



QCA Pricing Practices Recommendations
SunWater Implementation Plan

September 2012

Table of Contents

Overview	3
Implementation Plan - QCA Pricing Practices Recommendations.....	4
1. Improved Planning	5
1.1. Options Analysis for Material Renewals Expenditure	5
1.2. Review Renewals Planning Process	6
1.3. Review Operating Costs Planning Policies, Processes and Procedures	7
2. Annual Production of NSPs	8
2.1. Inclusion of the renewals options analysis in NSPs	8
2.2. Variance reporting and re-forecasting of renewals.....	8
2.3. Variance reporting and re-forecasting of operating costs.....	9
2.4. Customer consultation on the annual NSPs.....	10
3. Improved Cost Allocation.....	11
3.1. Improved Information Systems for Operating Costs.....	11
3.2. Improved Recording and Analysis of Labour Cost Information	12
3.3. Separate Identification of Drainage Costs	12
3.4. More Appropriate Allocation of Fixed Costs in Distribution Systems	13
3.5. Separate Identification of Irrigation Working Capital Requirements.....	13
Notes on the Cost and Time Estimates	14
Attachment 1: Rural Water Pricing Direction 2012.....	15

Overview

One of the outcomes of the QCA's SunWater Irrigation Pricing Review for 2012-17 was a set of eight pricing practices recommendations aimed at improving SunWater's ability to capture, plan, report on and apportion costs to irrigation service contracts. The recommendations also aim to improve transparency of SunWater's operating and renewals costs through the publication of annual Network Service Plans (NSPs) and consultation on these NSPs with customers.

SunWater has prepared this implementation plan detailing the scope of works, timetable and cost estimates addressing all the recommendations. This plan has been developed in consultation with the QCA and irrigation peak bodies, via the Queensland Farmer's Federation. The annual publication of improved NSPs represents the majority of the work involved with the QCA's recommendations. SunWater has already begun work on developing improved NSPs and intends to publish the first version of the annual NSPs prior to the 2013-14 year, a full year ahead of the QCA's deadline.

An important development since the QCA's final report is the announced review of options for Local Management Arrangements (LMA) arrangements for SunWater's eight distribution systems¹. The adoption of LMA will give customers direct control over the majority of their costs and will significantly change the scope of works flowing from the QCA's pricing practices recommendations. SunWater has therefore planned implementation of the QCA's recommendations with the possibility of LMA being taken into consideration. There are appropriate milestones in the plan and there will be ongoing consultation on these recommendations throughout the LMA process to minimise the probability of unnecessary spend on system and process upgrades that may become redundant under LMA.

Other than the \$445k pa for renewals options analysis, the QCA did not allow for the costs of implementing their recommendations when determining SunWater's lower-bound costs. The additional costs of implementing the recommendations have been estimated by SunWater and are necessarily high-level estimates at this stage. SunWater estimates that the cost of implementing these changes is approximately \$404,000 leading up to Sept 2014. This includes an estimate for the required system changes of around \$125,000 but system costs won't be known until the detailed scope of the changes has been determined. Ongoing costs are estimated to be \$68,900 pa, in addition to the \$445,000 pa allowed by the QCA for renewals options analysis.

¹ Refer to the Ministerial Media Releases of 5 July 2012 available at: <http://www.sunwater.com.au/home/queensland-government-review-of-local-management>

Implementation Plan - QCA Pricing Practices Recommendations

SunWater has analysed the QCA's eight pricing practices recommendations and has found that the multi-part nature of some of the recommendations means that there are essentially 12 separate recommendations to be implemented by SunWater. These recommendations fall into three broad categories, as shown below. SunWater has numbered the recommendations to facilitate their efficient management, with a cross-reference to the QCA's final report shown against each recommendation.

