an investigation at this time.</p>	<p>7.2</p>
<p>Regulatory Asset Base</p>		
<p><i>The QCA has revised Allconnex's capital expenditure to reflect the establishment costs approved by the Minister. The QCA will further review past capital expenditure claimed by Allconnex once further audited information is available. (p 98)</i></p>	<p>All information available to Allconnex Water on capital expenditure incurred during the 2008 – 2010 roll forward period has been provided to the QCA. Allconnex Water will continue to work with the QCA on validating the initial RAB.</p>	<p>9</p>
<p>Capital Expenditure</p>		
<p><i>For future returns only include capital expenditure when the asset</i></p>	<p>Allconnex Water has incorporated commissioning dates (and other</p>	<p>10</p>

<p><i>(or relevant portion of the asset) has been commissioned. In doing so, project lists should be provided that link the underlying cost components such as unit rates, on-costs and contingencies and any other supporting materials such as consultant reports. (p 100)</i></p>	<p>supporting materials) in the collection of capital expenditure information and now allows relevant assets to be included in the RAB only when it is able to contribute to the productive capacity of the system.</p>	
<p><i>Proposed indexation rate of 5% per annum is reasonable for the first price monitoring review although the QCA notes that a consistent indexation rate across SEQ will be investigated over the interim price monitoring period, taking into account further research and actual outcomes. (p 101)</i></p>	<p>Allconnex Water looks forward to being involved in a consultative process with the QCA on indexation rates, with the opportunity to provide input. In the absence of further direction from the QCA Allconnex Water has continued to use the same approach for capital indexation used in the 2010-11 submission.</p>	<p>10.6</p>
<p><i>Develop a detailed project list and processes which take into account a regional perspective which developing future capital works programs. (p 102)</i></p>	<p>This is already occurring with the business working towards more consolidated, entity-wide, processes and business standards.</p> <p>Allconnex Water no longer develops capital and operating budgets based on local government boundaries. The business captures costs at a whole of business level and focuses on the prudent and efficient delivery of operating and capital expenditure across the entire service delivery area.</p>	<p>10</p>
<p>Disaggregation</p>		
<p><i>Recycled water costs should be separated out (despite the difficulties in doing so) - acknowledges that pricing principles are yet to be developed and that disaggregated information on costs will inform this process. (p100)</i></p>	<p>It is important to note that there is complexity in unbundling the joint costs and cost drivers with wastewater (e.g. treatment processes). Given this complexity, further information is requested as to how disaggregated information on costs will inform the development of pricing principles.</p> <p>Where costs are directly attributable to Recycled Water these have been separated in included in Other Core Water.</p>	<p>3.1 and 5.2</p>
<p><i>Allconnex only provided disaggregated costs for three of</i></p>	<p>As part of transitioning away from using Council systems under Service</p>	<p>3.1</p>

<p><i>seven service categories, as such it is not possible to develop a MAR at a more disaggregated service level than water and wastewater (p 119)</i></p>	<p>Level Agreement there have been difficulties providing this information as Councils did not historically collect the data in these categories. However, Allconnex Water has begun the planning of an Enterprise Resource Planning system (ERP) and developing supporting processes and this will improve the collation of this information. However, the ERP project has been suspended until such time as the future of the combined Allconnex Water business is clarified. Until such time as costs can also be disaggregated, developing a reflective MAR for individual services other than water and wastewater remains difficult.</p>	
<p><i>The QCA notes that currently Allconnex has a number of varying standards of service for customers and asset design as is expected of a newly formed entity. Work should be progressed to consolidate standards across the region. (p 119)</i></p>	<p>Allconnex Water are finalising a comprehensive business wide customer service standards. In addition to this, the delivery of a Water NetServ Plan is underway, which includes desired levels of service for infrastructure planning, with the achievement of a consultation draft to be completed by 30 June 2012.</p>	<p>3.1 and 7.2</p>
<p>Return on Capital</p>		
<p><i>The QCA proposes to use a WACC of 9.35% for interim price monitoring, subject to the findings of an QCA-wide WACC review (p 126)</i></p>	<p>Allconnex Water has applied the QCA proposed WACC of 9.35% for each year of the forecast period.</p>	<p>14</p>
<p>Operating Expenditure</p>		
<p><i>The QCA has calculated a weighted average electricity price increase of 5.85% for 2011-12. (p 137)</i></p>	<p>Allconnex water has reviewed its electricity indexation in light of the recent BRCI and negotiated contracts. While the contracts specify the electricity charge, access charges may vary from site to site and year to year.</p>	<p>15.3</p>
<p><i>The QCA has not sought to attribute</i></p>	<p>In the 2010-11 price monitoring</p>	<p>15</p>

<p><i>quantifiable efficiency gains specifically to labour costs in this review. However, the QCA intends to pursue this issue further over the interim period, and an overall target for efficiency gains should be pursued. (p 136)</i></p>	<p>review it was concluded by the QCA's consultant that both labour escalation rates (4%) and growth factors used to determine employee costs were reasonable. Allconnex Water is bound by a Work Force framework and while some savings could be generated by natural attrition, Allconnex Water is continuing to replace staff and file vacant positions to enable the phasing out of Council SLAs.</p>	
<p><i>Allconnex's forecast operational expenses for 2010-11 are broadly reasonable, although the QCA has adjusted for revised demand forecasts, bulk water prices, chemical costs and regulatory costs. The QCA expects that Allconnex should be able to realise operational efficiencies in each year of the interim price monitoring period as it achieves economies of scale. An additional at least 2% efficiency gains in non-bulk operating costs should also be pursued in 2011-12 and 2012-13.</i></p>	<p>While the concept of a reasonable efficiency target is accepted, it is considered an efficiency target across <i>all</i> non-bulk cost categories in the short to medium-term due to certain costs being relatively fixed in this period.</p> <p>Allconnex Water's financial modeling has incorporated an efficiency adjustment.</p>	<p>15.4</p>

Appendix 2 - Demand Management

School education programs

Allconnex Water runs an extensive School Watersaver Education Program which has been designed to promote a sustainable water future by engaging students in an awareness campaign that highlights the value of water on a global and local scale, and to address the following five aspects of water and water usage:

- water as a valuable resource;
- sources of water;
- using water wisely (urban demand management);
- alternative water sources - recycled water and desalination; and
- sustainability.

'**Make your mark**' by increasing your students' awareness about the value of a sustainable water future. The Make your water mark! Watersaver education program has been developed by leading teachers for teachers through in-depth focus group discussions and research.

The education units are available for every year level (early childhood through to secondary school) and consist of:

- worksheets;
- lesson plans;
- activity sheets;
- additional information to support teachers in their delivery of water education to primary and secondary students;
- free classroom presentations to compliment your unit of study; and
- free excursions to a local wastewater treatment plant.

Community education programs

The Allconnex Water Community Watersaver Program involves the provision of training and key messages to instil water saving behaviours within the community to reduce water consumption.

These activities include gardening workshops, displays at local events and other programs that support a holistic approach to sustainability and to raise awareness of how the community can help to conserve our precious water resources.

Sustainable gardening workshops

In partnership with Gold Coast City Council free workshops are held monthly throughout the community to provide advice on composting, worm farming and water efficiency to create a sustainable garden.

