

14.0 FINANCIAL CONSIDERATIONS

The aim of this Section is to determine the increase in the average annual charge per connection for the period to financial year 2014/15 in order to finance the various schemes. Further detailed consideration will be required to determine the impact on specific classes of consumers.

The following assumptions have been adopted in determining water supply charges for the Capricorn Coast.

- i. The current number of connections is 7,000;
- ii. Treated water from the Fitzroy River will be supplied by Fitzroy River Water at a cost of \$0.412 per kilolitre;
- iii. Livingstone Shire shall take 1,000ML from the Fitzroy River Barrage annually for those schemes involving construction of a pipeline from the Rockhampton distribution system;
- iv. Average current water charge per connection = \$500;
- v. Interest rate on new loans = 7.5%;
- vi. Interest rate on cash balances = 3%;
- vii. Loan term on new loans = 20years;
- viii. Loan paid annually;
- ix. Rate of Return = 0%;
- x. Straight line depreciation.

For the water supply system from Waterpark Creek and Waterpark and Sandy Creeks a subsidy rate of 40% has been adopted for all headworks to the initial existing Capricorn Coast reservoir.

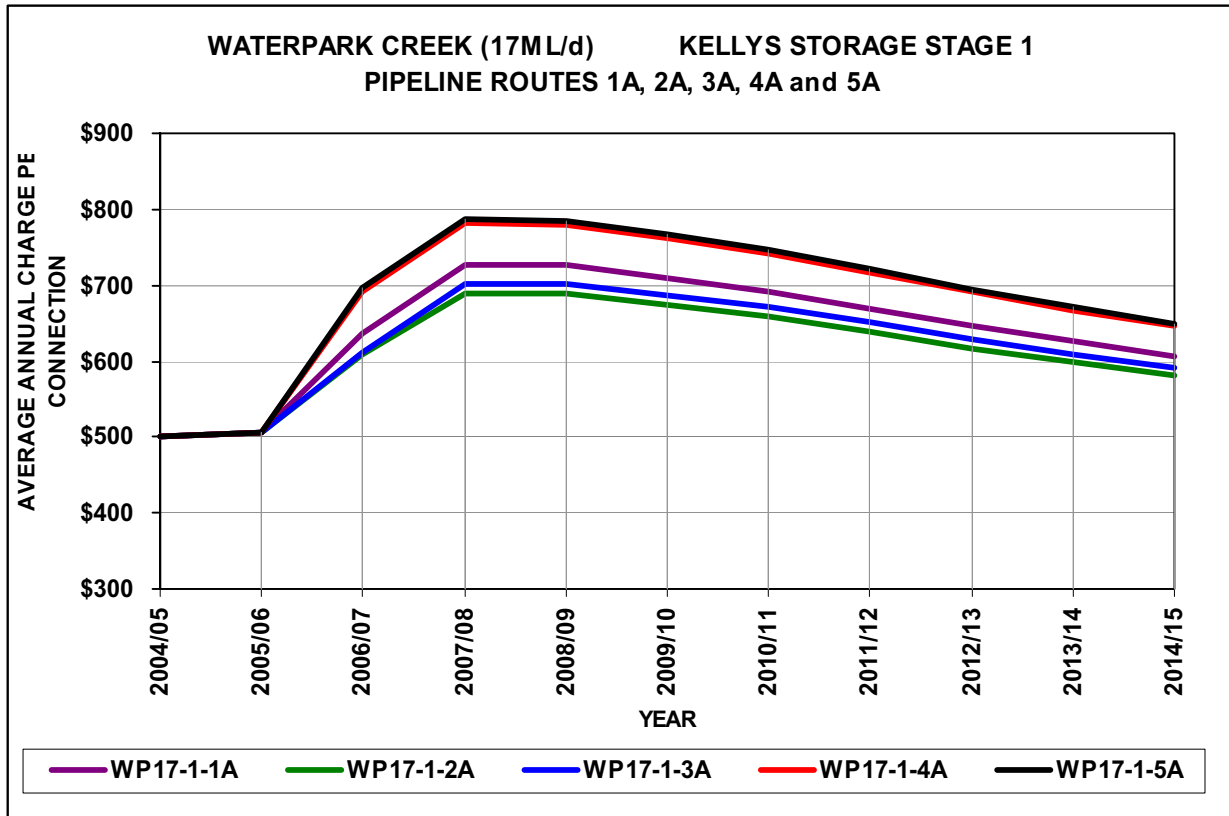
For works associated with the provision of a desalination plant and/or pipeline from the Rockhampton water supply distribution system a subsidy rate of 80% has been adopted for all headworks to the initial existing Capricorn Coast reservoir.

