



# **AIRPORT, WATER AND WASTE COMMITTEE MEETING**

## **AGENDA**

**14 FEBRUARY 2017**

*Your attendance is required at a meeting of the Airport, Water and Waste Committee to be held in the Council Chambers, 232 Bolsover Street, Rockhampton on 14 February 2017 commencing at 3.00pm for transaction of the enclosed business.*

A handwritten signature in black ink, appearing to be "C. R.", is written over a thin horizontal line.

**CHIEF EXECUTIVE OFFICER**  
9 February 2017

Next Meeting Date: 14.03.17

**Please note:**

In accordance with the *Local Government Regulation 2012*, please be advised that all discussion held during the meeting is recorded for the purpose of verifying the minutes. This will include any discussion involving a Councillor, staff member or a member of the public.

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**1 OPENING**

**2 PRESENT**

Members Present:

Councillor N K Fisher (Chairperson)  
The Mayor, Councillor M F Strelow  
Councillor R A Swadling  
Councillor A P Williams  
Councillor C E Smith  
Councillor C R Rutherford  
Councillor M D Wickerson

In Attendance:

Mr R Cheesman – Deputy Chief Executive Officer

**3 APOLOGIES AND LEAVE OF ABSENCE**

**4 CONFIRMATION OF MINUTES**

Minutes of the Airport, Water and Waste Committee held 17 January 2017

**5 DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA**

**6 BUSINESS OUTSTANDING**

Nil

**7 PUBLIC FORUMS/DEPUTATIONS**

Nil

## **8 OFFICERS' REPORTS**

### **8.1 REGIONAL DEVELOPMENT AND AVIATION DEPARTMENT - ROCKHAMPTON AIRPORT - MONTHLY OPERATIONS REPORT**

**File No:** 7927  
**Attachments:** 1. Monthly Operations Report  
**Authorising Officer:** Ross Cheesman - Deputy Chief Executive Officer  
**Author:** Scott Waters - General Manager Regional Development and Aviation

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#### **SUMMARY**

*The monthly operations and annual performance plan report for the Rockhampton Airport as at 31<sup>st</sup> January 2017 is presented for Councillors information.*

#### **OFFICER'S RECOMMENDATION**

THAT the Corporate Services Departmental Operations and Annual Performance Plan Report for the Rockhampton Airport as at 31 January 2017 be "received".

#### **COMMENTARY**

The monthly operations and annual performance plan report for the Rockhampton Airport of the Corporate Services Department is attached for Council's consideration.

#### **CONCLUSION**

It is recommended that the monthly operations and annual performance plan report for the Rockhampton Airport as at 31<sup>st</sup> December 2016 be received.



**REGIONAL DEVELOPMENT AND  
AVIATION DEPARTMENT -  
ROCKHAMPTON AIRPORT - MONTHLY  
OPERATIONS REPORT**

**Monthly Operations Report**

**Meeting Date: 14 February 2017**

**Attachment No: 1**

## MONTHLY OPERATIONS REPORT

### Rockhampton Airport

Period Ended 31 January 2017

#### OBJECTIVES

The key objectives of the Rockhampton Airport are to safely deliver aeronautical and non-aeronautical services. For aeronautical activities this includes all activities that are vital to airport activity and their removal would render the Airport unable to function in an aeronautical capacity. They include the runways, taxiways and aircraft parking apron areas. For non-aeronautical activities this includes all other activities undertaken by Rockhampton Airport and includes the operation of the terminal building, car park facilities, concessions and related leased and licences, etc. All of those activities are ancillary to the operation of a modern airport.

#### VARIATIONS, ISSUES AND INNOVATIONS

Nil.

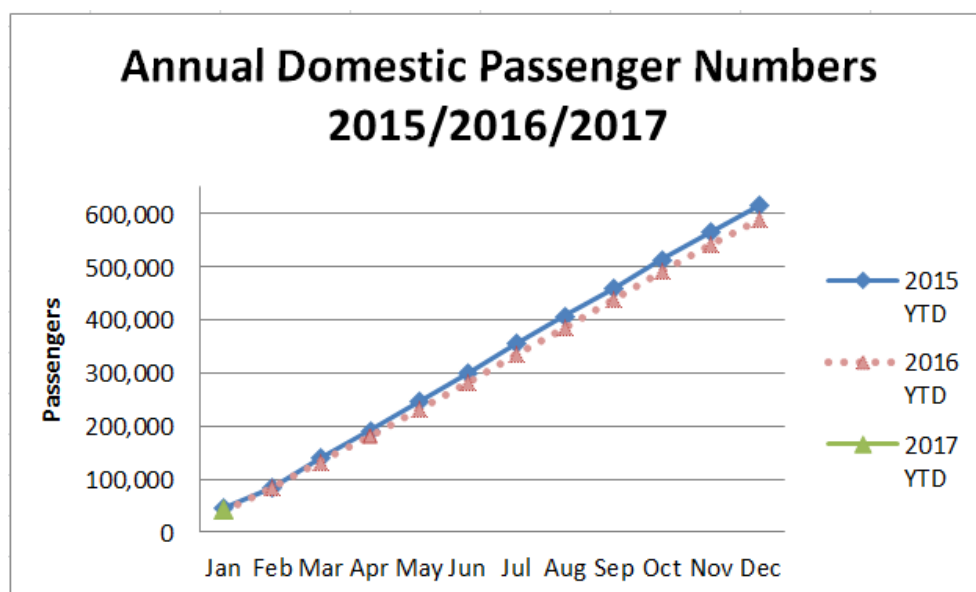
#### Improvements / Deterioration in Levels of Services or Cost Drivers

Nil.

#### AIRPORT COMMERCIAL

##### *Passenger Numbers*

Domestic passenger numbers for January 2017 were 41,396 compared to January 2016 40,719.



#### AIRPORT OPERATIONS

##### *Audit and Compliance*

There are no outstanding audit or compliance matters to report.

Capricorn Helicopter Rescue Service continued construction of their new hangar facility on Canoona Road.

##### Airport Lighting System

Works are focused on the compilation of commissioning documentation prior to submission to CASA for approval.

#### AIRPORT FACILITIES

**Improvements / Deterioration in Levels of Services or Cost Drivers**Asset Management

The Airport Facilities team is continuing to develop, implement and improve the Asset Preventative Maintenance Program.

High Voltage Power Supply

Additional HV Supply to the Airport has been assessed as not viable at this time due to the prohibitive costs and the absence of operational need.

Terminal Standby Power System

The installation work has been delayed due to availability of the new switchboard. It is anticipated that the new system will be installed early February 2017 and commissioned by late-February 2017.

Planning is underway for two major power outage activities. The activity for February 2017 will connect and conduct final commissioning of the new generators. The second activity for March/April 2017 will remove redundant switchgear.

## LINKAGES TO OPERATIONAL PLAN

1. COMPLIANCE WITH CUSTOMER SERVICE REQUESTS

The response times for completing the predominant customer requests in the reporting period for January 2017 are as below:

	Balance B/F	Completed In Current Mth	Current Month NEW Requests		TOTAL INCOMPLETE REQUESTS BALANCE	Under Long Term Investigation	Completion Standard (days)	Avg Completion Time (days) Current Mth	Avg Completion Time (days) 6 Months	Avg Completion Time (days) 12 Months	Avg Duration (days) 12 Months (complete and incomplete)
			Received	Completed							
Airport General Enquiries	0	0	0	0	0	0	10	● 0.00	● 6.40	● 4.31	2.67
Airport Services General Enquiries	0	0	0	0	0	0	10	● 0.00	● 0.00	● 0.00	0.00

## **2. COMPLIANCE WITH STATUTORY AND REGULATORY REQUIREMENTS INCLUDING SAFETY, RISK AND OTHER LEGISLATIVE MATTERS**

### ***Safety Statistics***

The safety statistics for the reporting period are:

	FIRST QUARTER		
	January	February	March
<b>Number of Lost Time Injuries</b>	0		
<b>Number of Days Lost Due to Injury</b>	0		
<b>Total Number of Injuries</b>	0		
<b>Number of Completed Hazard Inspections</b>	n/a		

### ***Risk Management Summary Risk Management Summary***

Potential Risk	Current Risk Rating	Future Control & Risk Treatment Plans	Due Date	% Completed	Comments
Aircraft accident, incident or malfunction occurs within the Rockhampton airport precinct resulting in possible death or injury, financial loss, interruption to airline service delivery, damage to infrastructure and reputation damage to the airport	Moderate 6	Upgrade airport lighting system.	Stage 1: 30/06/2014  Stage 2: 30/06/2015  Stage 3: 30/04/2017	90%	Now 100% Stage 1 ALER complete and main runway transformers replaced to improve circuit reliability from zero MΩ to 0.17MΩ as at December 2014. Back to zero as at end November and rectification being carried out in Early December. Late December readings back up to an acceptable 0.13MΩ level. Stage 2 Pit & Duct completed mid November 2014 and rectification works commenced August 2016. Stage 3 commenced, estimated completion date end April 2017.
Security breach or threat at the airport resulting in possible death or injury, reputation damage to the airport, additional costs, disruption to airline services due to airport closure, infrastructure	Moderate 6	Replace hard key system on all gates and access points with proximity card electronic card system so lost cards can have access withdrawn.	30/06/2015	90%	High risk gates in Main apron installed New locks now being rolled out in GA area. Further locks to be installed on perimeter fence. Program should be complete by 28/2/2017.

Potential Risk	Current Risk Rating	Future Control & Risk Treatment Plans	Due Date	% Completed	Comments
damage, fines in relation to a regulatory breach					
Airport revenue decreases over a sustained period resulting in the airport performance KPI's not being met, budgetary impacts, reduced availability of funds for capital programs.	Moderate 5	Redevelop the airport terminal to increase retail revenue.	Terminal 1/07/2018	80%	The options for Terminal redevelopment will be further considered as part of the Airport Master Planning process.
Airport assets not maintained, upgraded, inspected or monitored effectively in accordance with regulatory requirements resulting in possible death or injury, reputational damage, compliance failure, reduced service delivery, WH&S fine	Moderate 6	<p>Facility maintenance and condition assessment inspection schedules are in the process of being completed and detailed in conquest. Consultant engaged to identify critical infrastructure and to load into Conquest to ensure regular maintenance is performed.</p> <p>Upgrade of RPT and GA Apron flood lighting to meet LUX standards.</p> <p>Review of Asset Management Plan</p>	<p>Stage 1: 30/6/2015</p> <p>30/06/2016</p>	80%	<p>Main Runway condition re-assessment by AECOM completed and recommendations included in 10 yr Capex program.</p> <p>HV capacity evaluation being progressed with Ergon Energy for medium and long term</p> <p>Chilled water system capacity improved with better control system and new heat exchange units</p> <p>High Risk Fire Hydrant Systems now completed</p> <p>Air-conditioning condition report completed.</p> <p>HV Transformers condition evaluation completed.</p> <p>Roads pavement condition assessment completed</p> <p>Airport Council owned buildings condition assessment completed and priority 1 defects being addressed.</p> <p>FRW has undertaken condition report on mains water and replacement</p>

Potential Risk	Current Risk Rating	Future Control & Risk Treatment Plans	Due Date	% Completed	Comments
					of priority section completed final section in Capex program.
<p>1. Lack of a Business Continuity Plan to provide viable options for the airport to continue to operate or offer alternate air travel arrangements for the public.</p> <p>2. Natural disasters, Fire, Flood, Cyclones, Earthquake, Storm.</p> <p>3. IT or Communications failures.</p> <p>4. Aircraft crash on airport.</p>	High 4	Develop a contingency plan for reduced or ceased terminal operation capacity and ensure all planning is integrated into any whole of council planning for business continuity management.	31/12/2015	100%	<p>An outline of a proposed Continuity plan has been developed and will be further refined to identify contingency plans that are in place and need to be developed.</p> <p>Learnings of the recent TC Marcia will be incorporated. Draft completed with a list of suppliers of emergency and temporary equipment &amp; facilities being compiled. Completed.</p>

### **Legislative Compliance & Standards**

Legislative Compliance Matter	Due Date	% Completed	Comments
Annual Airport Electrical Inspection	November 2016	100%	<p>Aerodrome Operation Support Pty Ltd conducted an inspection of the key aviation related electrical components at the aerodrome.</p> <p>A Rectification Action Plan has been initiated and items identified in the official report have been actioned.</p>
Annual Airport Technical Inspection	November 2016	80%	<p>Aerodrome Operation Support Pty Ltd conducted an inspection of the aerodrome facilities, equipment, procedures and OLS.</p> <p>Awaiting receipt of the official report.</p>
Annual Runway Friction Testing	March 2017	0%	An external contractor is engaged to undertake this specialised testing.
Emergency Exercise (Table-Top Exercise)	May 2017	0%	A 'Table-top' exercise is conducted on alternate years to the field exercise or whenever there is a change of major participants.
Biannual Review of Airport Security Risk Register	September 2017	0%	Review assesses security measures and procedures to consider if they are adequate to meet the requirements of the local

			security risk context statement.
Annual Review of Airport SMS Risk Register	October 2017	0%	Review is conducted at least annually to determine whether the nominated risk treatments/controls remain valid for the risks identified.  The RRC Risk Calculator is used to quantify the current risk rating.

### **3. ACHIEVEMENT OF CAPITAL PROJECTS WITHIN ADOPTED BUDGET AND APPROVED TIMEFRAME**

#### Capital Program

The 16/17 FY Capital Program has been revised to ensure achievable delivery within the financial year.

Project	Start Date	Expected Completion Date	Status	Budget Estimate	YTD Actual Including Committals
<b>CAPITAL WORKS PROGRAM</b>					
987693 – Improve Terminal Access for People with Disabilities.	Ongoing	December 2016	<b><u>Complete</u></b> All Terminal disability toilet doors have been reconfigured.	\$6,000	\$2,700
<p>Commentary:</p> <p>Implementation of systems and equipment that will assist people with disabilities to access the Airport terminal building and facilities.</p>					
959133 – RPT Apron Lighting	29/08/13	Project Concept Plan & Scope of Works - June 2017	<b><u>WIP</u></b> Installation of six new switchboards at each apron light pole, three complete, 3 remaining.  Replacement and upgrade of electrical supply cables to ensure continued operation and to support future upgrade, completed.  Conduct design review to consider LED Lighting and review aircraft parking requirements prior to installation.	\$105,000	\$85,260
<p>Commentary:</p> <p>To obtain regulatory compliance a condition assessment was conducted in 2014 with upgrade recommendations identified one area remaining non-compliant. Engineering assessment confirmed additional lights could be installed on existing poles. Original concept design under review to investigate options of LED installation and review parking layout. Testing of electrical supply cables identified that they were close to failure. Project to be delivered in two stages, Stage 1 16/17 – Replace and upgrade electrical supply cables, Lighting Design Review and Project Concept, Stage 2 17/18 – Implement compliant system.</p>					
959135 – GA Apron Lighting	17/02/12	Project Concept	<b><u>WIP</u></b>	\$2,100	\$0



Project	Start Date	Expected Completion Date	Status	Budget Estimate	YTD Actual Including Committals
<b>CAPITAL WORKS PROGRAM</b>					
		Plan & Scope of Works - June 2017	Stage 1 – Install three lights to allow RFDS to operate new Patient Transfer Facility, completed 2015.  Remainder of project postponed to allow reconfiguration of cross runway.  Conduct design review to consider LED Lighting and review of aircraft parking requirements prior to installation.		
<p>Commentary:</p> <p>To obtain regulatory compliance a condition assessment was conducted in 2014 with upgrade recommendation. Original concept design under review to investigate options of an LED installation and review aircraft parking layout. System remains non-compliant due to inability to infringe the airspace of Runway 04/22, this will be rectified in Stage 3 following Runway 04/22 displacement. Project to be delivered in three stages, Stage 1 15/16 – Install three lights for RFDS Operations, Stage 2 16/17 – Lighting Design Review and Project Concept, Stage 3 18/19 – Implement compliant system.</p>					
987694 – Refurbish Terminal Concourse Toilets	Early 2015	Stage 1 – May 2017	<u>WIP</u> Planning implementation of Stage 1 – Removal of entry doors from all four main toilets.	\$80,000	\$0
<p>Commentary:</p> <p>It has been identified that the terminal toilets are not meeting the current passenger needs and impede passenger flow through the terminal. Toilets need to be refurbished and reconfigured to improve customer service levels. Project to be delivered in three stages, Stage 1 – Removal of toilet entry doors, Stage 2 – Reconfigure Southern toilet facilities, Stage 3 – Reconfigure Northern toilet facilities.</p>					
987712 – Replace General Aviation Power Switchboards	Early 2015	Phase 1 - April 2017	<u>WIP</u> Finalise Area 3 (Aeroworx) Switchboard replacement design.	\$17,250	\$4,010
<p>Commentary:</p> <p>A condition assessment conducted in 2015 has identified that several General Aviation switchboards are in various stages of deterioration and will require replacement. Project Concept Design has been developed to accommodate future potential business growth and system upgrade requirements. Replacement of Area 3 (Aeroworx) Switchboard identified as a priority due to age and non-compliance, design 16/17 (\$17,250), implement 17/18 (\$60,000). Remaining switchboards replacements have been postponed until to 2026/27.</p>					
1047109 – Replace existing storage-workshop-office-	Sept 15	Stage 1 – June 2017	<u>WIP</u> Design is complete; tenant has been consulted as to the scope of works.	\$65,000	\$2,640

Project	Start Date	Expected Completion Date	Status	Budget Estimate	YTD Actual Including Committals
<b>CAPITAL WORKS PROGRAM</b>					
lunchroom (site BD)					
<p>Commentary:</p> <p>Several issues with the buildings within the Aeroworx complex were identified in the RRC Asset Building Inspection in 2014. Electrical switchboard issues were identified in condition assessment conducted in 2015. Office building and electrical switchboards are beyond repair therefore requiring replacement. The project is to be delivered in two stages, Stage 1 16/17 - extend hanger and renew electrical connection (\$65,000), Stage 2 17/18 – Replace office and lunchroom (\$100,000).</p>					
987926 – Upgrade terminal standby power generator	Sept 15	June 2017	<p><b>WIP</b></p> <p>Construction works are progressing to plan. New system planned to be operational by March 2017.</p> <p>Additional works required installation of fencing around the generators, removal of redundant switchgear and removal of redundant generator and in-ground fuel tank (\$150,000).</p>	\$427,400	\$352,935
<p>Commentary:</p> <p>Current generator only supplies a portion of the Terminal, it failed during cyclone Marcia and failed again not long after and replaced with a hire generator. The replacement generators are an essential component of the Airport Business Continuity Plan.</p>					
987723 – Replace Air Conditioning Chilled Water Unit	Jan 17	Concept Plan & Scope of Works - May 2017	<p><b>WIP</b></p> <p>Preparing to engage consultancy services to assist in Developing a Project Concept Plan &amp; Scope of Works for the complete Terminal Air Conditioning System, for approval.</p>	\$15,000	\$0
<p>Commentary:</p> <p>The Chiller unit has reached the end its expected life. This has been quantified by several component failures over recent years. With the current load on the chiller it is required to operate at 100% capacity to cool the Airport Terminal during the hottest portion of the year.</p> <p>The project will consist of a concept (scope of works), design, construction and commissioning stages. While this project continues over several years the initial concept and design will be for the entire project.</p>					
983769 – Replacement CBS (Security) Equipment	July 2016	Mar 2017	<p><b>WIP</b></p> <p>Time Sync server installed, waiting delivery of replacement servers and analyst work stations.</p>	\$145,000	\$144,800
<p>Commentary:</p>					

Project	Start Date	Expected Completion Date	Status	Budget Estimate	YTD Actual Including Committals
<b>CAPITAL WORKS PROGRAM</b>					
Replacement of the Matrix Server to extend equipment operational life.					
987727 – Master planning and reconfiguration	Late 2015	Dec 16	<u>WIP</u> Completion of Airport Masterplan	\$66,430	\$41,030
<p>Commentary:</p> <p>Ongoing engagement with LEAPP.</p>					
987685 – Renewal of aviation security infrastructure	Ongoing	Ongoing	<u>WIP</u> Finalising design requirements to install automatic vehicle gate at Airside Security Gate 1.	\$55,314	\$0
<p>Commentary:</p> <p>Operational need identified to replace Airside Security Gate 1 due to emergency access requirements and high usage during military exercises.</p>					
959150 – Runway Lighting System Replacement	18/12/11	31/08/17	<p><u>WIP</u></p> <ul style="list-style-type: none"> <li>• Stage 1 – Practical completion issued 24 April 2014. List of final defects repaired.</li> <li>• Stage 2 – Practical completion has been issued. Issues with initial Contractor being available to repair defects. Current on-site contractor have commenced defect rectification.</li> <li>• Stage 3 – Currently working through the commissioning and regulatory process. Decommissioning of current system to commence pending regulatory approval.</li> </ul>	\$823,539	\$497,483 (Excluding committals)
<p>Commentary:</p> <p>Major Projects are managing this project; please refer to the Major Projects Monthly Report for more</p>					

Project	Start Date	Expected Completion Date	Status	Budget Estimate	YTD Actual Including Committals
<b>CAPITAL WORKS PROGRAM</b>					
detail.					
Stage 1 – Airfield Lighting Equipment Room (ALER) – Construction of a new ALER to house the electrical and control equipment associated with the new Aeronautical Ground Lighting System (AGL).					
Stage 2 - Pit & Duct Network for Main Runway and Taxiways – Installation of the electrical pit and duct network to house the main electrical and control wiring network associated with the new AGL System.					
Stage 3 - AGL System for Main Runway and Taxiways – Installation of the electrical and control equipment and network, including light fittings, for the new AGL System. This stage also includes the installation of the standby generator set required to support the new AGL System.					