Home watersaver

Allconnex Water has created a brochure with practical tips to make water conservation in your home easy to achieve.

Garden watersaver

The program provides training in garden water conservation practices to people who have a significant influence over water use. These include members of the nursery, landscaping and irrigation industries as well as local residents who are keen to learn more about water efficient gardening, especially in times of water restrictions. The Garden Watersaver guide was produced as part of a long term water efficient management plan.

Business watersaver program

The Allconnex Water Business Watersaver program assists businesses with the reduction of their water consumption through a variety of water saving initiatives. The goal is to build capacity and a relationship with organisations so that conservation achievements are sustained, promoted and continuous improvement mechanisms are implemented. The program provides:

- free water conservation materials including stickers and fact sheets;
- financial assistance opportunities;
- competitions and initiatives;
- free prompt materials for staff and visitors; and
- a free quarterly "Water Biz" eNewsletter

WEMPS

Water Efficiency Management Plans (WEMPs) are a long-term demand management strategy requiring businesses to achieve water use efficiency. While the development and implementation of a WEMP enables businesses to assess their activities and identify and implement water savings, the overall aim is for businesses to make the efficient use of water a part of normal day to day business operations. WEMPs assist businesses to:

- account for water use in a business or non-residential premise;
- identify water saving measures that can be readily applied to a business or other non-residential premises; and
- prepare a plan for implementing the identified measures, including the identified savings, program priority and implementation timelines.

All WEMPs must:

- be prepared in accordance with the QWC Guideline;
- be submitted for approval to Allconnex Water;
- be capable of third party certification; and
- contain details (including dates) of how the business is achieving or plans to achieve a 25% reduction of water use or best practice.

Best practice can be demonstrated by documenting and justifying why such measures are considered to be best practice. For example, businesses can assess and benchmark their activities and processes against industry accepted key performance indicators or relevant business or industry standards.

Allconnex Water manages the implementation and management of WEMPS in its area of operation for the QWC.

Appendix 3 - Infrastructure Charges

Gold Coast City Council and Redland City Council

Development for which an adopted infrastructure charge may apply	State maximum adopted charges	GCCC adopted infrastructure charges	Allconnex Water proportion of State maximum adopted infrastructure charge (44.5%)	RCC adopted infrastructure charges	Allconnex Water proportion of Redland City Council adopted infrastructure charge (31.0%)
Detached Dwelling	\$28,000 per dwelling unit	\$27,000.00	\$12,460.00	\$28,000.00	\$8,680.00
1 Bed Apartment	\$20,000 per dwelling unit	\$13,500.00	\$8,900.00	\$20,000.00	\$6,200.00
2 Bed Apartment	\$20,000 per dwelling unit	\$17,000.00	\$8,900.00	\$20,000.00	\$6,200.00
3 Bed Apartment	\$28,000 per dwelling unit	\$19,000.00	\$12,460.00	\$28,000.00	\$8,680.00
4 Bed Apartment	\$28,000 per dwelling unit	\$20,500.00	\$12,460.00	\$28,000.00	\$8,680.00
1 Bed Attached	\$20,000 per dwelling unit	\$16,500.00	\$8,900.00	\$20,000.00	\$6,200.00
2 Bed Attached	\$20,000 per dwelling unit	\$19,000.00	\$8,900.00	\$20,000.00	\$6,200.00
3 Bed Attached	\$28,000 per	\$22,500.00	\$12,460.00	\$28,000.00	\$8,680.00

Development for which an adopted infrastructure charge may apply	State maximum adopted charges	GCCC adopted infrastructure charges	Allconnex Water proportion of State maximum adopted infrastructure charge (44.5%)	RCC adopted infrastructure charges	Allconnex Water proportion of Redland City Council adopted infrastructure charge (31.0%)
	dwelling unit				
4 Bed Attached	\$28,000 per dwelling unit	\$23,000.00	\$12,460.00	\$28,000.00	\$8,680.00
Accommodation (Short term)	\$10,000 per dwelling unit (1 or 2 bedroom dwelling) (for all networks) or \$14,000 per dwelling unit (3 or more bedroom dwelling) (for all networks)	\$10,000.00 OR \$14,000	\$4,450.00 OR \$6,230.00	\$10,000.00 OR \$14,000.00	\$3,400.00 OR \$4,340.00
Accommodation (Long term)	\$20,000 per dwelling unit (1 or 2 bedroom dwelling) (for all networks) or \$28,000 per dwelling unit (3 or more bedroom dwelling) (for all networks)	\$20,000 OR \$28,000	\$8,900.00 OR \$12,460.00	\$20,000.00 OR \$28,000.00	\$6,200.00 OR \$8,680.00
Places of	\$70 per m2 of	\$70.00	\$31.15 per m2 of	\$70.00	\$21.70

Development for which an adopted infrastructure charge may apply	State maximum adopted charges	GCCC adopted infrastructure charges	Allconnex Water proportion of State maximum adopted infrastructure charge (44.5%)	RCC adopted infrastructure charges	Allconnex Water proportion of Redland City Council adopted infrastructure charge (31.0%)
Assembly	GFA		GFA		
Commercial (Bulk goods)	\$140 per m2 of GFA	\$140.00	\$62.30 per m2 of GFA	\$140.00	\$43.40
Commercial (Retail)	\$180 per m2 of GFA	\$180.00	\$80.10 per m2 of GFA	\$180.00	\$55.80
Commercial (Office)	\$140 per m2 of GFA	\$140.00	\$62.30 per m2 of GFA	\$140.00	\$43.40
Education Facility	\$140 per m2 of GFA	\$140.00	\$62.30 per m2 of GFA	\$140.00	\$43.40
Entertainment	\$200 per m2 of GFA	\$200.00	\$89.00 per m2 of GFA	\$200.00	\$62.00
Indoor Sport and Recreational Facility	\$200 per m2 of GFA, court areas at \$20 per m2 of GFA	\$200 per m2 of GFA, court areas at \$20 per m2 of GFA	\$89.00 per m2 of GFA, court areas at \$8.90 per m2 of GFA	\$200.00	\$62.00 per m2 of GFA, court areas at \$6.20 per m2 of GFA
Industry	\$50 per m2 of GFA	\$50.00	\$22.25	\$50.00	\$15.50

Development for which an adopted infrastructure charge may apply	State maximum adopted charges	GCCC adopted infrastructure charges	Allconnex Water proportion of State maximum adopted infrastructure charge (44.5%)	RCC adopted infrastructure charges	Allconnex Water proportion of Redland City Council adopted infrastructure charge (31.0%)
High Impact Industry	\$70 per m2 of GFA	\$70.00	\$31.15	\$70.00	\$21.70
Low Impact Rural	NIL				
High Impact Rural	\$20 per m2 of GFA	\$20.00	\$8.90	\$20.00	\$6.20
Essential Services	\$140 per m2 of GFA	\$140.00	\$62.30	\$140.00	\$43.40
Minor uses	NIL				

Logan City Council

Schedule 1 - Adopted charge for a material change of use for residential development