1. Improved planning, including:
 - 1.1. Options analysis for material renewals expenditure (p161)
 - 1.2. A review of the renewals planning process (p161)
 - 1.3. A review of operating planning policies, processes and procedures (p257)
2. Annual publication of and consultation on improved NSPs, including:
 - 2.1. Inclusion of the renewals options analysis (p178)
 - 2.2. Variance reporting and re-forecasting of renewals (p178)
 - 2.3. Variance reporting and re-forecasting of operating costs (p260)
 - 2.4. Customer consultation on the annual NSPs (p178 & 260)
3. Improved cost allocation, including:
 - 3.1. Improved information systems for operating costs (p260)
 - 3.2. Improved recording and analysis of labour cost information (p264)
 - 3.3. Separate identification of drainage costs (p97)
 - 3.4. More appropriate allocation of fixed costs in distribution systems (p199)
 - 3.5. Separate identification of irrigation working capital requirements (p330)

Each of these recommendations is addressed in more detail in the following sections of this plan.

1. Improved Planning

1.1. Options Analysis for Material Renewals Expenditure

Recommendation:

The Authority recommends that, in forecasting renewals expenditure, SunWater undertake:

(a) high-level options analysis for all material renewals expenditures expected to occur over the Authority's recommended planning period, with a material renewal expenditure being defined as one which accounts for 10% or more in present value terms of total forecast renewals expenditure;

(b) detailed options analysis (which also take into account trade-offs and impacts on operational expenditures) for all material renewals expenditures expected to occur within the subsequent five-year regulatory period, with a material renewal expenditure being defined as one which accounts for 10% or more in present value terms of total forecast renewals expenditure over that period.

The Authority further recommends that the estimate of the costs of consultation provided by SunWater (\$445,000 per annum) be incorporated in non-direct costs to cover consultation regarding both renewals and scheme specific operating costs (and that these then be allocated to irrigators and non-irrigators on the same basis as are other non-direct costs).

Implementation Plan:

No.	Action	Estimated Cost ²	By when
1.1.1.	Incorporate the \$445,000pa options analysis cost allowance into the non-direct cost pool.	Included in \$445k pa allowed in the cost base by the QCA.	30 Sept 2012
1.1.2.	SunWater to identify example projects for both high-level (5-20 year planning period) and detailed options analysis (five year planning period) ³ , conduct customer consultation, then submit process and outcomes to QCA.	Included in \$445k pa allowed in the cost base by the QCA.	31 Dec 2012
1.1.3.	After incorporating feedback from the QCA, consider the need to provide further example projects to the QCA.	Included in \$445k pa allowed in the cost base by the QCA.	31 March 2013
1.1.4.	Rollout options analysis and consultation processes across all relevant projects.	Included in \$445k pa allowed in the cost base by the QCA.	30 June 2013
Total Estimated Cost		\$445,000 pa	

² Unless specified, estimated cost is in addition to the QCA's efficient cost base.

³ The proposed options analysis approach was detailed in a report by Cardno available on the QCA website.

1.2. Review Renewals Planning Process

Recommendation:

The Authority recommends that SunWater undertake a review of its renewals planning process (taking into account the Authority's consultants' suggested improvements) and provide a copy of the review to Government and the Authority by 30 June 2014.

Implementation Plan:

No.	Action	Estimated Cost	By when
1.2.1.	Document the implemented renewals options analysis process from Recommendation 1.1.	\$2,600	30 June 2013
1.2.2.	Document outcomes from prototype ⁴ NSP process relevant to renewals planning, including any customer feedback.	\$1,300	31 July 2013
1.2.3.	Collate suggested improvements from the QCA's consultants into a single document.	\$1,300	31 July 2013
1.2.4.	Review the existing renewals planning framework in light of the improvements made through the options analysis process, customer consultation on NSPs and incorporating appropriate improvements from the suite of suggestions from the QCA's consultants. Consult internally to reach agreement on changes.	\$5,200	30 Nov 2013
1.2.5.	Consult with the QCA on the improved renewals planning framework.	\$2,600	31 Jan 2014
1.2.6.	Update renewals planning documentation incorporating agreed improvements.	\$10,400	31 March 2014
1.2.7.	Document renewals planning review for submission to Government and the QCA.	\$2,600	30 June 2014
1.2.8.	Disseminate new agreed renewals planning process, including any required training.	\$5,200	30 Sept 2014
Total Estimated Cost		\$31,100	

⁴ SunWater plans to produce the first version of the annual NSPs during the 2012/13 year as a forerunner to the annual NSP process detailed in the set of recommendations 2.1 to 2.4.

