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Our Ref:

7 April 2005

Dear Mr Cox

I write with regard to the State Water Corporation (SWC) submission to IPART regarding the bulk water pricing. As advised earlier, our Supplementary Submission is attached for consideration by IPART. The progress in corpoate governance arrangements and separation of functions has been considered. The MJA Report has been reviewed and where appropriate, SWC has addressed them in the supplementary submission.

I understand that IPART is considering making a short-term determination in the first instance, followed by a long-term determination. The implications of a nominal price increase would be seriously affect the conduct of our busines at a time of its establishment and ramping up of maintenance and capital programs. This would be unacceptable to our regulators and shareholders.

I also understand that some customers are seeking concurrent consideration of the SWC and DIPNR submissions in the determination process. SWC considers that concurrent consideration of the two submissions is not required, as separate tariffs are being determined for each agency.

In view of the clear separation of functions and accountabilities between SWC and DIPNR, there will be no overlap of functions, activities and costs in the two submissions. This separation is further reinforced in the supplementary submission. Any services to be procured from DIPNR by SWC are included as SWC costs, and *vice versa*. Therefore, there is no reason to delay a determination for State Water's charges.

I request therefore that the SWC submission be assessed independently of the DIPNR submission and without any delay. Please contact Russell Simons or me (02 68412002) for any further information.

Yours Sincerely

Abel Immaraj Chief Executive Officer State Water Corporation State Water Corporation's Supplementary Submission to IPART on Bulk Water Pricing

April 2005

State Water Corporation

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1 Executive Summary

State Water Corporation was formed on 1 July 2004, as a state owned corporation under the State Water Corporation Act 2004.

State Water Corporation (SWC) lodged its first submission to the Independent Pricing and Regulatory Tribunal (IPART) in October 2004, based on best available information. That submission covered the three-year period 2005/06 to 2007/08.

New information and recent changes since October 2004 have prompted SWC to lodge this Supplementary Submission to IPART for consideration in its determination of bulk water prices.

The main changes and their drivers are discussed below:

- SWC has drafted its 2005/06 Corporate Plan and is in the process of preparing its 2005/06 Statement of Corporate Intent. This has provided a set of strategies and programs for SWC, with performance measures against its critical success factors.
- The Corporate Plan has defined State Water Corporation's Program Structure to meet business goals. The new financial system is being developed according to the new Program Structure.
- Operational functions and assets carried out by Department of Infrastructure, Planning and Natural Resources are now being transferred to SWC.
- Wage increases over the 3-year transition period and the forecast unemployment rates have been considered in the operating expenditure forecasts.
- Additional information on infrastructure and likely options has resulted in revisions to the project plans and timetables, necessitating capex revisions.
- Office relocations, both voluntary and forced, have resulted in significant unforeseen additional costs. These came to light only in November-December 2004.
- Discussions with IPART on the proposed Interim Operating Licence have clarified the likely regulatory requirements applicable from 1 July 2005.
- SWC has reviewed the ACF Report on economic values derived by river dependent industries as well as the National

Water Initiatives, which need to be considered in the determination process, particularly for recovery of costs.

- Fish River Water Supply Business was incorporated into SWC on 1 January 2005, necessitating administrative and organisational changes to SWC.
- SWC has reviewed all and adopted some of the recommendations of the MJA (Marsden Jacobs Associates in association with Cardno) draft report, *Review of Capital Expenditure, Asset Management and Operating Expenditure of State Water Corporation* (MJA Report), dated 20 February 2005. In the SWC Response to the MJA Report, SWC foreshadowed adjustments to its opex and capex, which are detailed in this Supplementary Submission.
- There are various proposals to divert water from State Water customers to the environment including the 'buyback' of water access licences under the Living Murray, Water For Rivers and National Water Initiative. SWC has made provisions for the impact of these proposals.
- Costs of Yanco-Colombo Billabong Creek were previously attributed to the Murray Valley the more correct water source. These costs are now being transferred to the Murrumbidgee Valley.
- To ensure that water users are charged the correct prices, the valley maps have been digitised and attached to the supplementary submission.

The implication of these changes have been analysed and the Supplementary Submission details appropriate amendments to State Water Corporation's October 2004 IPART Submission.

2 Introduction

State Water Corporation is a bulk water supply business, wholly owned by the Government of New South Wales. The Corporation's purpose is to capture, store and deliver water – for use by customers and the community – and for preservation of riverine ecosystem health. Water allocation to meet competing demands is governed by statutory Water Sharing Plans. State Water operates within these plans and its revenue is effectively capped by these plans' limits.

State Water Corporation provides a vital service: water is the economic lifeblood of the rural community in which the Corporation operates, and this precious resource provides the fundamental basis for a healthy environment. This operating context empowers State Water in its mission to sustain life and the economy by delivering water efficiently to customers and community.

Unlike every other new water or energy corporation in NSW, State Water has never operated as a stand-alone utility or Government Authority before being corporatised on 1 July 2004. State Water and its predecessors had always been dispersed as minor branches and sections of Government Departments that had broad policy, regulatory and operating responsibilities.

During 2004 and 2005, State Water Corporation is a *work in progress*, both internally and with respect to the external operating environment. Significant changes have taken place to SWC's regulatory environment, portfolio of assets, core functions and relationships with other agencies.

Upon its formation, State Water Corporation did what any new organisation must do. It recognised very rapidly the shortcomings to be addressed and acted within a short period to start putting in place appropriate systems and procedures. The Corporation takes pride in the advances made in the nine months since corporatisation. SWC has played an active part in shaping the new operating environment and is confident that it can succeed as a corporation if the required resources are provided.

SWC has responded to all these changes in the interests of its stakeholders, to endeavour to provide its services, while maintaining business continuity and regulatory compliance.

The following table shows some of the key milestones within the first 9 months of SWC operation, which affect its core business by way of changed functions and asset portfolio, costs and cost shares.

Table 1.Key Milestones in the first 9 months of SWC

The milestones achieved leading up to corporatisation and in the first nine months are a good indicator of the progress SWC is able to make as a Corporation. These outcomes and factors have a significant influence corporate planning, management and levels of Capex and Opex:

Date	Milestone	Comment
1 July 04	State Water Corporation (SWC) Formed	State Water Corporation Act 2004 came into effect
1 July 04	Interim Operating Licence (IOL) Issued	Portfolio Minister issued Interim OL and sought a 10 month review period prior to issuing the Initial OL
1 July 04	Interim Board Appointed	Three Independent Directors (including Chairman) appointed
July 04	Migration to new Payroll System	All SW staff transferred from DIPNR to CCSU Payroll & HR System
Aug 04	Review of IOL	IPART commenced process of review, submissions and hearings
20 Sep 04	Performance Standards Review	IPART commenced process of review. Initial meeting SKM with IPART 20 Sep 04
1 Oct 04	Initial Board members appointed	Five additional Independent Directors appointed
	TAMP 2004 Published	Preliminary 30 Year CAPEX projections
29 Oct 04	SWC lodged response to IOL Review	Comprehensive submission to IPART, followed by presentation and discussions
29 Oct 04	IPART Pricing Submission	First submission by SWC
Dec 04	Office relocations	SW head office relocated from DIPNR premises to commercial premises; Notice of eviction to SWC from Parramatta premises wef 7/05