Development class	Charge area	Adopted charge for residential development (\$ per dwelling unit)			
		1 or 2 bedroom dwelling	Allconnex Water proportion of adopted infrastructure charge	3 or more bedroom dwelling	Allconnex Water proportion of adopted infrastructure charge
Residential	Charge area A	20,000.00	6,800.00	28,000.00	9,520.00
	Charge area B	13,200.00	0	18,480.00	0
	Charge area C	15,400.00	2,156.00	21,560.00	3,018.40
Accommodation (long term)	Charge area A	20,000.00	6,800.00	28,000.00	9,520.00
	Charge area B	13,200.00	0	18,480.00	0
	Charge area C	15,400.00	2,156.00	21,560.00	3,018.40
Accommodation (short term)	Charge area A	10,000.00	3,400.00	14,000.00	4,760.00
	Charge area B	6,600.00	0	9,240.00	0
	Charge area C	7,700.00	1,078.00	10,780.00	1509.20

Schedule 2 - Adopted charge for a material change of use for non-residential development

Development class	Charge area	Adopted charge for transport, parks, water and wastewater networks			Adopted charge for stormwater network	
		Unit of measure	Charge (\$)	Allconnex Water proportion of adopted charge	Unit of measure	Charge (\$)
Places of assembly	Charge area A	m ² of GFA	70.00	23.80	m ² of impervious area	10
	Charge area B		0	0		10
	Charge area C		54.00	7.56		10
Commercial (bulk goods)	Charge area A	m ² of GFA	140.00	47.60	m ² of impervious area	10
	Charge area B		92.00	0		10
	Charge area C		108.00	15.12		10
Commercial (office)	Charge area A	m ² of GFA	140.00	47.60	m ² of impervious area	10
	Charge area B		92.00	0.00		10
	Charge area C		108.00	15.12		10
Commercial (retail)	Charge area A	m ² of GFA	180.00	61.20	m ² of impervious area	10
	Charge area B		119.00	0		10
	Charge area C		139.00	19.46		10
Education facility	Charge area A	m ² of GFA	140.00	47.60	m ² of impervious area	10
	Charge area B		92.00	0		10
	Charge area C		108.00	15.12		10
Entertainment	Charge area A	m ² of GFA	200.00	68.00	m ² of impervious area	10
	Charge area B		132.00	0		10
	Charge area C		154.00	21.56		10
Essential services	Charge area A	m ² of GFA	140.00	47.60	m ² of impervious	10
	Charge area B		92.00	0		10

Development class	Charge area	Adopted charge for transport, parks, water and wastewater networks			Adopted charge for stormwater network	
		Unit of measure	Charge (\$)	Allconnex Water proportion of adopted charge	Unit of measure	Charge (\$)
	Charge area C		108.00	15.12	area	10
High impact industry	Charge area A	m ² of GFA	70.00	23.80	m ² of impervious area	10
	Charge area B		46.00	0		10
	Charge area C		54.00	7.56		10
	Charge area C					
High impact rural	Charge area A	m ² of GFA	20.00	6.80	m ² of impervious area	0
	Charge area B		13.00	0		0
	Charge area C		15.00	2.10		0
Indoor sport and recreational facility (court)	Charge area A	m ² of court area	20.00	6.80	m ² of impervious area	10
	Charge area B		13.00	0		10
	Charge area C		15.00	2.10		10
Indoor sport and recreational facility (other than court)	Charge area A	m ² of GFA	200.00	68.00	m ² of impervious area	10
	Charge area B		132.00	0		10
	Charge area C		154.00	21.56		10
Industry	Charge area A	m ² of GFA	50.00	17.00	m ² of impervious	10
	Charge area B		33.00	0		10
	Charge area C			39.00	5.46	area
Low impact rural	Charge area A	Nil charge				
	Charge area B					
	Charge area C					
Minor uses	Charge area A	Nil charge				
	Charge area B					
	Charge area C					

Appendix 4 - 2011-12 Price Schedule

UTILITY CHARGES

2011-12 Tariffs
(GST Exclusive)

Residential

Water service charge

Quarterly Base Water Service Charge (\$)

Gold Coast

Residential	49.73
Vacant Land	49.73

Logan City (Logan North)

Residential	62.16
Vacant Land	62.16
Residential	
20mm or less	62.16
25mm	97.13
32mm	159.13
40mm	248.64
50mm	388.50
65mm	747.11
80mm	994.56
100mm	1,554.00
150mm	3,496.50
200mm	6,216.00
225mm	7,867.13
250mm	9,712.50
300mm	13,986.00

Transferred Area A (former Beaudesert Shire) - (Logan South)

Residential (On Demand)	105.67
Vacant Land (On Demand)	105.67
Residential (Restricted Demand)	105.67
Vacant Land (Restricted Demand)	105.67
Residential	
20mm or less	105.67

UTILITY CHARGES

**2011-12 Tariffs
(GST Exclusive)**

25mm	165.10
32mm	270.51
40mm	422.68
50mm	660.44
65mm	1,270.08
80mm	1,690.72
100mm	2,641.75
150mm	5,943.94
200mm	10,567.00
225mm	13,373.86
250mm	16,510.94
300mm	23,775.75

Transferred Area D (former Gold Coast City) - (Logan East)

Residential	55.94
Vacant Land	55.94
Residential	
20mm or less	55.94
25mm	87.41
32mm	143.21
40mm	223.78
50mm	349.65
65mm	672.40
80mm	895.10
100mm	1,398.60
150mm	3,146.85
200mm	5,594.40
225mm	7,080.40
250mm	8,741.25
300mm	12,587.40
>20mm but less than 800kL usage pa	55.94

Redland

Residential	
Domestic - Base Rate per meter/lot	62.25
Caravan Parks - Base Rate per Unit	15.56
Units, Flats, Guest Houses, Multiple Dwellings 20-150mm and Residential 25-150mm	
20mm	62.25
25mm	97.12
32mm	159.37
40mm	249.01

UTILITY CHARGES

**2011-12 Tariffs
(GST Exclusive)**

50mm	389.08
80mm	996.05
100mm	1,556.33
150mm	3,501.74
Vacant Land	62.25

Water Consumption Charge

Water Consumption Charge (\$/kL)

Gold Coast

Residential	
Allconnex Water Charge	1.0308
State Bulk Water Charge	1.9546
Total Charge	2.9854
Raw Water	0.9531

Logan City (All)

Residential	
Allconnex Water Charge	0.8878
State Bulk Water charge	2.1125
Total Charge	3.0003

Redland

Residential / Concessional (All volumes)	
First 400L/day Allconnex Water Charge	0.6816
First 400L/day State Bulk Water Charge	1.2023
First 400L/day Total Charge	1.8839
Between 401-800L/day Allconnex Water Charge	1.1064
Between 401-800L/day State Bulk Water Charge	1.2023
Between 401-800L/day Total Charge	2.3087

UTILITY CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Above 800L/day Allconnex Water Charge	1.5312
Above 800L/day State Bulk Water Charge	1.2023
Above 800L/day Total Charge	2.7335
 Non-residential / Council	
Allconnex Water Charge	1.5312
State Bulk Water Charge	1.2023
Total Charge	2.7335

Wastewater service charge

Quarterly Base Water Service Charge (\$)

