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Serving you today,
investing in tomorrow.

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Mr Rick Stankiewicz
Director
Queensland Competition Authority
Email: water@qca.org.au

28 February 2014

Dear Mr Stankiewicz

Draft Report SEQ Price Monitoring for 2013-15

Thank you for the opportunity to respond to the Queensland Competition Authority's Draft Report entitled "*SEQ Interim Price Monitoring for 2013-15 Part A Overview; Part B Unitywater*" including related appendices and reports.

Unitywater welcomes the Authority's draft findings that:

- there has been no exercise of monopoly power in 2013-14 or 2014-15;
- forecast revenues are below the Authority's MAR forecasts for both 2013-14 and 2014-15; and
- strategic initiatives designed to lower Unitywater's cost to serve are, as evidenced by the Authority's prudency and efficiency reviews of both capital and operating expenditure, being realised across the business.

Unitywater welcomes the Authority's and SKM's constructive comments and findings in relation to the sample of capital and operating expenditure subject to detailed review. In those instances where a divergence of viewpoints exists, additional detail has been provided in Attachment 1 to this letter.

In this regard, Unitywater's overarching concern relates to the way price movements have been selectively presented in the Draft Report. It is worth noting that, as a result of Unitywater's tariff reform, a typical low use (29kL pa) customer in Redcliffe experienced a 8.6% reduction in the component of their bill attributable to Unitywater out of a total increase of 31.2%. Similarly, an average customer using 150kL pa received a 4.9% increase in the component of their bill attributable to Unitywater out of a total increase of 37.2%.

Even for an outlier customer such as the high volume (200kl annual usage) Redcliffe customer selectively identified in the Draft Report, only 8.7% of the stated 38.8% bill increase from 2012-13 can be attributed to Unitywater.

By presenting a more balanced view of customer price movements in the Final Report, Unitywater considers that the Final Report's accuracy and utility as a tool for bringing about positive change would be substantially enhanced.

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Unitywater acknowledges the important work undertaken by the Authority over the last 4 years in contributing to an environment focused on reducing service delivery costs. As in previous years, all comments and discussions contained in the Authority's Report will be taken into consideration as Unitywater continues to streamline its business to better serve its customers.

Yours sincerely

George Theo
Chief Executive Officer

Attachment 1 – Response to Draft Report SEQ Price Monitoring for 2013

Response to Draft Report SEQ Price Monitoring for 2013-15

1. Prices and Bills

Unitywater worked closely with key stakeholders prior to the release of 2013-14 prices to ensure the transition to the new tariff structure was well understood and that the impact of changes was transparent to different types of residential users. Unitywater also implemented a detailed communication rollout and plan, which ranged from briefing media (radio, tv, and print) through to posting material to customers that explained the changes in letters and bill inserts. Further, Untiywater worked closely with Councils and State Government regarding removal of the Moreton Bay rebate, the one-off state government rebate and bulk water price increases. Therefore, it is with some considerable concern that *Section 2.3 Residential Bills*, intentionally or otherwise, seeks to challenge this.

Unitywater has the following issues with the information presented:

a. Lack of disaggregated information to inform the reader

Section (a) of the Ministerial Direction (the Direction) requires the Authority to:

> *Provide information to customers about the costs and other factors underlying the provision of water and sewerage services including distinguishing between bulk and distribution/retail costs to the extent possible.*

Unitywater contends that, in the absence of additional material designed to contextualise and clarify each of the specific billing components referred to in *Section 2.3*, there exists the potential for users of the Report to be misled. Further, without additional clarifying material, Unitywater is of the view that the Report is unlikely to deliver upon the spirit or intent of the Ministerial Direction.

Unitywater submits that *Table 1.1* (below), if it were to be included in the Authority's Final Report, would provide users with a more holistic view of the drivers behind customer price increases. In saying this, it should be noted that Unitywater considers that the Authority should apply a usage level reflecting average usage within the Unitywater region, rather than outlier, customers. This is further discussed below.

Table 1.1: % Change in pricing between 12-13 and 13-14 bill based on 200kl annual usage (*Note: 75% of Moreton Bay customers use less than 200kl per annum*)

Region	Retail Distribution (Unitywater)	Sewerage (Unitywater)	**Total Unitywater**	Bulk Water	Loss of Rebates	**Total Change in Bill**
Sunshine Coast	1.8%	4.8%	**6.6%**	11.2%	0%	**17.8%**
Caboolture	3.1%	4.9%	**8.0%**	9.6%	10.4%	**28.0%**
Pine Rivers	3.0%	4.8%	**7.8%**	9.4%	8.1%	**25.3%**
Redcliffe	3.3%	5.4%	**8.7%**	10.4%	19.7%	**38.8%**

By providing additional context around the components of pricing specifically within Unitywater's control and contrasting these with pricing elements outside of Unitywater's control, Unitywater considers that there would be substantially less opportunity for confusion.

Unitywater proposes that the Final report shows disaggregated price movements and statements regarding price movements are qualified by reference to Unitywater's component of the increase.

b. Inconsistent with the intent of the Ministerial Direction

The Direction also provides that:

> *For each entity, the QCA shall monitor the change in prices of distribution and retail water and sewerage services for residential and non-residential customers.*

Importantly, the Direction neither specifies nor implies that price movements outside of an entity's control are to be attributed to an entity as though these movements are within its control.

Unitywater considers that delivering upon the spirit and intent of the Ministerial Direction requires that users of the Report be given sufficient information to establish not only price movements, but those entities responsible for giving rise to these movements.

In *Figure 2 Residential bills*, rebates and subsidies, which are entirely outside of Unitywater's control, are netted off against the 2012-13 prices for water, sewerage and bulk water. This is misleading. Their removal in 2013-14, which are similarly beyond Unitywater's control, distort the year-on-year movement presented in Figure 2 and supports the formation of an erroneous view that, as a result of price increases attributable to Unitywater, customers are substantially worse off. This is not the case.

