

2012/13 Price Review for Melbourne Water's Special Drainage Areas

Pricing Submission

The focus of this submission is the 2012/13 annual special drainage area pricing reviews. Longer term pricing reform proposals for the precepts will be incorporated into Melbourne Water's 2013 Water Plan pricing submission to the Essential Services Commission (ESC), although the 2012/13 prices are consistent with this reform.

Summary and recommendation

Melbourne Water provides higher levels of drainage and waterway services to residents in Patterson Lakes and the Koo Wee Rup – Longwarry Flood Protection District. In order to recover costs, prices are submitted annually to the ESC for approval.

The proposed 2012/13 Patterson Lakes price increases are 16.1% plus CPI for the Tidal Waterways and 14.4% plus CPI for the Quiet Lakes. The proposed price increases represent a continuation of a strategy to achieve cost recovery over the next two regulatory periods by 2022/23.

There is no change proposed in the 2012/13 price (zero %) for the Koo Wee Rup – Longwarry Flood Protection District.

The proposed prices have been determined in consultation with precept advisory committees and the community. Further communication will occur to explain the new prices.

It is recommended that the ESC approve the proposed 2012/13 special drainage area prices as set out in Table 3, in the Price Schedule section of this submission.

Background

Special drainage area prices in Patterson Lakes are currently based on a rate in the dollar for a property's 1990 Site Value (SV). Koo Wee Rup – Longwarry Flood

Protection District prices are based on a rate in the dollar for a property's 1990 Net Annual Value (NAV), subject to a minimum fee of \$56.40.

Properties in Patterson Lakes also pay Melbourne Water's waterways and drainage charge. This is calculated by multiplying a rate in the dollar by the 1990 Net Annual Value (NAV) of a property, subject to a minimum price.

Properties within the Koo Wee Rup - Longwarry Flood Protection District do not pay the metropolitan waterways and drainage rate. They pay an exclusive rate that reflects the higher levels of drainage service provided in the area. Differential rates have been established for divisions A and B within the district to reflect the level of flood protection provided by the drainage system.

Proposed 2012/13 prices

Patterson Lakes

In Patterson Lakes the precept rates have historically not been sufficient to cover the cost of asset renewal and many assets now require replacement. This is putting upward pressure on the special precept area prices. Quiet Lakes prices are also increasing as a cross subsidy from the Tidal Waterways has been discontinued.

To avoid unsustainable price increases in Patterson Lakes, in March 2011 the Melbourne Water Board agreed to waive all revenue shortfalls until 2022/23 and approved an associated price path consisting of the minimum annual price increases necessary for annual precept revenue to cover expenditure and achieve a sustainable price by 2022/23.

Reflecting this, the Melbourne Water Board approved 2011/12 prices of 13% plus CPI for the Tidal Waterways and 11% plus CPI for the Quiet Lakes.

The 2011/12 Patterson Lakes price increases approved by the ESC (9.8% and 7.9% plus CPI for Tidal Waterways and Quiet Lakes respectively) were less than the Board approval. The ESC's decision reflected the numbers included in Melbourne Water's

supporting modelling, which had inadvertently omitted to include the previous year's (2010/11) CPI of 2.9%. It is noted that the numbers approved by the ESC were not proposed by Melbourne Water or the basis for committee or community consultation.

It is proposed to recoup the foregone CPI in 2012/13. Therefore the proposed 2012/13 prices are 16.1% (13.2% + 2.9%¹) plus 2012/13 CPI for the Tidal Waterways and 14.4% (11.5% plus 2.9%¹) plus 2012/13 CPI for the Quiet Lakes.

The proposed prices are based on a review of the actual expenditure for 2010/11, 2011/12 forecasts and projected expenditure for 2012/13 and beyond. Further details can be found in Appendices B and C.

Koo Wee Rup Longwarry Flood Protection District

A zero per cent increase for 2012/13, inclusive of CPI, is proposed for the Koo Wee Rup Flood Protection District as revenue is expected to cover the cost of services in the coming year.