1.3. Review Operating Costs Planning Policies, Processes and Procedures

Recommendation:

The Authority recommends that SunWater undertake a review of its operating planning policies, processes and procedures to better achieve its strategic objectives. Proposed amendments should be reviewed by the Authority prior by 30 June 2014.

Implementation Plan:

No.	Action	Estimated Cost	By when
1.3.1.	Document outcomes from prototype NSP process relevant to operating planning, including any customer feedback.	\$1,300	30 June 2013
1.3.2.	Collate suggested improvements from the QCA's final report into a single document.	\$1,300	31 July 2013
1.3.3.	Review the existing operating planning framework in light of the improvements made through the customer consultation on NSPs and incorporating appropriate improvements from the suggestions in the QCA's final report. Coordinate operating planning with the strategic planning process. Consult internally to reach agreement on changes.	\$26,000	30 Nov 2013
1.3.4.	Consult with the QCA on the improved operating planning framework.	\$2,600	31 Jan 2014
1.3.5.	Update operating planning documentation incorporating agreed improvements.	\$18,200	31 March 2014
1.3.6.	Disseminate new agreed operating planning process, including any required training.	\$5,200	30 Sept 2014
Total Estimated Cost		\$54,600	

2. Annual Production of NSPs

2.1. Inclusion of the renewals options analysis in NSPs

Recommendation:

The NSPs should be enhanced to present:

(a) high level options analysis for all material renewals expenditures expected to occur over the Authority's recommended planning period;

(b) detailed options analysis for all material renewals expenditures expected to occur within the subsequent five-year regulatory period.

Implementation Plan:

No.	Action	Estimated Cost	By when
2.1.1.	Identify all projects that meet the criteria for high-level and detailed options analysis.	\$2,600 pa	31 Dec 2012
2.1.2.	Organise options analysis to be completed for any qualifying project where this analysis has not been done.	\$2,600 pa	30 June 2013
2.1.3.	Collate all options analyses performed on qualifying projects.	\$5,200 pa	31 Aug 2013
Total Estimated Cost		\$10,400 pa	

2.2. Variance reporting and re-forecasting of renewals

Recommendation:

The NSPs should be enhanced to present details of SunWater's proposed renewals expenditure items and accounting for significant variances between previously forecast and actual material renewals expenditure items.

Implementation Plan:

No.	Action	Estimated Cost	By when
2.2.1.	Extract proposed spend on renewals from the budget version of SunWater's Financial Model (SFM) for 2012/13 and 2013/14.	\$2,600	31 July 2013
2.2.2.	Extract actual spend data from SAP for 2012/13 year.	\$1,300	31 July 2013 ⁵
2.2.3.	Perform variance analysis on 2012/13 renewals figures in prototype spreadsheet.	\$3,900	31 Aug 2013
2.2.4.	Explain variances for material items.	\$13,000	30 Sept 2013
2.2.5.	Systematise annual renewals variance reporting in SAP, or other software package.	\$20,000	31 Dec 2013
2.2.6.	Ongoing annual costs for renewals variance analysis.	\$13,000 pa	annually
Total Estimated Cost		\$50,800 & \$13,000 pa	

⁵ Date dependent on financial year close.

2.3. Variance reporting and re-forecasting of operating costs

Recommendation:

The NSPs should also be enhanced to present details of SunWater’s proposed operating expenditure for the next year, and to account for significant variances between previously forecast and actual operating expenditure.

Implementation Plan:

No.	Action	Estimated Cost	By when
2.3.1.	Extract proposed spend on operating from the budget version of SunWater’s Financial Model (SFM) for 2012/13 and 2013/14 years.	\$2,600	31 July 2013
2.3.2.	Extract actual spend data from SAP for 2012/13 year.	\$2,600	31 July 2013 ⁶
2.3.3.	Perform variance analysis on 2012/13 operating figures in prototype spreadsheet.	\$5,200	31 Aug 2013
2.3.4.	Explain significant variances.	\$15,600	30 Sept 2013
2.3.5.	Systematise annual operating variance reporting in SAP, or other software package.	\$30,000	31 Dec 2013
2.3.6.	Ongoing annual costs for operating variance analysis	\$15,600 pa	annually
Total Estimated Cost		\$71,600 & \$15,600 pa	

⁶ Date dependent on financial year close.