2 Dec 04	Statement of Corporate Intent	SCI signed by Shareholders on 2 Dec 04
2 Dec 04	2004/05 Corporate Plan finalised	Included with SCI when signed
	MoU with DPI	Agreed on cooperative approach to protection of fish habitat and fish passage
1 Jan 05	Fish River Water Supply incorporated into State Water Corporation	Transfer of assets and functions from DEUS to SWC, financial services from DIPNR to SWC
Jan 05	New Shareholding Ministers	New Shareholders appointed by Premier
Feb 05	Approval to acquire Integrated Financial Management System	DIPNR is terminating all financial services to SWC wef 1 July 2005
Mar 05	Customer Service Charter	Finalised after extensive consultation with customers and Board
Mar 05	Recruitment of CEO and Senior Management	Awaiting finalisation of contracts
Mar 05	Opex Capex Review	SWC has responded to the Review recommendations
Apr 05	Finalisation of: transfer of assets and functions from DIPNR to SWC; Works Approvals; WSP Implementation Manuals	Affects core business, Corporate Plan and SCI

3 Corporate Plan Requirements

SWC has developed a Corporate Plan to achieve its vision and mission. The Corporate Plan documents Critical Success Factors, performance measures, strategies based on risk assessment, and financial forecasts.

SWC's vision is to be Australia's most effective water business. Our mission is to sustain life and the economy by delivering water efficiently to customers and the community.

The mission is accomplished through best practice operations and asset management. State Water operates systems to enable rapid response to water allocation decisions and to opportunities to supplement supplies to customers. As a bulk water supply business, the corporation has more than 6,200 customers; dominated by four large private irrigation companies that, in turn, distribute water to member water-users. Consultation with customer groups in each valley is a distinctive feature of State Water activities and the corporation maintains excellent relationships with the majority of customers.

State Water Corporation is in the fortunate position of having an asset base that essentially performs in accordance with the requirements of water users. Key capital investment drivers are associated with dam safety in extreme natural events, environmental protection improvements and operational information technology to improve water efficiency.

Investment decisions are critical for State Water. The Corporation must strike the appropriate balance of investment priorities between the important needs for competing classes of investments: asset protection for extreme flood conditions; water efficiency and savings for distribution; environmental health; and securing asset reliability in operations. The current drought conditions underline the relative importance of improving water efficiency so that pressing water needs can be better served.

State Water Corporation's overriding organisational vision is to be Australia's most effective water business. We plan to achieve this vision through a three-part program:

- Further improving the business basics asset management, water operations, customer service and environmental management;
- Actively taking part in the current innovative developments in water technology, water markets and financing; and
- Responding selectively to profitable growth opportunities that add value to the core business.

This broad strategy is supported by a proposal for equitable pricing of water as a platform for the commercial viability of the business. The Corporation's proposal to the IPART review of bulk water prices argues for a staged pathway to full cost recovery in all valleys, and a price structure that more closely reflects the comparative costs associated with providing different levels of water supply security.

A summary of the key developmental strategies and related projects listed in the Corporate Plan is indicated in the following table, with estimated investment required. These projects have been costed and spread over the 3-year Corporate Plan period (50% in the first year, 30% in the second and 20% in the third).

SWC is seeking changes to the user share component to the relevant operating and project costs.

Critical Success Factor	Development Strategies	Projects	Product Number*	Required Investme nt \$k
Excellent Customer Service	 Further develop the role of Customer Service Committees, to provide a clear linkage between customer needs and operational improvements. 	Research & Development and sponsorships as identified by CSCs.	113	160
	 Further develop the role of Community and Stakeholder Reference Panels in major projects to ensure that capital investment choices match willingness to pay. 	Develop Support and Information Systems required by Community Reference Panels. Capital expenditure.	121	100
	Improve on the ground communications channels with diverse customers.	Brochures and newsletters for customers in each valley.	111	50
	 Improve the quality and timeliness of information to customers, to maximise value for money, water efficiency and to improve profitability/viability of customers 	Internet/ Email/ Fax services for water ordering, customer account management and payments. Capital expenditure.	121	250
	 Deliver products and services when promised. 	Included in SWC operations planning.	211	0
	 Promote good relationships with customers through transactional experience. 	Adoption of best practice customer service standards.	112	0
Best Practice Operations	 Implement world's best practice benchmarking and develop cooperative relationships with benchmark partners for sharing of innovative practices. 	Implementation of Operating Licence requirements and completion of Benchmarking Project.	512	120

TABLE 2.CORPORATE PLAN STRATEGIES for 2005/06 to 2007/08:

	•	Improve and integrate operating systems: water management, financial, billing & revenue, records and information.	Integration and Coordination of ExPlan, Total Records Information System (TRIM), Integrated Financial Management System (IFMS), Water Ordering & Usage System (WO&U). Provide reports and statements on-line to customers. Capital expenditure.	351	200
	•	Develop an efficient Information & Communications system so that all operating decisions can be made with full, real-time information.	Supervisory Control & Data Acquisition (SCADA) Program to operate the structures to maximise water deliverability. Capital expenditure.	532	1,200
		Develop and Implement a quality risk management plan.	Compliance with requirements of Operating Licence, Customer Charter and insurer (TMF).	511	200
	•	Ensure good performance in organisational compliance, through analysis and management of business risk.	Identification and management of business risk, compliance issues and develop continuity plans.	511	150
Strategic Asset Management and Investment	•	Develop and implement an investment evaluation program that supports the State Water mission and wins the support of shareholders and key stakeholders.	Included in Total Asset Management Plan (TAMP) Program.	351	0
	•	Continuous development of asset maintenance system to reduce costs and incidents, through improved preventive maintenance and condition monitoring.	Included in Facilities Maintenance Management System (FMMS) Program.	351	0

	 Analyse and manage risk and levels of service to balance compliance requirements, to increase investment in profitable areas. 	Included in strategic Asset Management and Investment Program	351	0
Skilled and Dedicated People	 Develop a commercial culture based on personal initiative, technical and commercial excellence and a widely shared understanding by all employees of all aspects of the business. 	Development and implementation of human resources performance management program.	411	50
	 Encourage staff commitment to customer focus and customer friendly relations. 	Included in the HR program	411	0
	 Succession planning through encouraging and fostering cadets, training, partnering with external organisations. 	Development & Implementation of Workforce Plan, Succession Plan, Sponsorships.	412	180
	 Clearly articulate State Water's employment conditions, expectations and behaviours 	Included in HR program.	411	0
	 Senior management live and demonstrate the articulated culture 	Included in HR program.	411	0
	 Collectively developing and working in a safe and healthy work environment (towards zero injuries) 	Included in the OH&S Program.	413	0
Profitable Business Developmen t and Growth	 Progressively identify and evaluate and move to secure new business opportunities aligned to core competencies, including asset management, bulk water operations and water information management. 	Market surveys, Research & Development and market testing.	511 (0% user share)	150