From 2011/12, Melbourne Water commenced contributing half the cost of carrier drain maintenance costs in the precept area. This new arrangement, which was negotiated with the Koo Wee Rup Longwarry Flood Protection District Advisory Committee in 2010, replaces the previous approach, in place since 1999, where Melbourne Water had been recovering the full cost of carrier drain maintenance from the precept area. Melbourne Water considers the new arrangement to be reasonable as the carrier drains transport floodwaters from upstream of the precept area but in doing so also protect the precept itself from flooding.

In addition, following a full review of minutes and associated documentation, it was agreed with the Koo Wee Rup Longwarry Flood Protection District Advisory Committee on 29 October 2011 to backdate the cost sharing arrangement to 1999 for an estimated amount of revenue over recovery of \$4.4M. Projects for the investment of the over recovery are under investigation for implementation in Water

¹ Recouping of foregone 2010/11 CPI, refer Appendix A: Table 4

Plan 3. This will include local remediation activities following the February 2011 floods.

Customer Consultation

Patterson Lakes

In October 2011, Melbourne Water wrote to all precept rate payers informing them of the proposed long term sustainable price path and pricing reform strategy, and a draft Customer Service Charter outline. Ratepayers were encouraged to provide feedback on the proposed price changes and draft charter outline. Overall 8.6% of the community responded:

- 87 opposed prices increases (due to affordability, queried fairness, suggested other beneficiaries contribute to the precept)
- 5 were supportive
- 11 no opinions provided
- 4 responses were unclear.

There has been ongoing consultation with the Patterson Lakes Advisory Committee (PLAC) in relation to pricing. Melbourne Water met with PLAC on 28 October 2011. The majority of the PLAC members in Tidal Waterways were opposed to the 2012/13 price increase. The main concerns raised were about the existence of other beneficiaries of the waterways who are not contributing to costs (City of Kingston, prospective residents and the general public). Melbourne Water has responded to these concerns, noting that in its view the Patterson Lakes community benefits from the services provided, not the broader community, and therefore it should meet the ongoing costs of providing the service. It would otherwise result in a significant cross subsidy of Patterson Lakes by the general drainage rate base. Melbourne Water also considers it has adopted a reasonable approach in moving towards a sustainable price path over 10 years, which will involve it funding \$9M of cost (in Net Present Value sense) rather than customers.

PLAC members from Quiet Lakes generally accepted the need for the 2012/13 price increases although concerns were raised in relation to affordability and improving water quality.

Koo Wee Rup Longwarry Flood Protection District

The Koo Wee Rup – Longwarry Flood Protection District proposals were developed in consultation with the Koo Wee Rup Longwarry Flood Protection District Advisory Committee. Melbourne Water met with the Advisory Committee on 29 October 2011. The Committee approved the 2012/13 prices. A mail out to the 3,500 precept residents proposing Melbourne Water’s pricing strategy and inviting comment drew a response rate of 6% and most of the feedback concerned service standards rather than comments on the pricing proposals.

Summary of overall financial position

Patterson Lakes

Tidal Waterways and Quiet Lakes are both on price paths to achieve revenue recovery in 2022/23. During the period from 2012/13 to 2022/23 Melbourne Water will incur \$7.5M (Tidal Waterways) and \$1.6M (Quiet Lakes) total real cumulative revenue shortfalls. From 2022/23, no further losses will be incurred.

The proposed long term sustainable price path balances affordability consideration against financial concerns from Melbourne Water’s perspective. The proposed paths are a compromise that all parties can manage.

Table 1 shows the actual and forecast revenue recovery expenditure for the three years ending 2012/13. The table indicates that the under recovery will increase from \$129,313 in 2010/11 to \$564,320 in 2012/13.

Table 1: Revenue and expenditure comparison for Patterson Lakes

	2010/11	2011/12	2012/13
	Actual	Forecast	Plan
Revenue – Tidal Waterways	421,013	676,595	788,278
Operating expenditure – Tidal Waterways	396,748	446,652	469,494
'building block' return on and of capital - Tidal Waterways	88,193	308,916	806,636
Total Expenditure - Tidal Waterways	484,941	755,568	1,276,130
Revenue – Quiet Lakes	88,289	136,558	156,594
Operating expenditure – Quiet Lakes	153,674	261,178	210,966
'building block' return on and of capital - Quiet Lakes	-	7,164	22,096
Total Expenditure - Quiet Lakes	153,674	268,342	233,062
Total Revenue - Patterson Lakes	509,302	813,153	944,872
Total Expenditure - Patterson Lakes	638,615	1,023,910	1,509,192
Net difference	-129,313	- 210,758	-564,320

Koo Wee Rup Longwarry Flood Protection District

Table 2 provides a comparison between estimated revenues and direct operating expenditure for the flood protection district.

