

Meeting Minutes

Date: Wednesday 15 November 2017

Time: 7:00pm

Location: BGA AgriServices, 12 Macalister St, Murgon

Attendees: John Kelly, SunWater Service Manager, Chinchilla
Gary Goschnick, SunWater Storage Supervisor, Bjelke-Petersen Dam
Stuart Nicholson, IAC Chair
Andrew Mayne, IAC Member
Peter Enkelmann, IAC Member
Claire Kapernick, IAC Member
Damien Sippel, IAC Member
Roz Frohloff, IAC Member

Apologies: Jason Godden, IAC Member

Chair: Stuart Nicholson

Minutes: John Kelly

Item No.	Item	HB Doc No.	Presenter
1.	Welcome and Introductions		Chair
2.	Apologies		Chair
3.	Review of Previous Minutes		Chair
4.	Business Arising from Previous Minutes		Chair
5.	Agenda Items		Chair
6.	Water Storage Update		John K
7.	Fact Sheet Update – Drawdown of Waterholes		John K
8.	Quarterly Customer Newsletter Feedback		John K
9.	SunWater Customer Service Commitment		John K
10.	2017 Network Service Plan Annual Performance Report		John K
11.	General Business Surrender of 1ML WA		All

Agenda Item 1 – Welcome and Introductions

The Chair opened the meeting at 7pm and welcomed the IAC members and thanked them for their time to attend the meeting.

Agenda Item 2 – Apologies

Jason Godden

Agenda Item 3 – Review of Previous Minutes

The minutes from the previous meeting were reviewed and were deemed to be a true and accurate record of the meeting. Moved Stuart Nicholson, Seconded Andrew Mayne.

Agenda Item 4 – Business Arising from Previous Minutes

1. Rock Weirs

SunWater advised the IAC that the construction of rock weirs in the watercourse would require approvals and permits from DNRM. The IAC advised that such structures would make the system more efficient by creating pumping pools and small balancing storages within the river that would assist with delivery efficiency. The IAC advised that a small 0.5m rock bar at Marshlands Bridge would assist with water deliveries. SunWater advised that any structure in the watercourse would need to be done with the required approvals and must not impact on SunWater's ability to deliver water to customers downstream. SunWater resolved to enquire further with DNRM about the approval requirements for a 0.5m rock bar downstream of Marshlands Bridge.

Agenda Item 6 – Water Storage Update

SunWater provided the IAC with updated storage volumes as at 15 November 2017 as follows:

Bjelke-Petersen Dam – 24,800ML or 18.4%

Joe Sippel weir – 720ML or 101.2%

Silverleaf weir – 507ML or 87.1%

Agenda Item 7 – Fact Sheet Update – Drawdown of Waterholes

SunWater advised the IAC that it had updated the schemes Operating and Water Sharing Rules fact sheet to detail that once customers have taken their announced allocation they are unable to take any further water, including the drawdown of waterholes. Similarly, if the Announced Allocation is 0%, customers are not authorised to draw down waterholes. The revised fact sheet was sent to all customers.

Agenda Item 8 – Quarterly Customer Newsletter Feedback

SunWater advised the IAC that the first of the schemes quarterly newsletters was sent out in October, and requested feedback from the IAC on the content of the newsletter. The IAC confirmed it was happy with the content and felt it was a good conduit for getting information to customers. The IAC requested that the quarterly newsletters are not distributed until the AA is reviewed each quarter to ensure the information in the newsletter is up to date.

Agenda Item 9 – SunWater Customer Service Commitment

SunWater provided the IAC with a copy of its draft Customer Service Commitment for review, comment and feedback. The Customer Service Commitment is a result of SunWater recognising that as a business, it needs to be more customer focused. The IAC were supportive of the document.

Agenda Item 10 – 2017 Network Service Plan Annual Performance Report

The 2017 Network Service Plan Annual Performance Report for the bulk system was tabled and discussed. SunWater stepped through the document with explanations provided around the schemes revenue and expenditure items.

The IAC queried the cost of insurance as detailed in table 4, noting it was significantly higher than the QCA target. SunWater advised that the QCA targets for the 5 years of the price path were set back in 2011 and insurance costs across all sectors had increased markedly and it would have been difficult for QCA to anticipate such increases in 2011.