14.1 Schemes Including Desalination as the Main Supplementary Supply

A examination of the NPV's given in Section 13.0 indicates that schemes involving the construction of a desalination plant within the next twenty years are not the most economic means of augmenting the Capricorn Coast's water supply.

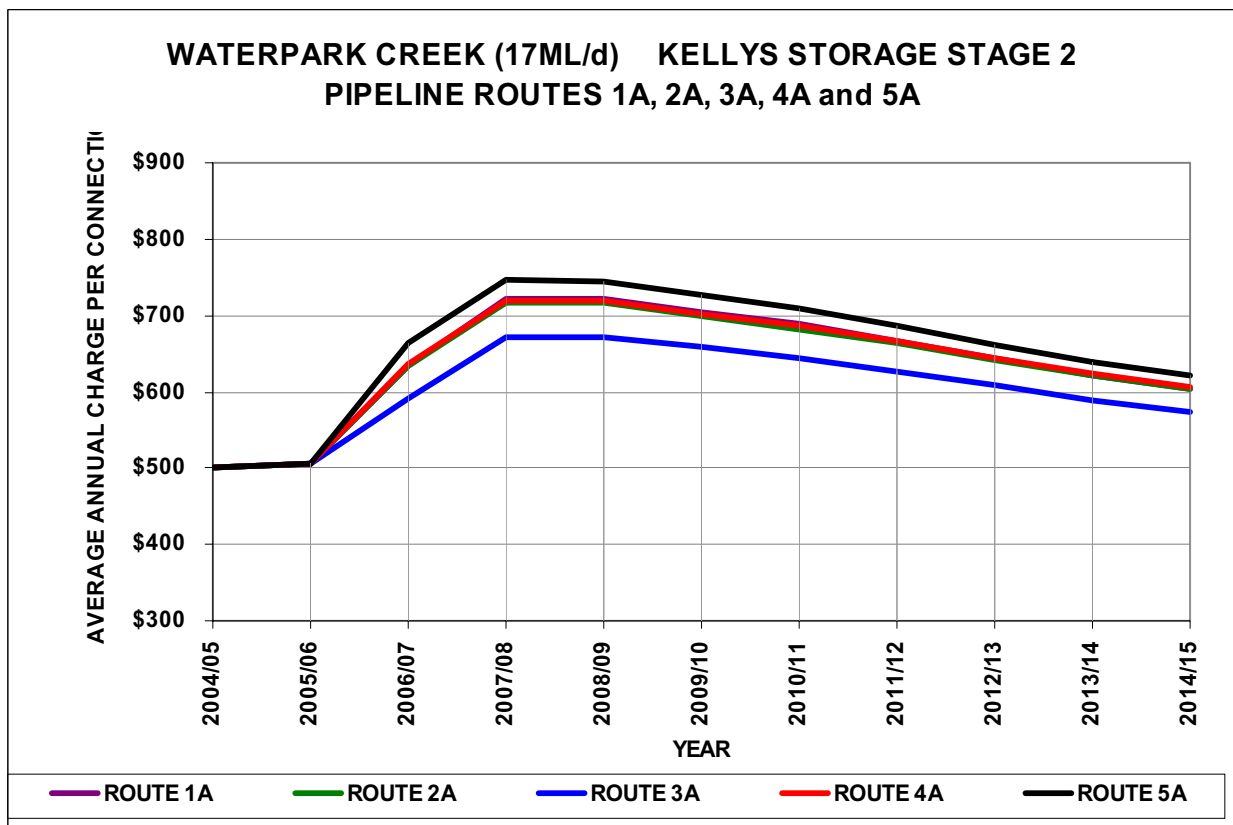
14.2 Waterpark Creek and Pipeline form Fitzroy River Barrage

Graphs 14.1 details the impact on water charges if Schemes WP17-1-1A to WP17-1-5A are constructed.