Unitywater proposes that the Final report shows disaggregated price movements and that such movements are presented so as to be transparent to the reader.

c. Data displayed not representative of average customer usage

In outlining price increases, the Authority has applied an unreasonably high level of annual consumption (higher than the Authority's own views on current SEQ usage). This results in the communication of increases which would only apply to a small proportion of Unitywater's customers. Around three quarters of Unitywater's residential customers consume less than 200kl per annum. Accordingly, expressing increases based on high usage is inflammatory, unbalanced, and misleading. Importantly, the way in which data has been presented does not provide Unitywater's average customers with an understanding of price movements and their impact upon them.

For comparative purposes across the SEQ distributor-retailers, it is proposed that, based on the Authority's own statements on page 14 of Part B, which would indicate that SEQ customers are using less than 182.5kl per annum, annual usage of no more than 182kl be used as a basis for bill comparison across each of the entities.

In addition to average SEQ usage, the report should highlight the impacts for customers within a region. In Unitywater's case the average customer uses substantially less water than the NWC's benchmark and longer term SEQ usage, with average customer usage across the Moreton Bay and Sunshine Coast regions being approximately150kl per annum across both regions as detailed in Table 2.1.

Table 2.2: % Change in pricing between 12-13 and 13-14 bill based on 150kl annual usage

Region	Retail Distribution (Unitywater)	Sewerage (Unitywater)	**Total Unitywater**	Bulk Water	Loss of Rebates	**Total Change in Bill**
Sunshine Coast	1.5%	2.5%	**5.0%**	11.2%	0%	**15.2%**
Caboolture	1.4%	3.0%	**4.4%**	9.5%	11.4%	**25.4%**
Pine Rivers	1.4%	3.0%	**4.4%**	9.3%	8.9%	**22.6%**
Redcliffe	1.6%	3.3%	**4.9%**	10.4%	21.8%	**37.2%**

As can be seen from the table above, a customer in Redcliffe with average use experienced a 4.9% increase as a result of Unitywater's tariffs.

Appendix 1 provides further details on impact on different customers based on usage thereby more accurately reflecting the impact of Unitywater's tariff rebalancing undertaken in 2013-14. A highlight of this is that low use customers received savings as a result of these changes. Unitywater proposes that this additional information is included in the QCA's final report.

Unitywater proposes that the Final report shows disaggregated customer impacts using lower and more appropriate annual usage and notes the impact regional usage levels have on price movements.

Unitywater proposes that the Final report includes the additional information provided in Appendix 1.

2. Demand

Unitywater welcomes the Authority's acknowledgement that demand forecasting methods currently in place are appropriate given the maturity level of the business. Unitywater also accepts that an opportunity exists to develop enhanced forecasting methodologies by engaging in collaborative efforts with other SEQ water entities.

Unitywater agrees with the QCA's view that recent data no longer support's SKM's view that a rebound to 200 l/p/d is likely. Unitywater notes that in its Final Report for 2012-13, the Authority provided advice in relation to "*Recommended Residential Average Consumption (l/p/d) rates*". These rates appear below with comparisons from the Authority's 2013-15 Draft Report.

It is worth noting that Unitywater, in developing its budget assumptions, took into consideration the Authority's recommendations and the Authority did not provide any advice that their position in relation to consumption rates had changed to inform the development of the 2013-15 price monitoring submission. It would have been beneficial had this view been provided to the distributor-retailers in February 2013 when forecasts for the 2013-15 period were being developed, although the details below highlight that forecasts will vary to actuals and do not consistently reflect low or medium outlooks.

Table 6.3: QCA Advice in relation to Residential Water Volume (Litres/Person/Day)

	2013-14		**2014-15**	
Region	QCA's 2012-13 Final Report	QCA's 2013-15 Draft Report	QCA's 2012-13 Final Report	QCA's 2013-15 Draft Report
Moreton Bay	169	164.4	171	164.9
Sunshine Coast	206	191.8	216	192.4

Unitywater's actual data for residential water was as follows:

Table 6.1: Residential Water

Region	UW Actual 2012-13 l/p/d	UW Actual 2012-13 kl pa	UW YTD Actual 2013-14 (Jul 13 - Jan 14) l/p/d	UW YTD Actual 2013-14 (Jul 13 - Jan 14) kl pa
Moreton Bay	158	144	165	151
Sunshine Coast	186	170	196	179

Unitywater has relied on trends in actual demand to inform 14-15 prices and a long term price path.

Unitywater proposes that the Final report highlights that actual usage may vary from OESR assumptions and that the entities should reflect this in their forecasts.

An important demand forecasting initiative scheduled to be developed in the next 12 months is the development of a spatially-based demand model that links to the council's land use database, and progressively captures development approvals as they occur. This tool, referred to as Demand Management and Tracking Tool (DMaTT) exhibits the potential to substantially enhance Unitywater's capacity to make water and sewerage load projections, and to quickly incorporate changes in the status of Council Planning Schemes, State Government Master Planned Areas, OESR population projections, etc.

3. Connections

Unitywater has experienced substantially different levels of connections growth between the Sunshine Coast and Moreton Bay regions. While arguably the OESR low series would, in hindsight, have provided a more appropriate basis for forecasting connections growth on the Sunshine Coast, this approach exhibited the potential to be flawed for the Moreton Bay region.

Unitywater's actual connections growth for water in 2012-13 was, and its forecast growth for 2013-14 based on year to date actual is, as follows:

	2012-13			2013-14		
OESR Low Series	UW Actual growth in Water Connections	OESR	Difference	UW Actual growth in Water Connections	OESR	Difference
Moreton Bay	1.90%	1.80%	0.10%	2.30%	1.80%	0.60%
Sunshine Coast	1.50%	1.90%	-0.40%	1.10%	1.90%	-0.80%

	2012-13			2013-14		
OESR Medium Series	UW Actual growth in Water Connections	OESR	Difference	UW Actual growth in Water Connections	OESR	Difference
Moreton Bay	1.90%	2.40%	-0.50%	2.30%	2.40%	-0.10%
Sunshine Coast	1.50%	2.30%	-0.80%	1.10%	2.30%	-1.20%

Unitywater proposes that the Final report highlights that actual usage may vary from OESR assumptions and that the entities should reflect this in their forecasts.