The IAC queried whether the scheme was cross subsidising other dams due to SunWater insuring its portfolio of dams rather than individually, given that other dams may have higher premiums and is it possible to ensure the dam singularly.

Post meeting note: SunWater advises that insurance premiums for each dam are apportioned based on asset value only and that each schemes only pays insurance premiums for the storages within its scheme.

The IAC queried the \$30k costs associated with the replacement of the Upper Redgate pump. SunWater advised the IAC it would provide the IAC with a break-up of costs to better clarify the final total cost.

Post meeting note: The costs breakdown for the replacement of the Upper Redgate pump are as follows:

Pump Supply - \$12,871
New 300mm delivery pipe - \$1,953
Engineering drawings - \$1,550
New 12" foot valve - \$665
Motor Electrical Testing - \$410
Plant and Equipment hire - \$2,420
Internal SunWater labour - \$3,593
Direct and Indirect Overheads - \$7,225
TOTAL - \$30,687

The IAC queried the frequency with which the dam break reviews are completed given one was completed in 2016-17. SunWater advised it would discuss with Dam Safety and revert back to the IAC with a response.

Post meeting note: SunWater confirms that dam break reviews are completed every 20 years and are a requirement of the dam safety regulator.

The IAC queried why the interest rate on the annuity balance as detailed in table 6 was so high (7.5%). SunWater advised it would discuss with the business accountants and revert back to the IAC with a response.

Post meeting note: The interest rate was set by the pricing regulator (QCA) back in 2011 at the start of the price path and is based on the weighted average cost of capital.

Agenda Item 11 – General Business

1. Surrender of 1ML WA

SunWater advised the IAC that there was a customer with 1ML of water who wanted to permanently sell it but was having trouble finding a buyer. SunWater requested the IAC to spread the word and ask people to contact SunWater if they are interested.

2. Carryover losses

The IAC requested that SunWater include carryover losses on customer accounts/invoices/statements so customers can determine how much water they have left. SunWater advised it would raise this with customer accounts and revert back to the IAC.

Post Meeting Note: Customer accounts are looking into how this can be achieved.

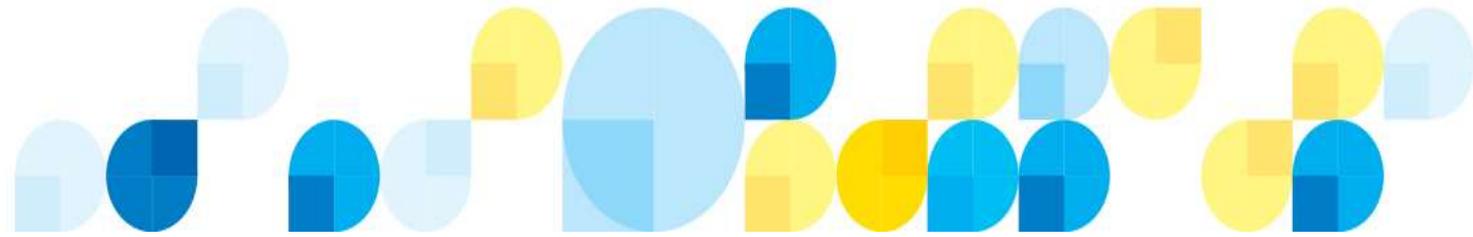
3. Emailed customer accounts

The IAC requested that for accounts that are emailed to customers, the subject line of the email needs to be clearer than it is at the moment. The current subject line is quite vague and could easily be missed by customers. The IAC suggested the subject line should include the words 'Invoice' or 'Account'.

Post Meeting Note: Customer accounts have advised they can change the subject line of the emailed accounts to read "SunWater Pty Ltd – Customer Invoice".

ADDENDUM – QCA Irrigation Price Review

As an addendum to the meeting minutes SunWater has attached a presentation on the QCA Irrigation Price Review. This presentation was to be presented by SunWater's Pricing Manager, Lisa Welsh, however Lisa had not commenced with SunWater at the time of the IAC meeting. The presentation provides some preliminary detail on the process that will be undertaken in establishing the new irrigation water price path and was emailed to the IAC on 7 December 2017.