#### **4. ACHIEVEMENT OF OPERATIONAL PROJECTS WITHIN ADOPTED BUDGET AND APPROVED TIMEFRAME**

As at period ended January 2017 – 58% of year lapsed.

Project	Revised Budget	Actual (incl. committals)	% budget expended	Explanation
Drainage Study for Future Developments	\$47 916	\$38 067.60	79%	<p style="text-align: center;"><b><u>Completed</u></b></p> <p>This study is to determine the best options for a new road off Hunter Street to open up land for development and effects of the footprint of any new developments on the floodplain and how these can be mitigated in order for the developments to proceed. The study is progressing with input from flood modelling initially, of a local flood event.</p> <p>This project will proceed with additional flood modelling with estimates of proposed anticipated future development footprints.</p>

#### **5. DELIVERY OF SERVICES AND ACTIVITIES IN ACCORDANCE WITH COUNCIL'S ADOPTED SERVICE LEVELS**

##### **Non-Financial Performance Targets & Required Outcomes**

##### **Required Outcomes compared for the same period in 2015/2016**

	<b><u>Monthly Target</u></b>	<b><u>Result Monthly / YTD</u></b>
Passenger Numbers	+1%	1.6% / -2.2%
Aircraft Movements*	+1%	-2.5% / -6.5%
Bird Strikes	3 per month	1 / 23
Lost Time Days – workplace injuries	0	0 / 0
Reported Public Injuries on Airport Precinct	0	0 / 0
Customer Requests Actioned	100%	100% / 100%
Airline Engagement Meetings	Every 3 months	Yes / Yes
Military Exercise Briefings Attended	100%	Yes / Yes

\*Aircraft Movements – January 2017 figures were not available on Airservices Australia website at the time of lodging the report. December figures were utilised for statistical data and therefore year to date (YTD) data is only up until December 2016.

## AIRPORT FINANCIAL

This report details the financial position and other strategic matters for Rockhampton Airport. Percentage of year elapsed 58.3%

### Summary

Total revenue is slightly above the percentage of year elapsed at 58.53% with operating expenditure lower than the percentage of year elapsed at 54.37% resulting in a small surplus position.

All percentages are exclusive of committals unless specifically mentioned.

### Capital

Overall Airport's capital expenditure is currently below the percentage of year elapsed at 45.8% of the revised September budget. When committals are included for works yet to be completed this equates to 80.6%. The majority of the Airport's capital expenditure YTD relates to the runway lighting power distribution switching system replacement, upgrade of the terminal standby power generator and the RPT apron lighting project.



#### End of Month General Ledger - (Operating Only) - FINANCE AND BUSINESS

As At End Of January 2017

Report Run: 03-Feb-2017 10:39:06 Excludes Nat Accs: 2802,2914,2917,2924

	Adopted Budget	Revised Budget	EOM Commitments	YTD Actual	Commit + Actual	Variance	On target
	\$	\$	\$	\$	\$	%	58.3% of Year Gone
<b>CORPORATE SERVICES</b>							
<b>AIRPORT</b>							
<i>Airport Operations</i>							
Revenues	(10,100)	(10,100)	0	(5,887)	(5,887)	58%	✘
Expenses	2,320,244	2,079,733	40,603	860,381	900,984	41%	✓
Transfer / Overhead Allocation	155,750	155,750	0	69,460	69,460	45%	✓
<b>Total Unit: Airport Operations</b>	<b>2,465,894</b>	<b>2,225,382</b>	<b>40,603</b>	<b>923,954</b>	<b>964,557</b>	<b>42%</b>	<b>✓</b>
<i>Airport Facilities</i>							
Revenues	(596,300)	(596,300)	0	(306,738)	(306,738)	51%	✘
Expenses	4,076,659	4,149,527	584,830	2,017,796	2,602,626	49%	✓
Transfer / Overhead Allocation	88,930	88,930	0	4,639	4,639	5%	✓
<b>Total Unit: Airport Facilities</b>	<b>3,569,289</b>	<b>3,642,157</b>	<b>584,830</b>	<b>1,715,697</b>	<b>2,300,527</b>	<b>47%</b>	<b>✓</b>
<i>Airport Administration</i>							
Revenues	(55,000)	(55,000)	0	(50,777)	(50,777)	92%	✓
Expenses	3,700,513	4,067,209	1,506	2,336,697	2,338,203	57%	✓
Transfer / Overhead Allocation	5,086,626	4,524,814	0	2,964,265	2,964,265	66%	✘
<b>Total Unit: Airport Administration</b>	<b>8,732,139</b>	<b>8,537,024</b>	<b>1,506</b>	<b>5,250,185</b>	<b>5,251,691</b>	<b>61%</b>	<b>✘</b>
<i>Airport Commercial</i>							
Revenues	(15,182,255)	(14,804,770)	0	(8,688,726)	(8,688,726)	59%	✓
Expenses	412,894	398,167	48,828	155,311	204,139	39%	✓
Transfer / Overhead Allocation	2,040	2,040	0	67	67	3%	✓
<b>Total Unit: Airport Commercial</b>	<b>(14,767,321)</b>	<b>(14,404,563)</b>	<b>48,828</b>	<b>(8,533,348)</b>	<b>(8,484,519)</b>	<b>59%</b>	<b>✓</b>
<b>Total Section: AIRPORT</b>	<b>0</b>	<b>0</b>	<b>675,767</b>	<b>(643,511)</b>	<b>32,256</b>	<b>-368514750980205000%</b>	<b>✓</b>

**8.2 ROCKHAMPTON REGIONAL WASTE AND RECYCLING MONTHLY OPERATIONS AND ANNUAL PERFORMANCE PLAN AS AT 31 JANUARY 2017****File No: 7927****Attachments: 1. Rockhampton Regional Waste and Recycling Operations and Annual Performance Plan report - January 2017****Authorising Officer: Peter Kofod - General Manager Regional Services****Author: Craig Dunglison - Manager RRWR**

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**SUMMARY**

*The purpose of this report is to provide Council with an overview of Rockhampton Regional Waste and Recycling (RRWR) for the month of January 2017.*

**OFFICER'S RECOMMENDATION**

THAT the Rockhampton Regional Waste and Recycling Operations and Performance Plan report for January 2017 be received

**ROCKHAMPTON REGIONAL WASTE  
AND RECYCLING MONTHLY  
OPERATIONS AND ANNUAL  
PERFORMANCE PLAN AS AT  
31 JANUARY 2017**

**Rockhampton Regional Waste and  
Recycling Operations and Annual  
Performance Plan report –  
January 2017**

**Meeting Date: 14 February 2017**

**Attachment No: 1**

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## Rockhampton Regional Waste & Recycling Monthly Operations And Annual Performance Plan Report

Period Ended 31 January 2017

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### VARIATIONS, ISSUES AND INNOVATIONS

#### Roadside Bin Station, Maintenance

A maintenance campaign was carried out at a number of Roadside Bin Stations to repair rain affected hardstands and to replace litter fencing that had been removed by others. These maintenance works were focused on the following sites; Westwood, Bushley, Ridgeland and Marmor.

#### Container Deposit Legislation

The Local Association of Queensland in conjunction with the State Government have established a working / advisory group consisting of seven Local Governments and the State Government to work through the commencement of the Container Deposit Legislation in Queensland in July 2018. Rockhampton Regional Council is included in this group. The first meeting was held in late January. This meeting reviewed the operational process and proposed actions of the group. The group also review the current status of this project. There has been no significant change to the material report to Council late last year in that the program is primarily a litter control program as the containers targeted are the sized containers that persons would purchase away from home – 150ml to 3 litre. Exclusions include: wine bottles, casks and sachets, pure spirit glass bottles, plain milk, pure juice and registered health tonics. The next meeting of the group is late February where matters such as accessibility, transport, recovery and recycling targets, use of technology such as reverse vending machines and barcodes, material recovery facility arrangements for estimating volumes, scheme coordination arrangements, interaction with, and implications for, kerbside recycling services

#### Changes to commercial disposal fees

RRWR have been undertaking a communication campaign throughout January, in the lead up to the change in disposal fees for commercial customers of the Lakes Creek Road Waste Management Facility. This has included on site signage, hand outs and a direct mail out to commercial customers of the facility. At present RRWR are happy to report no negative feedback from the community regarding the proposed change.

#### Paintback

RRWR have been collaborating with Paintback over the past months, in establishing a collection point at Lakes Creek Road Landfill. This was set up December 2016 and has already been well received by a number of customers. Paintback has circulated a number of paid advertisements in the Morning Bulletin throughout December and January. RRWR will continue to promote the new service through media release and social media posts.

#### Roadside Bin Stations – Workshop

Due to the loss of key staff, a significant portion of the work required to be undertaken to present to Council to provide a full summation of the matters around the operation of the Roadside Bin Stations and the presentation of additional options will not be completed in time for the February Committee Meeting. It is planned to deliver this material at a workshop in March.

#### Lakes Creek Road, Bird Management

Bird management activities at Lakes Creek Road continued throughout the month of January in-line with the Bird Management Plan prepared by Avisure. Wildlife experts from Ecosure commenced performing active bird dispersal from mid-November and are continuing as required. Daily bird counts are also being undertaken to monitor the effects. It is expected



that this will be an ongoing requirement for Lakes Creek Road Waste management Facility. Drainage maintenance works are now underway along the northern boundary of the landfill, including the clearing of cyclone damaged (dead) trees to remove the breeding habitat for ibis.

From early December, the Lakes Creek Road Landfill commenced using specialist landfill tarps (TarpARMOR, Automatic Tarping Machine) to cover the active landfill face each afternoon so that waste is covered each day before the operations cease. The use of these specialist landfill tarps is best practice.



## LINKAGES TO OPERATIONAL PLAN

1. COMPLIANCE WITH CUSTOMER SERVICE REQUESTS

## RRWR Traffic Light Report January 2017

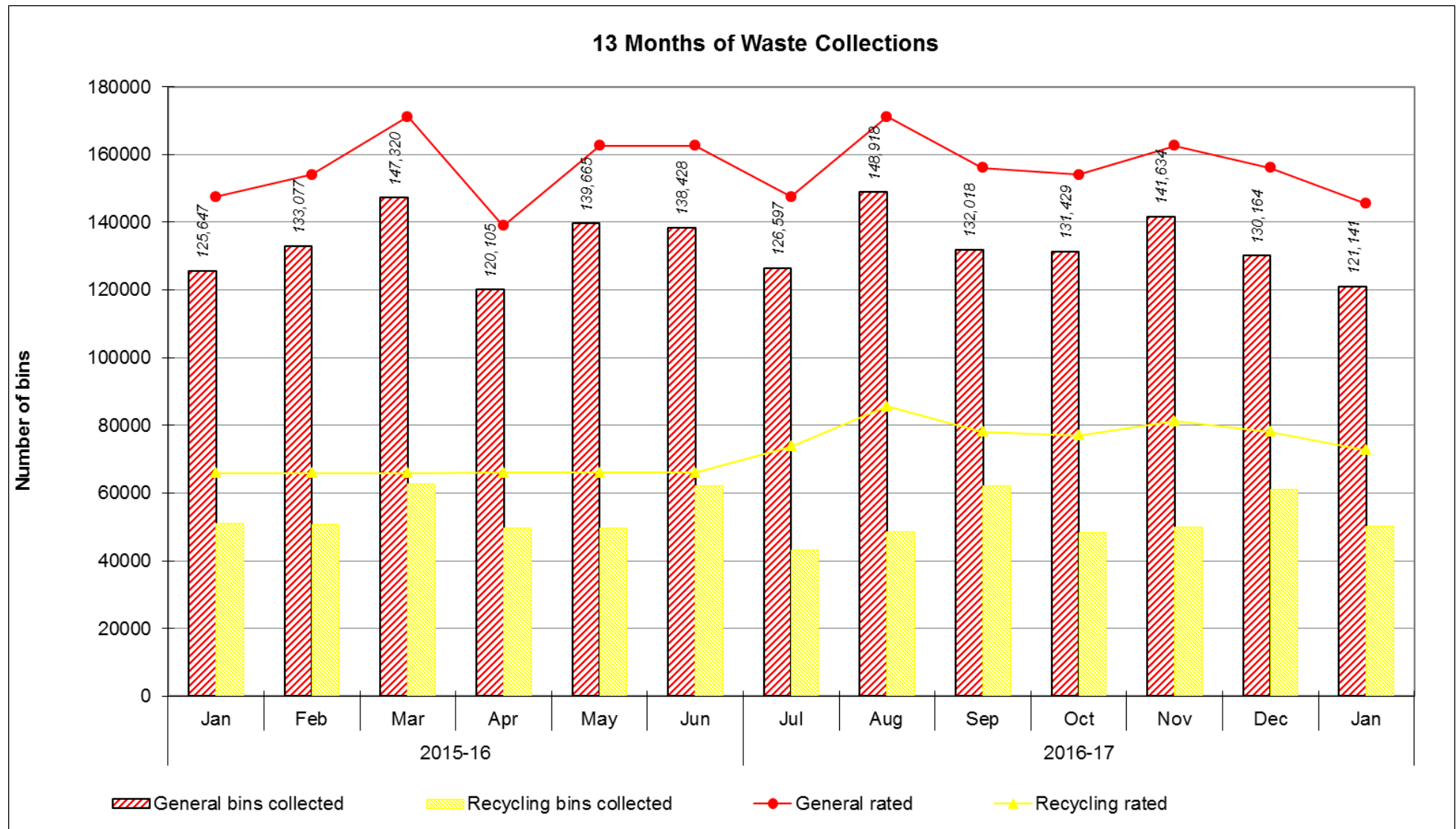


## All Monthly Requests (Priority 3) RRW&R 'Traffic Light' report January 2017

	Balance B/F	Completed in Current Mth	Current Month NEW Requests		TOTAL INCOMPLETE REQUESTS BALANCE	Under Long Term Investigation	Completion Standard (days)	Avg Completion Time (days)		Avg Completion Time (days) 12 Months	Avg Duration (days) 12 Months (complete and incomplete)
			Received	Completed				Current Mth	6 Months		
Waste/Recycling - RATES NOTICE QUERY	0	0	2	1	1	0	10	● 1.00	● 0.83	● 1.27	1.33
Additional Recycling Service (Fee applies) JJ RICH	2	2	2	2	0	0	2	● 1.00	● 1.50	● 1.25	0.38
Additional Waste Service (Fee applies) RRC	0	0	15	15	0	0	2	● 0.53	● 0.53	● 0.45	0.26
Park Bins (RRC Park/Reserve areas)	0	0	4	4	0	0	23	● 3.50	● 2.03	● 8.01	7.07
Change to Existing Bins (JJ RICHARDS)	2	2	7	3	4	0	5	● 5.67	● 3.15	● 2.12	1.12
Change to Existing Bins (RRC)	0	0	7	7	0	0	2	● 1.14	● 1.59	● 1.65	0.82
Missed Service Recycling - SAME DAY JJ RICHARDS	3	3	8	8	0	0	2	● 1.63	● 1.79	● 1.49	0.75
Missed Service Waste - SAME DAY ENQUIRY RRC	1	1	49	46	3	0	2	● 0.54	● 0.57	● 0.58	0.48
Missed Recycling Bin JJ (Not out or Truck Missed)	11	11	31	30	1	0	2	● 1.33	● 1.57	● 1.37	0.78
Missed General RRC (Bin Not Out or Truck Missed)	0	0	48	42	5	0	2	● 0.57	● 0.50	● 0.52	0.42
New ( First) Bin Set Up (Domestic/Recycle & Comm)	5	5	16	13	3	0	5	● 1.31	● 2.48	● 2.55	1.88
Repair JJ Richards Recycle ( Bin To Be Empty )	0	0	3	2	1	0	5	● 1.00	● 2.44	● 3.36	1.63
Repair RRC General Waste Bin ( Bin To Be Empty )	1	1	26	24	2	0	2	● 1.25	● 1.33	● 1.15	0.77
Replacement Bin JJ (Damaged/Lost/Stolen)	3	3	15	13	1	0	5	● 3.69	● 3.25	● 3.15	2.10
Replacement Bin RRC (Damaged/Lost/Stolen)	11	11	90	70	5	0	2	● 0.93	● 1.40	● 1.26	1.01
Special Event Bins (Parks/Halls etc)	0	0	2	2	0	0	2	● 1.00	● 0.88	● 1.31	0.61
Landfills & Transfer Station - Waste Facilities	0	0	2	1	0	0	1	● 1.00	● 1.25	● 2.02	2.43
Waste and Recycling General Query	12	11	81	26	7	0	5	● 1.58	● 3.46	● 2.66	3.47
Compliment or Complaint RRC or JJ Richards	0	0	2	2	0	0	2	● 2.00	● 2.50	● 1.78	0.50