4. Regulatory Asset Base as at 1 July 2008

In relation to the RAB value prior to Unitywater's existence, Unitywater can confirm that Unitywater's RAB at 1 July 2010 as determined by the Minister for Energy and Water Supply is based on the Ministers previous determination of the RAB at 1 July 2008:

QCA RAB	Total	Comments
RAB Roll Forward per Ministers Determination		
Initial RAB 30/6/08	2,030	* Pre Unitywater's creation
Net Roll Forward to 30/6/10	374	* Pre Unitywater's creation
Unitywater Statutory Accounting value 1/7/10	**2,404**	* Opening value of Assets for Unitywater
Add Establishment Costs	13	
Unitywater RAB at 30/6/10	**2,417**	

Statements regarding the roll forward by Unitywater of the 1 July 2008 asset value should be clarified by noting that the 1 July 2010 value was based on the roll forward of the ministers valuation as shown in the table above. Statements suggesting inconsistencies between Unitywater's submission and RAB are incorrect given that the 1 July 2010 value had its basis in the 2008 value. In Unitywater's view, it is unnecessary to model values that have previously been determined.

Unitywater requests that the QCA clarify statements in relation to the RAB pre 1 July 2010, noting that Unitywater's RAB in that year is based on the RAB values determined prior to Unitywater's existence.

5. Roll Forward of Regulatory Asset Base from 1 July 2010

Unitywater does not agree with the RAB determined by the Authority, specifically to 30 June 2013 when the RAB for each year can be based on the audited statutory accounting value adjusted for establishment costs, revaluation and depreciation on revaluation not included in the statutory accounting value. Although Unitywater accepts that an incorrect revaluation rate has been applied in 2010-11 and 2011-12 the QCA has not provided details to confirm the variance in RAB over these periods.

As Unitywater understands the QCA relied on excel spreadsheets to derive the RAB including the actual RAB to 30 June 2013. Unitywater submits that this approach is flawed given that the use of spreadsheets with aggregated asset data and averages for asset lives is not an alternative to a systemised and audited asset register containing details of hundreds of thousands of assets. As an example, QCA's spreadsheets provide one input category for water mains, **Appendix 2** contains aggregated data for individual assets contained within Unitywater's asset register for gravity mains (one type of main). This level of detail cannot be replicated by a spreadsheet.

Further, QCA has not provided a copy of the populated RAB model or confirmation that the populated model has been independently reviewed.

Unitywater also has an issue with the way QCA determines the forecast RAB (ie. beyond actual reported) as the Authority's templates are unreasonably complex, requiring input data for up to 5000 lines requiring multiple assumptions to convert forecast project costs into multiple asset classes in the period in which the project is expected to be commissioned. The process has highlighted unnecessary complexity when alternate and substantially more robust approaches can be taken.

Unitywater however appreciates the opportunity to work collaboratively with the Authority to establish an independently verified RAB.

Unitywater proposes that the QCA considers reliance on independently audited asset registers rather than modelling actual costs with spreadsheets and request that the QCA adopts a pragmatic approach rather than data intensive approach to estimating the RAB.

Although a minor point, Unitywater notes that the Authority refers to capital expenditure in deriving the RAB when it appears that commissioned capital expenditure is actually what is meant. The report also refers to capital expenditure in terms of expenditure on capital projects during the financial year. The use of the same term with different technical meanings is confusing. Unitywater proposes that the Authority use distinct references for commissioned capital expenditure during a financial year and capital expenditure on projects during a financial year.

Unitywater proposes that the QCA clarifies references to capital expenditure incurred and commissioned capital expenditure.

6. Employee and Contractor Costs

Unitywater acknowledges the need to continue to deliver efficiencies across the business. Reducing costs is a key focus of the business, and will remain so for the foreseeable future.

Unitywater notes the based on the recommendations of SKM the Authority made no adjustments to:

- Full-time equivalent positions;
- Employee cost escalation; and
- Overtime

However in relation to productivity an adjustment has been made on the basis of productivity savings expected to made from the implementation of Unitywater's consolidated asset management system supporting the delivery of network maintenance activities. Unitywater agrees in principle that efficiencies will be generated from the new system but disagrees with the timeframe in which efficiencies could be reasonably delivered. Unitywater had demonstrated productivity improvements but not yet at the level proposed by the consultants.

Further, it seems inconsistent that the Authority would accept the number of FTEs, the cost of employing staff and the level of overtime but then make an adjustment based on productivity which will only be delivered through a reduction in FTEs.

Unitywater proposes that the Final report clarifies why a productivity adjustment has been made when overall FTE numbers have been accepted.

7. Electricity

Section 5.6.4 of the Report states that:

> *"... the QCA considers that the key drivers of energy use are bulk water volumes (for water services) and sewerage connections (for wastewater services)."*

While Unitywater appreciates the Authority's need to develop a consistent and repeatable framework for considering electricity, it would also be worth acknowledging that oversimplification of this relatively complicated expense category has the potential to result in incorrect conclusions being drawn. To this end, Unitywater considers that a more robust (yet still simple) methodology worthy of consideration by the Authority in future reviews might involve consideration of two key drivers for each of the three major electricity categories:

Electricity	**Driver 1**	**Driver 2**
Drinking Water Supply	Bulk Water Volume	Elevation of water source relative to water users (gravity supply or pumped)
Sewage Collection Network	Sewage Volume (Highly sensitive to weather conditions)	Elevation of sewer network relative to STP (gravity sewers, SPS, and rising mains)
Sewage Treatment Plants	Number of connected properties	Standard of treatment provided

Unitywater proposes that the Final report highlights all of the drivers of electricity usage.