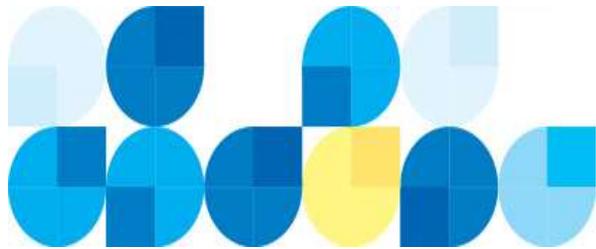


QCA Irrigation Price Review

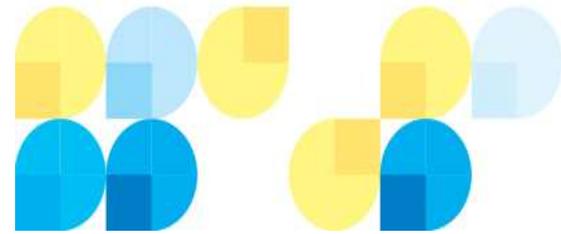
IAC Presentation

November – December 2017

Lisa Welsh, Water Pricing Manager

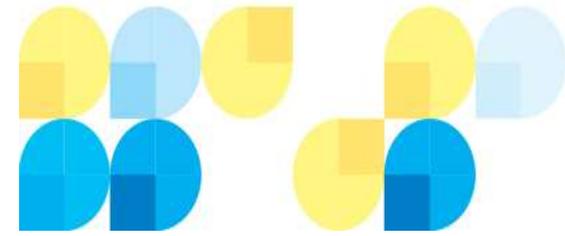


Overview



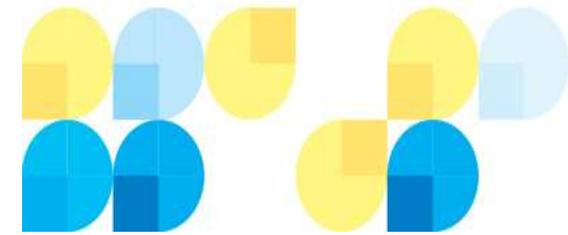
- Key messages from the Customer Survey
- Corporate Goals and Objectives for the Price Review
- QCA Process
- Customer Consultation Process
- Questions

Key messages from the Survey: What do customers want?



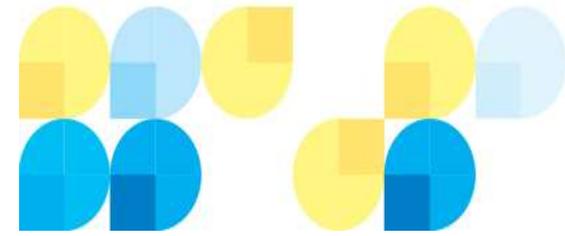
Efficient Costs	Improved Network Service Plans
<ul style="list-style-type: none">• Better value for money• More cost effective services• Customers want don't want to pay more for better services	<ul style="list-style-type: none">• Need to help customers understand costs better• Information on renewals is helpful but could be improved• NSPs have increased cost transparency but more can be done

Corporate Goals and SunWater's Objectives for the Price Review



Corporate Goal	Objective
Supportive stakeholders	<ul style="list-style-type: none">• Enhance customer relationships by working with the IACs and the CRG to provide transparency of costs• Customer involvement supported by clearly articulated, robust SunWater submissions including revised NSPs
Commercially focused operations	<ul style="list-style-type: none">• Identification of cost efficiency targets• Recovery of efficient costs
A sustainable business	<ul style="list-style-type: none">• Lower-bound cost recovery for all schemes with no shortfall (including CSO payments)• A light-handed regulatory approach

QCA Process



The Treasurer issues the QCA with a referral notice to conduct a price investigation

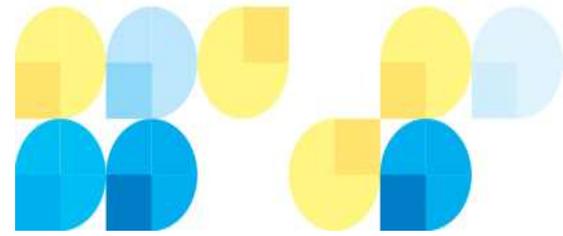
QCA issues a public notice of investigation seeking stakeholder submissions.