2.4. Customer consultation on the annual NSPs

Recommendation:

The Authority recommends that SunWater's Statement of Corporate Intent (SCI) (and relevant legislation) be amended to require SunWater to consult with customers in relation to, and publish annually on its website, updated NSPs commencing prior to 30 June 2014.

Customers' submissions in response to the NSPs and annual updates should also be published on SunWater's website alongside SunWater's responses and related decisions⁷.

Implementation Plan:

No.	Action	Estimated Cost	By when
2.4.1.	SunWater to liaise with the Shareholding Ministers on recommendation to include the annual NSP process in the SCI for 2013/14 and regarding legislative options.	\$2,600	31 May 2013
2.4.2.	The output from recommendations 2.1 to 2.3 to be collated by service contract for inclusion in the annual NSPs along with additional NSP data and text. NSPs to incorporate lessons from prototype NSP production in 2012/13.	\$15,600	30 Sept 2013
2.4.3.	Publish annual NSPs on SunWater's website.	\$1,300	31 Oct 2013
2.4.4.	Notify all registered customers that the NSPs have been published and seek feedback from the customers.	\$1,300	31 Dec 2013
2.4.5.	Analyse customer feedback and make any necessary adjustments to the NSPs.	\$6,500	31 March 2014
2.4.6.	Respond to customer feedback on the website.	\$5,200	30 April 2014
2.4.7.	Ongoing annual costs for annual NSP production and consultation.	\$29,900 pa	annually
Total Estimated Cost		\$32,500 & \$29,900 pa	

⁷ This recommendation is from the renewals chapter of the final report (page 178). There was also a similar recommendation covering the same issue for operating costs (page 260 of the final report). The annual NSPs will incorporate both renewals and operating data.

3. Improved Cost Allocation

3.1. Improved Information Systems for Operating Costs

Recommendation:

The Authority recommends that SunWater improve the usefulness of its information systems. In particular, SunWater needs to support its NSP's with documentation and access to the relevant information necessary to:

- (a) attain greater operating efficiency;
- (b) achieve greater transparency; and
- (c) facilitate future price reviews.

Implementation Plan:

No.	Action	Estimated Cost	By when
3.1.1.	Review lessons from prototype NSP production, incorporating feedback from customers, the QCA and SunWater management.	\$13,000	30 June 2013
3.1.2.	Propose changes to financial data categorisation and reporting to support future NSPs. Consult internally to reach agreement on changes.	\$10,400	31 Aug 2013
3.1.3.	Consult with customers and the QCA on improvements.	\$6,500	30 Sept 2013
3.1.4.	Implement improvements in SunWater's processes and systems.	\$35,000	31 Dec 2013
Total Estimated Cost		\$64,900	

3.2. Improved Recording and Analysis of Labour Cost Information

Recommendation:

The Authority recommends that SunWater improve its management accounting for the recording, documentation and analysis of labour cost information. SunWater should submit proposals for approval by the Authority by 30 June 2014.

Implementation Plan:

No.	Action	Estimated Cost	By when
3.2.1.	Review current labour cost systems and processes in light of the feedback contained in the QCA final report and findings from Recommendation 3.1.	\$9,100	31 Oct 2013
3.2.2.	Identify potential improvements to labour cost capture, including high-level cost estimates.	\$5,200	30 Nov 2013
3.2.3.	Consult with the QCA on the proposed improvement plan.	\$2,600	31 Dec 2013
3.2.4.	Finalise labour cost capture improvement plan and seek approval from the QCA.	\$3,900	30 June 2014
3.2.5.	Implement improvements in SunWater's processes and systems.	\$25,000	30 Sept 2014
Total Estimated Cost		\$45,800	

3.3. Separate Identification of Drainage Costs

Recommendation:

The Authority recommends that a review of drainage charges be initiated by SunWater immediately upon completion of the current price investigation. For this purpose, SunWater should identify its drainage system costs from 1 July 2012 for consideration by the Authority prior to 30 June 2014.