	 Embrace innovations in water technology, marketing and financing to enhance commercial success. 	Research & development to identify technology and products for profitable investment.	311 (0% user share)	300
	 Identify and deploy sound commercial practices in existing business basics. 	Improve cost recovery through broader base; and through charge-out rates.	521 (0% user share)	60
	 Progressively develop our commercial capability and our deliverability of outcomes. 	Included in the SCI process.	511	0
Enhanced Riverine Environment	• Develop fundamental understanding across State Water of the real outcomes being sought by all environmental regulators and develop basis to ensure that environmental health is integrated into operating and investment practices through formal protocols and cultural awareness.	Partnership program with peak industry and environmental agencies, Customer Service Committees and Catchment Management Authorities.	610 (50% user share)	120
	 Ensure that environmental health is integrated into operating and investment practices through formal protocols and cultural awareness and personal commitment. 	Development & implement awareness program.	610 (50% user share)	50
Supportive Owners and Other Stakeholders	 Continue to work closely with customers and shareholders, and cooperatively with regulators and all stakeholders so that views and agendas are considered in SWC's planning. 		721	0
	• Support and work with the Community Consultative Committee in a transparent manner.	Secretariat and operational support to the CCC.	721	120

•	Adopt positive issues management through consultation with key stakeholders.	Included in the Community Consultation Program	721	0
•	Optimise return to shareholders value added.	Included in the Statement of Corporate Intent	721	0
•	Formal commercial and collaborative relationships with key agencies.	Develop relationships and commitment to key agencies.	731	40
•	Work cooperatively with DIPNR, DEC and DPI in accordance with the MoU, as required by the Operating Licence.	Develop, implement and commit to Memoranda of Understanding.	731	30
٦	Total Investment			3,530
V	Vater User Capex	1,750		
V	Vater User Opex	1,185		
	Subtotal		2,935	
S	State Water borrowing	510		
C	Government share	85		
	Subtotal		595	_
			3,530	

* The Product Numbers are from State Water Corporation's new Program Structure (Page 14).

4 New Program Structure

The 2005 Corporate Plan identifies the 7 factors critical to SWC's success. These Critical Success Factors are also the areas in which SWC's activities will be undertaken and performance monitored.

The October 2004 submission was based on the program structure devised by DLWC in 1994/95. It does not meet the needs of SWC, and accordingly a new Program Structure has been developed which clearly identifies the projects, captures the costs and provides clear reporting. The Integrated Financial Management System is being structured along this Program Structure, to enable SWC to manage finances and accounts consistent with the Corporate Plan.

The Program Structure identifies for each *Critical Success Factor*, the *Programs* to deliver the outcomes, and the *Products* within each Program. Within each Product, there will be several *jobs*.

The new Program Structure is shown in Table 3. The existing cost shares have been reviewed based on consultation with various stakeholders and recent reports identifying beneficiaries. The proposed cost shares are based on current ratio of estimated costs of providing services to users, environment and community. With the implementation of the Water Sharing Plans in particular, there is a greater effort by State Water to meet the requirements of basic rights as well as environmental flows.

	Critical Success Factor	Pr ogr a M N u m b er	Program	Pro duc t Nu mb er	Product Description	Previous subproduct code	Previous user share	Proposed % user share (revised)
1	Excellent Customer Service	11	Customer Service	111	Customer Information & Reporting	PC102	100	100

TABLE 3. STATE WATER CORPORATION'S NEW PROGRAM STRUCTURE

			112	Customer Support	PC102	100	100
			113	Customer Service Research & Development	NA ¹	NA	100
			119	Customer Service Charter Audit & Review	NA ¹	NA	100
	12	Customer Service Capital Program	121	Customer Service Capital Projects	NA ²	NA	100
2 Best Practice Operations	21	Water Delivery	211	Water Operations Planning	PC120	100	80
			212	Hydrometric Monitoring	PA100	70	80
			213	Water Quality Monitoring	PA120	70	80
			214	Water Information Mgmt	NA ²	50	80
			215	River Operations	PC200	100	80
			216	Flood Operations	PC310	50	50
			217	Water Transfers	PB220	100	100
			219	Water Operations Audit & Review	NA ²	100	100
	22	Water Delivery Capital Program	221	Water Delivery Capital Projects	NA ²	100	100
3 Strategic Asset Management and Investment	31	Asset Mgmt O&M	311	Asset Management Planning	PC402	100	90 ⁴
			313	Dam Safety Compliance O&M	PC420, PC421	100	90
			314	Preventive Maintenance	PC410, 413, 416, 417, 418	100	90
			315	Corrective Maintenance		100	90
			316	Plant & Equipment		100	90

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			317	Office Facilities O&M		100	100
			318	Foreshores Mgt O&M	NA ²	NA	20
			319	Depreciation	PC401	100	100
			349	Asset Mgt O&M Audit & Review	PC412	100	100
	35	Asset Management Capital	351	Total Asset Management Plan	PC402	100	90
			352	Dam Safety Compliance Capital Projects	PC456	0	0
			353	Major Periodic Maintenance Capital Projects	PC431, 432, 435, 436	100	100
			354	Structure Enhancement Capital Projects	PC434, 438	100	100
			355	Office Accommodation Capital Projects	PC402	100	100
			356	Capital Projects Non IPART	PC414	0	0
			379	Asset Mgmt Capital Audit & Review Project	PC402	100	100
4 Skilled and Dedicated People	41	Human Resource Management O&M	411	Human Resource Management	Overhead	NA	100
			412	Learning & Development		NA	100
			413	OH&S Systems and Manual		NA	100
			419	OHS Audit & Review		NA	100
	42	Human Resource Mgmt Capital	421	OH&S Compliance System	PC451, 453	100	100
			429	OH&S Audit & Review System	NA ³	NA	100
5 Profitable Business Growth	51	Corporate Governance	511	Corporate Planning & Policy	NA ³	NA	100 ⁴

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			512	Corporate Audit & Review	NA ³	NA	100
	52	Corporate Services O&M	521	Financial Planning & Management	Overhead	NA	100 ⁴
			522	Billing & Receipts	PC220	100	100
			523	Corporate Governance	PC105	100	100
			524	Information Management	Overhead	NA	90
			525	Insurance	PC408	100	100
	53	Corporate services Capital	531	Finance Systems Projects	NA ²	NA	100
			532	Information Management Projects	Overhead	NA	100
6 Enhar Riveri Enviro	nced 61 ne onment	Environmental O&M	610	Environmental Planning and Assessment	PC402	100	50
			611	Fishpassage O&M	NA ¹	100	50
			612	Cold Water Impact Mitigation O&M	NA ¹	NA	50
			613	River Channel Protection O&M	PC419	50	50
			619	Environmental Audit & Review	PC402	50	50
	63	Environmental Capital	631	Fishpassage Works	PC452	50	50
			632	Cold Water Impact Mitigation Works	PC450	50	50
			633	River Channel Protection Works	NA ²	NA	50
			639	Environmental Audits & Reviews	PC402	50	50
7 Suppo Stake	holders 72	Community	721	Community Consultation Committee	NA ¹	NA	100

	73	Stakeholder	731	Industry, Environment and	PC102	100	100
		Groups		Local Govt Liaison			

Notes:

1. New requirement for State Water Corporation under Operating Licence or legislation

2. Previously managed by DIPNR as a NRM Program

3. Previous requirements modified by corporatisation

4. Within the Program, new business development projects are 0% user share

5 Transfer of Assets and Functions

Discussions held between relevant agencies have resulted in finalisation of assets and functions to be assigned to SWC. These matters were only recently resolved in March 2005, leading to some changes in forecasts.