Melbourne Water exceeded expenditure in 2010/11 following the February floods. In 2011/12 it is forecast that the expenditure program plan will be met.

Table 2: Revenue and expenditure comparison for Koo Wee Rup - Longwarry Flood Protection District

	2010/11	2011/12	2012/13
	Actual	Forecast	Plan
Revenue – Division A	779,912	803,436	827,623
Revenue – Division B	186,673	189,125	191,593
Total revenue	966,586	992,561	1,019,216
Direct expenditure – Precept Drains	691,348	818,400	792,000
Direct expenditure – Carrier Drains	454,008	200,650	227,000
Total expenditure	1,145,356	1,019,050	1,019,000
Net Difference	-178,770	-26,489	216
Melbourne Water additional Carrier Drain expenditure	No contribution	200,650	227,000

Price Schedule

Table 3 outlines Melbourne Water's proposed 2012/13 prices to apply in Patterson Lakes and the Koo Wee Rup Longwarry Flood Protection District².

Table 3: 2012/13 Proposed prices

MELBOURNE WATER SPECIAL DRAINAGE AREA PRICES FOR 2012/13		
Drainage prices for the financial year 2012/13 are based on the 1990 Net Annual Value (NAV) or Site Value (SV) of the property (CPI to be added)		
Special Drainage Area Prices	Rate in \$ NAV	Minimum Fee
Koo Wee Rup – Longwarry Flood Protection District		
Division A (higher flood impact exposure)	3.6494	\$56.40
Division B (lower flood impact exposure)	2.0274	\$56.40
Patterson Lakes	Rate in \$ SV	Minimum Fee
Tidal Waterways	0.8223	\$0.00
Quiet Lakes	0.6410	\$0.00

² Melbourne Water will include the proposed special drainage area price increases, plus the March 2012 Australian All Groups CPI increase, in the schedule with the general drainage and diversion prices, which will be submitted to the ESC for approval in May 2012.

Appendices

A Calculation of proposed 2012/13 prices

The 2011/12 Patterson Lakes price increases approved by the ESC (9.8% and 7.9% plus CPI for Tidal Waterways and Quiet Lakes respectively) were less than the Board approval. The ESC's decision reflected the numbers included in Melbourne Water's supporting modelling, which had inadvertently omitted to include the previous year's (2010/11) CPI of 2.9%.

It is proposed to recoup the foregone CPI in 2012/13. The proposed 2012/13 prices are 16.1% (13.2% + 2.9%³) plus 2012/13 CPI for the Tidal Waterways and 14.4% (11.5% plus 2.9%¹) plus 2012/13 CPI for the Quiet Lakes as detailed in Table 4.

Table 4: Method of calculating the move from 2011/12 rates to the 2012/13 rates

	Tidal Waterways	Quiet Lakes
2010/11		
- rate in \$SV from previous year	0.5123	0.4391
- price increase	1.18	1.11
- rate in \$SV (pre CPI)	0.6045	0.4874
- CPI 2010/11	1.0288	1.0288
- ESC approved rate in \$SV	0.6219	0.5014
2011/12		
- rate in \$SV from previous year	*0.6045	*0.4874
- price increase	1.1300	1.1100
- rate in \$SV (pre CPI)	0.6831	0.5410
- CPI 2011/2	1.0333	1.0333
- ESC approved rate in \$SV	0.7058	0.5590
2012/13		
- rate in \$SV from previous year	0.7058	0.5590
- price increase	1.1324	1.1146
- rate in \$SV	0.7992	0.6231
- CPI catch up - 2010/11	#1.0288	#1.0288
- rate in \$SV (pre 2012/13 CPI)	0.8223	0.6410
- CPI 2012/13 - TBA		
- ESC approved rate in \$SV - TBA		
*Pre 2010/11 CPI rate rather than ESC approved rate used in error		
#Catch up of 2010/11 CPI		

B. Financial Accounts – 2011/12

Patterson Lakes Tidal Waterways operating expenditure

Operating expenditure to the end of December 2011 was 16% below plan due to a reduction in the maintenance program as detailed in Table 5. It is expected that the annual plan will be achieved with the exception of under expenditures against the newsletter, maintenance contract, and general maintenance.