Graph 14.1

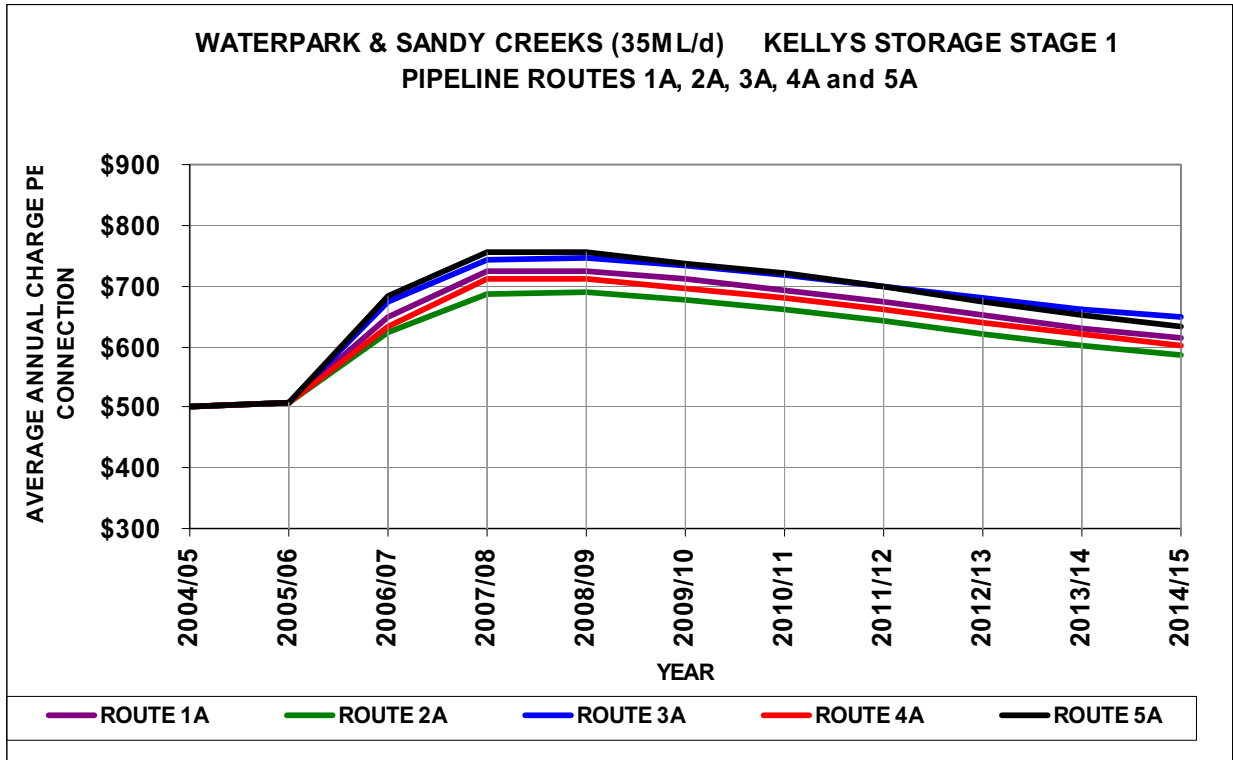
Graphs 14.2 details the impact on water charges if Schemes WP17-2-1A to WP17-2-5A are constructed.