Implementation Plan:

No.	Action	Estimated Cost	By when
3.3.1.	Identify necessary process and system changes to separately record drainage costs.	\$3,900	31 Dec 2012
3.3.2.	Consult with the QCA on the prudence of proposed changes to systems and processes.	\$2,600	31 Mar 2013
3.3.3.	Review approach in light of LMA review.	\$1,300	30 June 2013
3.3.4.	Implement changes to processes and systems for drainage charges.	\$15,000	30 Sept 2013
Total Estimated Cost		\$22,800	

3.4. More Appropriate Allocation of Fixed Costs in Distribution Systems

Recommendation:

The Authority also recommends that, at the conclusion of this review, SunWater commence a review of a more appropriate means for allocating fixed renewals costs in distribution systems for consideration by the Authority prior to 30 June 2014.

Implementation Plan:

No.	Action	Estimated Cost	By when
3.4.1.	Assess relevance of this recommendation in light of the outcomes from the LMA review.	\$1,300	30 June 2013
3.4.2.	Identify options for alternative allocation methodologies for fixed costs in distribution systems and assess their relative merits.	\$5,200	30 Sept 2013
3.4.3.	Consult with customers on findings to date.	\$2,600	31 Dec 2013
3.4.4.	Incorporate customer feedback and present findings of review for consideration by the QCA.	\$2,600	30 June 2014
Total Estimated Cost		\$11,700	

3.5. Separate Identification of Irrigation Working Capital Requirements

Recommendation:

SunWater explore the feasibility of basing future (subsequent regulatory period) working capital requirements on efficient forecasts of revenue and cash flows from SunWater's irrigation schemes, rather than relying on historical, whole of business data.

Implementation Plan:

No.	Action	Estimated Cost	By when
3.5.1.	Separately identify cash flow timings for revenue and expenditure specific to irrigation schemes.	\$3,900	30 April 2015
3.5.2.	Forecast working capital requirements based on this data for use as an input into the next pricing review (start date 1 July 2017).	\$2,600	30 June 2015
3.5.3.	Document the working capital forecasting methodology to support submissions to the next pricing review.	\$1,300	30 June 2015
Total Estimated Cost		\$7,800	

Notes on the Cost and Time Estimates

The timetable and cost estimates contained in this implementation plan are based on SunWater's interpretation of the recommendations from the QCA's final report. The scope of each of the recommendations will become clearer as the implementation progresses. There are also dependencies and some circularity between the different recommendations that could affect delivery dates. For these reasons, and others, the estimates are subject to change.

The LMA review has the potential to delay and/or significantly change the scope of implemented approach to address the recommendations. SunWater will monitor the progression of the LMA review and consult with the QCA and customers throughout this implementation to minimise the likelihood of cost and effort being made that would ultimately become redundant should LMA progress.

Attachment 1: Rural Water Pricing Direction 2012

Water Act 2000 (Section 999)

RURAL WATER PRICING DIRECTION NOTICE (No. 1) 2012

Short title

1. This notice may be cited as the *Rural Water Pricing Direction Notice (No. 1) 2012*.
2. SunWater Limited ACN 131 034 985 (SunWater) is directed to comply with this notice when charging rural irrigation water prices in SunWater water supply schemes and channel distribution systems from 1 July 2012 to 30 June 2017.
3. SunWater is also directed to comply with this notice in relation to charging for supplemented rural irrigation water allocations purchased and held by the Commonwealth Environmental Water Holder in SunWater water supply schemes.

Prices for rural irrigation customers in SunWater water supply schemes and channel distribution systems

Bulk water supply schemes

4. The rural irrigation water prices for SunWater bulk water supply schemes are the Final Recommended Prices in –
 - Table 7.45, page 438 in the *Queensland Competition Authority Final Report SunWater Irrigation Price Review: 2012-17 Volume 1* May 2012¹ (QCA Final Report).