ISSUE	Government POSITION	WATER PRICING IMPLICATION
 Transfer of Assets: regulated and unregulated rivers. 	 Regulated and unregulated water assets be vested in SWC as an asset manager. SWC to submit to Government in 12 months, a long-term asset management and/or divestment strategy. Funding for maintenance costs to be transferred from DIPNR's budget to State water as a CSO. 	These costs are attributed to the relevant water source. Unregulated and Groundwater source are under DIPNR management. Currently, any costs associated with these activities are recoverable under a contract with DIPNR.
2. Salt Interception Schemes.	 Operation, including maintenance, of these schemes by SWC, in accordance with requirements set by DIPNR. 	Full cost recovered from MDBC under the M- DB Agreement.
 Murray River Forest Regulators and Weirs. 	Infrastructure connected to regulated flows within or into the Murray River be vested in SWC prior to consultation by SWC with State Forests and Catchment Management Authority to determine where Infrastructure connected to moving water around forests of the Murray River should be vested.	Full cost recovered from MDBC under the M- DB Agreement.
4. River Murray and Tumut River Erosion Control Program.	SWC undertake remedial works (and recover costs) in accordance with requirement set by DIPNR.	40 to 50% of the Tumut Works Program cost is charged to the Murrumbidgee water users. The Murray Project costs are charged to MDBC.

Table 4 The current position on assets and functions as adopted by Government

5. Menindee Lakes Structural Upgrade Investigation Program.	 DIPNR see the project through to approval and any future works be undertaken by SWC in accordance with approved requirements. 	To be determined. Currently covered by DIPNR funding.
6. Murrumbidgee En- route Re-regulation Storage Study.	 On the grounds that it is inappropriate to change the proponent mid-project, DIPNR remain the proponent of the project. In future similar projects, SWC to be the proponent. SWC to be fully and formally consulted by DIPNR on the re-routing project. 	To be determined. Currently covered by Resource Management (\$1.85) Funding.
7. Water Information and Communication System (WICS).	 A formal agreement to joint access be made. SWC should pay appropriate costs. 	Internet Water Ordering System (Regulated Rivers) costs are 100% recovered from water users.
8. Land under Infrastructure and Foreshore of Dams.	As agreed between parties.	Net cost (revenue –expenditure) of managing foreshores upto the Full Supply Level are 100% recoverable from water users. This is estimated to be about 20% of gross cost. Above FSL, cost is shared 50% each to government and users (10% gross cost).
9. The Sewage Treatment Plant at Wyangala dam	 SWC to project manage the upgrade works on the plant. SWC to seek CSO for the unfunded cost component. 	The Project to upgrade the Wyangala STP is being managed by DEUS on behalf of DIPNR. DIPNR to provide funding.
10. Water Operations.		To be dealt with under the MOU between DIPNR and SWC. Up to 80% of the costs of water delivery operations may be attributed to water users.
11. Water quality Monitoring.	As agreed between parties.	Accepted.
12. Supplementary Flows.	 DIPNR to codify access rules as soon as possible. Close consultation be advised so that SWC can make timely announcements. 	Accepted.

13. Access to Land and Property Information Register.	 No indemnity should be provided. Both parties should take all steps to minimise risk. 	DIPNR has indicated that it will indemnify State Water for errors <u>due to the 24-hour</u> <u>delay</u> . SWC will undertake necessary steps to get appropriate statutory declaration from customers.
 Customer Service: Crediting water accounts. 	 This is part of the regulatory function and should remain with DIPNR. 	Accepted. An arrangement has been agreed between DIPNR and State Water to allow efficient practice and good customer service. State Water will physically credit customer accounts.

Note: The residual issue awaiting resolution is hydrometric and related services. This includes the gauging stations and Hunter Salinity Trading Scheme. 22 of the hydrometric stations at the dams have been transferred to SWC from DIPNR. The remaining issues are expected to be resolved in March/April 05.

6 Changes in Capex Forecasts

SWC's submission was lodged with IPART in November 2004. The majority of the data upon which the submission was based, was gathered in the first half of the year, during corporatisation. SWC now has a better understanding of impacts of corporatisation, water reforms, functional separation, a reflection of the Capex recommendations and the operating framework, which has resulted in a review of the IPART submission.

SWC is developing a greater understanding of the operating environment, regulatory environment, primary drivers, roles and accountabilities, which lead to increased expenditure. Since the October 2004 submission, SWC has undertaken a review of capex requirements. This review takes into account changes in conditions that have occurred subsequent to the October 2004 submission being lodged.

The major revision of Capital Expenditure forecasts is for Dam Safety Compliance Capital Projects Product 352 (Previously PC 456 Dam Compliance – Upgrades).

Additional information relating to data compliance costs that indicate that investigatory work and approval processes will take longer than anticipated, thereby delaying capital expenditure. This has resulted in a decrease of \$20Million for the 2005/06 year, from \$47Million to \$27Million.

- Keepit Dam Upgrade Project (decrease of \$12.8M). The program has been delayed by 12 months due to additional requirements as a result of community consultation required for these projects. While the total project cost has not altered, the deferral of construction work by one year has resulted in changes to the forecast Capex.
- Blowering Dam Upgrade Project (decrease of \$4.0). Originally Stage 1 of the upgrade project was envisaged to be relatively straightforward, with the construction of a parapet wall on the crest, similar to the work done at Chaffey Dam. Detailed numerical modelling of spillway operation has highlighted the need for extensive work on raising of the training wall. A review of risk approach has necessitated further justification work of staging the upgrade. The possible need for a more comprehensive consultation program has lengthened the time allowed for approval of the project. Again this has not altered the total project cost.
- The Total Asset Management Plan (Product 351) estimate has also been revised (Previously PC402 TAMP Establishment of the Water Business).

- An integrated financial system has been procured during 2004/05, with a total cost of \$2million including implementation.
- The new Corporate Plan has identified some investments in improved operational efficiency for monitoring, metering and information exchange. These investments have been costed (as indicated in Table 2) and included in the submission.
- Due to decisions made by other parties, State Water staff need to be relocated from various shared locations, including Strategic Asset Services staff in Parramatta. An additional \$2.3M has been estimated for this activity.
- State Water has undertaken an extensive review of capital requirements for the implementation of the Corporate Plan and Statement of Corporate Intent. This has resulted in the scheduling/timing of various projects in accordance with current plans. This has resulted in updated forecasts from those in the original submission.

State Water is confident that this investment is critical, prudent and efficient to meet business objectives, regulatory requirements and customer and community expectations.

7 Changes in Opex Forecasts

There is a step change between actual 2003/04 operating expenditure and forecast 2005/06 operating expenditure.