Gold Coast

Residential	170.01
Vacant Land	170.01

Logan City (All)

Base Charge per Unit	7.1329
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Residential	
Single self-contained dwelling (20 units)	142.66
C.E.D Connection in Transferred Area A (former Beaudesert) (16 Units)	114.13
 Residential Other	
Multi residential accommodation	
- First pedestal/urinal (20 units)	142.66
- Second and subsequent pedestal/urinal (15 units)	106.99
 C.E.D Connection in Transferred Area A (former Beaudesert)	
- First pedestal/urinal (16 units)	114.13
- Second and subsequent pedestal/urinal (14 units)	99.86
 Aged Care / Nursing Home / Retirement Complex	
Residential	
- First single living unit (20units)	142.66
- Second and subsequent living unit (10 units)	71.33

UTILITY CHARGES

2011-12 Tariffs
(GST Exclusive)

Caravan and Mobile Home Parks	
- Standard per site charge (10 units)	71.33
- Per pedestal/urinal charge (20 units)	142.66
- Tent sites (5 units)	35.66
Vacant Land (15 units)	106.99

Redland

Base Charge per Unit	7.2106
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Residential - (25 sewer units)	180.26
Vacant Land - (25 sewer units)	180.26

Recycled water A+ volume charges

Recycled Water A+ Volume Charge (\$/kL)

Gold Coast

Residential	1.6576
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Non-Residential

Water service charge

Quarterly Base Water Service Charge (\$)

Gold Coast

* Consumption- this figure is calculated from previous years annual consumption

Non-residential	
20mm	88.58
25mm; 0 - 290kL consumption pa	88.58
25mm; > 290kL consumption pa	138.18
32mm; 0 - 290kL consumption pa	88.58
32mm; 291kL - 454kL consumption pa	138.18
32mm; > 455kL consumption pa	226.94
40mm	354.32
50mm; 0 - 1160kL consumption pa	354.32
50mm; > 1160kL consumption pa	553.63
80mm; 0 - 1160kL consumption pa	354.32
80mm; 1161kL - 1814kL consumption pa	553.63

UTILITY CHARGES

**2011-12 Tariffs
(GST Exclusive)**

80mm; > 1814kL consumption pa	1,417.28
100mm; 0 - 1160kL consumption pa	354.32
100mm; 1161kL - 1814kL consumption pa	553.63
100mm; 1815kL - 4640kL consumption pa	1,417.28
100mm; > 4641kL consumption pa	2,214.50
150mm; 0 - 1160kL consumption pa	354.32
150mm; 1161kL - 1814kL consumption pa	553.63
150mm; 1815kL - 4640kL consumption pa	1,417.28
150mm; 4641kL - 7250kL consumption pa	2,214.50
150mm; > 7250kL consumption pa	4,982.63
200mm; 0 - 1160kL consumption pa	354.32
200mm; 1161kL - 1814kL consumption pa	553.63
200mm; 1815kL - 4640kL consumption pa	1,417.28
200mm; 4641kL - 7250kL consumption pa	2,214.50
200mm; 7251kL - 16314kL consumption pa	4,982.63
200mm; > 16315kL consumption pa	8,858.00
250mm; 0 - 1160kL consumption pa	354.32
250mm; 1161kL - 1814kL consumption pa	553.63
250mm; 1815kL - 4640kL consumption pa	1,417.28
250mm; 4641kL - 7250kL consumption pa	2,214.50
250mm; 7251kL - 16314kL consumption pa	4,982.63
250mm; 16315kL - 29000kL consumption pa	8,858.00
250mm; > 29000kL consumption pa	13,840.63
300mm; 0 - 1160kL consumption pa	354.32
300mm; 1161kL - 1814kL consumption pa	553.63
300mm; 1815kL - 4640kL consumption pa	1,417.28
300mm; 4641kL - 7250kL consumption pa	2,214.50
300mm; 7251kL - 16314kL consumption pa	4,982.63
300mm; 16315kL - 29000kL consumption pa	8,858.00
300mm; 29001kL - 45314kL consumption pa	13,840.63
300mm; > 45315kL consumption pa	19,930.50

Vacant Land

Non-Residential 88.58

Logan City (Logan North)

Non-Residential

20mm or less	62.16
25mm	97.13
32mm	159.13
40mm	248.64
50mm	388.50
65mm	747.11
80mm	994.56
100mm	1,554.00
150mm	3,496.50

UTILITY CHARGES

**2011-12 Tariffs
(GST Exclusive)**

200mm	6,216.00
225mm	7,867.13
250mm	9,712.50
300mm	13,986.00
Vacant Land	62.16
<u>Transferred Area A (former Beaudesert Shire) - (Logan South)</u>	
Non-Residential (On Demand)	105.67
Vacant Land (On Demand)	105.67
Non-Residential	
20mm or less	105.67
25mm	165.10
32mm	270.51
40mm	422.68
50mm	660.44
65mm	1,270.08
80mm	1,690.72
100mm	2,641.75
150mm	5,943.94
200mm	10,567.00
225mm	13,373.86
250mm	16,510.94
300mm	23,775.75
<u>Transferred Area D (former Gold Coast City) - (Logan East)</u>	
Non-Residential	91.38
Vacant Land	55.94
* Consumption- this figure is calculated from previous years annual consumption	
Non-Residential	
20mm or less	91.38
25mm ; < 291kL consumption pa	91.38
25mm; > 290kL consumption pa	142.77
32mm; < 291kL consumption pa	91.38
32mm ; 291 kL - 454kL consumption pa	142.77
32mm; > 454kL consumption pa	233.92
40mm	365.50
50mm ; < 1161kL consumption pa	365.50
50mm; > 1160kL consumption pa	571.10
65mm	1,098.27
80mm; < 1161kL consumption pa	365.50

UTILITY CHARGES

2011-12 Tariffs
(GST Exclusive)

80mm ; 1161 kL - 1814kL consumption pa	571.10
80mm; > 1814kL consumption pa	1,462.00
100mm; <1161kL consumption pa	365.50
100mm ; 1161 kL - 1814kL consumption pa	571.10
100mm; 1815kL - 4640kL consumption pa	1,462.00
100mm; > 4640kL consumption pa	2,284.38
150mm; <1161kL consumption pa	365.50
150mm ; 1161 kL - 1814kL consumption pa	571.10
150mm ; 1815 kL - 4640kL consumption pa	1,462.00
150mm; 4641kL - 7250kL consumption pa	2,284.38
150mm; > 7250kL consumption pa	5,139.86
200mm; <1161kL consumption pa	365.50
200mm ; 1161 kL - 1814kL consumption pa	571.10
200mm ; 1815 kL - 4640kL consumption pa	1,462.00
200mm; 4641kL - 7250kL consumption pa	2,284.38
200mm; 7251kL - 16314kL consumption pa	5,139.86
200mm; > 16314kL consumption pa	9,137.52
225mm	11,564.67
250mm; <1161kL consumption pa	365.50
250mm ; 1161 kL - 1814kL consumption pa	571.10
250mm ; 1815 kL - 4640kL consumption pa	1,462.00
250mm; 4641kL - 7250kL consumption pa	2,284.38
250mm; 7251kL - 16314kL consumption pa	5,139.86
250mm; 16315kL - 29000kL consumption pa	9,137.52
250mm; > 29000kL consumption pa	14,277.38
300mm; <1161kL consumption pa	365.50
300mm ; 1161 kL - 1814kL consumption pa	571.10
300mm ; 1815 kL - 4640kL consumption pa	1,462.00
300mm; 4641kL - 7250kL consumption pa	2,284.38
300mm; 7251kL - 16314kL consumption pa	5,139.86
300mm; 16315kL - 29000kL consumption pa	9,137.52
300mm; 29001kL - 45314kL consumption pa	14,277.38
300mm; > 45314kL consumption pa	20,559.42