Table 5: Tidal Waterways Planned vs Actual expenditure to December 2011

	YTD Dec	YTD Dec	YTD Dec	YTD Dec	
	Plan	Actual	Variance	%variance	Comments
Tidal Gate Operation and Maintenance	24,500	23,010	-1,490	-6%	Not all gates have required maintenance due to the tidal gates replacement program.
General / Grounds and Beach Maintenance	125,000	106,621	-18,379	-15%	Reduction in maintenance program, made unnecessary by minor capital works
Newsletter	7,263	4,067	-3,196	-44%	Only one issue of the newsletter has been published. Cost revised as fewer newsletters are to be produced this year.
Jetty maintenance	10,000	10,926	926	9%	Jetty repairs ongoing with extra works to be completed
Maintenance Contract	22,500	5,052	-17,448	-78%	Part reduction as car and fuel items have not been charged to contract management fees
Maintenance co-ordinator	35,484	35,484	0	0%	
Civil Works and Asset Monitoring	15,000	15,544	544	4%	
	239,747	200,704	-39,043	-16%	

Table 6 compares the revised 2011/12 forecast with expenditure incurred for the years 2009/10 and 2010/11. This indicates a relatively stable pattern of expenditure for the last two historical years.

The forecast annual expenditure for 2011/12 is \$446,652 or \$22,842 less than the annual plan due to expected variances in expenditure for the tidal gates operation and maintenance, general maintenance, newsletters, and maintenance contract fees. The forecast expenditure variance does not directly affect the future price path as the price paths are calculated based on the difference between current revenue collected in the precepts and the forecast cost of services in 2022/23.

Table 6: Tidal Waterways Annual Operating Expenditure

	2009/10	2010/11	2011/12	2011/12	2011/12
	Actual	Actual	Plan	Forecast	Variance
Tidal Gate Operation and Maintenance	60,366	49,040	49,000	45,000	-4,000
General maintenance	217,909	219,941	250,000	240,000	-10,000
Newsletter	5,427	4,555	14,526	8,134	-6,392
Jetty maintenance	15,918	18,056	20,000	25,000	5,000
Maintenance Contract	48,817	34,188	45,000	32,550	-12,450
Maintenance co-ordinator	70,968	70,968	70,968	70,968	0
Civil Works and Asset Monitoring	-	-	20,000	25,000	5,000
	419,405	396,748	469,494	446,652	-22,842

Patterson Lakes Quiet Lakes operating expenditure

Operating expenditure to the end of December 2011 was 28% below plan. The variance is mainly due to timing issues associated with general maintenance activities, water quality actions, and changes to contract management fees items. The full schedule of variances and explanatory comments can be found in Table 7.

Table 7: Quiet Lakes Planned vs Actual operating expenditure to December 2011

	YTD Dec	YTD Dec	YTD Dec	YTD Dec	
	Dec 11 Plan	Dec 11 Actual	Dec 11 Variance	% variance	Comments
General Maintenance	55,000	47,601	-7,399	-13%	Sand retrieval works still to be completed
Newsletter	2,737	1,533	-1,204	-44%	Only one issue of the newsletter has been published. Costs revised as only three newsletters forecast for this year
Water Quality Testing	5,000	5,000	0	0%	
Maintenance co-ordinator	14,516	14,516	0	0%	
Contract Management Fees	9,780	2,196	-7,584	-78%	Part reduction as car and fuel items have not been charged to contract management fees
Carp removal	12,748	10,090	-2,658	-21%	Excessive aquatic plant growth at Lake Illawong and Lake Legana meant Melbourne Water was unable to net carp
Water quality actions	42,495	21,870	-20,625	-49%	Works are ongoing and programmed to be completed
	142,276	102,806	-39,470	-28%	

The forecast annual expenditure for 2011/12 of \$261,178 is \$23,374 less than the annual plan due to reduced expenditure on the newsletter, contract management fees, and carp removal (refer to Table 8).