The information used as the basis for the opex in the October 2004 SWC submission has changed as the responsibilities of SWC have become clearer, requiring additional expenditure. The implications of wage increases (4% per year for 3 years) and the competitive job market have been factored in to the operating expenditure forecasts.

State Water has also aligned the forecast expenditure in line with the Corporate Plan and the new Program Structure.

• Product 212 Hydrometric Monitoring (PA100 Surface Water Quantity Data Collection and Archiving) - Increase in costs: \$1.7M

Historically, this has been an allocation of costs between State Water and the then DLWC, when State Water was part of that department. Both SWC and DIPNR have been actively identifying gauging stations relevant to SWC for the operation of regulated rivers in the state. These costs are subject to a well developed, but as yet unsigned service level agreement with DIPNR. SWC is negotiating with DIPNR to get this agreement finalised, however there are a few issues relating to levels of service yet to be determined. The base cost is generally accepted, however the % allocation of costs to water users is unknown. This will be resolved during the IPART determination. SWC is negotiating with DIPNR on user-cost share, reporting arrangements, contingencies and response to loss of data. This is particularly important as DIPNR is intending to commercialise the hydrometric network during 2005/06.

In the past, some DLWC Regions did not charge full costs of this activity to State Water. Some only charged cash costs, others cash plus non-cash costs and others charged overheads as well. Some regions also did not spend their budgets on hydrometry, resulting in significant under-expenditure. SWC is now identifying the true cost for the stations it needs. This sub-product is now showing the true cost of the activity.

• Product 213 Water Quality Monitoring (PA120 Surface Water Quality Data Collection and Archiving)-Increase in costs: \$0.3M

With the transfer of functions from DIPNR, SWC will have increased responsibilities in *monitoring* storages water quality (WQ) to ensure that any issues are quickly identified and users notified so that appropriate response action can be taken. As with PA100, this increase in costs should not affect the total cost recovery (transfer of WQ costs from DIPNR to

SWC). SWC has employed a water quality specialist as SWC will be required to assume a greater role in the *management and response* to water quality issues in its storages.

SWC will be responsible for additional costs not previously identified, for transferred functions, laboratory costs, and new locations (dams where DLWC Regions did not previously undertake water quality monitoring).

• Product 111 Customer Information and Reporting, 731 Industry, Envt and Local Govt Liaison (PC102 Rural Water Supply Customer and Industry Liaison) - Increase in costs: \$0.7M

As per its Corporate Plan, SWC is investing in improving customer relations through Customer Service Committees (CSC) and direct communication with customers. CSCs meet quarterly involving travel to different locations for meetings and site inspections of SWC works/facilities. These allow customers to gain better understanding of the inputs and outcomes. SWC also meets regularly with the CSC chairs and facilitates information sessions for customers. This also includes other stakeholder groups such as IPART and Ministers. It is expected that a new Community Consultation Committee (CCC) will be required under the Initial Operating Licence. SWC expects this statewide committee will operate at a high level and will require additional funding to that included in the SWC submission.

• Product 511 Corporate Governance (PC105 Regulatory Compliance) - Increase in costs: \$0.7M

With the corporatisation of SWC, it is subject to a defined regime of legislative, statutory, regulatory compliance, requiring extensive monitoring and reporting of compliance and performance. The Initial Operating Licence indicates the performance standards and reporting requirements for SWC. Most of these are also required for the Customer Service Charter as well as the MoU and therefore, while these are additional costs, they are efficient and prudent. The cost of compliance activities were not included in the original submission.

• Product 211 Water Operations Planning (PC120 Rural Water Supply: River Operations Planning) - Increase in costs \$0.2M

The Corporate Plan identifies enhanced riverine environment as a critical success factor. To enable river operations to add value to the riverine environment, a process of identifying synergies in customer demands and environmental demands is required. These costs are to effect this process and consider implementation in consultation with DIPNR and the customers.

• Product 215 River Operations (PC200 Regulated River Operations) – Increase in costs \$1.4M

The increase in costs is due to increased levels of service in river operations for customers, community and environmental flows. Previously the "Off-Season" resulted in sufficient slowing down of operations to enable leave and maintenance. This has now changed, as a result of the priority of environmental flows, to 365-day operation required for the Water Sharing Plans. Historically, State Water has managed to operate rivers with available staff during the

"season", however with this being a 24/7 function, many staff have worked enormous amounts of overtime and not taken leave when due, resulting in a high level of annual leave liability for river operations staff. New staff have been appointed at Leeton and Dubbo with further staffing level improvements to be made. Vacant positions in the State Water establishment list created on the separation of State Water and DIPNR show river operations positions totalling approximately \$1.0M at that time.

More operations staff will be appointed in all Areas that will enable SWC to give a fully functioning service including flood operations. State Water was previously expenditure constrained by not receiving the full IPART determined funding. Additional staff are also required to cover the specific requirements of the water sharing plans which are being introduced throughout the state.

• Product 515 Insurance (PC408 Water Infrastructure Insurance) - Increase in costs: \$0.4M

Since the 2001 IPART Determination, SWC has been able to reduce its total insurance costs. However, the reallocation of insurance between MDBC, CSOs and regulated bulk water operations, results in an additional \$0.4M over the actual 2003/04 insurance cost. Insurance is an essential component of running the business and these estimates are a reflection of the current premiums applicable to SWC.

• Product 314 Preventive Maintenance, 315 Corrective Maintenance (PC412, 413, 416, 417, 419 Maintenance) - Increase in costs: \$4.5M

As described in the submission, State Water has experienced a number of years when funding has been below expected long-term average as per IPART determinations. This funding shortfall has been due to a lack of funding from DLWC when State Water was part of that Government department and the significant impact of the drought on water revenues. SWC was required to control expenditures to prudent levels, in accordance with reduced revenue.

State Water was required to manage this reduction in expenditure in a number of ways:

Reduction of ideal requirements for maintenance; Not filling vacant positions in the State Water establishment list; Delays or deferral of procurement, projects and programs; and Not using external staff and materials to perform maintenance work.

Urgent and essential maintenance work was undertaken with a logical progression to defer work that reasonably could be deferred.

It should be noted that while SWC may reasonably defer some maintenance works for a short period of time, it is not reasonable to expect that deferrals can be made indefinitely. History shows this, where some years ago funding for maintenance of river structures was almost non-existent. A condition review in the mid 1990s resulted in Treasury agreeing to provide capital funding for this "catch up" maintenance of around \$40M over 5 years.

Because State Water was expenditure-constrained it was approaching a similar situation that would need a possible future top-up for the same past reasons. This has been addressed since corporatisation with clear objectives, capital structure and management accountability.

These costs now reflect a true level of maintenance that should be undertaken to ensure integrity and reliability of structures. SWC also believes that levels of expenditure are in line with benchmarks set out by PricewaterhouseCoopers in their Opex-Capex Review for the last IPART Determination. These benchmarks allowed for maintenance of 0.3% of replication costs for dams and 1% of replication costs for river structures. Using these benchmarks allows for maintenance costs of \$11.8M. SWC has budgeted for \$11.6M.

