

SEQWATER'S 18 MARCH 2013 SUBMISSION / RESPONSE TO QCA REQUEST OF 13 MARCH 2013

18 March 2013

From: Colin Nicolson
Sent: Monday, 18 March 2013 1:31 PM
To: Angus MacDonald
Cc: Damian Scholz
Subject: RE: QCA Information Request 13 March 2013

Hello Angus

Please find our responses set out under each question below.



Colin Nicolson
Business Analyst
phone: 3035 5679
fax: (07) 3229 7926
web: www.seqwater.com.au
post: PO Box 16146, City East QLD 4002
ABN: 75 450 239 876

From: Angus MacDonald
Sent: Wednesday, 13 March 2013 5:18 PM
To: Colin Nicolson
Subject: QCA Information Request 13 March 2013

Dear Colin

We note your submission regarding Cedar Pocket Direct Labour Costs.

In summary you say:

SKM's conclusion of 0.65FTE was accepted, but was applied to incorrect labour input costs you proposed in Feb /March 2013 submissions that the cost = \$54,176 (2012-13) based on 0.6 FTE this varies from Seqwater's November NSP = \$56,900 (2012-13) (assumedly) based on 0.65 FTE which indicates a pro-rata = \$52,500 (2012-13) based on 0.6 FTE.

Please provide two responses:

QCA Question 1

What are the correct labour input costs (salary and on-cost) refer to our assumptions (Appendix A) based on information you provided to SKM

Seqwater Response to Item 1

The correct labour input costs are as supplied to SKM in my email to Lionel Chin on 16 October 2012. It appears from the spreadsheet you provided that SKM extrapolated from the original allocated labour costs to derive a total cost of labour for each employee which was escalated to \$2013-14 and then applied the FTE percentages to derive the updated allocated labour costs. However the original data was not allocated under the same rules. Consequently, SKM's revised costings were derived from an incorrect base. SKM should have disregarded the original allocated labour costs and applied the FTE percentages to the total labour costs for each employee provided in my spreadsheets on 16 October 2012. This would have resulted in correct allocations of labour input costs.

QCA Question 2

Please explain why your re-submitted \$54,176 (March 2013) is higher than our \$52,500 (based on November 2012 NSP) when both are based on 0.6FTE.

Seqwater Response to Item 2

The difference arises because Seqwater's Feb/March 2013 submission is not a straight pro-rata reduction of the labour costs. In order to fit to the recommended 0.6 FTE, Seqwater reduced the allocation of Dam Operator 1 from 5% to 0% on the basis that Dam Operator 2 and Operations Supervisor would still be required to attend the scheme as budgeted. Although Seqwater believes that the 0.65 FTE estimated by experienced operators is correct, SKM estimated 0.6 FTE is efficient which the QCA has accepted. Seqwater is seeking to adjust its management regime to accommodate 0.6 FTE.

In reviewing its detailed data in response to this Information Request, Seqwater identified a further reduction of its labour costs from \$54,176 to \$53,763. This is to take into account overtime and allowances allocated to Dam Operator 1. This has been set out in the attached spreadsheet.

QCA Question 3

In providing this information, please create another worksheet in the Excel attached and show us your (similar) calculations.

Seqwater Response to Item 3

The requested information has been provided in Appendix B.

Please respond by COB this Friday 15 March 2013.

Kind regards

Angus MacDonald
Team Leader



Ph: 07 3222 0557
Mob: 0488 444 973
Fax: 07 3222 0599

Appendix A: QCA Calculation

0.5 FTE						
				Total Salary	Allocation	
Dam Officer 1	3797.00	0.05	75940.00	78977.60	0.03	2497.27
Dam Officer 2	15615.00	0.40	39037.50	40599.00	0.27	10961.73
Operations Supervisor	24766.00	0.20	123830.00	128783.20	0.20	25756.64
Total					0.50	39,215.64
SKM						39,215.00
Difference						(0.64)
0.6 FTE						
				Total Salary	Allocation	
Dam Officer 1				78977.60	0.05	4316.13
Dam Officer 2				40599.00	0.36	14412.65
Operations Supervisor				128783.20	0.20	25756.64
Total					0.61	44,485.41
SKM						44,485.00
Difference						(0.41)
0.65 FTE						
				Total Salary	Allocation	
Dam Officer 1				78977.60	0.05	3948.88
Dam Officer 2				40599.00	0.40	16239.60
Operations Supervisor				128783.20	0.20	25756.64
Total					0.65	45,945.12
SKM						45,945.00
Difference						(0.12)