Graph 14.2

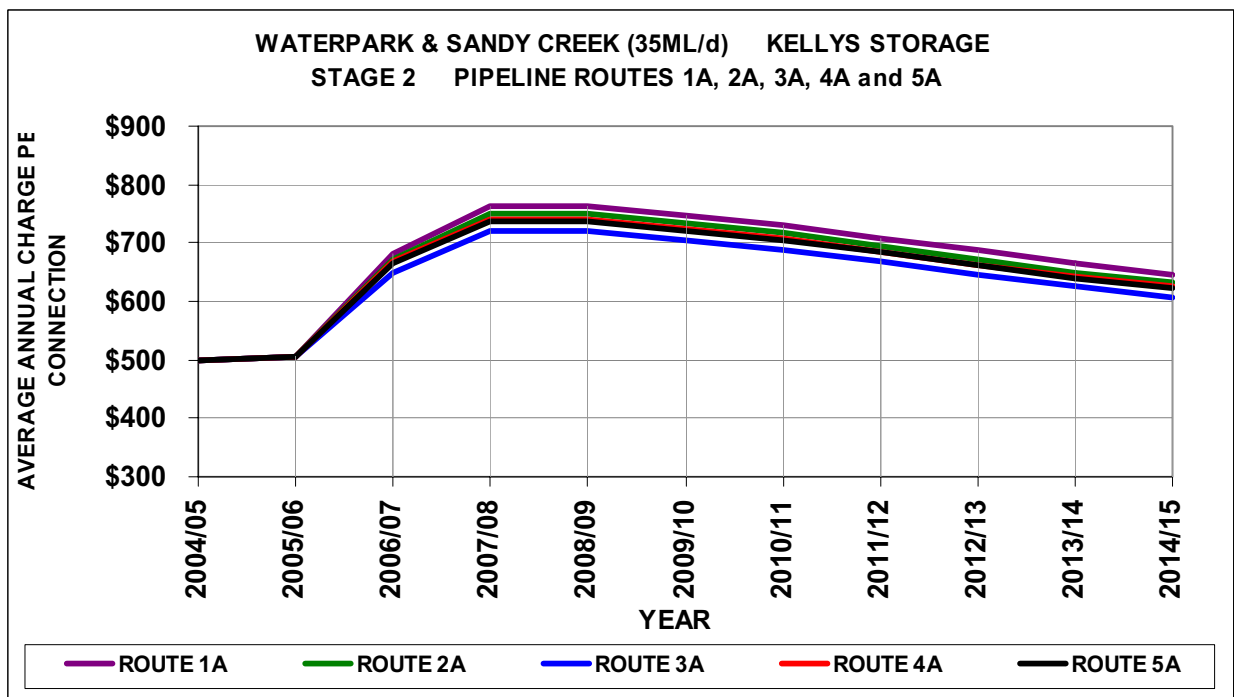
14.3 Waterpark and Sandy Creeks and Pipeline form Fitzroy River Barrage

Graph 14.3 details the impact on water charges if Schemes WPS35-1-1A to WPS35-1-5A are constructed.