Unitywater's actual electricity costs compared to the budget as per the submission (to January 2014 financial year to date) are set out in the table below:

	2013-14 Actual Jan YTD ($000)	**2013-14 Budget Jan YTD ($000)**	**Price Variance ($000)**	**Volume Variance ($000)**	**Total Variance ($000)**
Water supply and sewage collection (Pump Stations)	$2,444	$2,458	($109)	$123	$14
Sewage Treatment Plants	$3,066	$2,979	($172)	$85	($87)
Total	**$5,510**	**$5,437**	**($281)**	**$208**	**($73)**

As highlighted by this analysis, total electricity expenditure is exceeding budget due to higher prices albeit offset by lower volume.

Unitywater proposes that no adjustment is made to electricity expenditure on the basis of over simplification of assumptions that cannot be justified by actual growth in price and volume.

8. Corporate Costs

Unitywater notes the findings of the Authority. While Unitywater disagrees with the assumptions used to derive the adjustment, Unitywater agrees in principle that there are opportunities to reduce the costs of corporate functions.

Unitywater is investing in optimising the use of systems to automate manual processes that will lead to efficiencies in staff required to support the business. Unitywater also sees an opportunity to reduce costs should Unitywater move to a lighter handed form of regulation as proposed by the Authority.

9. Capital Expenditure

Unitywater notes the Authority's findings for those projects found to be both prudent and efficient.

In relation to fleet capital expenditure, during finalisation of Unitywater's 2013-18 five year forecast, budget expenditure on trucks was reduced as part of the management review process to drive prudency and efficiency of expenditure. Unfortunately, supporting information was not adjusted to derive this lower target and new information was not provided to the consultant.

The SKM adjustment highlights the importance of quality supporting work papers however management may at times make discretionary adjustments to derived budgets in an effort to challenge the way in which costs are incurred. Unitywater accepts the adjustments made by the Authority to fleet expenditure.

Additional detailed information is presented in Section 10 of this attachment to raise concerns, issues and inconsistencies noted in the Authority's report. It is hoped these can be addressed in the Authority's Final Report.

10. Weighted Average Cost of Capital (WACC)

The Ministerial Direction states that the Authority must provide a benchmark WACC to the DRs by 31 January 2013 and monitor the WACC's applied by the entities against the benchmark WACC.

It is unclear to Unitywater that the Authority has met the second condition of the Ministerial Direction and it is not clear how the QCA concluded that QCA must adopt the benchmark WACC. Unitywater therefore does not accept the application of the benchmark WACC.

Unitywater proposes that the Final report clarifies the application of the benchmark WACC with reference to the Ministerial Direction.

11. Additional Capex Concerns, Issues and Inconsistencies

Page Ref	Observation	Concerns / Issues / Inconsistencies
Suncoast Sewerage Scheme Transfer System		
32	SKM considered that the standards used for this project are appropriate. However, SKM identified a concern that the rising main had been built prior to the finalisation of the design of the pump station and considered that there may have been efficiencies in packaging the pipework north of the river with the pump station.	Unitywater considers that comments made by SKM in relation to the design of the rising main are incorrect. As previously indicated, the hydraulic capacity required of the main was determined. The pump station was fundamentally designed and all considerations had been made that would have affect on the pipe design. The pump station design had not been finalized as Unitywater was determining the most cost efficient method of achieving the transfer outcomes. It should be noted that existing asset reconfiguration was being considered as an alternative to a new asset. Unitywater discussed at length with SKM the rationale behind decisions not to bundle the work packages. The complexity of the pump station build was significantly greater than the relatively simple trench, lay and fill methodology that was utilised for the pipework laying.

Northern Services Centre Construction		
34	Footnote reference 21: The Accommodation Strategy was approved in concept by Unitywater's board in August 2011 but was not provided to SKM for review (SKM 2013b).	This is not correct. Unitywater provided the Accommodation Strategy to the Technical Reviewer and note that the document is referenced in their report (Appendix D.3 Documentation reviewed, forth dot point). This document is also referenced in the discussion below under the heading "Policy and procedures".
35	The identified driver for this project is business efficiency. This is not a driver specifically endorsed by the QCA. The QCA has identified improvement as the relevant driver.	Unitywater provided a clearly articulated statement of prudency against the QCA endorsed drivers of Growth, Renewal, Improvement and Compliance in the Requests for Information Unitywater Response Northern Service Centre submission. While business efficiency is a key driver, Unitywater did provide commentary specific to the QCA endorsed drivers to demonstrate prudency.
35	In terms of operating efficiencies, SKM noted that the benefit of the planned rationalisation of functional support such as logistics, fleet and administration had not been costed by Unitywater or demonstrated to SKM.	Unitywater disagrees with the Authority's commentary, noting that budget analysis, options analysis for multiple option considerations were included in the scope of the documentation provided to the Technical Reviewer. The options clearly demonstrated that the approach selected was the most cost efficient and prudent. This was also discussed with the Technical Reviewer during the formal interview process.

35	SKM found that the documentation reviewed for this project - including the Business Case, Contract Recommendation and Approval Report - were in line with Unitywater's capital delivery processes. However, SKM noted that no Project Needs Analysis Report was undertaken but that the Strategic Property Review Report was produced.	Unitywater notes that this statement has been rebutted on multiple occasions. The Northern Service Centre was a legacy project inherited from former Council business. It was established, justified and planned initially by the former organisation and as such no Project Needs Analysis Report was produced.
Adjustments to sampled projects		
36	SCADA "not efficient" and Suncoast "not efficient"	Inconsistent with text on pages 27 and 32.
Capital Expenditure planning from 2013 to 2015		
38	Unitywater's capital expenditure program and delivery processes are outlined in its CWPM. The Capital Works Justification Manual documents the process and decision points. The process covers the identification, development, prioritisation and approval phases of a typical capital works project/program.	Unitywater notes there is a typographical error in this statement. The Capital Works Planning Manual and not the Capital Works Justification Manual should be referred to.
38	Reference is made to a "gateway review" process.	It should be noted that Unitywater uses a gated process, not a gateway process. "Gateway" is a trademarked term and as such Unitywater does not have rights to the term and therefore does not use it. Please refer to gated process in future.