QCA reviews SunWater's costs, considers issues raised by stakeholders and conducts public hearings

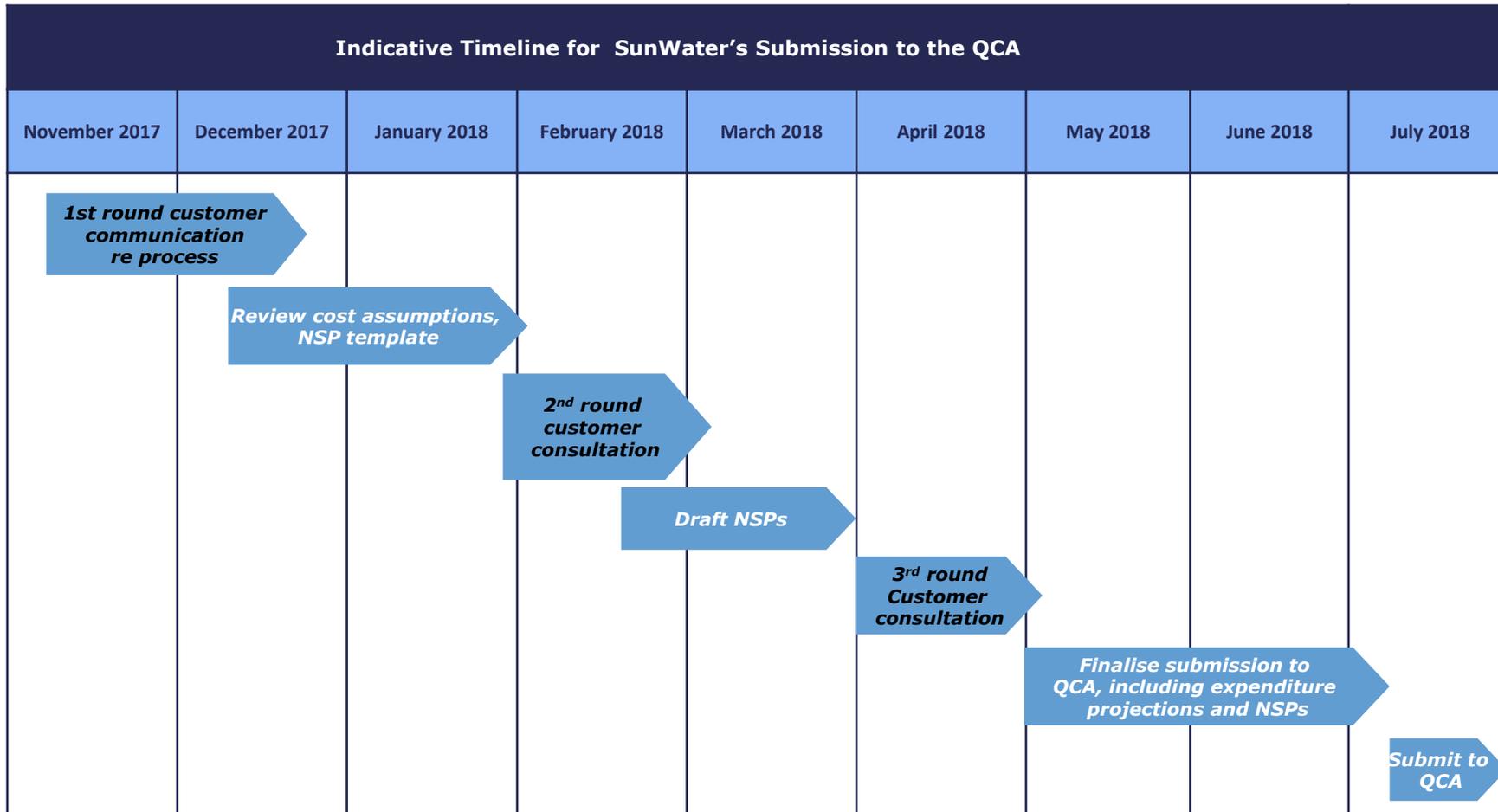
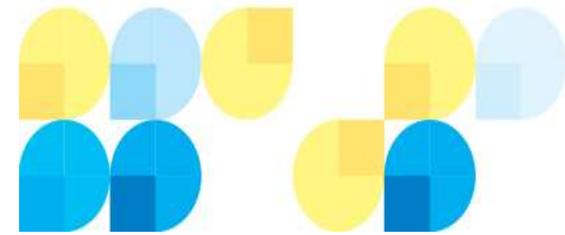
QCA releases a draft report for stakeholder comment, followed by a final report recommending prices to Government