Table 8: Quiet Lakes Annual Operating Expenditure

	2009/10 Actual	2010/11 Actual	2011/12 Plan	2011/12 Forecast	2011/12 Variance
General Maintenance	100,246	85,311	110,000	110,000	0
Newsletter	2,234	1,874	5,474	3,066	-2,408
Water Quality Testing	10,000	10,000	10,000	10,000	0
Maintenance co-ordinator	29,032	29,032	29,032	29,032	0
Contract Management Fees	20,091	14,071	19,560	14,000	-5,560
Carp removal	-	13,386	25,496	10,090	-15,406
Water Quality Actions			84,990	84,990	0
	161,603	153,674	284,552	261,178	-23,374

Patterson Lakes Tidal Waterways capital expenditure

The status of the expenditure items for 2011/12 is as follows (Table 9). The significant under expenditure on dredging will be made up for in 2012/13 and therefore will not have a significant impact on the price paths.

Table 9: Tidal Waterways Capital Expenditure

	2011/12 plan	6 months Actual	Annual Forecast	Variance	Comments
Retaining Wall Replacement	0	0	50,000	50,000	Investigation works
Jetty Replacement	2,942,496	763,823	2,740,000	-202,496	Program running behind schedule
Dredging as part of jetty renewal	1,627,896	45,000	500,000	-1,127,896	Delay in project roll out
Foreshore work	418,100	76,000	120,000	-298,100	Melbourne Water currently conducting consultation with residents around access points and works depot
Variance	4,988,492	884,823	3,410,000	- 1,578,492	

Patterson Lakes Quiet Lakes capital expenditure

The Capital program for 2011/12 consists of five minor projects;

- Planting of aquatic vegetation (Macrophytes)
- Bore Pump testing and monitoring to provide maximum yield from the bore
- Civil works program of valve replacements for drainage system in the Quiet Lakes
- Silt removal trial to support planting program
- Solar Bee equipment purchase to increase water circulation

The status of these expenditure items for 2011/12 is as follows:

Table 10: Quiet Lakes – Capital Expenditure

	2011/12 plan	6 months Actual	Annual Forecast	Variance	Comments
Macrophytes	18,309	0	8,000	-10,309	Planting area reduced in initial stages
Bore Pump	99,600	15,645	70,000	-29,600	Reduction in licence application
Civil Works	30,480	0	30,480	0	No works conducted in YTD
Silt Removal	41,000	9,200	26,000	-15,000	Cost reduced due to low level of contamination
SolarBee	65,646	0	0	-65,646	Awaiting review of trial in 2012/13
Variance	255,035	24,845	134,480	-120,555	

Koo Wee Rup Longwarry Flood Protection District – precept drains operating expenditure

Operating expenditure to the end of December 2011 was 8% above plan. The variance is mainly due to additional silt, erosion control, and general expenditure which almost balanced under spending on vegetation control as detailed in Table 11.

Table 11: Precept Drains: Planned vs Actual expenditure to December 2011

	YTD Dec 11 Plan	YTD Dec 11 Actual	YTD Variance	YTD % variance	Comments
Desilting	120,000	192,458	72,458	60%	Increase in desilting due to the Feb Floods and good weather to conduct works
Vegetation control	166,200	80,551	-85,649	-52%	Focus has been on desilting drains and repairing slips after floods
Erosion control	40,000	72,945	32,945	82%	More erosion reported after Feb Floods
General	20,000	35,524	15,524	78%	Higher general maintenance continuing from Feb Floods such as debris removal, fencing repairs
Floodgate Maintenance	32,500	38,880	6,380	20%	More problems identified in annual floodgate inspection
Office Maintenance / General repairs	12,500	8,305	-4,195	-34%	Capital work have been done around depot outside of this budget
Management fees	53,000	49,137	-3,863	-7%	
	444,200	477,800	33,600	8%	

Koo Wee Rup Longwarry Flood Protection District – carrier drains operating expenditure

Operating expenditure to the end of December 2011 was 38% above plan. The over expenditure was due to increased desilting, erosion control, and general maintenance as a result of the February 5-6 2011 floods as detailed in Table 12.