Standardised approach to cost estimating		
38	SKM further observed that it had not seen evidence of this tool being used in any of the capital expenditure projects it reviewed.	The Capital Works Planning Manual and gated delivery processes supplied to the Technical Reviewer both clearly demonstrate the governance, delivery and project expenditure review in each of the projects reviewed. This statement does not reflect a fair appraisal of the evidence provided.
Gateway Review		
38	However, Gate 5 only applies to major projects completed within treatment plants.	Unitywater considers that this statement is incorrect. Unitywater has provided comment on this statement previously on multiple occasions and evidence of the application of gate 5 across all projects. The statement is based on one sentence in one document associated with a treatment plant project. The one sentence was incorrectly applied. From this the Technical Reviewer has made a very broad assumption and subsequently applied it across the whole process, which is considered by Unitywater to be both unfair and inappropriate.
Detailed analysis of options for major projects		
39	SKM noted that the summary in the CWPM describes only a financial comparison of options and does not include a risk (for example, environmental, implementation) comparison of options.	Unitywater considers this statement to be incorrect. As stated subsequently to this statement in the Authority's Report the documentation developed to instigate a project specifically addresses multiple issues including risk. The CWPM specifies the required documents and processes to be completed to develop a project and as a consequence of this specification risk and other factors are addressed. If the CWPM maintained

		the context for every decision for every process in the Unitywater project development the document would become unwieldy and prone to update error as elements would be required to be changed in multiple places and locations.
Commissioned capital expenditure from 1 July 2010 in the RAB		
41	The QCA notes that Unitywater does not publicly report on these standards and recommends this should occur.	Unitywater notes that this recommendation is suggesting that the NetServ Part B be published publicly. NetServ Part B is legislated to contain the confidential and commercial information of the Distributor Retailer. NetServ Part B is not for public consumption. As the Technical Reviewer has stated, Unitywater does publish customer service standards and that these are inputs to the NetServ and CWPM. The service standards are published in the annual reporting of Unitywater. The recommendation to publish the customer standards would seem redundant.

Asset management system		
42	In respect of the WSAA asset management project, SKM noted that this benchmarking program uses self-assessment, with subsequent review and validation by external consultants. The results are compared against those of other participating water authorities, not against a published standard of requirements for good industry practice. The relative results will therefore vary dependent on the other authorities participating (SKM 2013c).	This statement is true. However it does not recognise the independent verification of the scores completed by WSAA assessment teams. The benchmarks are developed through the participation of both national and international participants over a number of years. The WSAA benchmarks are published and made available to members of the Association. The significant investment made in the WSAA process by the members requires that this information is not made publically available. This statement significantly misrepresents the WSAA process.
Summary of findings on policies and procedures		
43	The QCA notes that SKM found that Unitywater's capital planning policies and procedures were not always consistent with good industry practice. In particular, SKM found that gateway close out reviews should apply to all major projects (not just major projects within treatment plants).	Unitywater does not accept this. While Unitywater acknowledges that there are areas for improvement, when benchmarked against others in processes such as WSAA it is apparent that Unitywater is above average against its peers.

43	Further, SKM reviewed Unitywater's asset management system against PAS-55 and found areas for improvement, including that Unitywater has not yet fully implemented its CAMS which will allow it, amongst other things, to:	At the time of the review PAS55 or ISO55000 Series was not accepted as a standard. PAS55 is a guideline for Asset Management Practice. It is hard to understand how an Asset Management System such as CAMS can be reviewed against this and the conclusion that there are areas for improvement. As stated CAMS is not yet fully implemented and therefore it is quite reasonable to assume that there are many areas for improvement.
Policies and planning		
52	Not consistent. SKM found that Unitywater's Netserv Plan does not meet the regional requirements of the DR Act.	Regional perspectives also include outside of the boundaries of Unitywater. Regional opportunities were communicated to SKM during the review such as the transfer of sewerage catchments to QUU, the Petrie Water solution with Seqwater. These have been ignored in this report and review.
52	Not consistent. SKM found that Unitywater has not yet fully implemented a CAMS that meets the ISO 55000 series.	As previously stated ISO 55000 is was not a standard at the time of the review and therefore this statement is not correct.

Redcliffe

Type of Customer	Annual Usage (KL)	12-13 Annual Bill	13-14 Annual Bill	Change in Bill	% change in Bill	Change in $						Increase as % of 12-13 Bill					
						Unitywater - water	Unitywater - sewerage	Total Unitywater	Bulk Water	Loss of MB Rebate	Total change in Bill	Unitywater - water	Unitywater - sewerage	Total Unitywater	Bulk Water	Loss of MB Rebate	Total change in Bill
Single Pensioner	29.2	$ 835.23	$ 1,095.69	$ 260.46	31.2%	-$ 38.77	-$ 32.72	-$ 71.49	87.15	244.80	$ 260.46	-4.6%	-3.9%	-8.6%	10.4%	29.3%	31.2%
Single Person	59.86	$ 907.83	$ 1,207.92	$ 300.10	33.1%	-$ 24.43	-$ 14.95	-$ 39.37	94.67	244.80	$ 300.10	-2.7%	-1.6%	-4.3%	10.4%	27.0%	33.1%
Couple + small garden	125.56	$ 1,063.41	$ 1,448.42	$ 385.02	36.2%	$ 6.32	$ 23.13	$ 29.46	110.76	244.80	$ 385.02	0.6%	2.2%	2.8%	10.4%	23.0%	36.2%
Two adults, one child + garden or pool	131.4	$ 1,077.24	$ 1,469.80	$ 392.57	36.4%	$ 9.06	$ 26.52	$ 35.57	112.19	244.80	$ 392.57	0.8%	2.5%	3.3%	10.4%	22.7%	36.4%
Two adults, two child no garden or pool	200.75	$ 1,241.46	$ 1,723.67	$ 482.21	38.8%	$ 41.51	$ 66.71	$ 108.23	129.18	244.80	$ 482.21	3.3%	5.4%	8.7%	10.4%	19.7%	38.8%
Two adults, two child + garden or pool	259.88	$ 1,381.48	$ 1,940.12	$ 558.64	40.4%	$ 69.18	$ 100.99	$ 170.17	143.67	244.80	$ 558.64	5.0%	7.3%	12.3%	10.4%	17.7%	40.4%
Large water user	481.8	$ 2,198.54	$ 2,764.23	$ 565.69	25.7%	-$ 1.46	$ 124.30	$ 122.85	198.04	244.80	$ 565.69	-0.1%	5.7%	5.6%	9.0%	11.1%	25.7%
SEQ Average	200	$ 1,239.68	$ 1,720.92	$ 481.24	38.8%	$ 41.16	$ 66.28	$ 107.44	129.00	244.80	$ 481.24	3.3%	5.3%	8.7%	10.4%	19.7%	38.8%
Average Usage Moreton Bay	140	$ 1,098.22	$ 1,502.24	$ 404.02	36.8%	$ 13.20	$ 31.66	$ 44.86	114.36	244.80	$ 404.02	1.2%	2.9%	4.1%	10.4%	22.3%	36.8%
Average Usage UW Region	150	$ 1,121.28	$ 1,537.89	$ 416.61	37.2%	$ 17.76	$ 37.30	$ 55.06	116.75	244.80	$ 416.61	1.6%	3.3%	4.9%	10.4%	21.8%	37.2%

