

QCA Draft Report – SEQ Price Monitoring for 2013-15

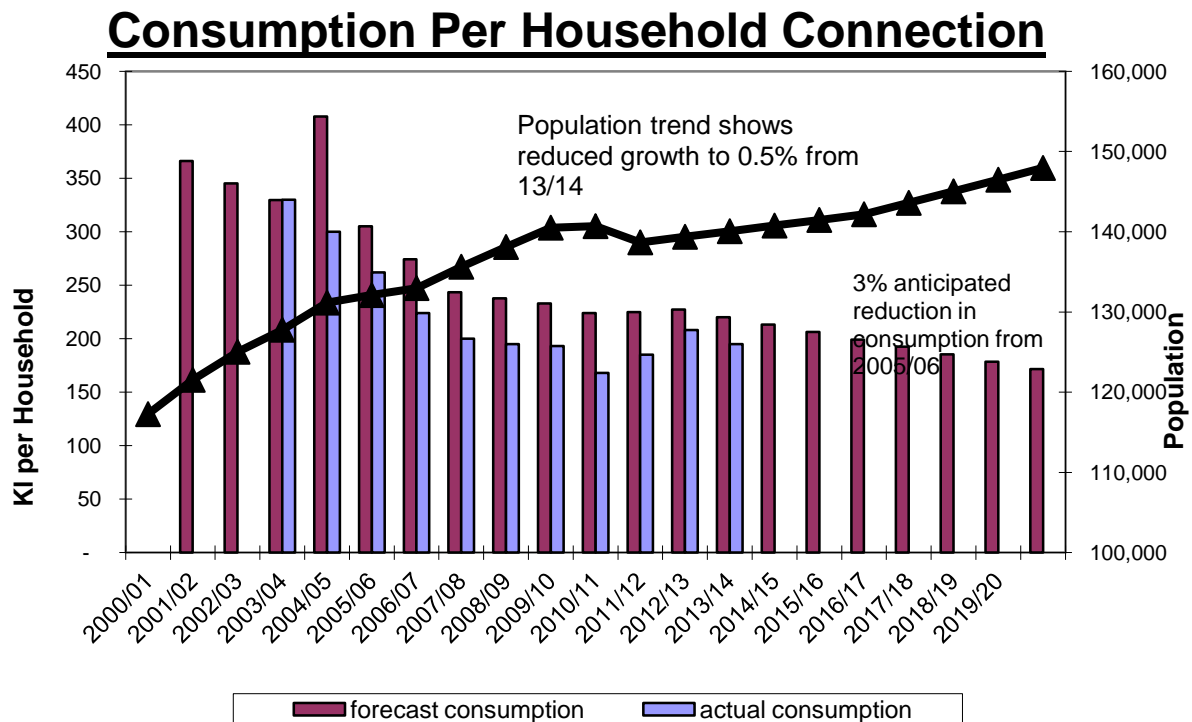
Part B – Redland Water

This response is based on the Draft Report issued by the QCA – January 2014.

3 DEMAND

3.2 Water

The QCA has questioned the validity of the growth patterns used by Redland Water. Redland Water has been collecting water consumption data and applying this to population growth to estimate water volume impacts. As shown in the graph below, population trends have slowed and consumption per connection has reduced.



The use of the OESR rate of 1.7% would inflate our consumption and revenues above Redland City Council forecast growth expectations and historical realised growth.

The commercial growth patterns are more stable and we will assume the growth rate of 1.7% OESR.

3.3 Bulk Water Forecasts

The QCA has assumed a high level of bulk water for Redland Water. 2012/13 was forecast at 13,145ML (Table 7) when the actual bulk water flow was only 12,683ML. This highlights the growth used by the QCA to be too high for Redland Water.

4.13 Capital costs

On page 38 of page 38 of Part B, Table 33 has a typo. In the last column (Sewerage QCA 2014/15), gross return on capital is stated at 180 – this should be 18.0.