• Product 313 Dam Safety Compliance Operation & Maintenance (PC420 Rural Water Infrastructure Surveillance) - Increase in cost: \$0.5M

Increased surveillance activity to ensure safe operation of structures, due in part to recent findings (of non-compliance) at additional dams and the *interim* nature of risk reduction works undertaken recently. Additional surveillance is required to ensure that interim works are performing according to design requirements.

• Product 313 Dam Safety Compliance Operation & Maintenance (PC421 Rural Water Infrastructure Storage Surveillance Data Collection) – increase in costs: \$1.7M

This increase is due to reallocation of costs due to better information on past costs and changes in accounting practice. Previously, some of these costs were costed to a single overhead job and spread to all other jobs. The costs incurred are now site (structure and location) specific and assigned to specific jobs. Accordingly there is a transfer of costs from overheads to direct costs to 313 (PC421).

TABLE 5.SUMMARY OF OPEX INCREASES (actual 03/04 to forecast 05/06):

These are the variations between actual 2003/04 operating expenditure and forecast 2005/06 operating expenditure. State Water is proposing to bring data in line with the Corporate Plan and the new Program Structure.

New Product Code	Product Description	Increase in costs \$M	Old Sub Product	Old Sub-Product Description
212	Hydrometric Monitoring	1.7	PA100	Surface Water Quantity Data Collection and Archiving
213	Water Quality Monitoring	0.3	PA120	Surface Water Quality Data Collection and Archiving
111, 731	Customer Information and Reporting; Industry Liaison	0.7	PC102	Rural Water Supply Customer and Industry Liaison
511	Corporate Policy & Planning, Corporate Audit & Review	0.7	PC 105	Regulatory Compliance
211	Water Operations Planning	0.2	PC 120	Rural Water Supply – River Operations Planning
215	River Operations	1.4	PC200	Regulated River Operations
515	Insurance	0.4	PC408	Water Infrastructure Insurance
314	Preventive Maintenance	4.5	PC412, 413,	Maintenance
315	Corrective Maintenance		416, 417, 419	
313	Dam Safety Compliance O&M	0.5	PC420	Rural Water Infrastructure Surveillance
313	Dam Safety Compliance O&M	1.7	PC421	Surveillance Data Collection
	Increases in all other products	0.4		Increases in all other sub- products
	Total Increase in Opex	12.5		

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10 Revised Opex and Capex Estimates

The total opex and capex forecasts for each year as well as at a valley level are shown in following Tables 6 to 14.

Product	Product Description	User share	2005/06	2006/07	2007/08	3 Year Total
111	Customer Information & Reporting	100%	327	341	347	1,016
112	Customer Support	100%	381	391	401	1,174
113	Customer Service Research & Development	100%	165	165	165	496
119	Customer Service Charter Audit & Review	100%	25	27	28	81
211	Water Operations Planning	80%	3,174	3,251	3,330	9,756
212	Hydrometric Monitoring	80%	3,922	4,020	4,121	12,064
213	Water Quality Monitoring	80%	409	414	419	1,243
214	Water Information Mgmt	80%	232	239	244	716
215	River Operations	80%	3,405	3,490	3,576	10,472
216	Flood Operations	50%	123	127	130	381
217	Water Transfers	100%	290	297	304	892
311	Asset Management Planning	90%	125	127	134	387
313	Dam Safety Compliance O&M	90%	2,991	3,089	3,160	9,241
314	Preventive Maintenance	90%	9,139	9,387	9,621	28,148
315	Corrective Maintenance	90%	57	59	60	177
317	Office Facilities O&M	100%	144	147	152	444
318	Foreshores Management O&M	20%	84	88	90	262
349	Asset Management O&M Audit & Review	100%	88	91	92	272
379	Asset Management Capital Audit & Review Project	100%	49	49	49	148
411	Human Resource Mgmt	100%	484	495	506	1,486
412	Learning & Development	100%	187	187	187	562
511	Corporate Planning & Policy	100%	693	704	715	2,113
512	Corporate Audit & Review	100%	121	121	121	364
521	Financial Planning & Management	100%	418	429	440	1,288
522	Billing & Receipts	100%	390	400	410	1,201
523	Corporate Governance	100%	2,222	2,277	2,343	6,843
524	Information Management	90%	968	990	1,012	2,971
525	Insurance	100%	2,055	2,108	2,162	6,326
610	Environmental Planning & Assessment	50%	88	88	88	265
721	Community Consultation Committee	100%	121	121	121	364
731	Industry, Environment and Local Govt Liaison	100%	66	66	66	199
			32,943	33,785	34,594	101,322

 Table 6
 Total Operating Expenditure Forecasts for all Regulated River Valleys

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Table 7 Total Capital Expenditure Forecasts for all Regulated River Valleys

Product	Description	User Share	2005/06	2006/07	2007/08	3 Year Total
121	Customer Service Capital Projects	100%	175	105	70	351
351	Total Asset Management Plan	90%	5,275	2,035	2,145	9,456
352	Dam Safety Compliance Capital Projects	0%	5,063	11,570	38,170	54,803
353	Major Periodic Maintenance Capital Projects	100%	10,505	7,951	4,972	23,429
354	Structure Enhancement Capital Projects	100%	1,139	2,350	5,305	8,795
355	Office Accommodation Capital Projects	100%	2,300	0	0	2,301
356	Capital Projects Non IPART	0%	952	1,010	308	2,270
421	OH&S Compliance System	100%	82	140	70	293
532	Information Management Projects	100%	600	360	240	1,201
631	Fishpassage Works	50%	1,300	1,100	2,024	4,425
632	Cold Water Impact Mitigation Works	50%	185	115	50	351
			27,576	26,736	53,353	107,665

Table 8State Water Corporation Operating Expenditure Forecasts for Year Ending June 2006 (\$000)