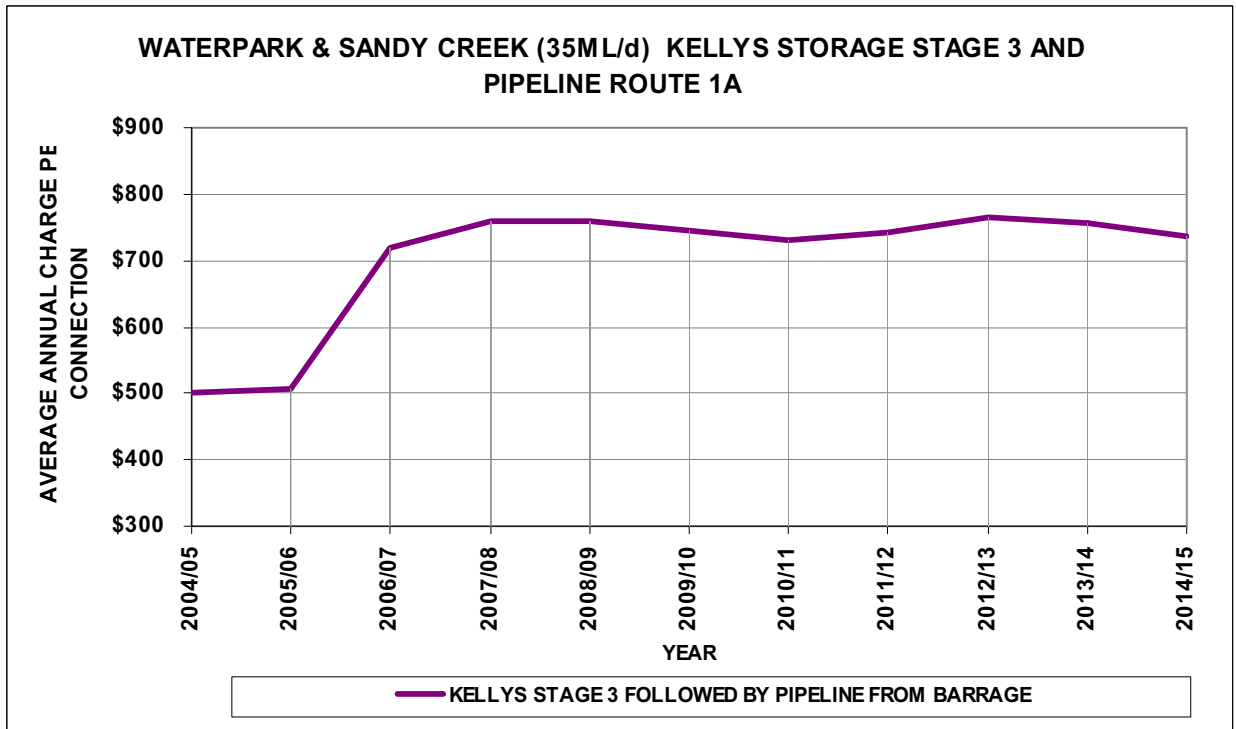
Graph 14.3

Graph 14.4 details the impact on water charges if Schemes WPS35-2-1A to WPS35-2-5A are constructed.



Graph 14.4

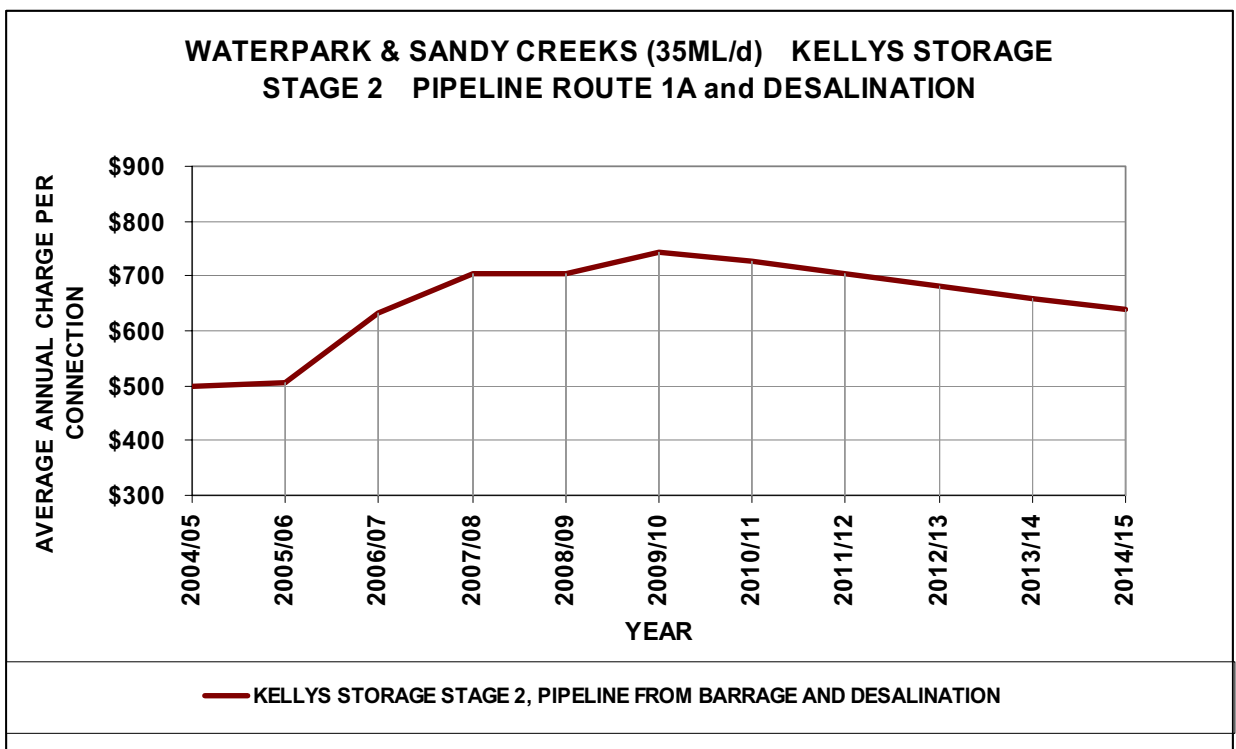
Graph 14.5 details the impact on water charges if Scheme WPS35-3-1A is constructed.