Table 12: Carrier Drains: Planned vs Actual expenditure to December 2011

	YTD Dec 11 Plan	YTD Dec 11 Actual	YTD Variance	YTD % variance	Comments
Desilting	50,000	94,368	44,368	89%	Increase in desilting due to the Feb Floods and good weather to conduct works
Vegetation control	85,500	78,985	-6,515	-8%	
Erosion control	35,000	39,094	4,094	12%	More erosion reported after Feb Floods
General	12,500	59,216	46,716	374%	Higher general maintenance continuing from Feb Floods such as debris removal, fencing repairs
Office Maintenance / General repairs	5,650	3,279	-2,371	-42%	Capital works have been done around depot outside of this budget
Management fees	32,000	29,482	-2,518	-8%	
	220,650	304,424	83,774	38%	

Table 13 compares the revised 2011/12 forecast with expenditure incurred for the years 2009/10 and 2010/11. The forecast 2011/12 annual expenditure for the Precept Drains is \$818,400, ie: achieving plan. The forecast annual expenditure for the Carrier Drains is \$401,300 which is also achieving plan.

Table 13: KWRLFPD Annual Operating Expenditure

Activity	2009/10 Actual	2010/11 Actual	2011/12 Plan	2011/12 Forecast	2011/12 Variance
Precept Drains					
desilting	75,400	158,291	170,000	205,000	35,000
vegetation control	242,400	345,279	332,400	277,400	-55,000
erosion control	31,800	22,446	80,000	100,000	20,000
general	28,600	20,607	40,000	45,000	5,000
Sub Total	378,200	546,623	622,400	627,400	5,000
Floodgate Maintenance	56,100	34,438	65,000	70,000	5,000
Office Maintenance / General repairs	41,800	17,057	25,000	15,000	-10,000
Management Fees	97,000	93,230	106,000	106,000	0
					0
Total Direct Expenditure - Precept Drains	573,100	691,348	818,400	818,400	0
Carrier Drains					
desilting	24,800	112,677	60,000	95,000	35,000
vegetation control	141,600	182,984	171,000	111,300	-59,700
erosion control	55,200	72,214	70,000	60,000	-10,000
general	21,900	19,961	25,000	65,000	40,000
Sub Total	243,500	387,836	326,000	331,300	5,300
Office Maintenance / General repairs	8,800	10,234	11,300	6,000	-5,300
Management Fees	58,300	55,938	64,000	64,000	0
Total Direct Expenditure - Carrier Drains – precept half share	310,600	227,004	200,650	200,650	0
Total Expenditure - Flood Protection District	883,700	918,352	1,019,050	1,019,050	0

C. Planned Expenditure – 2012/13

Patterson Lakes Tidal Waterways operating expenditure

The 2012/13 year will generally see a continuation of stable and predictable levels of expenditure for regular activities.

A new initiative for 2011/12 and future years was the inclusion of \$20,000 (since revised to \$25,000, (see Table 14) for civil assets monitoring to provide an accurate idea of the timing of renewals and the most cost effective means of doing so. In 2012/13 this is proposed to increase to \$40,000.

Table 14: Tidal Waterways Planned 2012/13 Operating Expenditure

	2009/10 Actual	2010/11 Actual	2011/12 Plan	2011/12 Forecast	2012/13 Plan
Tidal Gate Operation and Maintenance	60,366	49,040	49,000	45,000	49,000
General maintenance	217,909	219,941	250,000	240,000	240,000
Newsletter	5,427	4,555	14,526	8,134	17,526
Jetty maintenance	15,918	18,056	20,000	25,000	25,000
Maintenance Contract	48,817	34,188	45,000	32,550	27,000
Maintenance co-ordinator	70,968	70,968	70,968	70,968	70,968
Civil Works and Asset Monitoring	-	-	20,000	25,000	40,000
	419,405	396,748	469,494	446,652	469,494

Patterson Lakes Quiet Lakes operating expenditure

Expenditure on new initiatives designed to incrementally improve water quality commenced in 2011/12 will continue with the exception of some fish removal (refer Table 15).