Prod	Expenditure	User	Total	Border	Gwydir	Namoi	Peel	Macqu	Lachla	Murru	Murray	North	Hunter	South
uct		snare	ed ed	Rivers				arie	n	mbiag ee		Coast		Coast
111	Customer Information & Reporting	100%	327	28	29	29	18	42	42	40	45	18	18	18
112	Customer Support	100%	381	30	30	32	2	69	69	61	82	2	2	2
113	Customer Research & Development	100%	165	15	15	15	15	15	15	15	15	15	15	15
119	Customer Service Charter Audit & Review	100%	25	2	2	2	1	4	4	3	4	1	1	1
211	Water Operations Planning	80%	3,174	15	205	269	95	331	533	628	744	345	3	6
212	Hydrometric Monitoring	80%	3,922	133	534	547	147	534	586	947	120	306	28	40
213	Water Quality Monitoring	80%	409	31	16	11	47	34	41	41	106	64	9	9
214	Water Information Mgmt	80%	232	14	20	21	6	32	38	54	23	17	3	4
215	River Operations	80%	3,405	201	277	300	87	505	549	805	340	238	43	60
216	Flood Operations	50%	123	2	3	3	1	39	47	12	5	10	-	1
217	Water Transfers	100%	290	-	21	-		10	10	63	174	12	-	-
311	Asset Management Planning	90%	125	1	13	15	4	17	20	23	5	19	4	4
313	Dam Safety Compliance O&M	90%	2,991	87	234	388	190	381	408	530	109	446	123	95
314	Preventive Maintenance	90%	9,139	37	916	1,044	337	1,214	1,443	1,896	339	1,341	263	309
315	Corrective Maintenance	90%	57	-	6	7	2	8	9	11	2	8	2	2
317	Office Facilities O&M	100%	144	1	15	17	5	20	23	28	5	21	4	5
318	Foreshores Management O&M	20%	84	-	9	10	3	12	14	16	3	12	2	3
349	Asset Management O&M Audit & Review	100%	88	-	9	11	3	12	14	17	3	13	3	3
379	Asset Management Capital Audit & Review Project	100%	49	-	5	6	2	7	8	9	2	7	1	2
411	Human Resource Mgmt	100%	484	44	44	44	44	44	44	44	44	44	44	44
412	Learning & Development	100%	187	17	17	17	17	17	17	17	17	17	17	17
511	Corporate Planning & Policy	100%	693	63	63	63	63	63	63	63	63	63	63	63
512	Corporate Audit & Review	100%	121	11	11	11	11	11	11	11	11	11	11	11
521	Financial Planning & Management	100%	418	38	38	38	38	38	38	38	38	38	38	38
522	Billing & Receipts	100%	390	32	21	40	27	35	56	49	74	6	1	49
523	Corporate Governance	100%	2,222	202	202	202	202	202	202	202	202	202	202	202
524	Information Management	90%	968	88	88	88	88	88	88	88	88	88	88	88
525	Insurance	100%	2,055	105	308	220	67	302	205	338	125	332	27	26
610	Environmental Planning and Assessment	50%	88	8	8	8	8	8	8	8	8	8	8	8
721	Community Consultation Committee	100%	121	11	11	11	11	11	11	11	11	11	11	11
731	Industry, Envt and Local Govt Liaison	100%	66	6	6	6	6	6	6	6	6	6	6	6
			32,943	1,222	3,176	3,475	1,547	4,111	4,622	6,074	2,813	3,721	1,040	1,142

Table 9State Water Corporation Capital Expenditure Forecasts for Year Ending June 2006 (\$000)

Product	Description	User Share	Total Capital	Border	Gwydir	Namoi	Peel	Macqua rie	Lachlan	Murrum bidgee	Murray	North Coast	Hunter	South Coast
121	Customer Service Capital Projects	100%	175	2	19	30	5	12	31	25	24	6	16	3
351	Total Asset Management Plan	90%	5,275	61	810	754	319	340	1,104	725	466	201	409	88
352	Dam Safety Compliance Capital Projects	0%	5,063	10	800	1,530	750	500	600	530		- 30	313	
353	Major Periodic Maintenance Capital Projects	100%	10,505	255	2,127	912	386	499	1,496	1,708	1,259	544	1,068	252
354	Structure Enhancement Capital Projects	100%	1,139		- 153	122	24	175	185	70	110	60	180	60
355	Office Accommodation Capital Projects	100%	2,300	29	256	400	70	158	402	334	319	80	213	40
356	Capital Projects Non IPART	0%	952		-	- 9	2	1	808	42		- 90		-
421	OH&S Compliance System	100%	82		- 9	29		-	- 20	18	6		-	-
532	Information Management Projects	100%	600	8	67	104	18	41	105	87	83	21	55	10
631	Fishpassage Works	50%	1,300		-	- 200		-	- 1,100		-	-	-	-
632	Cold Water Impact Mitigation Works	50%	185		-	- 60		- 100		-	-	-	- 15	10
			27,576	364	4,241	4,150	1,575	1,826	5,850	3,538	2,267	1,032	2,269	463

Produ	Product Description	User	Total	Border	Gwydir	Namoi	Peel	Macqua	Lachlan	Murrum	Murray	North	Hunter	South
CL		Share	d	RIVEIS				ne		blugee		COast		COASI
111	Customer Information &	100%	341	29	30	30	19	44	44	41	47	19	19	19
	Reporting													
112	Customer Support	100%	391	31	31	33	2	71	71	62	84	2	2	2
113	Customer Service Research &	100%	165	15	15	15	15	15	15	15	15	15	15	15
	Development													
119	Customer Service Charter Audit	100%	27	2	2	3	1	4	4	4	4	1	1	1
	& Review													
211	Water Operations Planning	80%	3,251	15	211	275	98	339	546	642	762	354	3	6
212	Hydrometric Monitoring	80%	4,020	136	547	561	151	547	601	971	123	313	29	41
213	Water Quality Monitoring	80%	414	32	16	11	48	34	41	41	108	65	9	9
214	Water Information Mgmt	80%	239	15	20	22	6	33	39	55	23	18	3	5
215	River Operations	80%	3,490	206	284	308	89	518	563	824	348	244	44	62
216	Flood Operations	50%	127	2	3	3	1	41	49	12	5	10	-	1
217	Water Transfers	100%	297	-	22	-		- 10	10	65	178	12	-	-
311	Asset Management Planning	90%	127	1	13	15	4	17	20	24	5	19	4	5
313	Dam Safety Compliance O&M	90%	3,089	89	264	399	196	389	418	542	111	458	126	97
314	Preventive Maintenance	90%	9,387	38	938	1,071	346	1,244	1,479	1,951	357	1,376	270	317
315	Corrective Maintenance	90%	59	-	6	7	2	8	10	11	2	9	2	2
317	Office Facilities O&M	100%	147	1	16	18	5	20	24	28	5	21	4	5
318	Foreshores Management O&M	20%	88	-	9	11	3	12	14	17	3	13	3	3
349	Asset Management O&M	100%	91	-	10	11	3	13	15	17	3	13	3	3
379	Asset Management Capital	100%	49		5	6	2	7	8	9	2	7	1	2
577	Audit & Review Project	10070	<i>y</i>		5	0	2	,	Ŭ	,	2	,		2
411	Human Resource Mamt	100%	495	45	45	45	45	45	45	45	45	45	45	45
412	Learning & Development	100%	187	17	17	17	17	17	17	17	17	17	17	17
511	Corporate Planning & Policy	100%	704	64	64	64	64	64	64	64	64	64	64	64
512	Corporate Audit & Review	100%	121	11	11	11	11	11	11	11	11	11	11	11
521	Financial Planning &	100%	429	39	39	39	39	39	39	39	39	39	39	39
	Management													
522	Billing & Receipts	100%	400	33	22	41	28	36	57	50	76	6	1	50
523	Corporate Governance	100%	2,277	207	207	207	207	207	207	207	207	207	207	207
524	Information Management	90%	990	90	90	90	90	90	90	90	90	90	90	90
525	Insurance	100%	2,108	108	316	226	69	310	210	346	128	340	28	27
610	Environmental Planning &	50%	88	8	8	8	8	8	8	8	8	8	8	8
704	Assessment	1000/	101	14						1.1			11	
/21	Community Consultation	100%	121	11	11	11	11	11	11	11	11	11	11	11
731	Industry, Environment and Local Govt Liaison	100%	66	6	6	6	6	6	6	6	6	6	6	6
			33,785	1,251	3,278	3,564	1,586	4,210	4,736	6,225	2,887	3,813	1,065	1,170