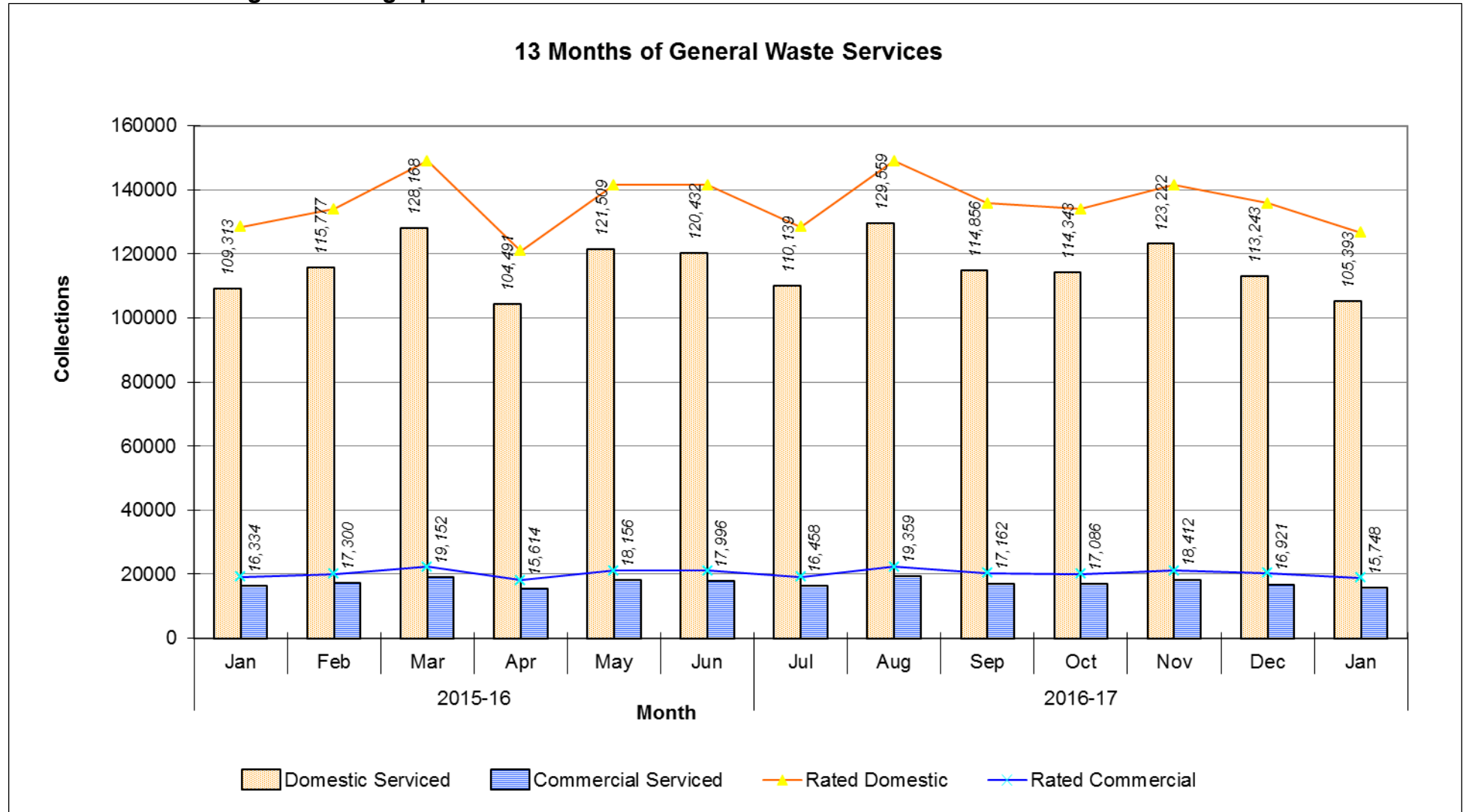
**Comment:** RRWR are investigating contractor delays in recycling related services

**Waste collections rolling 13 month graph**



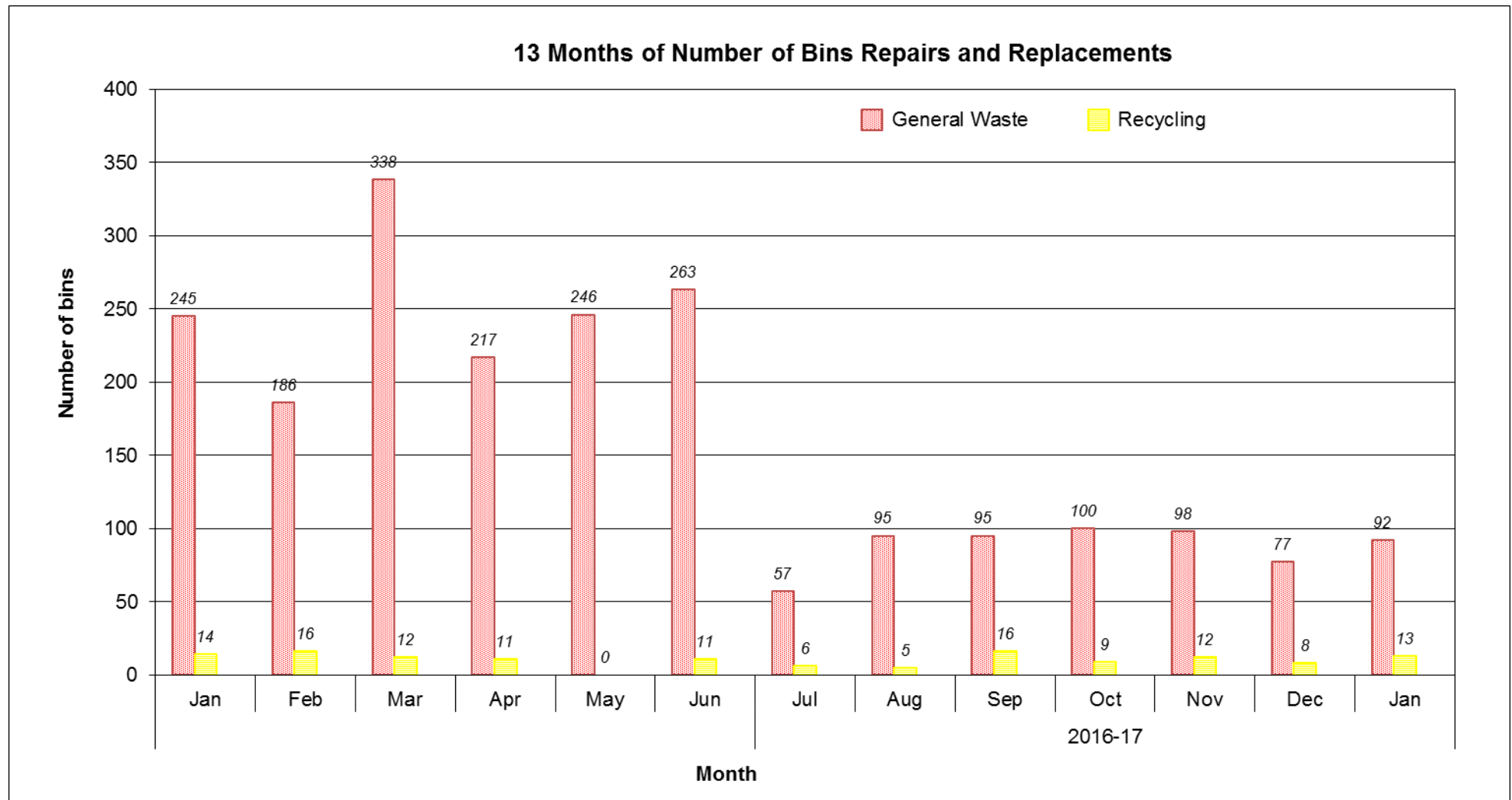
The graphs above shows the number of General Waste and Recycling bins serviced on a monthly basis during the past 13 month period.

Waste services rolling 13 month graph



The graph above depicts the division of domestic and commercial waste collection services on a monthly basis during the past 13 month period. Fluctuations from month to month are true to months showing four and five week periods.

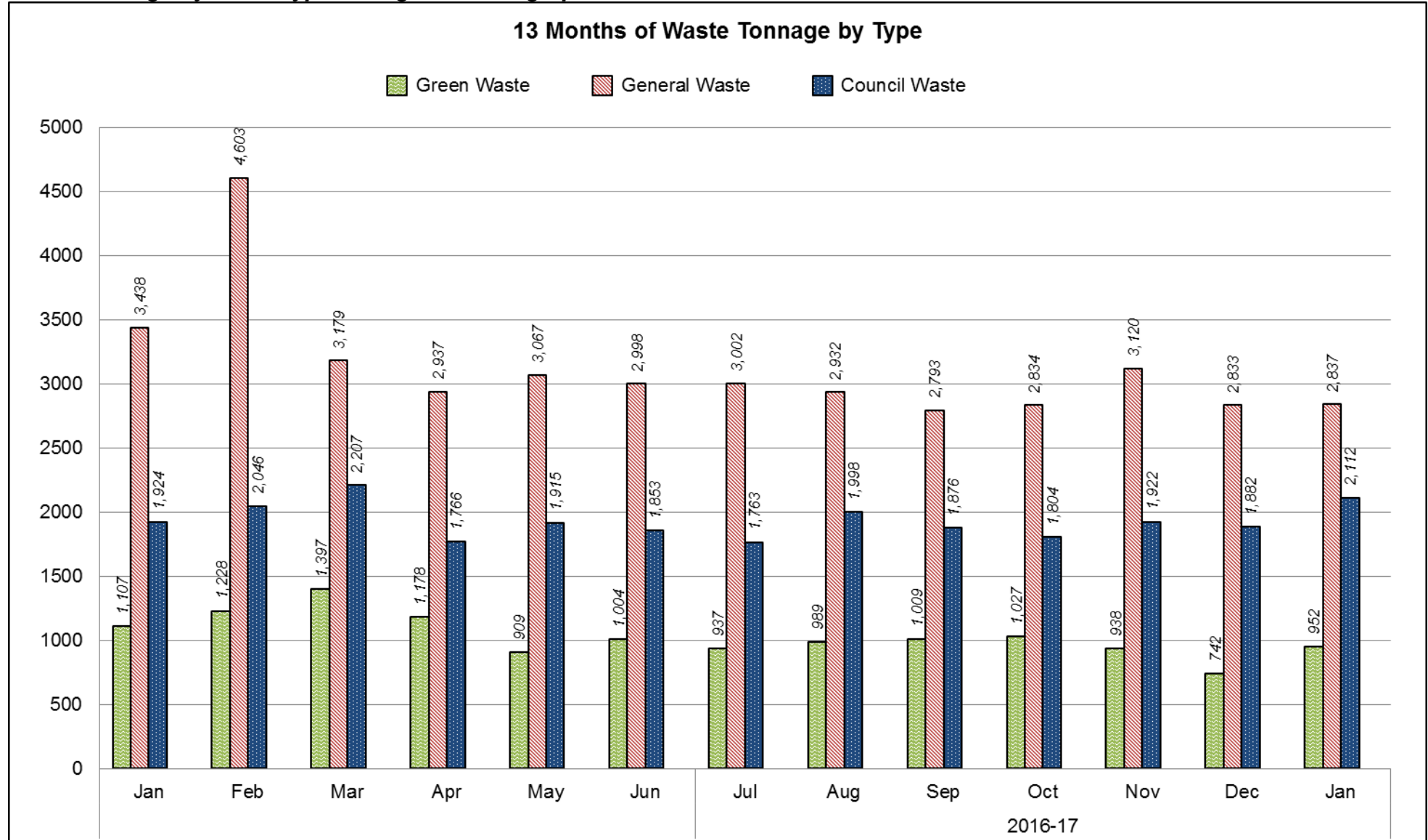
**Wheelie bin repair and replacement rolling 13 month graph**



The graph above shows the number of wheelie bins replaced on a monthly basis during the past 13 month period. There has been a significant drop off with bin replacement requests due to enforcing policy which requires payment or police report for stolen or damaged bins.

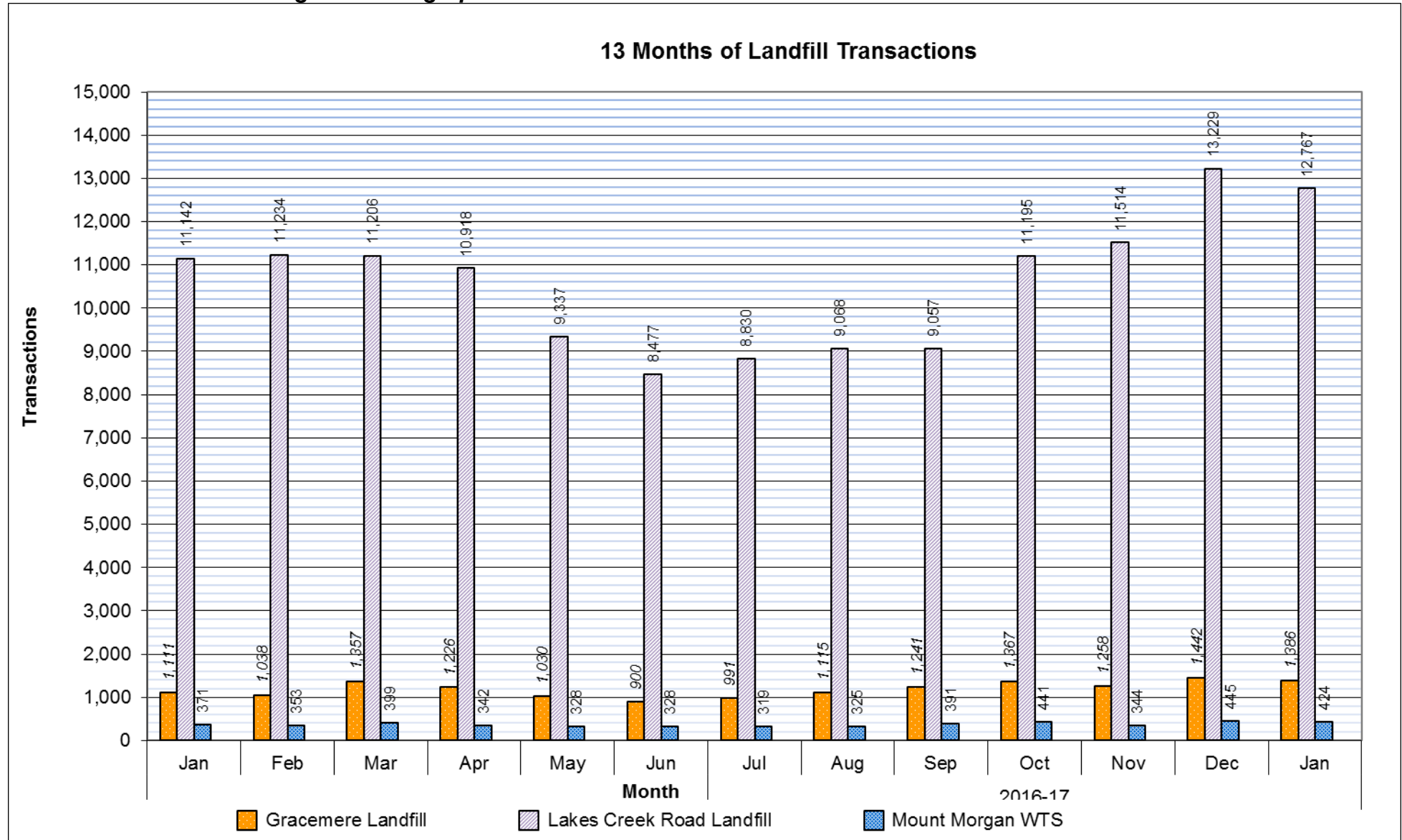


**Waste tonnage by waste type rolling 13 month graph**



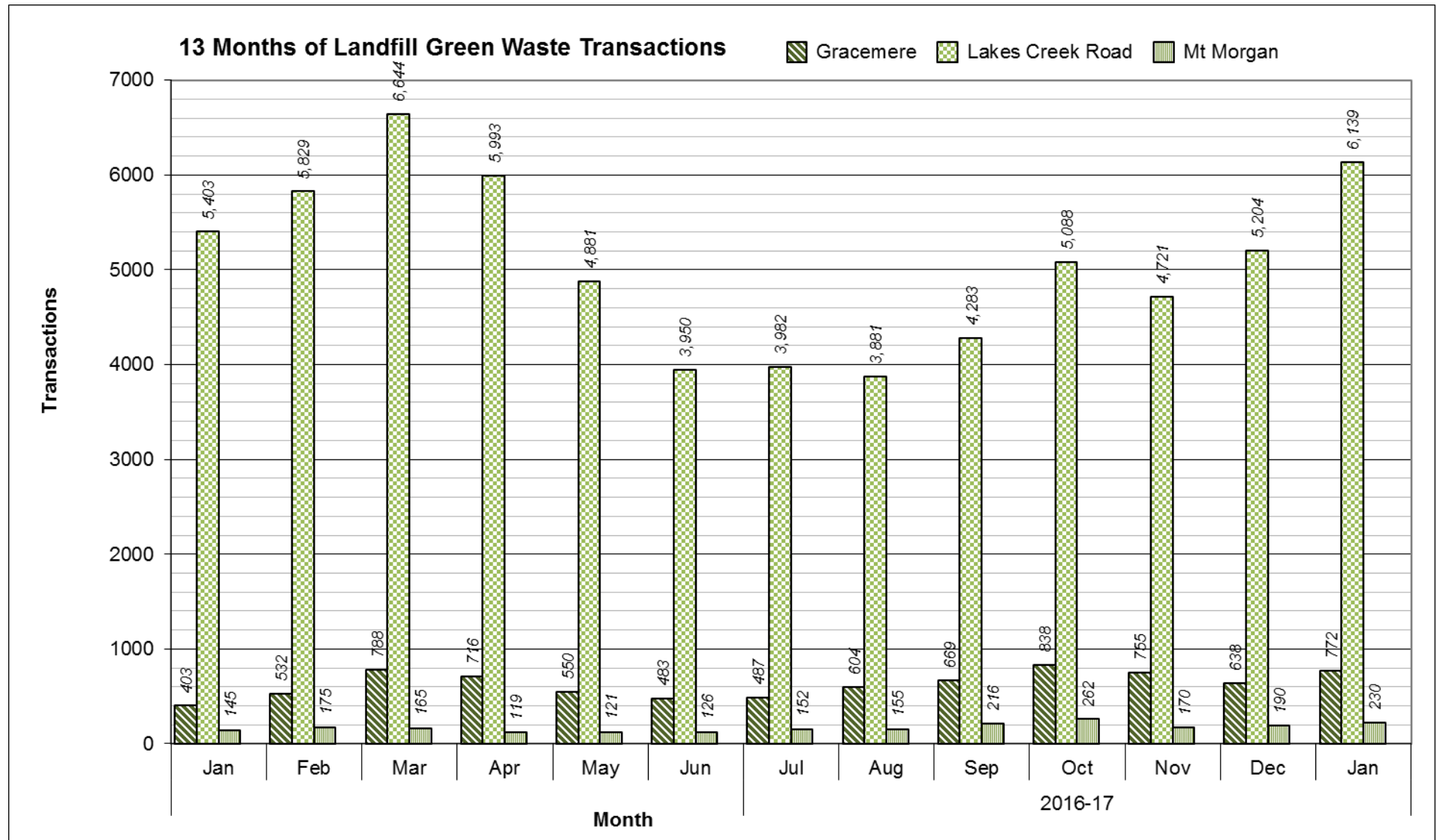
The graphs above show waste tonnage by waste types accepted at all facilities on a monthly basis during the past 13 month period.

**Landfill transactions rolling 13 month graph**



The graphs above show the number of transactions to landfill facilities on a monthly basis during the past 13 month period.

**Green waste transactions rolling 13 month graph**



The graphs above shows the number of Green Waste Transactions accepted at facilities with electronic record keeping capabilities on a monthly basis during the past 13 month period.