Vacant Land 55.94

Redland

Non-residential

20mm	80.93
25mm	126.25
32mm	207.18
40mm	323.72
50mm	505.81
80mm	1,294.87
100mm	2,023.23
150mm	4,552.27

UTILITY CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Vacant Land	62.25
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Water Consumption Charge

Water Consumption Charge (\$/kL)

Gold Coast

Non-residential	
Allconnex Water Charge	1.0308
State Bulk Water Charge	1.9546
Total Charge	2.9854

Logan City (All)

Non-residential	
Allconnex Water Charge	0.8878
State Bulk Water charge	2.1125
Total Charge	3.0003

Redland

Non-residential / Council	
Allconnex Water Charge	1.5312
State Bulk Water Charge	1.2023
Total Charge	2.7335

Wastewater service charge

Quarterly Base Water Service Charge (\$)

Gold Coast

Non-residential	170.01
Vacant Land	170.01

UTILITY CHARGES

2011-12 Tariffs
(GST Exclusive)

Logan City (All)

Base Charge per Unit	7.1329
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Non-Residential

Non-residential Logan - North, New Logan East customers	
- First pedestal/urinal (20 units)	142.66
- Second and subsequent pedestal/urinal (15 units)	106.99
Non-Residential Transferred Area D (former Gold Coast, existing customers) (deemed pedestal units)	\$7.1329/unit
C.E.D Connection in Transferred Area A (former Beaudesert)	
- First pedestal/urinal (16 units)	114.13
- Second and subsequent pedestal/urinal (14 units)	99.86
Aged Care / Nursing Home / Retirement Complex	
- Each pedestal/urinal (15 units)	106.99
Vacant Land (15 units)	106.99

Redland

Base Charge per Unit	7.2106
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Non-residential (except Motels, clubs without Poker machines, Junior Sporting Clubs, Caravan Parks, Retirement Villages and Nursing homes)	
First Pedestal - (25 sewer units)	180.26
Second Pedestal - (20 sewer units)	144.21
Vacant Land - (25 sewer units)	180.26

Wastewater volume charge

Gold Coast

Property Discharge Factor (%)	varies between industries
Less: Quarterly Domestic Usage Allowance (kL)	46.25

UTILITY CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Chargeable Wastewater Volume per Property
(Water Consumption x Property Discharge Factor - Domestic Usage Allowance)

Wastewater Volume Charge (\$/kL)

Non-residential	4.1854
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Trade waste Service charge

Quarterly Fixed Trade Waste Charge

Redland

Generator Charge	90.13
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Annual Fixed Base Charge (\$/generator)

Logan (All)

Non-residential	
Category 1	92.00
Category 2	617.00
Category 3	923.82

Additional charge for generators with waste disposal units:

Category A < 400 Watts	1,141.26
Category B - 401-700 Watts	2,853.14
Category C - 701-1000 Watts	3,994.40
Category D - 1001-1500 Watts	5,135.66
Category E - 1501-2000 Watts	6,847.55
Category F - Greater than 2001 Watts	7,988.80

Trade Waste Quality Analysis Charge

Contract Customers	298.78
Default Customers	326.21

Trade waste volume charge

Volumetric Trade Waste Charges

Gold Coast

Non-residential	
Chemical Oxygen Demand (COD) is > 1000mg/l - \$/Kg	1.5022
Non-volatile suspended solids (NVSS) is > 10mg/l - \$/Kg	0.9738
Phosphorous is > 10mg/l - \$/Kg	10.7848

UTILITY CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Redland

Trade Waste Discharge - Volume (\$/kL)	1.9994
Trade Waste Discharge - Quantity	
B.O.D - \$/kg	1.4607
C.O.D - \$/kg	1.4607
N.F.R - \$/kg	0.6526
Oil & Grease - \$/kg	0.6526
Phosphorous - \$/kg	6.0502
Nitrogen - \$/kg	1.8130
Food waste disposal units based on power of motor	31.2043
Constant "d" for use when determining additional charge for excess strength waste	1.2432

Variable Conveyance and Treatment Charge

Logan (All)

Non-residential	
Category 1 - flat fee	269.29
Category 2 - \$/kL	1.4711
Category 3	
Volume - \$/kL	0.7666
BOD - \$/Kg	1.1914
NFR - \$/Kg	1.7716
COD - \$/Kg	0.6320
TOG - \$/Kg	0.8910
Other Pollutants - \$/Kg	0.8910
Trade Waste from Cooling Towers	
First 500kL - flat fee	269.29
Over 500kL - \$/kL	1.4711

Other

Logan Fire service charges

Metered

Quarterly Base Fire Service Charge	62.16
Fire Service Consumption Charge (\$/kL) - volume above 3kL per quarter	27.9720

UTILITY CHARGES

2011-12 Tariffs
(GST Exclusive)

Unmetered

Quarterly Base Fire Service Charge

248.64

Non-core and non-regulatory fees and charges

[Refer to the District Non-core and non-regulatory fees and charges schedule](#)

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

WATER SUPPLY

Information Statements (Water Account Search)	<p>Fee for the provision of information relating to water accounts. Fee includes the provision of an existing account balance, a special water meter read (where applicable) and the production of an information statement. This information may assist financial calculations associated with property ownership transfer. This fee does not include trade waste searches and is non-refundable.</p>	33.00
Portable Metered Standpipe - Long Term Hire Security Deposit	<p>Charge for <u>Long Term Hire</u> of an Allconnex Water portable metered standpipe: Security Deposit for metered standpipe</p>	1,478.97
Portable Metered Standpipe - Long Term Hire Daily Charge	<p>Monthly charge for <u>Long Term Hire</u> of an Allconnex Water portable metered standpipe: Charge allocated on a daily basis</p>	43.75
Portable Metered Standpipe - Short Term Hire Daily Charge	<p>Hire Charge for <u>Short Term Hire</u> (maximum 2 days) of an Allconnex Water portable metered standpipe. No deposit will be required. Basic 2 day maximum hire charge</p>	117.38

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Portable Metered Standpipe - Short Term Hire Daily Charge after 2 days	Daily Charge for Short Term Hire (maximum 2 days) of an Allconnex Water portable metered standpipe. No deposit will be required. Basic 2 day maximum hire charge. Charge per day thereafter to a maximum of 28 days	9.60
Standpipe Water Sales	Total Charge - Water sales through standpipe and to non-service charge customers (per kilolitre)	3.6592
	Allconnex Water Charge	1.7042
	State Bulk Water Charge	1.9550
Class A+ Standpipe Water Sales	Class A+ Standpipe Water Sales	1.6576
Standpipe Damage	Repair Charge for Damaged Standpipe	POA
Water Meter Inline Field Test for 20mm and 25mm Meters	On site test using a portable device to test water meter accuracy	126.98
Water Meter Laboratory Test for 20mm and 25mm Meters	Meter removal and transport to independent laboratory for testing of accuracy for 20mm and 25mm meters	240.09