Table 15: Quiet Lakes Planned 2012/13 Operating Expenditure

	2009/10 Actual	2010/11 Actual	2011/12 Plan	2011/12 Forecast	2012/13 Plan
General maintenance	100,246	85,311	110,000	110,000	101,000
Newsletter	2,234	1,874	5,474	3,066	6,474
Water quality testing	10,000	10,000	10,000	10,000	20,000
Fish removal	-	13,386	25,496	10,090	12,500
Contract management fees	20,091	14,071	19,560	14,000	12,560
Maintenance co-ordinator	29,032	29,032	29,032	29,032	29,032
Other water quality works			84,990	84,990	29,400
	161,603	153,674	284,552	261,178	210,966

Patterson Lakes Tidal Waterways capital expenditure

The 2012/13 year will see a continuation of jetties replacement and dredging. Dredging costs will increase as planned to make further progress on the removal of accumulated silt as part of the jetty renewal program. The 2012/13 jetties expenditure reflects the precept funded contribution based on latest estimates of resident take up rates and how many can be replaced in 12 months. Foreshore works of \$192,100 are also planned.

Table 16: Tidal Waterways Capital Expenditure

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Retaining wall replacement	50,000	-	1,225,000	1,225,000	1,225,000	1,225,000	1,225,000
Jetty Replacement	2,740,000	3,360,297	1,680,148	-	-	-	-
Dredging	500,000	2,500,000	1,899,730	-	-	-	-
Foreshore works (minor capital)	120,000	192,100	192,100	192,100	192,100	192,100	192,100
	3,410,000	6,052,397	4,996,978	1,417,100	1,417,100	1,417,100	1,417,100

Patterson Lakes Tidal Waterways capital expenditure

The operating cost initiatives for Quiet Lakes are complemented by the following proposed capital expenditure commencing in 2012/13 and summarised in Table 17. These activities are proposals only at this stage and still require further community input to confirm the exact mix and extent of activities, but may include:

- Planting of aquatic vegetation (Macrophytes)
- Bore Pump testing and monitoring to provide maximum yield from the bore
- Civil works program of valve replacements for drainage system in the Quiet Lakes
- Silt removal trial to support planting program
- Solar Bee equipment purchase to increase water circulation

Table 17: Quiet Lakes Capital Expenditure

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Macrophytes	8,000	18,309	18,309	18,309	18,309	18,309	18,309
Bore Pump	70,000	-	-	-	-	-	-
Civil Works	30,480	30,480	30,480	30,480	30,480	-	-
Silt Removal	26,000	41,000	1,364,000	-	594,000	-	242,000
Solar Bee	-	65,646	65,646	65,646	65,646	65,646	-
	134,480	155,435	1,478,435	114,435	708,435	83,955	260,309

Koo Wee Rup Longwarry Flood Protection District operating expenditure

The planned expenditure for 2012/13 (Table 18) assumes a return to average weather conditions.

Table 18: Planned 2012/13 Operating Expenditure

Activity	2010/11 Actual	2011/12 Plan	2011/12 Forecast	2012/13 Plan
Precept Drains				
desilting	158,291	170,000	205,000	205,000
vegetation control	345,279	332,400	277,400	277,400
erosion control	22,446	80,000	100,000	100,000
general	20,607	40,000	45,000	45,000
Sub Total	546,623	622,400	627,400	627,400
Floodgate Maintenance	34,438	65,000	70,000	70,000
Office Maintenance / General repairs	17,057	25,000	15,000	15,000
Management Fees	93,230	106,000	106,000	106,000
Total Direct Expenditure - Precept Drains	691,348	818,400	818,400	818,400
Carrier Drains				
desilting	12,677	50,673	95,000	95,000
vegetation control	182,984	172,289	111,300	111,300
erosion control	72,214	65,875	60,000	60,000
general	19,961	25,337	65,000	65,000
Sub Total	387,836	314,173	331,300	331,300
General Repairs	10,234	10,135	6,000	6,000
Management Fees	55,938	64,862	64,000	64,000
MELBOURNE WATER Carrier Drains expenditure contribution	227,004	194,585	200,650	200,600
Precept Carrier Drains expenditure contribution	227,004	194,585	200,650	200,600
Total Direct Expenditure - Carrier Drains	454,008	389,170	401,300	401,300
Total Expenditure - Flood Protection District	918,352	1,012,985	1,019,050	1,019,000