## 2. COMPLIANCE WITH STATUTORY AND REGULATORY REQUIREMENTS INCLUDING SAFETY, RISK AND OTHER LEGISLATIVE MATTERS

### *Safety Statistics*

The safety statistics for the reporting period are:

	SECOND QUARTER 2016/17			New Quarter
	OCTOBER	NOVEMBER	DECEMBER	JANUARY
<b>Number of Lost Time Injuries</b>	0	0	0	Not available at time of report
<b>Number of Days Lost Due to Injury</b>	19	0	2	Not available at time of report
<b>Total Number of Incidents Reported</b>	2	0	0	Not available at time of report
<b>Number of Incomplete Hazard Inspections</b>	0	0	0	Not available at time of report

**Risk Management Summary**

Example from Section Risk Register (excludes risks accepted/ALARP)

Potential Risk	Current Risk Rating	Future Control & Risk Treatment Plans	Due Date	% Completed	Comments
Loss of a major waste management facility due to a natural or man-made disaster, i.e. flood, storm damage, discovery of unexploded ordinance, discovery of a hazardous waste type, etc. which may result in the community not having any location to effectively dispose of its waste causing possibly a decrease in public health and a significant potential for large scale environmental harm to be caused. This will cause Council strong damage to its reputation and a strong loss of confidence in the ability of Council to manage large facilities/processes on behalf of the community.	Low 7	Nil	N/A	N/A	Nil action this period
Failure to adequately fund, maintain and have operational Council's waste asset system which may result in financial loss through increased maintenance costs and service delivery disruptions; and a loss of confidence in Council's ability to manage a large facility on behalf of the community.	Low 7	Nil	N/A	N/A	Nil action this period
The objectives, targets and actions plans contained in Council's Waste Reduction and Recycling Plan 2015-2024 (WRRP) [Strategic Waste Management Plan] are not realised affecting Council's reputation through broadening negative publicity with loss of customer confidence in the ability to manage a large facility/process on behalf of the community.	Low 7	1. Develop plans and budget to fulfil actions listed in the WRRP	N/A	N/A	Waste Awareness Officer and the Manager RRWR have commenced to develop individual actions for each WRRP goal – this was ongoing for this period

**Legislative Compliance & Standards**

Legislative Compliance Matter	Due Date	% Completed	Comments
Quarterly and Annual Performance Plans	30/09/16 31/12/16 31/03/17 30/06/17	100%	Monthly section report has been amended to reflect quarterly statistics. Annual Performance is complete.
National Pollutant Inventory	30/09/16	100%	Annual reporting has been completed and was submitted in September 2016.
Landfill Licences – Department of Environment and Heritage Protection (EHP)	Ongoing for Licences	Ongoing	New licences / Environmental Approvals (EA) have been supplied by EHP for all Council Waste Facilities
Annual Report	30/09/16	100%	Both the Annual Report and Annual Return have been completed and were submitted in September 2016.
Annual Return	30/09/16	100%	
Queensland Waste Data System	Quarterly	ongoing	Supply of waste tonnages processed through all landfills.
Production of Waste Reduction and Recycling Plan (WRRP) as required under the Waste Reduction and Recycling Act		100%	The WRRP has been adopted by Council and the detail plans to enact each action are being developed - ongoing.
Fatigue Management	Ongoing	ongoing	All staff met the requirements of the Fatigue Policy for this month.
RiskWare	Ongoing	ongoing	Monitored via Hazard Inspections, regular RRWR Safety Meetings and consistent highlighting at all Tool Box Meetings – ongoing  The recording of days free of Loss Time Injuries (LTI) commenced in August and RRWR is currently at 170 days with no LTI.

### 3. ACHIEVEMENT OF CAPITAL PROJECTS WITHIN ADOPTED BUDGET AND APPROVED TIMEFRAME

The following abbreviations have been used within the table below:

LCRL	Lakes Creek Road Landfill
WTS	Waste Transfer Station

ROCKHAMPTON REGIONAL WASTE & RECYCLING CAPITAL WORKS PROGRAM					
2016/2017					
Project	Start Date	Expected Completion Date	Status	Budget Estimate	YTD actual (incl committals)
<b>LCRL – Remediation</b>	<b>Start Date</b>	<b>Expected Completion Date</b>	<b>Status</b>	<b>Budget Estimate</b>	<b>YTD actual (incl committals)</b>
	01/07/16	30/06/17	60%	\$874,778	\$554,315
<b>Comment:</b> Capping and remediation of LCR landfill is ongoing with majority of funding allocated to finalising Stage 1. Commenced with capping of legacy waste areas as well.					
<b>Gracemere WTS Design and Construct</b>	<b>Start Date</b>	<b>Expected Completion Date</b>	<b>Status</b>	<b>Budget Estimate</b>	<b>YTD actual (incl committals)</b>
	01/07/16	30/06/17	0%	\$75,000	\$625
<b>Comment:</b> Funding for design only, construction 17/18 Financial year					
<b>240Litre Mobile Garbage Bin (Wheelie Bin) Purchases</b>	<b>Start Date</b>	<b>Expected Completion Date</b>	<b>Status</b>	<b>Budget Estimate</b>	<b>YTD actual (incl committals)</b>
	01/07/16	30/06/17	30%	\$259,971	\$63,485
<b>Comment:</b> Purchase plan being developed for the remainder of the year					
<b>Capping and Closure of Stage 1 and 2 – Gracemere landfill</b>	<b>Start Date</b>	<b>Expected Completion Date</b>	<b>Status</b>	<b>Budget Estimate</b>	<b>YTD actual (incl committals)</b>
	01/07/16	30/06/17	0%	\$28,977	\$0
<b>Comment:</b> Commenced with engagement of consultant to finalise the design. The proposed design is to consider FIDO capping.					

LCRL Augmentation	Start Date	Expected Completion Date	Status	Budget Estimate	YTD actual (incl committals)
	01/07/16	30/06/17	15%	\$4,168,540	\$1,706,618
<b>Comment:</b> Consultant is finalising the stormwater and leachate concept design. Commenced with the detail design. Anticipates to invite tenders around mid March 2017.					
LCR Landfill Push pit cover	Start Date	Expected Completion Date	Status	Budget Estimate	YTD actual (incl committals)
	01/07/16	30/06/17	100%	\$0	\$12,637
<b>Comment:</b> Manufacture and install cover over push pit opening for safety.					
LCR Pedestrian Path Office to WTS	Start Date	Expected Completion Date	Status	Budget Estimate	YTD actual (incl committals)
	01/07/16	30/06/17	20%	\$40,000	\$14,140
<b>Comment:</b> Install footpath between administration office and WTS to mitigate risk for pedestrians traversing between locations. Design completed and invited quotations.					
LCR Front Gates and Lights	Start Date	Expected Completion Date	Status	Budget Estimate	YTD actual (incl committals)
	01/07/16	30/06/17	100%	\$2,000	\$1,487
<b>Comment:</b>					
LCR Traffic Layout Redesign of Recycle Drop Off Area	Start Date	Expected Completion Date	Status	Budget Estimate	YTD actual (incl committals)
	01/07/16	30/06/17	5%	\$0	\$60,896
<b>Comment:</b> Commenced with concept plans to improve traffic flow through the Recycle Drop Off Area in order to improve safety and increase recycling.					
LCR Stormwater pipes and outlets	Start Date	Expected Completion Date	Status	Budget Estimate	YTD actual (incl committals)
	01/07/16	30/06/17	75%	\$0	\$79,035
<b>Comment:</b> Construction of new stormwater pipes and outlets to minimise volume of contaminated surface water					
LCR Pond B and Pond E overflow	Start Date	Expected Completion Date	Status	Budget Estimate	YTD actual (incl committals)

	01/07/16	30/06/17	0%	\$0	\$862
<b>Comment:</b> Create an overflow structure to formalise environmental release point. This work forms part of LCR augmentation project and is required to increase the holding capacities of the existing ponds. Expenditure will be transferred to the appropriate capital works number.					
<b>LCR Recycle New Roof Structures</b>	<b>Start Date</b>	<b>Expected Completion Date</b>	<b>Status</b>	<b>Budget Estimate</b>	<b>YTD actual (incl committals)</b>
	01/07/16	30/06/17	20%	\$0	\$7,183
<b>Comment:</b>					
<b>Automatic Tarping Machine</b>	<b>Start Date</b>	<b>Expected Completion Date</b>	<b>Status</b>	<b>Budget Estimate</b>	<b>YTD actual (incl committals)</b>
	01/07/16	30/06/17	100%	\$0	\$109,600
<b>Comment:</b> Purchase equipment to reduce the uncovered main face area in order to control bird numbers in line with the Lakes Creek Landfill Bird Management Plan.					

**4. ACHIEVEMENT OF OPERATIONAL PROJECTS WITHIN ADOPTED BUDGET AND APPROVED TIMEFRAME**

Project	Revised Budget	Actual (incl. committals)	% budget expended	Explanation
Nil	Nil	Nil	Nil	Nil

**5. DELIVERY OF SERVICES AND ACTIVITIES IN ACCORDANCE WITH COUNCIL'S ADOPTED SERVICE LEVELS**

Service Delivery Standard	Target	Current Performance
Weekly collection of domestic waste on same day every week	98%	99.97%
Weekly collection of commercial waste	95%	99.97%
Fortnightly Collection of domestic recyclable waste	98%	99.92%
Fortnightly Collection of commercial recyclable waste	98%	99.92%
Missed service collection provided within two working days from notification when notification is within one working day of scheduled collection	95%	91.45%
Collection services will be made available within four working days upon application by owner	98%	82.06%
Provision of assisted services within ten working days from application by owner	100%	85.68%
Repair or replacement of stolen, removed, damaged, vandalised mobile bins within four working days from notification	100%	86.73%

as at 31 December 2016

**6. FINANCIAL MATTERS**

Percentage of year elapsed 58.3%



**End of Month General Ledger - (Operating Only) - REGIONAL SERVICES**

**As At End Of January 2017**

Report Run: 03-Feb-2017 11:36:08 Excludes Nat Accs: 2802,2914,2917,2924

	Adopted Budget	Revised Budget	EOM Commitments	YTD Actual	Commit + Actual	Variance
	\$	\$	\$	\$	\$	%
<b>REGIONAL SERVICES</b>						
<b>WASTE &amp; RECYCLING SERVICES</b>						
<i>RRWR Waste Operations</i>						
Revenues	(5,271,399)	(4,220,552)	0	(2,208,886)	(2,208,886)	52% ✖
Expenses	5,060,329	4,983,233	1,089,319	2,446,431	3,535,750	49% ✔
Transfer / Overhead Allocation	(579,500)	(579,500)	0	(599,542)	(599,542)	103% ✔
<b>Total Unit: RRWR Waste Operations</b>	<b>(790,570)</b>	<b>183,180</b>	<b>1,089,319</b>	<b>(361,997)</b>	<b>727,322</b>	<b>-198% ✔</b>
<i>RRWR Collections</i>						
Revenues	(96,770)	(96,770)	0	(20,079)	(20,079)	21% ✖
Expenses	3,860,514	3,758,914	1,759	1,650,981	1,652,740	44% ✔
Transfer / Overhead Allocation	2,164,276	2,079,061	0	1,104,724	1,104,724	53% ✔
<b>Total Unit: RRWR Collections</b>	<b>5,928,020</b>	<b>5,741,205</b>	<b>1,759</b>	<b>2,735,626</b>	<b>2,737,385</b>	<b>48% ✔</b>
<i>RRWR Management</i>						
Revenues	(13,323,774)	(13,180,912)	0	(13,754,041)	(13,754,041)	104% ✔
Expenses	3,163,797	2,708,895	25,240	1,660,446	1,685,686	61% ✖
Transfer / Overhead Allocation	2,289,310	2,147,016	0	1,375,991	1,375,991	64% ✖
<b>Total Unit: RRWR Management</b>	<b>(7,870,666)</b>	<b>(8,325,001)</b>	<b>25,240</b>	<b>(10,717,604)</b>	<b>(10,692,364)</b>	<b>129% ✔</b>
<b>Total Section: WASTE &amp; RECYCLING SERVICES</b>	<b>(2,733,217)</b>	<b>(2,400,616)</b>	<b>1,116,318</b>	<b>(8,343,975)</b>	<b>(7,227,658)</b>	<b>348% ✔</b>

Do not incorporate for information purposes only			
	(17,498,234)	(15,983,006)	91.34%
	15,097,618	7,639,031	50.60%
	(2,400,616)	(8,343,975)	347.58%

Note – Actual amounts contained in these reports do not represent all actuals for October month end as end of month journals are still yet to be processed for October.



**Operational Summary**

Total revenue is above the percentage of year elapsed at 91.34% as a result of the second half of the rating cycle for the year now being issued. Operating expenditure is lower than the percentage of year elapsed at 50.60% resulting in a current surplus position.

All percentages are exclusive of committals unless specifically mentioned.

**Capital Summary**

RRWR capital project expenditure is below the percentage of year elapsed at 55.98% of the revised September budget. When committals are included for works yet to be completed this equates to 94.15%. The majority of RRWR's capital expenditure to date relates to the LCR landfill life extension, LCR capping project, purchase of the automatic tarping machine, rubbish bin replacement project, LCR stormwater outlets and LCR traffic layout redesign.

**8.3 ROCKHAMPTON REGIONAL WASTE AND RECYCLING 2016-2017 ANNUAL PERFORMANCE PLAN**

<b>File No:</b>	<b>7927</b>
<b>Attachments:</b>	<b>1. Rockhampton Regional Waste and Recycling Annual Performance Plan updated</b>
<b>Authorising Officer:</b>	<b>Peter Kofod - General Manager Regional Services</b>
<b>Author:</b>	<b>Craig Dunglison - Manager RRWR</b>

---

**SUMMARY**

*Rockhampton Regional Council's (Council) waste and recycling services were identified as a Type 2 business activities as defined in the Local Government Act.*

*Council, at its meeting on 24 August 2010, resolved that the waste and recycling business be commercialised.*

*Rockhampton Regional Waste & Recycling (RRWR) commenced operations as a Commercial Business Unit on 1 July 2011.*

*This plan is RRWR's agreement with Rockhampton Regional Council to deliver waste and recycling services. The plan describes RRWR's objectives and functions, commercialisation objectives, community service obligations, customer service objectives, reporting requirements, environmental management objectives, asset management objectives and financial policies.*

*This plan is required by Section 175 of the Local Government Regulation 2012 (the Regulation) which states that:*

- 1. there must be an annual performance plan for each commercial business unit;*
- 2. a local government's operational plan must include the annual performance plan for each of its commercial business units; and*
- 3. a performance plan may be amended at any time before the end of the financial year for which it is prepared.*

*Key financial and non-financial targets are detailed within this plan.*

**OFFICER'S RECOMMENDATION**

THAT the updated Rockhampton Regional Waste and Recycling 2016-2017 Annual Performance Plan be received.

# **ROCKHAMPTON REGIONAL WASTE AND RECYCLING 2016-2017 ANNUAL PERFORMANCE PLAN**

## **Rockhampton Regional Waste and Recycling Annual Performance Plan updated**

**Meeting Date: 14 February 2017**

**Attachment No: 1**



# Rockhampton

## Regional Waste & Recycling

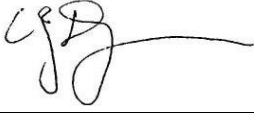
### *Approval and Revision Control*

#### *Authorisation*

Performance Plan 2016-2017

Version No. 2 Date: 01/02/17

RRWR Annual Performance Plan 2016-2017

Approved by	Title	Signature	Date
Craig Dungleison	Manager Rockhampton Regional Waste and Recycling		01/02/2017
Peter Kofod	General Manager Regional Services		
Adopted			Date
Airport, Water and Waste Committee			
Council			

#### **Revision**

Revision	Revised	Title	Signature	Date

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## 1. EXECUTIVE SUMMARY

Rockhampton Regional Council's (Council) waste and recycling services were identified as a Type 2 business activities as defined in the *Local Government Act*.

Council, at its meeting on 24 August 2010, resolved that the waste and recycling business be commercialised.

Rockhampton Regional Waste & Recycling (RRWR) commenced operations as a Commercial Business Unit on 1 July 2011.

This plan is RRWR's agreement with Rockhampton Regional Council to deliver waste and recycling services. The plan describes RRWR's objectives and functions, commercialisation objectives, community service obligations, customer service objectives, reporting requirements, environmental management objectives, asset management objectives and financial policies.

This plan is required by Section 175 of the *Local Government Regulation 2012 (the Regulation)* which states that:

1. there must be an annual performance plan for each commercial business unit;
2. a local government's operational plan must include the annual performance plan for each of its commercial business units; and
3. a performance plan may be amended at any time before the end of the financial year for which it is prepared.

Key financial and non-financial targets are detailed within this plan.

## 2. STRATEGIC DIRECTION

### 2.1. Vision, Mission, Values, Objectives

#### ***Vision***

We will be a leader in the sustainable management of waste.

We will achieve this by:

- The provision of well-run services and facilities;
- Meeting high environmental standards; and
- Meeting our customers' needs.

*(Extract from Strategic Business Plan adopted by Council 24 March 2009)*

#### ***Mission***

We are a waste management business unit of the Rockhampton Regional Council.

Our business involves:

- Procurement and management of waste management services and facilities;
  - Waste and recyclables collection management;
  - Landfill management;
  - Waste transfer station and bin station management;
-



- Strategic planning for waste management services;
- Specialist waste advice; and
- Waste information services.

Council staff and its contractors deliver these services every day to the community of the Rockhampton Regional Council.

*(Extract from Strategic Business Plan adopted by Council 24 March 2009)*

### **Values Statement**

Rockhampton Regional Waste & Recycling will provide a service which embraces the Rockhampton Regional Council corporate values and are committed to:

- Caring for the environment

We will protect the environment based upon legislative guidelines and best practice for the betterment of our community and future generations.

- Resource Recovery

We will value our earth commodities through implementing innovative and viable resource recovery practices.

*(Extract from Strategic Business Plan adopted by Council 24 March 2009)*

### **Council Values**

#### ***Accountable***

- We are proactive and take personal responsibility.
- We are clear on our expectations, if in doubt we seek clarification.
- We do what we say we will do and deliver our promises on time.
- We hold ourselves and others accountable.
- We take personal accountability for our own and others safety.
- We trust individuals to do their job.

#### ***Customer Focused***

- We are timely and responsive to our customers and community.
- Our decisions and actions have the customer and community at the front of mind.
- We engage with and listen to the customer.
- We support each other to achieve the best outcome for the customer.

#### ***People Development***

- Leaders coach, support and listen to their people.
- We support and develop our people to ensure they can reach their full potential.
- We will seek and provide feedback with the constructive intent.

- Development is focused on technical and behavioural capability.
- People are valued and treated with respect regardless of position.

***One Team***

- We work together to find solutions and opportunities.
- We openly share knowledge, information and resources in order to deliver the best outcome for the Council.
- We talk with each other and seek ways to collaborate.
- We understand our shared goals and how each area fits together.
- We develop solutions with the big picture in mind ensuring we encourage collaboration and consider the impact on others.
- Communication and engagement are priorities at all levels.

***Continuous Improvement***

- We take the time to explore better ways to do things.
- We listen to and genuinely value ideas from all staff.
- We accept mistakes will happen and we ensure we share the learnings.
- Continuous improvement is valued as an opportunity not an expense.
- We will be open to change, have an open mind and maintain a positive attitude.

**2.2. Objectives**

The key objectives of RRWR are to deliver commercially viable waste and recycling services that satisfy adopted customer services standards.

Core business includes the following activities:

***General***

- Setting the strategic direction for Council's Waste Management Strategy; and
- Support of public education programs in relation to waste minimisation, reuse and recycling.

***Waste***

- Operation and management of two landfill sites at Rockhampton (Lakes Creek Road Landfill), and Gracemere (Gracemere Landfill)
- Operation and management of four manned and nine unmanned transfer station facilities / roadside bins stations currently located at:

***Manned Transfer Stations***

Lakes Creek Road; Alton Downs; Bouldercombe and Mount Morgan

***Unmanned Transfer Stations***

Bajool; Bushley; Dalma; Gogango; Laurel Bank; Marmor; Ridgelands; Upper Ulam; and Westwood

- Collection and disposal of domestic and commercial waste within the Rockhampton Region; and
  - Providing waste management services to events and activities.
-

**Recycling**

- Management of contracted recycling service providers.
- Provide recycling services to selected events

**3. OPERATIONS****3.1. Nature and Scope of Activities**

RRWR is responsible for the operation and maintenance of waste and recycling assets totalling approximately \$41.9M (replacement value).