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Water Meter Laboratory Test and Disassemble for 20mm and 25mm Meters.	Meter removal and transport to independent laboratory for testing of accuracy for 20mm and 25mm meters and disassembly for testing of internal components	324.39
Water Meter Laboratory Test for 32mm and 40mm Meters	Meter removal and transport to independent laboratory for testing of accuracy for 32mm and 40mm meters	POA
Water Meter Laboratory Test for 50mm and 80mm Meters	Meter removal and transport to independent laboratory for testing of accuracy for 50mm and 80mm meters	POA
Water Meter Laboratory Test for 100mm and 150mm Meters	Meter removal and transport to independent laboratory for testing of accuracy for 100mm and 150mm meters.	POA
Water Meter Laboratory Test for 200mm Meters	Meter removal and transport to independent laboratory for testing of accuracy for 200mm meters	POA
<p><u>Water Service Disconnection</u> The disconnection of a water service will be carried out by Allconnex Water Officers for the disconnection fee as stated, for each connection point.</p>		338.26
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	Standard meter Installations. 20mm diameter service	1,338.12

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	Standard meter Installations. 25mm diameter service	1,550.47
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	Standard meter Installations. 40mm diameter service with DCV (Dual Check Valve) Backflow Prevention.	3,231.12
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	Standard meter Installations. 40mm diameter service and Meter for Recycled Water	2,039.19
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	Standard meter Installations. 50mm diameter service with DCV Backflow Prevention	4,254.45
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	Standard meter Installations. 50mm diameter service and Meter for Recycled Water	3,277.00
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	Installation of 20mm Meter with DCV backflow prevention device only where developer has pre-installed service line and Meter Box to boundary.	146.19
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	Standard meter Installations. New Duplex Dwellings (2 x 20mm dia services)	2,259.01

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Standard meter Installations. Redevelopment of single Residence to Duplex Dwelling Units (Extra 20mm dia Service)</p>	<p>POA</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Standard meter Installations. Additional 20mm dia Service to single service Duplex Dwelling Units (Applicable only to existing duplexes constructed prior to mandatory requirements for individual metering to duplexes implemented post amalgamation 22 March</p>	<p>419.36</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Standard meter Installations. 20mm Meter & Meter Box, only where service line to property boundary pre-installed by Developer</p>	<p>295.58</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Installation of 20mm Meter and Box (x2) on a Duplex site with pre-installed service lines.</p>	<p>542.08</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Installation of 20mm Meter and Box (x4) on a Duplex site in a dual reticulation area with pre-installed service lines.</p>	<p>1,083.09</p>

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Upgrade Existing meter Installation; Upgrade from 12.7mm dia to 20mm dia service</p>	1,338.12
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Upgrade Existing meter Installation; Upgrade from 20mm dia to 25mm dia service</p>	1,550.47
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Fast Track Charge for 20mm Meter installation. Alternative fee for priority installation of Meter within three working days of payment date. (Applicable only to 20mm Readytap installations or a 20mm standard Meter installation where the water main is on</p>	240.09
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Meter Installation by Quotation. Relocate existing metered service or locate in non-standard location</p>	POA
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Meter Installation by Quotation. 100mm dia service</p>	POA
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Meter Installation by Quotation. 150mm dia or greater than 150mm dia service</p>	POA

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Standard dual reticulation meter installations. 20mm Pre-installed requiring domestic (potable) meter and meter box (incl. Backflow prevention device); only where service line to property boundary pre-installed by Developer.</p>	<p>295.58</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Standard dual reticulation meter installations. 20mm Pre-installed requiring recycle meter and meter box (incl. backflow prevention device), only where service line to property boundary pre-installed by Developer.</p>	<p>295.58</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Rainwater meter installation. Standard dual reticulation meter installations. 20mm Pre-installed requiring domestic (potable) meter and meter box for rainwater tank system installations (incl. backflow prevention device), only where service line to prop</p>	<p>295.58</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Rainwater meter installation. 20mm diameter service and domestic (potable) meter for rainwater tank installations (including backflow prevention device).</p>	<p>1,338.12</p>

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

2011-12 Tariffs (GST Exclusive)		
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Standard dual reticulation meter installations. 25mm diameter service and domestic (potable) meter (incl. backflow prevention device)</p>	<p>1,550.47</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Standard dual reticulation meter installations. 25mm diameter service and recycle meter (incl. backflow prevention device)</p>	<p>1,550.47</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Rainwater meter installation. Standard dual reticulation meter installations. 25mm diameter service and domestic (potable) meter for rainwater tank installations (incl. backflow prevention device)</p>	<p>1,550.47</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Rainwater meter installation. Standard dual reticulation meter installations. Rainwater tank system - existing 20mm domestic (potable) meter (meter conversion only)</p>	<p>105.64</p>
<p><u>Water Service Installation and Connections</u> The installation and connection fee to be paid to Allconnex Water for constructing, fixing pipes and associated fittings shall be that for each particular water supply service and type.</p>	<p>Rainwater meter installation. Standard dual reticulation meter installations. Rainwater tank system - existing 25mm domestic (potable) meter (meter conversion only)</p>	<p>154.73</p>
<p>Water Works Raise or Lower</p>	<p>Prepaid Private Works</p>	<p>POA</p>

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Water Systems Extensions	Prepaid Private Works	POA
Water Connection to Existing System	Prepaid Private Works	POA
Network Analysis Water System Capacity Review	Water Network Analysis	POA
<u>Water Flow / Pressure Testing of Allconnex Water Mains</u> It is a requirement of the Building Act that buildings with certain floor areas have to install fire fighting services.	Charge for flow / pressure test undertaken by Allconnex Water - Single hydrant	330.79
<u>Water Flow / Pressure Testing of Allconnex Water Mains</u> It is a requirement of the Building Act that buildings with certain floor areas have to install fire fighting services.	Charge for flow / pressure test undertaken by Allconnex Water - Double hydrant	390.55
Sub-Division Pump Stations - Mech/Elec Inspections	Water Pump Stations	1,410.68
Sub-Division Pump Stations - Mech/Elec Inspections	Wastewater Pump Stations	1,410.68
Compliance Search Inspections	Consultancy fees for the provision of services are charged on an hourly basis for a minimum of two hours	162.20

SCIENTIFIC TESTING

Chemical or Biological Testing Services	Chemical or Biological Testing, and Sampling Collection Services	POA
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WASTEWATER

Wastewater - Service Disconnection The disconnection of a wastewater service will be carried out by Allconnex Water Officers for the disconnection fee as stated, for each connection point		608.24
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GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