Channel Distribution Systems

5. The rural irrigation water prices for SunWater channel distribution systems are the Final Recommended Prices in –
 - Table 7.46, page 442 in the QCA Final Report
6. The charging components in the Final Recommended Prices comprise a—
 - a. River Part A charge payable for each megalitre of water entitlement; and
 - b. River Part B charge payable for each megalitre of water used under the water entitlement.
 - c. Unbundled Part C charge payable for each megalitre of water entitlement; and
 - d. Unbundled Part D charge payable for each megalitre of water used under the water entitlement.

Pricing arrangement for the Commonwealth Environmental Water Holder

7. Apart from the exception in paragraph 8, for all supplemented rural irrigation water allocations purchased and held by the Commonwealth Environmental Water Holder in the plan areas of the Queensland Murray-Darling Basin Resource Operations Plans², SunWater will charge the Final Recommended Prices in –
 - Table 7.45, page 438 in the QCA Final Report.
8. If the water supply scheme tariff group's Final Recommended Price has not achieved the Final Cost Reflective Price, the price for supplemented rural irrigation water allocations purchased and held the Commonwealth Environmental Water Holder is the 2012-13 Final Cost Reflective Prices in –
 - Table 7.27, page 399 in the QCA Final Report, adjusted by inflation of 2.5% each year.

Termination fees – Channel Distribution Systems

9. The rural irrigation termination fees for SunWater channel distribution systems, except for the St George Distribution System, are the Final Recommended Termination Fees in
 - Table 7.55, page 457 of the QCA Final Report.
10. The St George Distribution System rural irrigation termination fee is the Final Recommended Price unbundled Part C charge in Table 7.46, page 442 of the QCA Final Report multiplied by 11.
11. The rural irrigation termination fees are the maximum SunWater can charge. SunWater may decide to charge a fee that is lower than the rural irrigation termination fee determined in paragraph 9 or 10.

Water harvesting charges

Burdekin Distribution System

12. The water harvesting charges for the Burdekin Distribution System, Giru Groundwater Area and Gladys's Lagoon tariff groups for each year consist of –
 - (a) the relevant unbundled Part D charge in Table 7.46, page 442 of the QCA Final Report, and
 - (b) a fee if set by SunWater and determined in the market.

St George Distribution System

13. The water harvesting charges for each year consist of –
 - (a) the unbundled Part D charge in Table 7.46 of the QCA Final Report, page 442
 - (b) the water harvesting charge for the Lower Balonne water management area prescribed in Schedule 14 of the *Water Regulation 2002*, and
 - (c) a fee (item 6 of the water harvesting contract schedule) if set by SunWater and determined in the market.

Drainage charges

14. The drainage charges for the following drainage areas are the drainage rates prescribed under Schedule 7 of the *Water Regulation 2002*: Burdekin River, Dawson Valley, Emerald and St George.

Drainage diversion charges

15. The drainage diversion charges for relevant SunWater distribution systems (Emerald, St George, Theodore and Burdekin-Haughton) are the charges in –
 - Table 7.54, page 456 in the QCA Final Report.
 - With the exception that in Emerald all diversion greater than 100 ML will be charged at the rate nominated for 2-100ML.

Recommendations related to Pricing Practices

16. In regard to the recommendations detailed in schedule 1, SunWater is directed to –
 - (a) consult with the QCA and irrigation peak bodies and to establish an implementation plan, incorporating a scope of work, timetable and preliminary cost estimates related to each recommendation; and
 - (b) provide the Minister for Energy and Water Supply a copy of the implementation plan by 30 September 2012.

Duration of the notice

17. The requirements of the *Rural Water Pricing Direction Notice (No 1) 2012* apply to SunWater until 30 June 2017 unless amended, replaced or rescinded.