General functions of these assets include:

- the provision of waste collections points for the bulk transport of waste to two landfills;
- the provision of 'airspace' to receive the region's waste in an environmental sound process; and
- associated recycling and reuse support facilities at the two landfills and four manned waste transfer stations.

Broadly, the scope of RRWR (as at 30 June 2016 unless otherwise stated) is as follows:

Estimated Operating Revenue (2016/17)	\$20.6M
Estimated Operating Expenditure (2016/17)	\$17.8M
Number of staff (as at 30 June 2016)	32
Properties served – General Waste	31,336
Properties served – Recycling	31,212
Total Waste to Landfill - including kerbside waste collection but not including cover material (tonnes) (as at 30 June 2016)	73,916t
Kerbside Waste Collection (tonnes) (as at 30 June 2016)	23,760t
Recycling Collected (tonnes)	6,206t
Landfills	2
Transfer Stations - Manned	4
Transfer Stations - Unmanned	9

**3.2. Legislative Framework**

In accordance with the *Local Government Act*, RRWR has a statutory objective to be commercially successful in carrying on its activities, and be efficient and effective in the provision of goods and delivery of its services including tasks carried out as community service obligations. RRWR, as the Council's waste and recycling commercial business activity, has been established as a 'commercial business unit' to provide sustainable, quality and efficient waste and recycling services to residential, commercial and industrial customers.

**3.3. Asset Protection Issues**

The asset protection functions to be performed by RRWR for Council include:

- RRWR site based management plans for each facility; and
- RRWR work instructions e.g. Acceptance of Asbestos.

### 3.4. Governance

The objectives of commercialisation are to improve overall economic performance and the ability of Council to carry out its responsibilities for good rule and government, by establishing an efficient and effective commercial business unit; and establishing a framework for operation and accountability of the unit.

### 3.5. Community Service Obligations

*The Local Government Regulation 2012 Chapter 3 Section 24 defines a community service obligation as:*

“A **community service obligation** is an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do.”

The Community Service Obligation (CSO) is to be treated as revenue for the activity of an amount equivalent to the cost of carrying out the obligation less any revenue arising from carrying out the obligation.

Council may direct RRWR to use internal services over external services and to provide services where it is not in commercial interests to do so. In each of these cases an appropriate CSO will be paid by Council. The budgeted value of CSOs in 2016/17 is detailed in Appendix 1.

When additional CSOs are identified within the period of this Performance Plan the valuation of the CSO will be in accordance with Council resolution.

## 4. COUNCIL SERVICE PROVIDER RIGHTS & RESPONSIBILITIES

### 4.1. Provision of Services

Council, as the owner of RRWR, will be responsible for approving the strategic direction and broad policies for the Business Unit.

Council will be responsible for providing a number of support services to RRWR including:

- Corporate governance support;
- Corporate business systems;
- Financial support services;
- Human resource services and systems;
- Safety support services and systems;
- IT services support and systems;
- Records management support and systems;
- Collection of revenue and infrastructure charges;
- Supply of fleet and plant; and
- Other miscellaneous support services (payroll, etc.).

The above support services will be provided via Council's internal service providers. RRWR is required to use internal support services over external service providers.

Any disputes concerning the availability or cost of the internal service provider and the urgency of the task to be undertaken will be resolved by mutual agreement between the General Manager Regional Services and the General Manager of the relevant Council Department with Council's Chief Executive Officer as the final adjudicator in line with the intentions of the commercialisation aspects of the *Local Government Act*.

RRWR with the approval of the Chief Executive Officer may use an external service provider when the internal providers are unable to provide delivery within a reasonable timeframe or at a cost that is commercially competitive.

#### **4.2. Service Level Agreements**

Service Level Agreements as listed below have been developed and implemented with internal Council service units that clarify the service and service standards to be delivered by both parties. The Service Level Agreement will facilitate continuous review and improvement of services provided to ensure best value is achieved.

**Customer Service \***

**Workforce & Strategy**

**Asset Services**

**Records Management \***

**Fleet Services**

**Local Laws**

**Marketing & Engagement**

**Civil Operations**

**Financial Services \***

**Engineering Services**

**Parks & Maintenance Support Services**

**Information Technology Services**

**Procurement and Logistics**

*\* These internal services are considered compulsory for RRWR to utilise and will be subject to CSO funding if required.*

The level of service provided by internal service providers have been defined in service level agreements between RRWR and the relevant Sections. Parties will apply the following objectives in the development of these service level agreements.

The objectives to be applied are to:

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- Ensure, by way of a service level agreement, that formal trading arrangements exist between RRWR, support services and internal suppliers;
- Define the scope of internal services provided;
- Define non-legally binding, obligations and performance requirements for internal suppliers and customers involved in an agreement;
- Specify service standards including those related to quality and quantity;
- Specify the timeframes and timeliness of services to be provided;
- Ensure that internal suppliers progressively develop full cost pricing for service delivery; and
- Council's commitment to improve quality of internal service providers.

Furthermore, there is a commitment to continually improve the quality and cost of services provided by these internal units as stipulated by the Service Level Agreements.

#### **4.3. Council's Commitment to Improve Quality of Internal Service Providers**

In adopting this Performance Plan, Council recognises that the standard of service required of RRWR is heavily dependent upon Council's internal support service providers. There is a strong commitment by Council and its internal support service providers to deliver the quality of service required in accordance with the Service Level Agreements.

## **5. ROCKHAMPTON REGIONAL WASTE & RECYCLING GENERAL RESPONSIBILITIES**

### **5.1. General**

Council requires RRWR to carry out its undertakings in accordance with the requirements of the following:

- legislative obligations including the *Local Government Act* and other state and federal legislation;
- Council policies and procedures;
- licence conditions; and
- this Performance Plan.

While this Plan details RRWR's specific responsibilities, the following section outlines the more generic requirements of the business unit.

### **5.2. Levels of Service**

Council have set desired levels of service in line with overall funding considerations and implications on the long term financial plan. RRWR operates to provide target levels of service as part of longer term plans and these are as outlined in Appendix 2.

### **5.3. Customer Service**

RRWR is responsible for the contact and commitment with customers in accordance with Customer Service Standards (CSS). Commercial customers will also have a formal contract with Council but the service will be provided by RRWR on behalf of Council.

### **5.4. Delegated Authorities**

RRWR's overall delegated authorities are in accordance with *Section 260 of the Local Government Act*. Delegated authorities for specific RRWR staff are included in Council's Register of Delegations.

To protect its assets and to ensure that it can meet its performance agreement with Council, RRWR is responsible for managing and controlling the operations and development of the following where required in accordance with Council's adopted policies:

- Two landfill sites at Rockhampton and Gracemere; and
- Four manned and nine unmanned transfer station facilities / roadside bins stations.

The above facilities may change from time to time, as resolved by the Council, to meet the changing needs of the community and RRWR will be responsible to manage and control the waste infrastructure that is in place from time to time.

### **5.5. Resource Allocation**

With the approval of the Chief Executive Officer, the General Manager Regional Services is responsible for determining:

- the appropriate mix of internal and external resources necessary to carry out the undertakings of the business (in accordance with Council's Enterprise Bargaining Agreement); and
- the most appropriate organisational structure for carrying out the undertakings of the business below the establishment of each of the broad management areas in accordance with Council's delegations.

### **5.6. Dealing with External Parties**

RRWR will represent Council on relevant industry groups and working parties. RRWR will provide advice and recommendations for future planning and issues requiring involvement of the CEO and/or Mayor will be facilitated as required.

### **5.7. Compliance and Regulatory Reporting**

Council is the registered waste and recycling service provider with ultimate responsibility for compliance in service delivery.

RRWR will be responsible for managing the day to day requirements of Council's responsibilities under various licences and preparing required reports.

RRWR is responsible for the development of regulatory reports and delivery on the outcomes of the final approved plans including associated reporting.

### **5.8. Purchasing of Materials and Services and Disposal of Assets**

RRWR is bound by Council's purchasing, procurement and asset disposal policies.

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## 6. ORGANISATIONAL STRUCTURE

Council has approved the following organisational structure for RRWR as appropriate for delivering its objectives as set out in the Corporate and Operational Plans.



## 7. KEY STRATEGIES

RRWR's key strategies for the 2016/17 financial year are set out in the Rockhampton Regional Council 2016/17 Operational Plan.

## 8. BUSINESS ACTIVITIES

### 8.1. Reporting to Council, Customers & Agencies

#### Reporting to Council

RRWR will report to Council through whatever forum the Council decides from time to time but such will be funded by CSO funding should it exceed commercial requirements.

#### Reporting to Customers

The *Local Government Act* requires that an annual statement on the operations of the commercialised business unit for the preceding financial year is given to the Local Government and included in the Local Government's Annual Report. RRWR will provide the following information to Council on its annual performance:

- Information to enable an informed assessment of the operations of RRWR including a comparison with its Annual Performance Plan.
- Particulars of any amendments made to its Annual Performance Plan in the financial year.
- Particulars of any directions to RRWR during the financial year (including directions about any CSOs to be carried out).
- Particulars of the impact that any changes to its Annual Performance Plan may have had on RRWR's financial position and operating surplus/deficit.

Council is required to satisfy the requirements set out in the *Local Government Act* and the *Local Government Regulation 2012*. RRWR will provide Council with the necessary information pertaining to waste and recycling services to enable it to comply with this requirement.

### Quarterly Reporting

RRWR will prepare a quarterly report to the Council on its operations in accordance with the agreed format within one month after the end of each financial quarter or other time as agreed with Council.

The quarterly report will generally include the following:

- Manager's overview;
- Performance against the adopted Customer Service Standards;
- Financial Performance against budget;
- Compliance matters;
- Safety management; and
- Environmental management; and
- Any amendments proposed to this plan.

Other matters to be reported as required are:

- Risk management and strategic planning;
- Expenditure requirements greater than the delegation of the Chief Executive Officer;
- Exceptional circumstances and issues affecting policy;
- New statutory, regulatory and other information to facilitate informed policy making;
- Policies and future directions requiring Council endorsement; and
- Benchmarking of RRWR activities to state and/or nationally recognised published standards.

### Annual Reporting

RRWR will prepare an annual report within one (1) month after the auditor general gives the audit report about the local government's financial statements for the end of the financial year, in accordance with the *Local Government Act*, and additional information as required by the *Local Government Regulation 2012*.

The Annual Report will include all matters included in the quarterly report as well as the following financial indicators.

Item	2016/17 Target
Operating surplus ratio	19.6%
Interest coverage ratio	4.2%
Asset consumption ratio	80.4%
Gross revenue	\$20,561,921

Earnings before Interest, Tax, Depreciation and Amortisation	\$6,142,693
Competitive neutrality ratio (% of gross revenue)	1.9%
Depreciation ratio	6.7%
Total written down asset value	\$33,715,489
Return on assets	8.1%

### Commentary

**Operating surplus ratio** is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes. A positive result indicates that surplus revenue is available to support the funding of capital expenditure, offset past or future operating deficits or used to reduce current debt levels. This positive result shows that RRWR is raising enough utility and other revenue to meet its operating expenditure.

**Interest coverage ratio** is an indicator of the extent to which operating revenues are committed to funding interest expense on current loan borrowings and leases. The DLGP financial management guideline indicates that the target should be between 0% and 5%. For every dollar of operating revenue earned, RRWR is committed to paying 0.04152 cent interest on loan borrowings.

**Asset consumption ratio** is an indicator of the 'as new' value remaining in the assets. This ratio seeks to highlight the aged condition of the stock of physical assets. The DLGP financial management guideline indicates that the target should be between 40% and 80%. A low ratio indicates an aged stock of assets. A low indicator need not be a cause for concern as long as the assets are being maintained and replaced in accordance with an asset management plan and the business is operating sustainably. RRWR has 80.4% of 'as new' value remaining in its assets.

**EBITDA** (Earnings Before Interest, Taxes, Depreciation and Amortization) is a measure of profitability used as comparison within and across industry and is net income with interest, taxes, depreciation and amortisation added back to it. It eliminates the effects of financing and accounting decisions. It is a useful measure of profitability for business with large amounts of assets and/or debt. This shows the funds RRWR has available to fund interest payments and principle repayments on loans and can be used to acquire debt leverage.

**Competitive neutrality ratio** measures the extent to which operating revenues are committed to competitive neutrality adjustments such as tax equivalents and return to Council. RRWR is receiving 1.9% of its operating revenue from Council's general fund ie for every dollar of operating revenue earned RRWR receives from Council 0.01889 cents.

**Depreciation ratio** indicates the extent to which operating revenues are committed to funding depreciation. RRWR depreciation is 6.7% of its operating revenues ie for every dollar of operating revenue earned RRWR requires \$0.06732 cents to fund asset renewal.

**Return on assets** is an indicator of how profitable a business is relative to its total assets. ROA tells you what earnings were generated from invested capital (assets). It gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because

the company is earning more money on less investment. RRWR return on assets indicates that it is not generating large earnings from its investment in capital. RRWR is generating net income of 0.08106 cents for every dollar of investment in assets.

*The Local Government Regulation 2012* requires that an annual statement on the operations of the commercial business unit for the preceding financial year is given to the local government and included in the Local Government's Annual Report. RRWR will provide the following information on its annual performance:

(a) information to enable an informed assessment of the operations of RRWR including a comparison with its Annual Performance Plan;

1. particulars of any amendments made to its Annual Performance Plan in the financial year;
2. particulars of any directions to RRWR during the financial year (including directions about any CSOs to be carried out); and
3. particulars of the impact that any changes to its Annual Performance Plan may have had on RRWR financial position; operating surplus/deficit and prospects.

RRWR will generate indicators as required which are measured annually for collation by State Government Agencies as part of the state wide annual comparative data collection process and the reporting requirements in respect of the Waste Reduction and Recycling Act.

## **8.2. Customer Service**

### **Customer Service Standards**

RRWR is determined to meet customer needs and provide quality services. Customer needs shall be evaluated by a variety of measures including, but not limited to stakeholder analysis and engagement through:

- Customer feedback;
- Analysis of services provided by other waste management agencies; and
- General waste collection.

Information on RRWRs customer service standards will be provided through customer service centres and on its web page.

When delivering services such as household waste collection, commercial waste collection, recycling services, waste advisory services and landfill waste disposal services, RRWR recognises that customers are entitled to be guaranteed of a certain level of service.

Specific Customer Service Standards are detailed in Appendix 2.

**Customer Contact**

RRWR will be responsible for customer contact relating to all waste and recycling matters either directly or via Service Level Agreements with other relevant Departments of Council.

**Contracts for Service Provision**

RRWR will maintain contracts for recycling collection services within the Rockhampton Regional Council collection area.

**8.3. Risk Management**

RRWR will undertake to identify, assess and manage risks in relation to business risk, major asset failure, interruption to supply or delivery and environmental risk in accordance with the Rockhampton Regional Council Risk Management Framework.

**8.4. Policy Compliance**

RRWR shall be bound by Council's corporate policies and procedures until such time that RRWR develops specific policies and procedures that improve its performance. Any such policies and procedures are subject to the proposed policy complementing the Council policy direction and the approval process.

**8.5. Environment**

Responsible management of environmental issues is an essential part of achieving business objectives. Accordingly, RRWR will conduct activities in ways which will:

- Improve awareness and management of environmental risks and avoid, reduce and control pollution from operations;
- Promote the open exchange of environmental information with customers, suppliers and the community to improve environmental awareness and to obtain feedback on environmental performance;
- Ensure that environmentally appropriate practice is encouraged and integrated into business practices; and
- Promote waste minimisation and energy management within day to day operations.

RRWR is responsible for meeting Council's obligations under the *Environmental Protection Act* relating to waste and recycling. This responsibility shall include negotiating any new licences or amendments to existing licences, managing the licence and reporting to the relevant State Government bodies on performance aspects covered by any licences.

## 9. ASSETS

### 9.1. Asset Management

RRWR will manage assets to minimise the whole of life cost whilst achieving the desired levels of service. To achieve this objective the following are undertaken:

- Maintaining detailed asset registers;
- Maintaining asset valuations and depreciation schedules for the purpose of allowing Council to report externally in accordance with provisions of the *Local Government Act*, the *Local Government Regulation 2012*, and the Australian Accounting Standards Board; and
- Detailed planning, design and construction of new assets.

### 9.2. Asset Relationship

Under National Competition Policy guidelines and the COAG reform agenda, RRWR is required to maintain an appropriate return on these assets which is in turn paid as a dividend to Council after reserve requirements are met.

## 10. FINANCIAL MATTERS

### 10.1. Long Term Financial Strategy

The two (2) tables contained within Appendix 3 provide the long term Operating and Capital Funding Statements for RRWR for the period 2016/17 to 2024/25.

### 10.2. Capital Structure

RRWR will continue to improve long term financial planning models which upon adoption, will be incorporated into Council's overall financial strategy.

### 10.3. Funding Sources

The following are the funding sources for the waste and recycling capital expenditure program:

#### Revenue

- loan borrowings, with repayments made from revenue.
- depreciation funding

#### Loans

Current liability (forecast closing as at 30 June 2017)	\$1.8M
Total liability (forecast closing as at 30 June 2017)	\$15.6M
2016/17 (proposed new loans)	\$2.6M
Capital Expenditure for 2016/17 is approximately	\$4.9M

### 10.4. Operational Budget

The operational budget as detailed in Council's financial strategic plan is as follows:

Total revenue for 2016/17 is estimated to be \$20.6M (inc CSO's) comprising:

Waste and Recycling Utility and Charges	65%
Fees and Charges	26%
Community Services Obligations & C.N.A's	8%
Other sources	1%

Total expenditure for 2016/17 is estimated to be \$17.8M comprising:

Operations Expense	81%
Depreciation	8%
Loan Interest	5%
Income tax and Dividends	6%

## 11. FINANCIAL POLICIES

### 11.1. Accounting

Financial statements are prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act* and the *Local Government Regulation 2012*. Financial statements are prepared under the historical cost convention except for the revaluation of certain non-current assets.

### 11.2. Asset Depreciation

The calculation of asset depreciation for external reporting and tax purposes shall be in accordance with the *Local Government Regulation 2012, AASB 116 – Property, Plant and Equipment Accounting Standard*, Australian Accounting Standards Board and the Local Government Tax Equivalent Manual, respectively.

Depreciation is calculated annually and effectively creates a cash backed source of funds available to fund RRWR's infrastructure replacement works. Other sources of funds for capital expenditure include grants and subsidies, loan borrowings and other reserves.

RRWR accumulates any unspent depreciation funds for the future capital renewal of waste and recycling assets to either maintain or reinstate their service potential.

### 11.3. Taxation

RRWR is required to pay the following taxes, either to Council or via Council to the relevant government agencies:

1. Commonwealth taxes including, fringe benefits and GST;
2. State taxes, and
3. All remaining taxes as tax equivalents directly to Council. These tax equivalents shall include:
  - Income tax;
  - Payroll tax
  - Land tax; and
  - Stamp duty.

### 11.4. Treatment of Surpluses / Losses

In accordance with Council resolution, after the required Return on Assets and Income Tax Equivalents have been forwarded to Council each year, any remaining surplus/loss will be held in a RRWR Recurrent or Capital Reserve. The Capital Reserve will be solely used for capital works expenditure to improve sustainable waste disposal. The amounts to be transferred to each reserve will be detailed at the time of the transfer to the applicable reserve.