			2011-12 Tariffs (GST Exclusive)
Water and Wastewater Locations On site locations of Allconnex Water's Water and Wastewater Infrastructure	Call out rate per visit		68.08
Water and Wastewater Locations On site locations of Allconnex Water's Water and Wastewater Infrastructure	Attendance rate per 15 minutes on site		21.13
Wastewater - Raising and lowering of Access Inspection Chambers	Raising Neck Only. 0- 300mm		POA
Wastewater - Raising and lowering of Access Inspection Chambers	Complete Chamber. 0-350mm		POA
Wastewater - Raising and lowering of Access Inspection Chambers	Complete Chamber. 350-500mm		POA
Wastewater - Raising and lowering of Access Inspection Chambers	Complete Chamber. 500-700mm		POA
Wastewater - Raising and lowering of Access Inspection Chambers	Complete Chamber. 700-1050mm		POA
Wastewater - Raising and lowering of Access Inspection Chambers	Complete Chamber. 1050-1400mm		POA
Wastewater - Sewer Extensions	Prepaid Private Works		POA
Wastewater - Connections to Existing Sewers	Prepaid Private Works		POA
Building Application Relaxation Fees – Allconnex Water service main	Fee for relaxation to allow building of a structure with 2 meters of the Allconnex Water service main		314.79
Sullage and Septic Waste	Disposal of waste collected from within GCCC at the Coombabah Trade Waste Pit. Sullage Waste		4.2269

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Sullage and Septic Waste	Disposal of Septic waste collected from outside GCCC or septic and sullage waste as otherwise approved by Allconnex at the Coombabah Trade Waste Pit. Septic Waste	135.5088
Network Analysis Waste Water System Capacity Review	Waste Water Network Analysis	POA

RECYCLED WATER SUPPLY

Network Analysis Recycled Water System Capacity Review	Recycled Water Network Analysis	POA
Sale of Recycled Water Access Key Tags	Recycled Water Access Key Tags	53.35

GUIDELINES AND STANDARDS

Standard Specification SS9 Specification for Construction of Major Sewerage Works		30.52
Standard Specification SS10 Specification for Construction of Major Water Supply Mains		30.52
Standard Specification SS11 Specification for construction of Reservoirs		30.52
Standard Specification SS12 General Requirements for Electrical Installations		30.52
Standard Specification SS14 General Requirements for Mechanical Installations		30.52

GOLD COAST NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Water Reticulation Standard Specifications & Drawings 1999 Edition	30.52
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Sewer Reticulation Standard Specifications & Drawings 1999 Edition	30.52
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DOCUMENTS

Tender Documents	27.00
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Delivery of tender Documents by express post	11.74
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Miscellaneous documents / reports	POA
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DEVELOPER CONTRIBUTIONS/INFRASTRUCTURE CHARGES

Refer to Councils website for your development

Refer Council website

LOGAN NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

RECYCLED WATER B VOLUME CHARGES

Recycled Water B Volume Charge (\$/kL)

WWTP at Loganholme	1.0442
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STANDPIPE VOLUME CHARGE

Standpipe Volume Charge (\$/kL)

Metered and Elevated Standpipes	Total Charge	4.7620
	Allconnex Water Charge	2.6490
	State Bulk Water Charge	2.1130

NOTE: Refundable Deposit of \$1,854 (metered standpipes only)

WATER

1) WATER SERVICE INSTALLATIONS, EXTENSIONS, DISCONNECTIONS AND OTHER WORK

Water Service Installation

Standard residential 20mm	1,310.37
25mm residential	1,485.38
25mm short	2,125.62
25mm long	3,230.05
32mm short	3,228.98
32mm long	4,524.42
40mm short	3,868.17
40mm long	4,876.56
50mm short	4,983.26
50mm long	6,032.20

Other Water Service Installation

Other - Based on prepared estimate	POA
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Outside Area Water Service Installation

Based on prepared estimate	POA
20mm domestic service	7,896.39

LOGAN NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

Extensions of Mains, Other Works

Based on prepared estimate	POA
Repairs to private plumbing installations	POA

Water Main Tapping (Group Title)	409.76
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Disconnection of water	582.63
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2) WATER METERS - ACCURACY TESTS

(Deposit refunded if meter found to be faulty)

Water Consumption Test - Meter Tested on Site (20mm & 25mm only)	117.38
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Meter Accuracy Test 20mm - Tested by an Independent Body	474.85
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Meter Accuracy Test 25mm - Tested by an Independent Body	474.85
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Meter Accuracy Test 32mm - Tested by an Independent Body	520.74
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Meter Accuracy Test 40mm - Tested by an Independent Body	520.74
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Meter Accuracy Test 50mm - Tested by an Independent Body	553.81
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Meter Accuracy Test 80mm - Tested by an Independent Body	553.81
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Meter Accuracy Test 100mm - Tested by an Independent Body	615.71
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3) WATER METERS - RELATED SERVICES

Residential

Supply only of a replacement meter box and lid	40.86
Supply and installation of a replacement meter box and lid	137.22
Replace stolen water meter	171.80
Sale of water meters and associated equipment	POA

Commercial	POA
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LOGAN NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

4) REPAIR SERVICES

Repairs to Standard 20mm Water Service

During Work Hours	287.84
After Hours	371.34

5) SALE OF WATER AND RELATED SERVICES

Replacement Proximity Reader - Council Overhead Standpipe

Refundable Deposit	53.35
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New Proximity Reader - Council Overhead Standpipe

Refundable Deposit	106.71
Water Tag - elevated standpipes (Beaudesert only)	20.72

Water Demand Management

Water Efficiency Management Plan (WEMP)

WEMP Annual Monitoring Fee	76.19
Water Efficiency Audit	POA

6) WATER METER READING

Special Reading	52.66
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Body Corporate - Sub Metering Charge	2.66
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7) INFORMATION STATEMENTS (Water Account Search)

Fee for the provision of information relating to water accounts. Fee includes the provision of an existing account balance, a special water meter read (where applicable) and the production of an information statement. This information may assist financial calculations associated with property ownership transfer. This fee does not include trade waste searches and is non-refundable.

33.00

WASTEWATER

8) SEWERAGE RETICULATION, EXTENSIONS AND OTHER WORK

Extension of Mains, Other Works

On Application	POA
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LOGAN NON-CORE AND NON-REGULATED FEES AND CHARGES

2011-12 Tariffs (GST Exclusive)	
Raising / Lowering of Manholes On Application	POA
Capping off disconnected sewer junction	991.32
9) SEWER JUNCTIONS	
Installation of Sewer Junction	
Standard 100mm diameter sewer junction to existing 150mm diameter sewer	
0 - 1.5m deep	POA
1.5m - 3.0m deep	POA
Over 3.0m deep	POA
Non-standard junctions	POA
10) REPAIRS TO PRIVATE DRAINAGE	
Clearing Blocked House Drain	
Normal Working Hours - first hour on site	197.89
Normal Working Hours - every subsequent quarter hour or part thereof	36.66
After Hours & Public Holidays - first hour on site	274.52
After Hours & Public Holidays - every subsequent quarter hour or part thereof	55.00
11) CAMERA INSPECTION OF SEWERAGE LINES (Includes 2 inspections - before and after works)	
Camera Inspection of sewerage lines private properties - swimming pools only	965.91
12) TRADE WASTE - ADDITIONAL INSPECTION AND ANALYSIS FEES	
Additional Inspection Fees	
Inspections - per hour or part thereof	67.70
Trade Waste Consulting	POA
Trade Waste Search Fees	39.21
13) ON SITE SUPERVISION - WATER & SEWER	
Supervision - per hour or part thereof	105.05