Schedule 1

QCA Final Report Page Reference	Recommendation
97	The Authority recommends that a review of drainage charges be initiated by SunWater immediately upon completion of the current price investigation. For this purpose, SunWater should identify its drainage system costs from 1 July 2012 for consideration by the Authority prior to 30 June 2014.
161	<p>The Authority recommends that, in forecasting renewals expenditure, SunWater undertake:</p> <ul style="list-style-type: none"> (a) high-level options analysis for all material renewals expenditures expected to occur over the Authority's recommended planning period, with a material renewal expenditure being defined as one which accounts for 10% or more in present value terms of total forecast renewals expenditure; (b) detailed options analysis (which also takes into account trade-offs and impacts on operational expenditures) for all material renewals expenditures expected to occur within the subsequent five-year regulatory period, with a material renewal expenditure being defined as one which accounts for 10% or more in present value terms of total forecast renewals expenditure over that period; and (c) a review of its renewals planning processes (taking into account the Authority's consultants' suggested improvements) and provide a copy of the review to Government and the Authority by 30 June 2014.
178	<p>The Authority recommends that SunWater's Statement of Corporate Intent (and relevant legislation) be amended to require SunWater to consult with customers in relation to, and publish annually on its website, updated Network Service Plans (NSPs) commencing prior to 30 June 2014.</p> <p>The NSPs should be enhanced to present:</p> <ul style="list-style-type: none"> (a) high level options analysis for all material renewals expenditures expected to occur over the Authority's recommended planning period; (b) detailed options analysis for all material renewals expenditures expected to occur within the subsequent five year regulatory period; and (c) details of SunWater's proposed renewals expenditure items and accounting for significant variances between previously forecast and actual material renewals expenditure items. <p>Customers' submissions in response to the NSPs and annual updates should also be published on SunWater's website alongside SunWater's responses and related decisions.</p>
199	The Authority also recommends that, at the conclusion of this review, SunWater commence a review of a more appropriate means for allocating fixed

QCA Final Report Page Reference	Recommendation
	renewals costs in distribution systems for consideration by the Authority prior to 30 June 2014.
257	The Authority recommends that SunWater undertake a review of its planning policies, processes and procedures to better achieve its strategic objectives. Proposed amendments should be reviewed by the Authority prior by 30 June 2014.
260	<p>The Authority recommends that SunWater improve the usefulness of its information systems. In particular, SunWater needs to support its NSP's with documentation and access to the relevant information necessary to:</p> <ul style="list-style-type: none"> (a) attain greater operating efficiency; (b) achieve greater transparency; and (c) facilitate future price reviews. <p>To achieve greater transparency on SunWater's improved operating efficiency, the Authority recommends that SunWater's Statement of Corporate Intent (and relevant legislation) be amended to require SunWater to consult with customers in relation to forecast and actual operating expenditure. SunWater should publish on its website annually updated NSPs (containing this and renewals information) with stakeholder submissions and SunWater's responses commencing prior to 30 June 2014.</p> <p>The NSPs should also be enhanced to present details of SunWater's proposed operating expenditure for the next year, and to account for significant variances between previously forecast and actual operating expenditure.</p> <p>The (above) proposed improvements to be made by SunWater (in consultation with stakeholders), to facilitate future price reviews should be approved by the Authority prior to 30 June 2014.</p>
264	The Authority recommends that SunWater improve its management accounting for the recording, documentation and analysis of labour cost information. SunWater should submit proposals for approval by the Authority by 30 June 2014.
330	The Authority recommends that SunWater explore the feasibility of basing future (subsequent regulatory period) working capital requirements on efficient forecasts of revenue and cash flows from SunWater's irrigation schemes, rather than relying on historical, whole of business data.

ENDNOTES

1. The *Queensland Competition Authority Final Report SunWater Irrigation Price Review: 2012-17 Volume 1* is available on the Queensland Competition Authority's website <http://www.qca.org.au/files/W-QCA-SunWaterFinalReport-Volume1-0412.pdf>.
2. The "Queensland Murray Darling Basin Resource Operations Plans" includes: Border Rivers Resource Operations Plan, Condamine and Balonne Resource Operations Plan, Moonie Resource Operations Plan and Warrego, Paroo, Bulloo and Nebine Resource Operations Plan