Pine

Type of Customer	Annual Usage (KL)	12-13 Annual Bill	13-14 Annual Bill	Change in Bill	% change in Bill	Change in $						Increase in 12-13 Bill %					
						Unitywater - water	Unitywater - sewerage	Total Unitywater	Bulk Water	Loss of MB Rebate	Total change in Bill	Unitywater - water	Unitywater - sewerage	Total Unitywater	Bulk Water	Loss of MB Rebate	Total change in Bill
Single Pensioner	29.2	$ 968.79	$ 1,095.69	$ 126.90	13.1%	-$ 38.77	-$ 32.72	-$ 71.49	87.15	111.24	$ 126.90	-4.0%	-3.4%	-7.4%	9.0%	11.5%	13.1%
Single Person	59.86	$ 1,041.39	$ 1,207.92	$ 166.54	16.0%	-$ 24.43	-$ 14.95	-$ 39.37	94.67	111.24	$ 166.54	-2.3%	-1.4%	-3.8%	9.1%	10.7%	16.0%
Couple + small garden	125.56	$ 1,196.97	$ 1,448.42	$ 251.46	21.0%	$ 6.32	$ 23.13	$ 29.46	110.76	111.24	$ 251.46	0.5%	1.9%	2.5%	9.3%	9.3%	21.0%
Two adults, one child + garden or pool	131.4	$ 1,210.80	$ 1,469.80	$ 259.01	21.4%	$ 9.06	$ 26.52	$ 35.57	112.19	111.24	$ 259.01	0.7%	2.2%	2.9%	9.3%	9.2%	21.4%
Two adults, two child no garden or pool	200.75	$ 1,375.02	$ 1,723.67	$ 348.65	25.4%	$ 41.51	$ 66.71	$ 108.23	129.18	111.24	$ 348.65	3.0%	4.9%	7.9%	9.4%	8.1%	25.4%
Two adults, two child + garden or pool	259.88	$ 1,515.04	$ 1,940.12	$ 425.08	28.1%	$ 69.18	$ 100.99	$ 170.17	143.67	111.24	$ 425.08	4.6%	6.7%	11.2%	9.5%	7.3%	28.1%
Large water user	481.8	$ 2,332.10	$ 2,764.23	$ 432.13	18.5%	-$ 1.46	$ 124.30	$ 122.85	198.04	111.24	$ 432.13	-0.1%	5.3%	5.3%	8.5%	4.8%	18.5%
SEQ Average	200	$ 1,373.24	$ 1,720.92	$ 347.68	25.3%	$ 41.16	$ 66.28	$ 107.44	129.00	111.24	$ 347.68	3.0%	4.8%	7.8%	9.4%	8.1%	25.3%
Average Usage Moreton Bay	140	$ 1,231.54	$ 1,501.87	$ 270.33	22.0%	$ 13.15	$ 31.60	$ 44.75	114.34	111.24	$ 270.33	1.1%	2.6%	3.6%	9.3%	9.0%	22.0%
Average Usage UW Region	150	$ 1,254.84	$ 1,537.89	$ 283.05	22.6%	$ 17.76	$ 37.30	$ 55.06	116.75	111.24	$ 283.05	1.4%	3.0%	4.4%	9.3%	8.9%	22.6%