### 11.5. Borrowing Policy

*Section 104 of the Local Government Act* requires a local government to have a financial management system, and this system must have a long term financial



forecast and included within this system a debt policy. *Section 192 of the Local Government Regulation 2012* provides that a Council must prepare a debt policy each financial year and that the policy must state:

- new borrowings planned for the current financial year and the next 9 financial years; and
- the time over which it is planned to repay existing and new borrowings.

RRWR's Strategic Asset Management Plan Financial Strategy identifies new capital expenditure for projects over the 10 year planning horizon providing the basis for future borrowings.

The following principles underlie RRWR's Borrowing Policy:

- loans will only be used for capital expenditure; and
- long term capital works and borrowing strategies will be reviewed on a yearly basis and any necessary adjustments made, but any changes will be in line with the financial plan adopted by Council.

Where RRWR requires debt financing, Council will raise funds for RRWR. Council will make explicit the terms and conditions of all funds raised for RRWR, having due regard to Council's determination on RRWR's capital structure. RRWR will be responsible for managing this debt and use Council's services where necessary to assist in this regard.

## 12. PRICING AND REVENUE COLLECTION

### 12.1. Responsibility for Price Setting

Council will be responsible for setting the price for waste and recycling services on an annual basis. RRWR will be responsible for:

- recommending to Council revenue targets for waste and recycling services;
- recommending price structures and price paths; and
- pro-actively communicating Council's decisions with respect to pricing to customers.

### 12.2. Revenue Target

Consideration will be given to the following principles when setting the revenue targets for the financial year:

- full cost recovery including required rate of return;
- elimination of cross subsidies;
- economic, asset and ecological sustainability; and
- transparency in pricing regarding CSOs.

RRWR will actively work with Council to maximise the realisation of the above principles.

### 12.3. General Fees and Charges for Miscellaneous Activities

In addition to the primary services of waste and recycling services, RRWR provides a number of other miscellaneous services directly to customers, such as:

- collection and disposal of waste from carnivals and special events including bin delivery, recovery and cleansing; and
- sale of mobile bins.

RRWR is responsible for recommending appropriate general fees and charges for such services to Council.

Where these are monopoly services, the basis for price setting will be full cost recovery. Where the services are provided into a competitive market, prices will be set having regard to the sustainability of the business activity and the market price for the services.

### 12.4. Revenue Collection

RRWR in conjunction with Council's Finance and Business Services Department is responsible for revenue collection for the provision of waste and recycling services. Billing and debt management is the responsibility of Finance and Business Services.

### 12.5. Recovery for Damage to Infrastructure

RRWR will recover compensation for third party damage to waste and recycling infrastructure.

**13. FINANCIAL STATEMENTS**

The *Local Government Regulation 2012* requires that RRWR must provide to Council an annual statement of operations and this statement must be included in Council's Annual Report.

**14. REVIEW OF PERFORMANCE PLAN**

The *Local Government Regulation 2012* allows a performance plan to be amended at any time before the end of the financial year for which it is prepared.

This Plan is to be reviewed and amendments made where necessary on a quarterly basis. Such a review or amendment of the plan should be as a result of the following:

- reviewing RRWR's actual performance and the reasonableness of the performance targets or standards set as part of the plan;
- resolution of any of the matters referred to in the plan as being unresolved; and
- any new direction of Council in relation to the overall strategic direction of RRWR.

**APPENDIX 1: COMMUNITY SERVICE OBLIGATIONS**

Community Service Obligations (CSOs) are the activities required by the Council that are not in RRWR's commercial interests to perform and do not arise because of an accountability for performance, or competitive neutrality.

CSOs have been identified and adopted by Council for 2016/17 in the following areas. These CSOs will be funded by a contribution from Council to RRWR.

**Transfer:**

Roadside Bin ops (Collection)	\$368,968
Roadside Bin ops (Clean Up)	\$41,756
Roadside Bins Disposal Cost	\$132,859
	<b>\$543,583</b>

**Collection:**

Boat Ramps Waste Service	\$14,843
	<b>\$14,843</b>

**Disposal:**

Old Landfills maintenance works	\$164,000
Tyres, Chemicals, Fridge Degassing, Gas Bottles	\$83,511
Charity Waste Policy	\$75,919
Green Waste	\$590,717
	<b>\$914,147</b>

**Strategic Management:**

Clean Up Australia Day	\$15,818
Waste Education	\$50,122
Waste Audit	\$60,735
	<b>\$126,675</b>

<b>Total</b>	<b>\$1,599,248</b>
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**APPENDIX 2: PERFORMANCE TARGETS FOR QUARTERLY REPORTING****Customer Service Standards**

<b>Performance Indicator</b>	<b>Target</b>
Weekly collection of domestic waste on the same day every week	98%
Weekly collection of commercial waste	95%
Fortnightly collection of domestic recyclable waste	98%
Fortnightly collection of commercial recyclable waste	98%
Missed service collection provided within two working days from notification when notification is within one working day of scheduled collection	95%
Collection services will be made available within four working days upon application by the owner	98%
Provision of assisted services within ten working days from application by the resident	100%
Repair or replacement of stolen, removed, damaged, vandalised mobile bins within four working days from notification	100%

**Financial Performance Targets**

<b>Indicator</b>	<b>Target</b>	<b>Reporting Frequency</b>
RRC Operational Plan	Initiatives successfully completed by year end	Quarterly
Operating Budget	Conduct all activities in accordance with required timelines and budget	Quarterly or when variations arise
Annual Revenue	Timely reporting of any significant variations to budget revenue and collection timing	Quarterly or when variations arise
Capital Works	Completion of capital program in accordance with adopted timeframe and budget (within 3%)	Quarterly or when variations arise

APPENDIX 3: LONG TERM OPERATING AND CAPITAL FUNDING STATEMENTS

	Year	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>Operating Revenues/Expenses</b>	<b>REVENUE</b>										
	RRWR Rates and Charges	13,323,774	13,856,724	14,397,137	14,973,022	15,497,078	16,039,476	16,600,857	17,181,887	17,783,253	18,405,667
	Income from other commercial services	5,276,571	5,419,039	5,603,286	5,799,401	6,002,380	6,212,463	6,429,899	6,654,946	6,887,869	7,128,944
	Interest Revenue	0	0	0	0	0	0	0	0	0	0
	Community Service Obligations & Competitive Neutrality Agreements	1,659,978	1,701,477	1,750,820	1,803,345	1,857,445	1,913,169	1,970,564	2,029,681	2,090,571	2,153,288
	Non-Capital Grants and Subsidies	40,800	41,534	42,365	43,212	44,077	44,958	45,857	46,774	47,710	48,664
	Other Revenue	260,798	265,492	270,802	276,218	281,743	287,377	293,125	298,988	304,967	311,067
	<b>Total Operating Revenue</b>	<b>20,561,921</b>	<b>21,284,267</b>	<b>22,064,410</b>	<b>22,895,199</b>	<b>23,682,722</b>	<b>24,497,443</b>	<b>25,340,303</b>	<b>26,212,276</b>	<b>27,114,371</b>	<b>28,047,631</b>
	<b>EXPENDITURE</b>										
	Operations Expense	14,419,227	14,779,708	15,208,319	15,664,569	16,134,506	16,618,541	17,117,097	17,630,610	18,159,529	18,704,315
	Maintenance Cost	0	0	0	0	0	0	0	0	0	0
Management and Administration	0	0	0	0	0	0	0	0	0	0	
Depreciation	1,384,253	1,605,777	1,810,090	2,036,899	2,141,587	2,229,507	2,743,973	2,850,534	2,954,283	3,068,601	
Other operating expenses (specify by way of note)	0	0	0	0	0	0	0	0	0	0	
<b>Total Operating Expenditure</b>	<b>15,803,481</b>	<b>16,385,485</b>	<b>17,018,410</b>	<b>17,701,468</b>	<b>18,276,093</b>	<b>18,848,048</b>	<b>19,861,070</b>	<b>20,481,145</b>	<b>21,113,811</b>	<b>21,772,916</b>	
<b>EBIT (Excl Capital adj)</b>	<b>4,758,440</b>	<b>4,898,783</b>	<b>5,046,001</b>	<b>5,193,730</b>	<b>5,406,629</b>	<b>5,649,395</b>	<b>5,479,233</b>	<b>5,731,131</b>	<b>6,000,559</b>	<b>6,274,715</b>	
Interest Expense	853,846	898,813	891,361	892,596	721,596	540,080	1,000,580	852,458	755,782	653,160	
<b>Net Operating Profit (Loss)</b>	<b>3,904,595</b>	<b>3,999,970</b>	<b>4,154,639</b>	<b>4,301,134</b>	<b>4,685,034</b>	<b>5,109,315</b>	<b>4,478,653</b>	<b>4,878,673</b>	<b>5,244,777</b>	<b>5,621,555</b>	
<b>Abnormal (Capital) Adjustments</b>	<b>ABNORMAL/CAPITAL RELATED REVENUE</b>										
	Capital Grants and Subsidies	0	0	0	0	0	0	0	0	0	0
	Developer Contributions (Infrastructure charges)	0	0	0	0	0	0	0	0	0	0
	Donated assets	0	0	0	0	0	0	0	0	0	0
	Funds from Disposal of Non current assets	0	0	0	0	0	0	0	0	0	0
	<b>Total Abnormal/Capital related Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ABNORMAL/CAPITAL RELATED EXPENSE</b>											
Abnormal and Extraordinary Items	0	0	0	0	0	0	0	0	0	0	
<b>Total Abnormal/Capital Related Expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>PROFIT</b>	<b>Total Operating Profit (EBIT + Inf Charges)</b>	<b>4,758,440</b>	<b>4,898,783</b>	<b>5,046,001</b>	<b>5,193,730</b>	<b>5,406,629</b>	<b>5,649,395</b>	<b>5,479,233</b>	<b>5,731,131</b>	<b>6,000,559</b>	<b>6,274,715</b>
	<b>Taxable Income(excl abnormals)</b>	<b>3,904,595</b>	<b>3,999,970</b>	<b>4,154,639</b>	<b>4,301,134</b>	<b>4,685,034</b>	<b>5,109,315</b>	<b>4,478,653</b>	<b>4,878,673</b>	<b>5,244,777</b>	<b>5,621,555</b>
	Income Tax Payable	1,171,378	1,199,991	1,246,392	1,290,340	1,405,510	1,532,795	1,343,596	1,463,602	1,573,433	1,686,467
	<b>Operating Profit (After Tax, before abnormals)</b>	<b>2,733,216</b>	<b>2,799,979</b>	<b>2,908,247</b>	<b>3,010,794</b>	<b>3,279,523</b>	<b>3,576,521</b>	<b>3,135,057</b>	<b>3,415,071</b>	<b>3,671,344</b>	<b>3,935,089</b>
	<b>Profit (Loss) after tax and incl. abnormals</b>	<b>2,733,216</b>	<b>2,799,979</b>	<b>2,908,247</b>	<b>3,010,794</b>	<b>3,279,523</b>	<b>3,576,521</b>	<b>3,135,057</b>	<b>3,415,071</b>	<b>3,671,344</b>	<b>3,935,089</b>
Distributed Profit (Dividend Paid from Operating Profit)	0	0	0	0	0	0	0	0	0	0	

Year	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>New Works</b>										
<b>New capital works constructed</b>	4,075,000	3,000,000	3,412,200	0	0	10,607,703	0	0	0	0
<b>Donated assets</b>	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	4,075,000	3,000,000	3,412,200	0	0	10,607,703	0	0	0	0
<b>Funded by:</b>										
1. Subsidies & grants in relation to these works	0	0	0	0	0	0	0	0	0	0
2. Constrained Works Reserve	0	0	0	0	0	0	0	0	0	0
3. Donated assets	0	0	0	0	0	0	0	0	0	0
4. Other reserves for the purpose	0								0	
5. Loans raised	1,341,784	2,037,125	2,464,554	0	0	10,607,703			0	0
6. Internal loans									0	
7. Revenue from current year used for capital purposes	2,733,216	962,875	947,646							
8. Shareholder equity/Contributions										
<b>TOTAL</b>	4,075,000	3,000,000	3,412,200	0	0	10,607,703	0	0	0	0
<b>Balance Check (Check = 0)</b>	0	0	0	0	0	0	0	0	0	0
<b>Replacement Works</b>										
<b>Replacement capital works.</b>	803,300	1,284,600	1,326,208	1,403,198	897,285	1,364,520	990,768	847,817	1,055,992	961,271
<b>Loan redemption's</b>	1,847,716	2,158,281	2,444,483	2,780,486	2,951,486	3,133,002	3,448,970	1,571,977	1,668,654	1,771,276
<b>Total</b>	2,651,016	3,442,881	3,770,691	4,183,683	3,848,771	4,497,522	4,439,738	2,419,795	2,724,646	2,732,547
<b>Funded by:</b>										
1. Subsidies & grants in relation to these works		0	0	0	0	0	0	0	0	0
2. Disposal proceeds from non-current assets		0	0	0	0	0	0	0	0	0
3. Depreciation funds from current & previous years	1,384,253	1,605,777	1,810,090	2,036,900	2,141,587	2,229,506	2,743,973	2,419,795	2,724,646	2,732,547
4. Constrained Works Reserve										
5. Loans raised	1,266,763									
6. Revenue from current year used for capital purposes		1,837,104	1,960,601	2,146,783	1,707,184	2,268,016	1,695,765			
7. Shareholder equity/Contributions										
<b>TOTAL</b>	2,651,016	3,442,881	3,770,691	4,183,683	3,848,771	4,497,522	4,439,738	2,419,795	2,724,646	2,732,547
<b>Balance Check (Check = 0)</b>	(0)	(0)	0	(0)	(0)	0	(0)	0	0	0

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**8.4 FRW ANNUAL PERFORMANCE PLAN AS AT 31 DECEMBER 2016**

<b>File No:</b>	<b>1466</b>
<b>Attachments:</b>	<b>1. Customer Service Standards as at 31 December 2016</b> <b>2. Customer Service and Financial Targets as at 31 December 2016</b> <b>3. Non Compliance Comments as at 31 December 2016</b>
<b>Authorising Officer:</b>	<b>Peter Kofod - General Manager Regional Services</b>
<b>Author:</b>	<b>Jason Plumb - Manager Fitzroy River Water</b>

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**SUMMARY**

*Fitzroy River Water's performance against financial and non-financial targets and key strategies is reported to Council on a quarterly basis in accordance with the adopted 2015/16 Performance Plan. This report as at 31 December 2016 is presented for the Committee's information.*

**OFFICER'S RECOMMENDATION**

THAT the Fitzroy River Water Annual Performance Plan quarterly report as at 31 December 2016 be received.

**BACKGROUND**

Fitzroy River Water (FRW) is required to provide a quarterly report on its performance against financial and non-financial performance targets and key strategies as adopted in the Annual Performance Plan for 2015/16.

FRW has legislative obligations to report to various external agencies and stakeholders. The data in these reports is presented based on water and sewerage schemes. The format of reporting actual non-financial performance against targets in accordance with the requirements of the Annual Performance Plan has been modified to be consistent with the external reporting requirements and is presented in Attachment 1.

**MANAGER'S OVERVIEW**

FRW's performance remained consistent through the 2nd quarter and focus continues on staff safety, improving reliability and quality of services provided to customers and compliance with Queensland legislation and Australian guideline obligations. Performance overall against customer service standards and other key reporting metrics has generally remained at a high standard despite a small number of quarterly targets not being met. The second quarter has seen consistent weather with relatively dry conditions throughout much of the quarter, although periodic rainfall has seen water demand remain at levels lower than previous years for the same period. The absence of any significant heavy rainfall events helped to ensure that network construction activities were on track and also to keep reactive maintenance activities relatively low.

**CUSTOMER SERVICE PERFORMANCE**

FRW has an internal service level agreement with Finance and Business for the provision of customer service related functions including:

1. Face to Face Customer Support.
2. 24 Hour Telephone Contact Service.
3. Acceptance of Payment.

The following table summarises customer contacts made via the telephone and face to face at the Council Customer Service Centres. These customer contacts are then addressed by FRW.

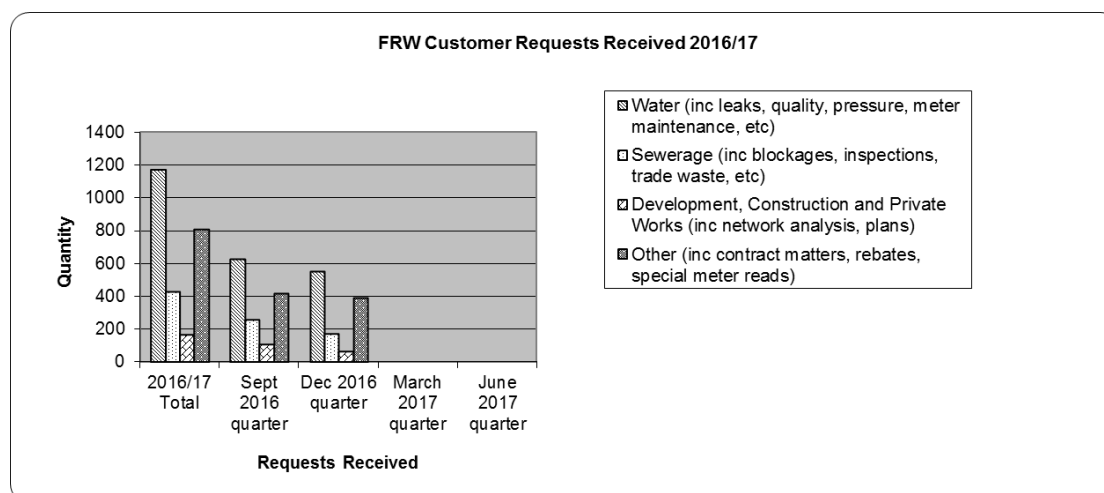
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Table 1: Customer Contact

2nd quarter – 1 October to 31 December 2016

Customer Contact Type	2nd Quarter 2016/17	2nd Quarter 2015/16	Total 2016/17 Year	Total 2015/16 Year	Total 2014/15 Year
Water (incl. leaks, quality, pressure, water meter maintenance, etc)	552	560	1177	2574	3358
Sewerage (incl. blockages, trade waste etc)	171	215	428	866	845
Development, Construction and Private Works	63	92	167	390	445
Other (incl. contract matters, rebate, special meter reads, etc)	392	389	808	1810	1941
<b>Total Customer Contacts</b>	<b>1178</b>	<b>1256</b>	<b>2580</b>	<b>5640</b>	<b>6589</b>



## FINANCIAL PERFORMANCE

### Operational

Revenue is currently 46.2% of the 2016/2017 September revised budget. Some revenue streams are below target and some above target.

Gross water consumption revenue is 37.5% of September revised budget. Billed gross water consumption is down by 17.9% compared to same period in 2015/2016. Gross water and sewerage access charges are on target. Bulk water sales are on target when taking into account December consumption. Private Works is below target at 43.0% with water jobs not meeting expected year to date percentages. Fees and charges is below target attributed to trade waste fees, lower standpipe charges and lower bulk liquid waste charges. Interest revenue is well above target; however this should even out once the capital program accelerates. Other income is well below target due to a credit note being raised in this financial year and the income in a prior financial year.

Expenditure year to date is 52.7% of the 2016/2017 September revised budget. Most expenditure streams are on target. Administrative expenses and competitive neutrality adjustments are above target. Administrative expenses are exceeding target largely due to the timing of payments for annual charges. Competitive neutrality adjustments are over target due to the final payment of 2015/2016 income tax equivalents. All units are on target, with FRW Management slightly above due to competitive neutrality adjustments and materials & plant above expectation.

There are no material exceptions to report.