Graph 14.5

14.4 Waterpark and Sandy Creeks, Pipeline form Fitzroy River Barrage and Desalination

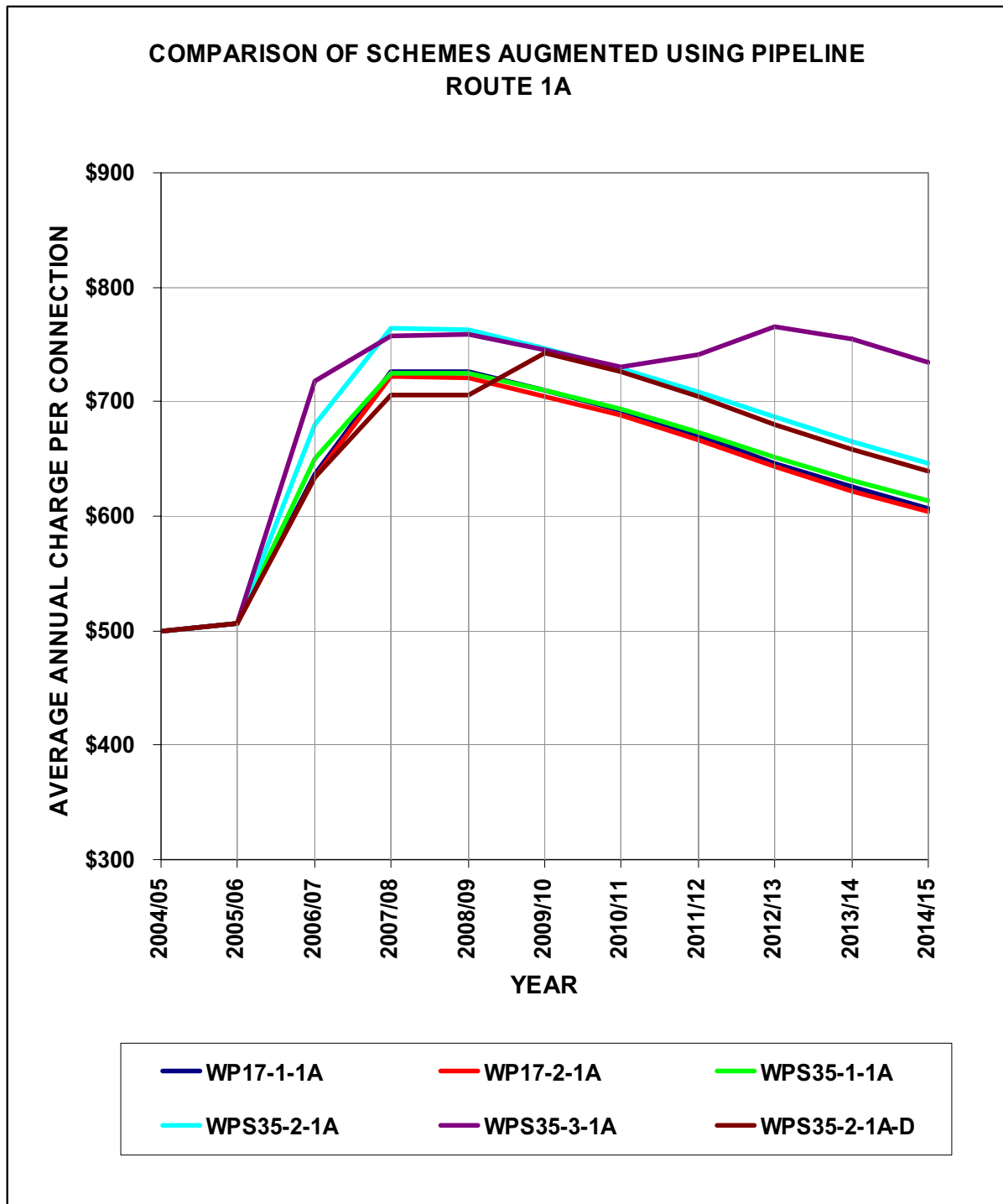
Graph 14.6 details the impact on water charges if Scheme WPS35-2-1A-D is constructed.



Graph 14.6

14.5 Comparison of Various Schemes Based on Pipeline from Fitzroy River Route 1A

Graph 14.7 compares the average annual charge per connection for the various schemes involving the construction of a pipeline along Route 1A.



Graph 14.7

14.6 Summary

Overall consideration of the economic and financial analyses would suggest that construction of a pipeline from the Fitzroy River Barrage based on Schemes WP17-1-1A, WP17-2-1A, WPS35-1-1A and WPS35-2-1A-D are the most appropriate means of augmenting the Capricorn Coast Water Supply source.