Table 10 State Water Corporation Operating Expenditure Forecasts for Year Ending June 2007 (\$000)

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Product	Description	User Share	Total Capital	Border	Gwydir	Namoi	Peel	Macqua rie	Lachlan	Murrum bidgee	Murray	North Coast	Hunter	South Coast
121	Customer Service Capital Projects	100%	105	1	12	18	3	7	18	15	15	4	10	2
351	Total Asset Management Plan	90%	2,035	13	185	733	91	111	229	220	213	37	178	23
352	Dam Safety Compliance Capital Projects	0%	11,570	50	800	7,250	1,000	500	600	890		- 70	410	
353	Major Periodic Maintenance Capital Projects	100%	7,951	151	1,212	834	107	779	826	668	1,773	181	1,247	175
354	Structure Enhancement Capital Projects	100%	2,350		- 95	330	20		- 90	305	700	230	460	120
355	Office Accommodation Capital Projects	100%		-	-	-	-	-	-	-	-	-	-	-
356	Capital Projects Non IPART	0%	1,010		-	-	-	- 18	600	271	120		-	-
421	OH&S Compliance System	100%	140		- 20		-	- 30	75	15		-	-	-
532	Information Management Projects	100%	360	5	40	63	11	25	63	52	50	13	33	6
631	Fishpassage Works	50%	1,100		-	- 200		-	- 500	400		-	-	-
632	Cold Water Impact Mitigation Works	50%	115		-	- 50		- 65		-	-	-	-	-
			26,736	220	2,363	9,478	1,232	1,535	3,001	2,836	2,871	535	2,339	326

Table 11 State Water Corporation Capital Expenditure Forecasts for Year Ending June 2007 (\$000)

Produ	Product Description	User	Total	Border	Gwydi	Namoi	Peel	Macquar	Lachlan	Murrum	Murray	North	Hunter	South
ct		share	Regulated	Rivers	r			ie		bidgee		Coast		Coast
111	Customer Information &	100%	347	30	30	31	19	45	45	42	48	19	19	19
	Reporting													
112	Customer Support	100%	401	32	32	34	2	73	73	63	86	2	2	2
113	Customer Service Research & Development	100%	165	15	15	15	15	15	15	15	15	15	15	15
119	Customer Service Charter	100%	28	2	3	3	1	4	4	4	4	1	1	1
211	Water Operations Planning	80%	3,330	15	216	282	100	348	560	657	781	362	3	6
212	Hydrometric Monitoring	80%	4,121	139	561	575	155	561	616	995	126	321	30	42
213	Water Quality Monitoring	80%	419	33	16	11	49	34	41	41	110	66	9	9
214	Water Information Mgmt	80%	244	15	21	22	7	33	40	56	24	18	3	5
215	River Operations	80%	3,576	211	291	316	91	531	577	844	356	250	45	64
216	Flood Operations	50%	130	2	3	3	1	42	50	12	5	11	-	1
217	Water Transfers	100%	304	-	- 23	-		10	10	67	182	12	-	-
311	Asset Management Planning	90%	134	1	14	16	5	18	21	25	5	20	4	5
313	Dam Safety Compliance O&M	90%	3,160	91	270	409	201	398	427	554	113	470	129	98
314	Preventive Maintenance	90%	9,621	39	960	1,098	355	1,275	1,516	2,000	365	1,411	277	325
315	Corrective Maintenance	90%	60	-	6	7	2	8	10	12	2	9	2	2
317	Office Facilities O&M	100%	152	1	16	18	5	21	25	29	6	22	4	5
318	Foreshores Management O&M	20%	90	-	10	11	3	12	15	17	3	13	3	3
349	Asset Management O&M Audit & Review	100%	92	-	- 10	11	3	13	15	18	З	13	3	3
379	Asset Management Capital Audit & Review Project	100%	49	-	- 5	6	2	7	8	9	2	7	1	2
411	Human Resource Mgmt	100%	506	46	46	46	46	46	46	46	46	46	46	46
412	Learning & Development	100%	187	17	17	17	17	17	17	17	17	17	17	17
511	Corporate Planning & Policy	100%	715	65	65	65	65	65	65	65	65	65	65	65
512	Corporate Audit & Review	100%	121	11	11	11	11	11	11	11	11	11	11	11
521	Financial Planning & Management	100%	440	40	40	40	40	40	40	40	40	40	40	40
522	Billing & Receipts	100%	410	34	23	42	29	37	58	51	78	6	1	51
523	Corporate Governance	100%	2,343	213	213	213	213	213	213	213	213	213	213	213
524	Information Management	90%	1,012	92	92	92	92	92	92	92	92	92	92	92
525	Insurance	100%	2,162	111	324	232	71	318	215	355	131	348	29	28
610	Environmental Planning & Assessment	50%	88	8	8	8	8	8	8	8	8	8	8	8
721	Community Consultation Committee	100%	121	11	11	11	11	11	11	11	11	11	11	11
731	Industry, Environment and Local Govt Liaison	100%	66	6	6	6	6	6	6	6	6	6	6	6
			34,594	1,280	3,358	3,651	1,625	4,312	4,850	6,375	2,954	3,905	1,089	1,195

Table 12 State Water Corporation Operating Expenditure Forecasts for Year Ending June 2008 (\$000)

State Water Corporation Supplementary Submission to IPART April 2005 ATTACHMENTS: SCHEMATIC MAPS OF VALLEYS FOR IPART PRICING 38

Product	Description	User Share	Total Capital	Border	Gwydir	Namoi	Peel	Macqua rie	Lachlan	Murrum bidgee	Murray	North Coast	Hunter	South Coast
121	Customer Service Capital Projects	100%	70	1	8	12	2	5	12	10	10	2	6	1
351	Total Asset Management Plan	90%	2,145	4	52	1,114	154	71	130	427	94	19	77	3
352	Dam Safety Compliance Capital Projects	0%	38,170		- 800	23,800	3,500	600	600	7,800		- 50	1,020	
353	Major Periodic Maintenance Capital Projects	100%	4,972	111	258	277	106	892	358	1,718	989	188	39	36
354	Structure Enhancement Capital Projects	100%	5,305		- 165	2,300	80	85	1,000	55	700	170	690	60
355	Office Accommodation Capital Projects	100%		-	-	-	-	-	-	-	-	-	-	-
356	Capital Projects Non IPART	0%	308		-	- 280		- 1	25	1		-	-	-
421	OH&S Compliance System	100%	70		-	-	-	- 70		-	-	-	-	-
532	Information Management Projects	100%	240	3	27	42	7	17	42	35	33	8	22	4
631	Fishpassage Works	50%	2,024		-	-	-	-	- 1,000	550	474		-	-
632	Cold Water Impact Mitigation Works	50%	50		-	-	-	- 25		-	-	- 10	15	
			53,353	118	1,310	27,826	3,849	1,765	3,168	10,595	2,300	448	1,870	104

Table 13 State Water Corporation Capital Expenditure Forecasts for Year Ending June 2008 (\$000)

11 ATTACHMENTS: SCHEMATIC MAPS OF VALLEYS FOR IPART PRICING

11 files in Pdf format attached.

