### Capital

Capital expenditure is below the percentage of year elapsed at 34.2% in comparison to the adopted including carry forward budget. Expenditure during December has increased compared to November by \$225k. This is attributed to the timing of payments for contracted works such as Lucas St WPS upgrade.

Water YTD 30.5% and Sewer YTD 37.6%.

Networks YTD 55.1% and Treatment YTD 17.3%.

The areas of prominent activity are the North Rockhampton SPS No 1 & 2 switchboard upgrades, Sewer refurbishment and relining, Mt Morgan sewer Stage 3, Glenmore WTP Highlift pump station upgrade, Physical security upgrades, and Water Main Replacement programs.

This quarter has seen the completion of:

- Restoration of the Barrage crane;
- Restoration of 450mm pylon of Kerrigan St water main;
- SRSTP Primary valve pit refurbishment;
- Norman Rd WPS VSD installation;

There are no other material exceptions to this report.

## **COMPLIANCE MATTERS**

### Drinking Water Quality

The quality of the drinking water supplied by FRW has been of a very high standard throughout this quarter. The levels of Electrical Conductivity and Sodium are relatively low compared to previous years and are expected to stay at similar levels for the remainder of this reporting year. All water quality test results have been compliant with Queensland Government and Australian Guideline targets. Drinking water quality complaints have remained at relatively low levels and the ongoing moderate levels of turbidity in the raw water have continued to prevent the typical spring blue-green algae season from developing.

## **VARIATIONS / CONCERNS**

During this period, the Barrage and No. 7 Dam have remained at either full or greater than 80% of full storage level respectively following the unseasonal winter rainfall and streamflows. This is a good outcome for the community leading into what is forecast to be a long hot summer.

During this period, FRW undertook a three month Council Approved Inspection Program to identify and address possible entry points for stormwater inflow and infiltration into the sewerage network. This inspection program was focused initially on parts of South Rockhampton and has identified many possible sources of stormwater entry into the sewerage network. FRW is currently working with property owners to rectify these entry points and is confident that the program will provide significant improvement to the operation of the sewerage network during extreme wet weather events.

## **SAFETY MANAGEMENT**

The safety statistics shown in Table 2 indicate the safety performance in the workplace. Safety initiatives include regular FRW management site audits, hazard inspections, risk assessments, staff toolbox talks and the FRW Safety Committee.

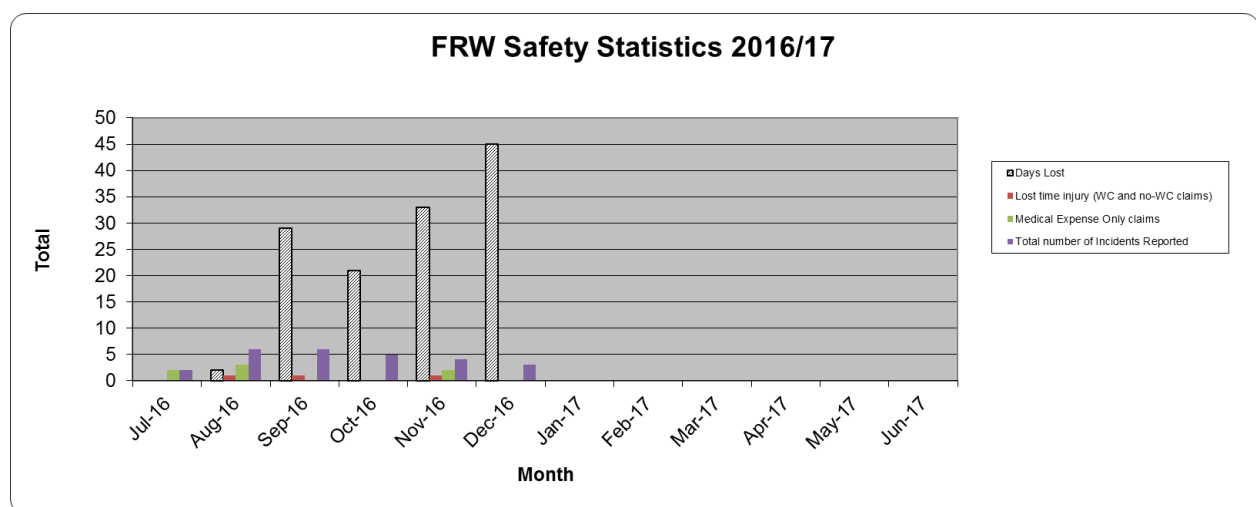
### Table 2: Safety Statistics

*Please be advised that the data recorded in this report is accurate at the time of compilation. As this information is sourced from a live database, changes will occur as required when amendments or upgrades are made to injury severities including lost and rehabilitation days.*

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2nd quarter – 1 October to 31 December 2016

Lost Time Injury Statistics	2nd Quarter 2016/17	2nd Quarter 2015/16	Total 2016/17 Year
Days Lost	99	0	130
Lost time Injury (Work Cover & non-Work Cover claims)	1	0	3
Medical Expense Only Claims	2	0	7
Total Number of Incidents Reported	12	9	26



## RISK MANAGEMENT

Quarterly risk reviews and reporting requirements have been undertaken, with significant progress towards mitigating the risk of unauthorised access to important water infrastructure sites through the construction of new security fencing.

## CONCLUSION

Business performance is generally as expected for this quarter and this report serves two purposes – keeping the Council informed and meeting the legislative obligation of reporting on progress against the FRW Performance Plan.

# **FRW ANNUAL PERFORMANCE PLAN AS AT 31 DECEMBER 2016**

## **Customer Service Standards as at 31 December 2016**

**Meeting Date: 14 February 2017**

**Attachment No: 1**

Fitzroy River Water Performance Plan - Customer Service Standards Year to Date Reporting as at 31 December 2016

Non-Financial Performance Targets

Table Reference	CSS Reference	Performance indicator	Potable Water Schemes						Potable Water Schemes						
			Rockhampton and Graemere Water Supply Scheme Number of access charges - 37,841 as at July 2016						Mt Morgan Water Supply Scheme Number of access charges - 1,513 as at July 2016						
			1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	
Table 1 Water - Day to Day Continuity	CSS1	Extent of unplanned interruptions - connections based (no. per 1,000 connections per year)	19	14			<80	33	9	30			<80	39	
	CSS2	Extent of unplanned interruptions - incidents based (no. per 100 km of main per year) Rockhampton and Graemere 757 km Mt Morgan 72 km	11	17			<30	28	4	7			<30	11	
	CSS3	Time for restoration of service - unplanned interruptions (% restored within 5 hours)	100%	98%			>90%	99%	62%	100%			>90%	81%	
	CSS4	Customer interruption frequency:													
		1 interruption per year		2.04%	2.32%			12%	4.36%	0.86%	7.33%			12%	8.19%
		2 interruptions per year		0.18%	0.00%			2%	0.18%	0.00%	2.24%			2%	2.24%
		3 interruptions per year		0.00%	ND			1%	0.00%	0.00%	0.06%			1%	0.06%
		4 interruptions per year		0.00%	ND			0.50%	0.00%	0.00%	ND			0.50%	0.00%
	CSS5	5 or more interruptions per year		0.00%	ND			0.25%	0.00%	0.00%	ND			0.25%	0.00%
		Relative incidence of planned and unplanned interruption incidents (% of planned versus total number of interruptions)		13%	98%			>30%	56%	0%	100%			>30%	50%
	CSS6	Average interruption duration - planned and unplanned (hours)		2.92	2.87			3 hrs	2.90	2.33	2.25			3 hrs	2.29
	CSS7	Response time													
		Priority 1 – 1 hour response		90%	95%			95%	93%	83%	100%			95%	92%
		Priority 2 – 2 hours response		91%	93%			95%	92%	100%	100%			95%	100%
		Priority 3 – 24 hours response		99%	99%			95%	99%	100%	100%			95%	100%
Restoration time															
Priority 1 – 5 hours restoration		94%	93%			95%	94%	100%	100%			95%	100%		
Priority 2 – 24 hours restoration		100%	100%			95%	100%	100%	100%			95%	100%		
Priority 3 – 5 days restoration		99%	98%			95%	99%	100%	100%			95%	100%		

Table Reference	CSS Reference	Performance indicator	Potable Water Schemes				Potable Water Schemes					
			Rockhampton and Graoemere Water Supply Scheme Number of access charges - 37,841 as at July 2016				Mt Morgan Water Supply Scheme Number of access charges - 1,513 as at July 2016					
Table 2 Adequacy and Quality of Normal Supply of Water Supply	CSS8	Minimum pressure standard at the water meter (kPa)	220	220	220 kPa	220	220	220	220	220 kPa	220	
	CSS9	Minimum flow standard at the water meter	9	9	9 L/min	9 L/min	9	9	9	9 L/min	9 L/min	
	CSS10	Connections with deficient pressure and/or flow (% of total connections)	0.3%	0.3%	<2.5%	0.3%	2.0%	2.0%	2.0%	2.0%	<2.5%	2.0%
	CSS11	Drinking water quality (compliance with industry standard)	100%	100%	>98%	100%	100%	100%	100%	100%	>98%	100%
	FRW's Drinking Water Quality Management Plan identifies the following key water quality parameters as reference indicators for customer service purposes: Physical and Chemical Water Quality Parameters - Target: >99% of all samples tested compliant with Australian Drinking Water Guidelines and E.coli - Target: None detected in >98% of all samples tested											
	CSS12	Drinking water quality complaints (number per 1,000 connections)	0.37	0.29	<5	0.66	0.66	2.64	2.64	2.64	<5	3.3
	CSS13	Drinking water quality incidents (number per 1,000 connections)	0	0	<5	0	0	0	0	0	<5	0

Table Reference	CSS Reference	Performance indicator	Potable Water Schemes						Potable Water Schemes					
			Rockhampton and Graoemere Water Supply Scheme Number of access charges - 37,841 as at July 2016						Mt Morgan Water Supply Scheme Number of access charges - 1,513 as at July 2016					
			1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
Table 3 Long Term Continuity of Water Services	CSS14	Water main breaks (number per 100 km main) Rockhampton and Graoemere 757 km Mt Morgan 72 km	3	4			<40	7	8	8			<40	16
	CSS15	Water services breaks (number per 1,000 connections)	4	5			<40	9	6	9			<40	15
	CSS16	System water loss (litres per connection per day)	101	135			< 200 L	118	94	114			≤ 200 L	104

Table Reference	CSS Reference	Performance indicator	Sewerage Schemes						Sewerage Schemes					
			Rockhampton and Gracemere Sewerage Scheme Number of access connections - 50,654 as at July 2016						Mt Morgan Sewerage Scheme Number of access connections - 506 as at July 2016					
			1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
Table 4 Effective Transportation of Sewage	CSS17	Sewage overflows – total (number per 100 km main) Rockhampton and Gracemere 714.8 km Mt Morgan 11 km	14.13	6.58			<30	20.71	0	9.09			<10	9.09
	CSS18	Sewage overflows to customer property (number per 1,000 connections)	1.99	0.93			<10	2.92	0	1.98			<5	1.98
	CSS19	Odour complaints (number per 1,000 connections)	0.18	0.22			<1	0.4	0	0			<1	0
	CSS20	<b>Response time</b>												
		<b>Priority 1 – 1 hour response</b>	54%	92%			>95%	73%	ND	ND			>95%	#DIV/0!
		<b>Priority 2 – 2 hours response</b>	92%	96%			>95%	94%	ND	100%			>95%	100%
		<b>Priority 3 – 24 hours response</b>	98%	96%			>95%	97%	ND	ND			>95%	#DIV/0!
		<b>Restoration time</b>												
		<b>Priority 1 – 5 hours restoration</b>	85%	96%			>95%	91%	ND	ND			>95%	#DIV/0!
		<b>Priority 2 – 24 hours restoration</b>	99%	99%			>95%	99%	ND	100%			>95%	100%
	<b>Priority 3 – 5 days restoration</b>	100%	100%			>95%	100%	ND	ND			>95%	#DIV/0!	
Table 5 Long Term Continuity of Sewerage Services	CSS21	Sewer main breaks and chokes (number per 100 km main) Rockhampton and Gracemere 714.8 km Mt Morgan 11 km	18.75	13.71			<50	32.46	ND	ND			<20	0
	CSS22	Sewer inflow and infiltration (ratio of Peak Day Flow to Average Day Flow)	5.8	1.18			<5	3.49	2.33	1.43			<5	1.88

**Reference Codes**

A blank field should contain one of the following:

- a. 0 (zero)
- b. ND (no data is available, although the indicator is relevant)
- c. NR (not relevant; the indicator is not relevant to that scheme)

# **FRW ANNUAL PERFORMANCE PLAN AS AT 31 DECEMBER 2016**

## **Customer Service and Financial Targets as at 31 December 2016**

**Meeting Date: 14 February 2017**

**Attachment No: 2**



## Fitzroy River Water Performance Plan - Customer Service Standards Year to Date Report

### Customer Service Targets

Table Reference	Performance indicator	1st qtr	2nd qtr	3rd qtr	4th qtr	Target	Year to Date
<b>Table 6</b>	Installation of new water connections (within the water service area)	92%	90%			<b>15 working days</b>	91%
	Installation of sewerage connections (within the sewered area)	80%	90%			<b>15 working days</b>	85%
	Complaints – (excluding maintenance of water and sewerage services) – advise outcome	100%	100%			<b>20 working days</b>	100%

### Financial Performance Targets

Table Reference	Performance indicator	1st qtr date reported	2nd qtr date reported	3rd qtr date reported	4th qtr date reported	Target
<b>Table 7</b>	RRC Operational Plan Reporting Frequency: quarterly	20/10/2017	24/01/2017			<b>Initiatives successfully completed by year end</b>
	Operating Budget Reporting Frequency: quarterly or when variations arise	30/09/2016	31/12/2016			<b>Conduct all activities in accordance with required timelines and budget</b>
	Annual Revenue Reporting Frequency: quarterly or when variations arise	30/09/2016	31/12/2016			<b>Timely reporting of any significant variations to budget revenue and collection timing</b>
	Capital Works Reporting Frequency: quarterly or when variations arise	30/09/2016	31/12/2016			<b>Completion of capital program in accordance with adopted timeframe and budget (within 3%)</b>

Customer and Financial

# **FRW ANNUAL PERFORMANCE PLAN AS AT 31 DECEMBER 2016**

## **Non Compliance Comments as at 31 December 2016**

**Meeting Date: 14 February 2017**

**Attachment No: 3**

## Customer Service Standards - Non Compliance Comments for the 31 December 2016 Quarter

Table Reference	CSS Reference	Scheme	Comment
Table 1 Water - Day to Day Continuity	CSS2	Rockhampton and Gracemere Water Supply Scheme	A total of 131 unplanned incidents affecting 521 connections for the quarter.
	CSS4	Mt Morgan Water Supply Scheme	The percentage exceeds the target due to 6 water main breaks. These watermains affected a total of 46 connections. The affected water mains have been included in the capital renewal programme.
	CSS5	Rockhampton and Gracemere Water Supply Scheme	Due to the ageing infrastructure Rockhampton has had 131 unplanned versus 17 planned water shut downs for the quarter.
	CSS6	Rockhampton and Gracemere Water Supply Scheme	The planned duration for the quarter is 136 minutes based on 17 planned incident compared to 33 minutes based on 131 unplanned incidents.
	CSS6	Mt Morgan Water Supply Scheme	There were 4 planned water shut downs. Increased unplanned water interruptions due to 6 broken water mains, affecting 46 connections.
	CSS7	Rockhampton and Gracemere Water Supply Scheme	<p><b>Response</b> P1 -Total of 44 requests and 42 responded to within 1 hour response time. P2 - Total of 104 requests and 97 responded to within 2 hour response time.</p> <p><b>Restoration</b> P1 - Total of 44 requests and 41 restored within 5 hour restoration time. Network Service supervisory staff continue to work with staff on improving resource allocation to achieve service standards compliance.</p>
Table 4 Effective Transportation of Sewage	CSS17	Rockhampton and Gracemere Sewerage Scheme	A total number of 98 blockages and 47overflows.
	CSS20	Rockhampton and Gracemere Sewerage Scheme	<p><b>Response</b> P1 -Total of 26 requests and 24 responded to within 1 hour response time. P2 - Total of 76 requests and 73 responded to within 2 hour response time.</p> <p><b>Restoration</b> P1 - Total of 26 requests and 25 restored within 5 hour restoration time.</p>
	CSS21	Rockhampton and Gracemere Sewerage Scheme	Rockhampton and Gracemere sewerage system sustained 98 breaks and chokes during the quarter. A total of 30 were mainline blockages and 47 overflows.

**8.5 FRW MONTHLY OPERATIONS REPORT - JANUARY 2017**

**File No:** 1466  
**Attachments:** 1. FRW Monthly Operations Report - January 2017  
**Authorising Officer:** Peter Kofod - General Manager Regional Services  
**Author:** Jason Plumb - Manager Fitzroy River Water

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**SUMMARY**

*This report details Fitzroy River Water's financial position and other operational matters for the Council's information as at 31 January 2017.*

**OFFICER'S RECOMMENDATION**

THAT the FRW Monthly Operations Report for January 2017 be received.

# **FRW MONTHLY OPERATIONS REPORT - JANUARY 2017**

## **FRW Monthly Operations Report - January 2017**

**Meeting Date: 14 February 2017**

**Attachment No: 1**

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## MONTHLY OPERATIONS REPORT

### FITZROY RIVER WATER

#### Period Ended 31 January 2017

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#### VARIATIONS, ISSUES AND INNOVATIONS

##### *Innovations*

FRW recently completed the construction of new security fencing at three water infrastructure sites across the region. The construction of palisade style fencing was undertaken at the Birkbeck Drive Reservoir, Athelstane Range Reservoirs, and Mount Morgan WTP by a Queensland-based fencing contractor FenceWright Pty Ltd. The three sites were chosen due to an elevated number of events involving damage through graffiti or unauthorized entry to these sites and in part due to the importance of these sites for the production and distribution of safe drinking water. This project was also identified as a priority project in Council's Corporate Risk Register and also through an independent security audit completed in 2015. The total contract value for this work was approximately \$380,000 which included significant investment in local labour and equipment hire businesses. Palisade-style fencing was chosen due its ability to withstand impact and damage compared to wire mesh fencing and also provides an increased deterrent against climbing. The photograph below shows some of the new fencing installed at the Athelstane Range Reservoir site.