The Government issues a Rural Water Price Direction

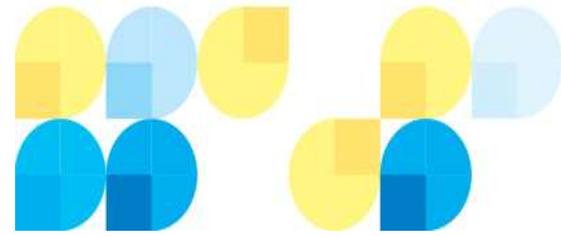
Customer Consultation Process



- A two step process with 3 phases: CRG to provide high level strategic input relevant to all customers and IACs to provide scheme-specific input
- Phase 1 (in progress): communication regarding process, timeframes, preliminary feedback on customer information needs
- Phase 2: Network Service Plan Template, draft infographics, cost drivers
- Phase 3: Overview of expenditure (CRG), draft Network Service Plans (IACs)

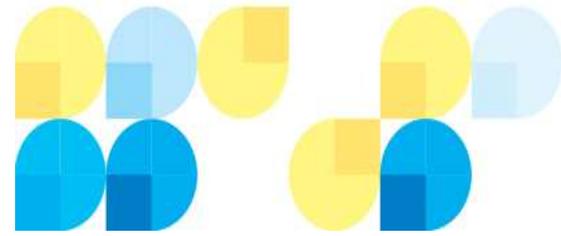


Network Service Plans



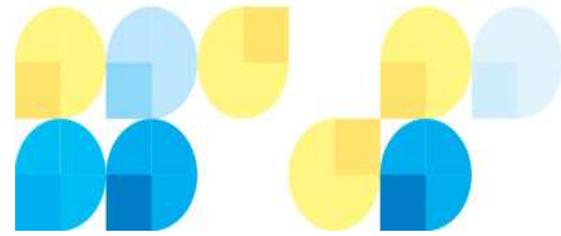
- Network Service Plans (NSPs) are the primary tool that SunWater uses to explain costs to customers.
- There is an opportunity to build on these Plans to provide better and more transparent information to customer eg:
 - Include 5 yearly expenditure projections to align with the QCA price reset period
 - more clearly articulate the purpose of the NSPs
 - Provide detail on corporate overheads
 - Articulate the link between costs and the asset management framework?

Network Service Plans



- What information do customers want to see in the Network Service Plans?
- How do customers want to engage on the longer term planning horizon for the schemes ie beyond 5 years?

Infographics



- SunWater will be developing infographics to support its submission and customer engagement.
- What are the key concepts the customers would like to understand more clearly? eg how prices are set, revenue building blocks, how costs are allocated?

Sample Infographics

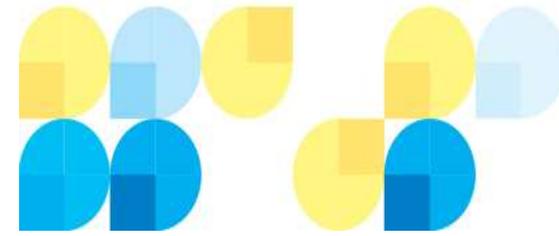
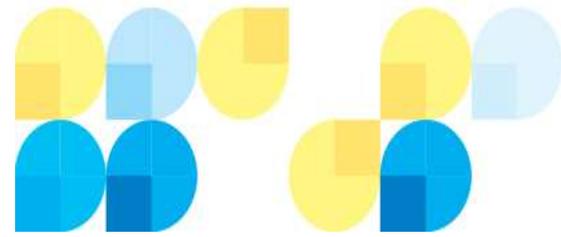


Figure 5.1: Notional revenue requirement per customer in water security mode— proposed for 2017-22 regulatory period compared with approved for 2012-17 regulatory period (\$2016-17)



Source: SDP



Questions or feedback?

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