Caboolture

Type of Customer	Annual Usage (KL)	12-13 Annual Bill	13-14 Annual Bill	Change in Bill	% change in Bill	Change in $						Increase in 12-13 Bill %					
						Unitywater - water	Unitywater - sewerage	Total Unitywater	Bulk Water	Loss of MB Rebate	Total change in Bill	Unitywater - water	Unitywater - sewerage	Total Unitywater	Bulk Water	Loss of MB Rebate	Total change in Bill
Single Pensioner	29.2	$ 939.95	$ 1,095.69	$ 155.74	16.6%	-$ 38.77	-$ 32.72	-$ 71.49	87.15	140.08	$ 155.74	-4.1%	-3.5%	-7.6%	9.3%	14.9%	16.6%
Single Person	59.86	$ 1,012.55	$ 1,207.92	$ 195.38	19.3%	-$ 24.43	-$ 14.95	-$ 39.37	94.67	140.08	$ 195.38	-2.4%	-1.5%	-3.9%	9.3%	13.8%	19.3%
Couple + small garden	125.56	$ 1,168.13	$ 1,448.42	$ 280.30	24.0%	$ 6.32	$ 23.13	$ 29.46	110.76	140.08	$ 280.30	0.5%	2.0%	2.5%	9.5%	12.0%	24.0%
Two adults, one child + garden or pool	131.4	$ 1,181.96	$ 1,469.80	$ 287.85	24.4%	$ 9.06	$ 26.52	$ 35.57	112.19	140.08	$ 287.85	0.8%	2.2%	3.0%	9.5%	11.9%	24.4%
Two adults, two child no garden or pool	200.75	$ 1,346.18	$ 1,723.67	$ 377.49	28.0%	$ 41.51	$ 66.71	$ 108.23	129.18	140.08	$ 377.49	3.1%	5.0%	8.0%	9.6%	10.4%	28.0%
Two adults, two child + garden or pool	259.88	$ 1,486.20	$ 1,940.12	$ 453.92	30.5%	$ 69.18	$ 100.99	$ 170.17	143.67	140.08	$ 453.92	4.7%	6.8%	11.5%	9.7%	9.4%	30.5%
Large water user	481.8	$ 2,303.26	$ 2,764.23	$ 460.97	20.0%	-$ 1.46	$ 124.30	$ 122.85	198.04	140.08	$ 460.97	-0.1%	5.4%	5.3%	8.6%	6.1%	20.0%
SEQ Average	200	$ 1,344.40	$ 1,720.92	$ 376.52	28.0%	$ 41.16	$ 66.28	$ 107.44	129.00	140.08	$ 376.52	3.1%	4.9%	8.0%	9.6%	10.4%	28.0%
Average Usage Moreton Bay	140	$ 1,202.70	$ 1,501.87	$ 299.17	24.9%	$ 13.15	$ 31.60	$ 44.75	114.34	140.08	$ 299.17	1.1%	2.6%	3.7%	9.5%	11.6%	24.9%
Average Usage UW Region	150	$ 1,226.00	$ 1,537.89	$ 311.89	25.4%	$ 17.76	$ 37.30	$ 55.06	116.75	140.08	$ 311.89	1.4%	3.0%	4.5%	9.5%	11.4%	25.4%

Sunshine Coast

						Change in $					Change in %				
Type of Customer	Annual Usage (KL)	12-13 Annual Bill	13-14 Annual Bill	Change in Bill	% change in Bill	Unitywater - water	Unitywater - sewerage	Total Unitywater	Bulk Water	Total change in Bill	Unitywater - water	Unitywater - sewerage	Total Unitywater	Bulk Water	Total change in Bill
Single Pensioner	29.2	$ 785.56	$ 1,608.82	$ 823.26	104.8%	$ 2.82	-$ 44.04	-$ 41.22	87.15	$ 45.93	0.4%	-5.6%	-5.2%	11.1%	5.8%
Single Person	59.86	$ 851.42	$ 1,740.73	$ 889.31	104.5%	$ 6.07	-$ 26.27	-$ 20.20	94.67	$ 74.47	0.7%	-3.1%	-2.4%	11.1%	8.7%
Couple + small garden	125.56	$ 992.54	$ 2,023.38	$ 1,030.84	103.9%	$ 13.03	$ 11.81	$ 24.84	110.76	$ 135.61	1.3%	1.2%	2.5%	11.2%	13.7%
Two adults, one child + garden or pool	131.4	$ 1,005.09	$ 2,048.51	$ 1,043.42	103.8%	$ 13.65	$ 15.20	$ 28.85	112.19	$ 141.04	1.4%	1.5%	2.9%	11.2%	14.0%
Two adults, two child no garden or pool	200.75	$ 1,154.05	$ 2,346.87	$ 1,192.82	103.4%	$ 21.00	$ 55.39	$ 76.39	129.18	$ 205.58	1.8%	4.8%	6.6%	11.2%	17.8%
Two adults, two child + garden or pool	259.88	$ 1,398.88	$ 2,601.26	$ 1,202.37	86.0%	-$ 90.55	$ 89.67	-$ 0.89	143.67	$ 142.78	-6.5%	6.4%	-0.1%	10.3%	10.2%
Large water user	481.8	$ 1,875.57	$ 3,579.51	$ 1,703.94	90.8%	$ 50.03	$ 112.98	$ 163.01	198.04	$ 361.05	2.7%	6.0%	8.7%	10.6%	19.3%
SEQ Average	200	$ 1,152.44	$ 2,343.64	$ 1,191.20	103.4%	$ 20.92	$ 54.96	$ 75.88	129.00	$ 204.88	1.8%	4.8%	6.6%	11.2%	17.8%
Average Usage	160	$ 1,066.65	$ 2,171.81	$ 1,105.16	103.6%	$ 16.69	$ 31.81	$ 48.50	119.21	$ 167.71	1.6%	3.0%	4.5%	11.2%	15.7%
Average Usage	150	$ 1,045.04	$ 2,128.53	$ 1,083.49	103.7%	$ 15.62	$ 25.98	$ 41.60	116.75	$ 158.35	1.5%	2.5%	4.0%	11.2%	15.2%