LOGAN NON-CORE AND NON-REGULATED FEES AND CHARGES	
	2011-12 Tariffs (GST Exclusive)
14) LIQUID WASTE	
Septic & Holding Tank - per kL or part thereof	53.4576
Other	POA
LABORATORY	
15) LABORATORY SERVICES	
Tests	POA
OTHER	
16) MINOR BUILDING WORKS	
Build near sewer application (GC transferring area only) - per application	356.40
DEVELOPER CONTRIBUTIONS/INFRASTRUCTURE CHARGES	
Refer to Councils website for your development	Refer Council website

REDLAND NON-CORE AND NON-REGULATED FEES AND CHARGES

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TRADE WASTE

Disposal of Grease Waste at a suitable location (per KL)	per KL	418.9584
Disposal of Chemical Toilet Waste at a suitable location (per KL)	per KL	111.8880
Disposal of Domestic Strength Sewage at a suitable location (per KL)	per KL	7.5835

RECYCLED WATER B VOLUME CHARGES

Recycled Water B Volume Charge (\$/KL)

Residential	1.6472
Non-Residential	1.6472

WASTEWATER

MAINLAND - Raising/Lowering Sewer Manhole Fixed Charge - Materials and Plant hire as required	fixed charge	POA
MAINLAND - Raising/Lowering Sewer Manhole Additional charge per hour - Materials and Plant hire as required	per hour	POA
ISLAND - Raising/Lowering Sewer Manhole Fixed Charge - Materials and Plant hire as required	fixed charge	POA
ISLAND - Raising/Lowering Sewer Manhole Additional charge per hour - Materials and Plant hire as required	per hour	POA
Removal of Obstruction from house drain (additional per hour, does not include weekends)	fixed charge	157.14
	per hour	403.36

REDLAND NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
(GST Exclusive)**

WATER SUPPLY

Information Statements (Water Account Search)

Fee for the provision of information relating to water accounts. Fee includes the provision of an existing account balance, a special water meter read (where applicable) and the production of an information statement. This information may assist financial calculations associated with property ownership transfer. This fee does not include trade waste searches and is non-refundable.	per application	33.00
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WEMP Fee

Processing of application	per application	255.03
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Water Meters - MAINLAND

Water Meter Search - MAINLAND (includes Coochiemudlo Island)	per search	61.89
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Water Meter Search Admin Fee (applied to search requests cancelled after processing has commenced)	per search	19.37
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On Site Meter Accuracy test - MAINLAND (includes Coochiemudlo Island) (site based meter check with calibrated meter, Refundable if meter found to be inaccurate)	per read	60.82
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Verification Meter Accuracy MAINLAND (includes Coochiemudlo Island) (removal of meter and NATA lab test, 20mm standard meter only, larger meters POA)	per inspection	523.94
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Water Meters - ISLAND

Water Meter Search - ISLANDS	per search	67.23
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On Site Meter Accuracy test - ISLANDS (site based meter check with calibrated meter, Refundable if meter found to be inaccurate)	per read	92.84
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Verification Meter Accuracy ISLAND (removal of meter and NATA lab test, 20mm standard meter only, larger meters POA)	per inspection	536.74
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REDLAND NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
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Water Connection Fee

20mm Water Service Connection to Water Main - MAINLAND (includes (No Suggestions) Island) (short side connections, cost for road crossing additional)	per connection	896.35
20mm Water Service Connection to Water Main - ISLAND (short side connections, cost for road crossing additional)	per connection	932.63
25mm Standard Short Water Service Connection to Water Main (cost for road crossing additional) - MAINLAND	per connection	POA
25mm Standard Short Water Service Connection to Water Main (cost for road crossing additional) - ISLAND	per connection	POA

Hydrant Permit

Water Tanker Filling Permit per month	per application	59.76
(Additional or replacement cards)	per application	5.34
Metered Standpipes per month *** water at commercial rates	per application	147.26
Recycled water metered standpipe *** water additional	per application	147.26
Bond for metered standpipe (refundable upon satisfactory return of standpipe)	bond	1,920.74

Alterations to Meter Position MAINLAND (includes Coochiemudlo Island)

Alter height only of meter	per application	POA
Relocate meter or stopcock	per application	POA
Provision of Water Meter 20mm (new properties only - no installation)	per meter	305.57
Provision of Water Meter plus stop valve (no installation)	per meter	577.19
Water main pre-test filling (water consumption at commercial rate)	per application	374.55
Water Services and/or Water Meter Disconnection Fee	per application	484.45

REDLAND NON-CORE AND NON-REGULATED FEES AND CHARGES

**2011-12 Tariffs
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Alterations to Meter Position ISLAND

Alter height only of meter	per application	POA
Relocate meter or stopcock	per application	POA
Water main pre-test filling (water consumption at commercial rate)	per application	387.35
Water Services and/or Water Meter Disconnection Fee	per application	402.29

LABORATORY FEES

BOD	per test	37.35
COD	per test	32.01
pH	per test	10.67
Dissolved Oxygen	per test	10.67
Alkalinity	per test	16.01
Conductivity	per test	10.67
Free/Total Chlorine	per test	10.67
Total Suspended Solids	per test	21.34
Total Solids	per test	19.21
Total Dissolved Solids	per test	21.34
Volatile Solids	per test	16.01
Volatile Suspended Solids	per test	19.21
Turbidity	per test	10.67
Colour	per test	16.01
Chloride	per test	22.41
Ammonia Nitrogen	per test	40.01
Oxidized Nitrogen	per test	41.62
Ammonia Nitrogen + Oxidized Nitrogen	per test	42.68

REDLAND NON-CORE AND NON-REGULATED FEES AND CHARGES

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Total Nitrogen	per test	40.01
Total Phosphorous	per test	39.59
Total Phosphorus + Total Nitrogen	per test	41.08
Reactive Phosphorous	per test	26.68
Oil & Grease	per test	46.95
Metals by Flame AAS	per test	40.01
Chlorophyll a	per test	29.10
Sulphate	per test	23.48
24 Hour Automatic Sample collection	per test	234.76
Ammonia Nitrogen (batch of more than 40 samples)	per test	26.68
Oxidized Nitrogen (batch of more than 40 samples)	per test	28.81
Ammonia Nitrogen + Oxidized Nitrogen (batch of more than 40 samples)	per test	29.88
Total Nitrogen (batch of more than 40 samples)	per test	26.68
Total Phosphorus + Total Nitrogen (batch of more than 40 samples)	per test	27.74
Total Phosphorous (batch of more than 40 samples)	per test	26.68
Reactive Phosphorous (batch of more than 40 samples)	per test	20.27
UV Transmittance (batch of more than 40 samples)	per test	10.67
Temperature (batch of more than 40 samples)	per test	8.54

DEVELOPER CONTRIBUTIONS/INFRASTRUCTURE CHARGES

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Document Status

Rev No.	Author	Reviewer	Approved for Issue	Date
1	Gary Davies	Andrew Foley	Board	23 August 2011

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