Appendix 2

Gravity Mains

Material	Diameter	Expected Life	Avg RUL	% RUL Remaining
ABS	150	80	68.00	0.85
AC	100	60	26.70	0.45
AC	150	60	30.76	0.51
AC	200	60	22.67	0.38
AC	225	60	30.86	0.51
AC	300	60	30.10	0.50
AC	375	60	33.67	0.56
AC	450	60	32.64	0.54
AC	525	60	34.84	0.58
AC	600	60	32.81	0.55
AC	675	60	38.04	0.63
AC	750	60	33.25	0.55
AC	900	60	27.00	0.45
AC	1050	60	31.83	0.53
AC	9999	60	34.00	0.57
Cast Iron	100	60	25.60	0.43
Cast Iron	150	60	31.91	0.53
Cast Iron	225	60	25.35	0.42
Cast Iron	300	60	45.40	0.76
Cast Iron	500	60	21.67	0.36
Cast Iron	600	60	45.00	0.75
Cast Iron	1000	60	50.00	0.83
Concrete	150	50	12.72	0.25
Concrete	225	50	12.99	0.26
Concrete	300	50	26.06	0.52
Concrete	375	50	14.03	0.28
Concrete	450	50	31.18	0.62
Concrete	525	50	20.13	0.40
Concrete	600	50	28.46	0.57
Concrete	675	50	6.44	0.13
Concrete	750	50	30.02	0.60
Concrete	825	50	6.00	0.12
Concrete	900	50	36.50	0.73
Concrete	1050	50	41.00	0.82
Concrete	1350	50	46.00	0.92
Concrete	1800	50	54.57	1.09
Concrete	2100	50	39.50	0.79
Concrete	2400	50	46.00	0.92
Concrete	3000	50	46.00	0.92
Ductile Iron	100	80	71.67	0.90
Ductile Iron	150	80	60.06	0.75
Ductile Iron	200	80	54.50	0.68
Ductile Iron	225	80	52.92	0.66
Ductile Iron	250	80	73.44	0.92
Ductile Iron	300	80	55.50	0.69
Ductile Iron	375	80	54.59	0.68
Ductile Iron	450	80	56.96	0.71
Ductile Iron	500	80	66.67	0.83
Ductile Iron	600	80	69.06	0.86
Ductile Iron	750	80	63.45	0.79
Ductile Iron	900	80	76.00	0.95
Fibre Reinforced Concrete	150	60	35.57	0.59
Fibre Reinforced Concrete	225	60	29.40	0.49
Fibre Reinforced Concrete	300	60	53.11	0.89
Fibre Reinforced Concrete	375	60	49.00	0.82
Fibre Reinforced Concrete	450	60	52.00	0.87
GRP	300	70	53.00	0.76
GRP	375	70	41.92	0.60
GRP	450	70	29.31	0.42
GRP	500	70	36.00	0.51
GRP	525	70	40.14	0.57
GRP	600	70	45.06	0.64
GRP	675	70	67.00	0.96
GRP	750	70	62.88	0.90
GRP	900	70	62.50	0.89
GRP	1000	70	19.00	0.27
Mild Steel	114	70	64.38	0.92
Mild Steel	168	70	47.40	0.68
Mild Steel	240	70	37.50	0.54
Mild Steel	257	70	37.00	0.53
Mild Steel	290	70	55.00	0.79
Mild Steel	324	70	46.00	0.66
Mild Steel	508	70	45.00	0.64
Mild Steel	559	70	35.00	0.50
Mild Steel	610	70	50.00	0.71
Mild Steel	762	70	36.00	0.51
PE-100	40	80	59.67	0.75
PE-100	75	80	53.00	0.66
PE-100	90	80	76.00	0.95
PE-100	100	80	63.33	0.79
PE-100	110	80	53.00	0.66
PE-100	150	80	61.90	0.77
PE-100	160	80	56.03	0.70
PE-100	180	80	76.00	0.95
PE-100	200	80	11.00	0.14

Appendix 2

Gravity Mains

Material	Diameter	Expected Life	Avg RUL	% RUL Remaining
PE-100	225	80	73.25	0.92
PE-100	250	80	71.68	0.90
PE-100	300	80	63.78	0.80
PE-100	315	80	76.93	0.96
PE-100	375	80	62.22	0.78
PE-100	400	80	74.00	0.93
PE-100	450	80	61.53	0.77
PE-100	500	80	77.50	0.97
PE-100	525	80	51.07	0.64
PE-100	600	80	58.88	0.74
PE-100	750	80	51.54	0.64
PE-100	800	80	76.00	0.95
PE-100	900	80	52.40	0.66
PE-100	1050	80	51.25	0.64
PE-100	1950	80	63.00	0.79
PE-100	2250	80	58.00	0.73
PE-80B	300	80	64.00	0.80
PE-MD	200	80	79.00	0.99
PRC	300	80	49.00	0.61
PRC	400	80	66.00	0.83
PVC-M	225	70	69.00	0.99
PVC-M	375	70	60.00	0.86
PVC-M	450	70	55.67	0.80
PVC-O	150	70	69.00	0.99
PVC-U	100	70	49.36	0.71
PVC-U	150	70	51.59	0.74
PVC-U	200	70	51.00	0.73
PVC-U	225	70	52.06	0.74
PVC-U	250	70	59.50	0.85
PVC-U	300	70	51.20	0.73
PVC-U	375	70	50.57	0.72
PVC-U	450	70	56.48	0.81
PVC-U	525	70	46.67	0.67
PVC-U	600	70	53.60	0.77
PVC-U	675	70	39.13	0.56
PVC-U	750	70	49.70	0.71
PVC-U	900	70	35.17	0.50
PVC-U	1200	70	52.50	0.75
PVC-U	9999	70	61.89	0.88
SWPP	225	70	69.00	0.99
SWPP	300	70	61.72	0.88
SWPP	375	70	65.89	0.94
SWPP	450	70	59.30	0.85
SWPP	525	70	59.00	0.84
Unknown	100	80	36.60	0.46
Unknown	150	70	42.90	0.61
Unknown	225	70	47.11	0.67
Unknown	250	70	43.00	0.61
Unknown	300	70	47.54	0.68
Unknown	315	70	79.00	1.13
Unknown	375	70	55.68	0.80
Unknown	450	70	48.54	0.69
Unknown	500	70	57.50	0.82
Unknown	525	70	53.18	0.76
Unknown	600	70	56.19	0.80
Unknown	675	70	32.10	0.46
Unknown	700	70	54.80	0.78
Unknown	750	70	64.33	0.92
Unknown	825	70	44.00	0.63
Unknown	860	70	25.79	0.37
Unknown	1800	70	63.22	0.90
Unknown	9999	70	59.54	0.85
VC	100	80	38.17	0.48
VC	150	80	41.58	0.52
VC	225	80	40.51	0.51
VC	250	80	56.00	0.70
VC	300	80	44.51	0.56
VC	375	80	44.78	0.56
VC	400	80	70.21	0.88
VC	450	80	42.59	0.53
VC	500	80	61.22	0.77
VC	525	80	39.79	0.50
VC	600	80	53.56	0.67
VC	675	80	70.57	0.88
VC	700	80	71.54	0.89
VC	900	80	19.00	0.24