##### *Improvements / Deterioration in Levels of Services or Cost Drivers*

Nil

LINKAGES TO OPERATIONAL PLAN

1. COMPLIANCE WITH CUSTOMER SERVICE REQUESTS

The response times for completing the predominant customer requests in the reporting period for 31 January 2017 are as below:

	Balance B/F	Completed in Current Mth	Current Month NEW Requests		TOTAL INCOMPLETE REQUESTS BALANCE	Work Orders Issued	Under Long Term Investigation	Avg W/O Issue Time (days) 12 months	Completion Standard (days)	Avg Completion Time (days) Current Mth	Avg Completion Time (days) 6 Months	Avg Completion Time (days) 12 Months	Avg Duration (days) 12 Months (complete and
			Received	Completed									
Asset Enq/Jump up location/Wat/ Sew Invert Levels	0	0	3	0	3	0	0	0.00	2	2.00	2.20	1.67	0.55
Network Construction - Reworks (Reinstatement Proj)	0	0	2	2	0	0	0	0.32	1	5.00	2.75	1.88	1.86
Network Construction - Planned Works (Scheduled Re	0	0	0	0	0	0	0	0.33	1	0.00	0.67	1.39	0.23
Customer Service - Rebate Residential FRW USE ONLY	1	1	18	14	4	0	0	0.00	30	1.86	3.40	3.73	3.03
Customer Service - Rebate Undetected Leaks	13	6	5	2	10	0	0	0.00	120	8.00	19.15	30.27	30.94
Customer Service - Standpipe Enquiry/Read	1	0	0	0	1	0	0	0.00	2	0.00	2.33	4.83	16.00
Customer Service - Water Exemption Request	0	0	0	0	0	0	0	0.00	5	0.00	0.00	1.00	1.00
Development - Applications	0	0	0	0	0	0	0	0.00	10	0.00	0.00	0.00	0.00
Development - Building Over Sewerline	0	0	2	0	2	0	0	0.00	7	8.00	2.33	2.43	2.22
Network Systems ( Network Analysis Water or Sewer)	0	0	0	0	0	0	0	0.00	7	0.00	6.25	5.40	1.00
Development - Strategic Sewer	0	0	0	0	0	0	0	0.00	10	0.00	1.00	1.33	1.33
Development - Strategic Water	0	0	0	0	0	0	0	0.00	10	0.00	0.00	9.33	6.00
Environment and Water Conservation Enquiry	0	0	0	0	0	0	0	0.00	5	5.00	5.00	5.00	0.00
Finance - Irrigators/Water Allocations (Asset)	0	0	2	2	0	0	0	178.25	7	3.00	4.25	5.47	4.77
Network Services - No Water (Asset)	1	1	7	7	0	0	0	0.08	1	0.89	0.57	0.46	0.36
Network Services - Reactive Sewerage Block (Asset)	3	2	43	36	4	2	0	2.31	1	6.89	29.92	14.50	17.44
Network Services - Sewer Reimbursements	0	0	6	5	1	1	0	0.06	7	2.60	1.67	2.27	1.31
Network Services - Sewer Inflow Inspection/Enquiry	2	1	3	2	2	0	0	1.54	7	3.50	1.00	1.17	8.45
Network Services - Water Leaks (Asset)	1	1	118	109	5	1	0	1.13	1	1.12	1.11	1.17	0.91
Network Services- Poor Water Pressure (Asset)	0	0	6	6	0	0	0	2.14	1	0.80	0.90	1.09	0.58
Process - Tradewaste	1	1	7	7	0	0	0	-0.46	7	1.86	3.00	3.18	2.32
Network Services - Lids/Cover (Asset)	0	0	2	1	1	0	0	-1.40	1	1.40	1.45	2.19	1.08
Network Services - Meter Maintenance (Asset)	8	3	10	5	10	5	0	1.07	1	19.23	3.39	1.93	1.76
Network Services Private Works/Standard Connection	0	0	1	1	0	0	0	0.00	5	1.00	1.64	3.75	1.91
Network Services - Reinstatements (Asset)	2	0	8	6	4	1	0	4.15	1	2.09	4.32	2.96	2.87
Network Services Special Read Enquiry (Pty Srch)	0	0	0	0	0	0	0	0.00	10	0.00	4.88	4.14	1.80
Network Services - Water Meter Reading Enquiry	1	1	6	4	0	0	0	19.12	10	4.75	4.62	4.90	4.10
Process - Odour (Sewer Only) (Asset)	0	0	0	0	0	0	0	51.72	1	3.00	1.79	2.30	0.76
Process - River Quality	0	0	0	0	0	0	0	0.00	2	0.00	0.00	0.00	0.00
Process - Drinking Water Quality (Asset)	1	1	2	2	0	0	0	0.94	1	1.00	1.31	1.19	0.55
Water Meter Read Search - "NOT FOR CBO"	29	29	87	69	16	0	0	0.00	90	2.46	4.95	4.80	4.78

**Comments and Additional Information**

FRW uses Pathway escalations to monitor service performance compliance to the Customer Service Standards. The last column is the best indicator of average completion times for standard jobs.



## **2. COMPLIANCE WITH STATUTORY AND REGULATORY REQUIREMENTS INCLUDING SAFETY, RISK AND OTHER LEGISLATIVE MATTERS**

### **Safety Statistics**

The safety statistics for the reporting period are:

	THIRD QUARTER 2016/17		
	January	February	March
<b>Number of Lost Time Injuries</b>	3		
<b>Number of Days Lost Due to Injury</b>	39		
<b>Total Number of Incidents Reported</b>	8		
<b>Number of Incomplete Hazard Inspections</b>	0		

*Hazard inspections are being completed however FRW processing of any rectification actions can delay meeting the end of month cut-off date for HR reporting.*

#### *Treatment and Supply*

- Three lost time injuries for the month.
- One employee is currently on long term lost time injury.
- Three safety incidents were reported for the month.

The three incidents listed above involved employees sustaining musculoskeletal injuries during the completion of manual handling tasks.

#### *Network Operations*

- No lost time injuries for the month.
- One employee currently on a long term lost time injuries.
- Two incidents reported for the month.

Both incidents were associated with minor asset damage to assets or equipment with no injury sustained in either incident.

#### *Business and Project Services*

- No lost time injuries for the month
- No employees on long term lost time injuries
- Three incidents reported for the month.

The incidents included a near miss associated with a heat-stress related incident and some minor damage to assets respectively.



**Risk Management Summary**

Potential Risk	Current Risk Rating	Future Control & Risk Treatment Plans	Due Date	% Completed	Comments
Inadequate physical security resulting in disruption or loss of critical services and supply, serious injury or death, damage to assets, theft; and damage to reputation.	Moderate 5	1. Conduct security audit of all sites and update as necessary.  2. Finalise and implement FRW Maintenance Strategy.	31/01/17	100%	Draft maintenance strategy completed. Queensland Police Service have increased patrols of FRW sites. External consultant security report completed with implementation of recommendations commencing. Construction of new fencing now complete.

**Legislative Compliance and Standards**

All services were provided in accordance with the relevant standards as required by legislation and licence conditions for both water and sewerage activities.

### **3. ACHIEVEMENT OF CAPITAL PROJECTS WITHIN ADOPTED BUDGET AND APPROVED TIMEFRAME**

The following abbreviations have been used within the table below:

R	Rockhampton
G	Gracemere
M	Mount Morgan
WPS	Water Pump Station
SPS	Sewage Pump Station
STP	Sewage Treatment Plant
S	Sewerage
W	Water

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/ committals
<b>NETWORK OPERATIONS CAPITAL WORKS PROGRAM</b>					
<b>Rockhampton/Gracemere Water</b>					
Western Street (Lion Creek – Meade) 200/150mm water main replacement.	September 2016	January 2017	100%	\$313,012	\$380,892
<b>Comments:</b> 200mm AC main replacement project. Scope of project extended to include additional sections of CI pipework.					
Quay Street (Denham – William) 150mm water main replacement.	August 2016	January 2017	100%	\$108,311	\$228,551

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/ committals
<b>Comments:</b> Water main replacement works being carried out in conjunction with Civil Operations Riverbank Project. Scope of works increased significantly to include replacement of existing CI mains in Denham Street and Quay Lane.					
Kerr Street (Main – Bruce Highway) 150mm water main replacement.	January 2017	February 2017	30%	\$86,158	\$25,768
<b>Comments:</b> 150mm CI main replacement project.					
Connor Street (Rockonia – Rhodes) 100mm water main replacement	January 2017	February 2017	35%	\$83,203	\$18,893
<b>Comments:</b> 100mm CI main replacement project.					
West Street (Derby – Caroline) 150mm water main replacement.	November 2016	February 2017	80%	\$374,984	\$304,958
<b>Comments:</b> 150mm CI main replacement project.					
<b>Rockhampton/Gracemere Sewer</b>					
Sewer rehabilitation program (including Building over Sewer)	July 2016	June 2017	74%	\$700,000	\$485,042
<b>Comments:</b> Rehabilitation and renewals annual program of works.					
<b>Mount Morgan Sewer</b>					
Railway Ave New 225mm Gravity Sewer Construction (Stages 2 & 3 incl. SPS)	July 2015	December 2017	60%	\$4,200,000 (15/16 – 17/18) Including \$1m BOR	\$1,909,647
<b>Comments:</b> On Schedule. Significant increase in cost due to stabilised backfill requirements specified within TMR reserve. Scope of project increased slightly to service additional properties. Stage 2 construction 100% complete with testing completed. Construction of Stage 3 section within TMR reserve completed January 2017 to allow for scheduled reseal project.					
<b>TREATMENT AND SUPPLY CAPITAL WORKS PROGRAM</b>					
Pipeline from West to South STP – Design Phase	July 2014	June 2017	75%	\$50,000	\$13,189
<b>Comments:</b> Stage 1 (Jardine Park to Murray St) potholing completed with detailed design commencing. Stage 2 potholing about to commence. Capital allocation adopted in September					

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/ committals
Capital Budget revision for work to commence as soon as possible.					
R SRSTP Primary Valve Pit Replacement	July 2014	December 2016	100%	\$85,115	\$94,712
Comments: Complete. New valve actuators installed and commissioned.					
M W Dam No 7 CCTV Installation	July 2014	February 2017	30%	\$30,000	\$2700
Comments: Delayed slightly due to TC Marcia. Currently working through site access agreement with Qld Government for access to their communications tower. Procurement of CCTV and communications equipment underway.					
M WTP CCTV Installation	July 2014	February 2017	30%	\$15,000	\$0
Comments: Delayed slightly due to TC Marcia. Currently working through site access agreement with Optus for access to their communications tower. Specification for equipment procurement in preparation.					
M W Dam No 7 Raw Lift Pump Upgrade	July 2014	February 2017	90%	\$25,000	\$6,500
Comments: New inlet flow meter installed and installation of new pump impellers planned for lower consumption period after summer rainfall.					
R – S NRSTP Aerator Replacement	July 2015	February 2017	90%	\$50,000	\$50,875
Comments: New aerator paddles installed on aerator No. 3 and further work to be completed on aerator No. 2 later in February.					
GWTP Highlift Pump Station Upgrade (Stage 1)	July 2013	May 2016	100%	\$3,366,922	\$3,208,854
Comments: Complete.					
GWTP Highlift Pump Station Upgrade (Stage 2)	August 2014	August 2016	100%	\$3,510,000	\$3,260,898
Comments: Practical Completion issued in late August. Dispute over application of Liquidated Damages currently being discussed.					
MMWTP Coagulant Dosing Upgrade	January 2014	March 2017	70%	\$70,000	\$49,968
Comments: Project delayed slightly by heavy rainfall events causing changes to the raw water quality. Work to recommence again in February.					
G Lucas St WPS pump and electrical switchboard upgrade	January 2014	November 2016	100%	\$541,628	\$542,655
Comments: Complete.					
R – North Rockhampton SPS No. 1 and 2 electrical upgrade	July 2015	June 2017	30%	\$500,000	\$166,536

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/ committals
Comments: Design work well underway with on-site works to commence in the next couple of months. Project will now include the installation of four new pumps which will arrive in April.					
R – NRSTP RAS pump renewal	July 2016	February 2017	50%	\$25,000	\$27,301
Comments: Pumps delivered and ready for installation works to commence.					
MMSTP Floating Wetland Trial	July 2016	December 2016	100%	\$50,000	\$44,168
Comments: Project construction completed with plants currently establishing and monitoring underway.					
R – SCADA Upgrade	July 2016	February 2017	30%	\$250,000	\$3,251
Comments: Design phase underway with on-site works to commence in early February.					
R – WPS Thozet Rd Generator Installation	October 2016	February 2017	60%	\$400,000	\$112,099
Comments: Generator purchased with deliver expected in early February prior to installation commencing. Delivery of the generator delayed slightly.					
R – SRSTP Replace Handrails	October 2016	February 2017	100%	\$25,000	\$0
Comments: Complete.					
R – SRSTP Inlet Screen Generator Installation	October 2016	December 2016	100%	\$15,000	\$27,259
Comments: Complete. Generator installed to provide back-up power to key STP functions during an extended outage.					
R, MM – Physical Security Upgrade (Fencing)	December 2016	February 2017	100%	\$380,000	\$264,000
Comments: Installation complete with minor defects currently being rectified and final payment claim being processed.					
MM – STP construct additional drying bed storage	August 2015	December 2016	100%	\$40,000	\$23,855
Comments: Complete.					

#### **4. ACHIEVEMENT OF OPERATIONAL PROJECTS WITHIN ADOPTED BUDGET AND APPROVED TIMEFRAME**

As at period ended 31 January 2017.

Project	Revised Budget	Actual (incl. committals)	% budget expended	Explanation
Nil				

### 5. DELIVERY OF SERVICES AND ACTIVITIES IN ACCORDANCE WITH COUNCIL'S ADOPTED SERVICE LEVELS

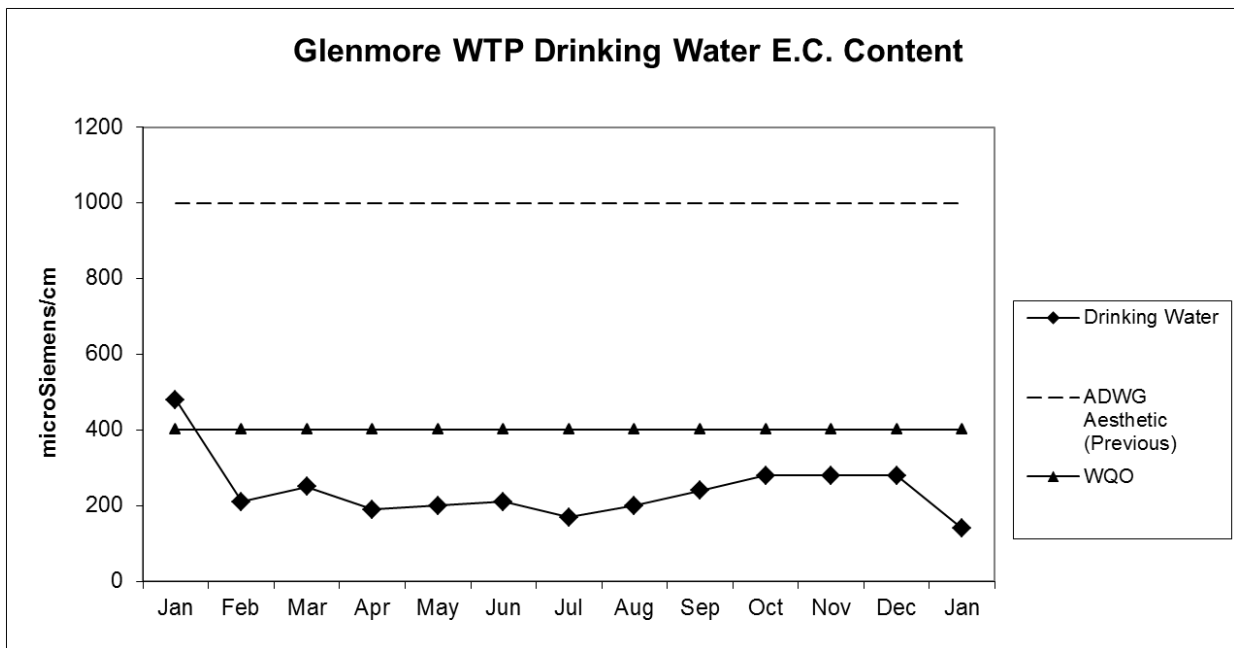
Service Delivery Standard	Target	Current Performance
Drinking Water Samples Compliant with ADWG	>99%	100%
Drinking water quality complaints	<5 per 1000 connections	0.05
Total water and sewerage complaints	N/A	244
Glenmore WTP drinking water E.C Content	<500 $\mu$ S/cm	140 $\mu$ S/cm
Glenmore WTP drinking water sodium content	<50 mg/L	9.5 mg/L
Average daily water consumption – Rockhampton	N/A	45.25 ML
Average daily water consumption – Gracemere	N/A	5.63 ML
Average daily water consumption – Mount Morgan	N/A	0.98 ML
Average daily bulk supply to LSC	N/A	7.36 ML
Drinking water quality incidents	0	0
Sewer odour complaints	<1 per 1000 connections	0.04
Total service leaks and breaks	80	88
Total water main breaks	15	15
Total sewerage main breaks and chokes	32	12
Total unplanned interruptions – water	N/A	64
Average response time for water incidents (burst and leaks)	N/A	99 min
Average response time for sewerage incidents (including main breaks and chokes)	N/A	61 min
Rockhampton regional sewer connection blockages	42	28

\*\*Where there are no targets identified they will be set as part of the revised FRW Customer Service Standards.

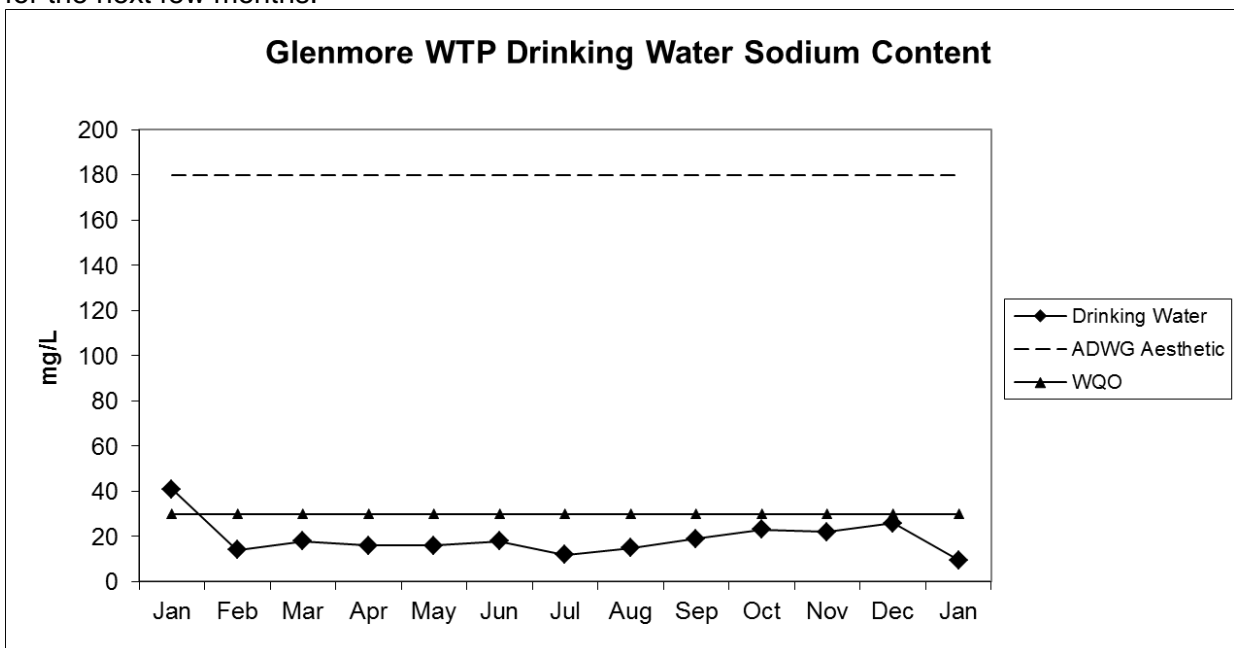
Refer to the individual graphs and information below.

**TREATMENT AND SUPPLY**

Drinking Water E.C. and Sodium Content



The level of E.C. in drinking water supplied from the Glenmore Water Treatment Plant (GWTP) during January decreased to be 140 µS/cm. The level of E.C. is lower than the Water Quality Objective of 400 µS/cm and well beneath the previously used aesthetic guideline value of 1000 µS/cm. The E.C. reading is expected to remain relatively unchanged for the next few months.



The concentration of sodium in drinking water supplied from the GWTP during January decreased to be 9.5 mg/L. The current level of sodium is below the Water Quality Objective value of 30 mg/L and is well beneath the aesthetic guideline of 180 mg/L for sodium in the Australian Drinking Water Guidelines. The sodium concentration is expected to remain relatively unchanged for the next few months.

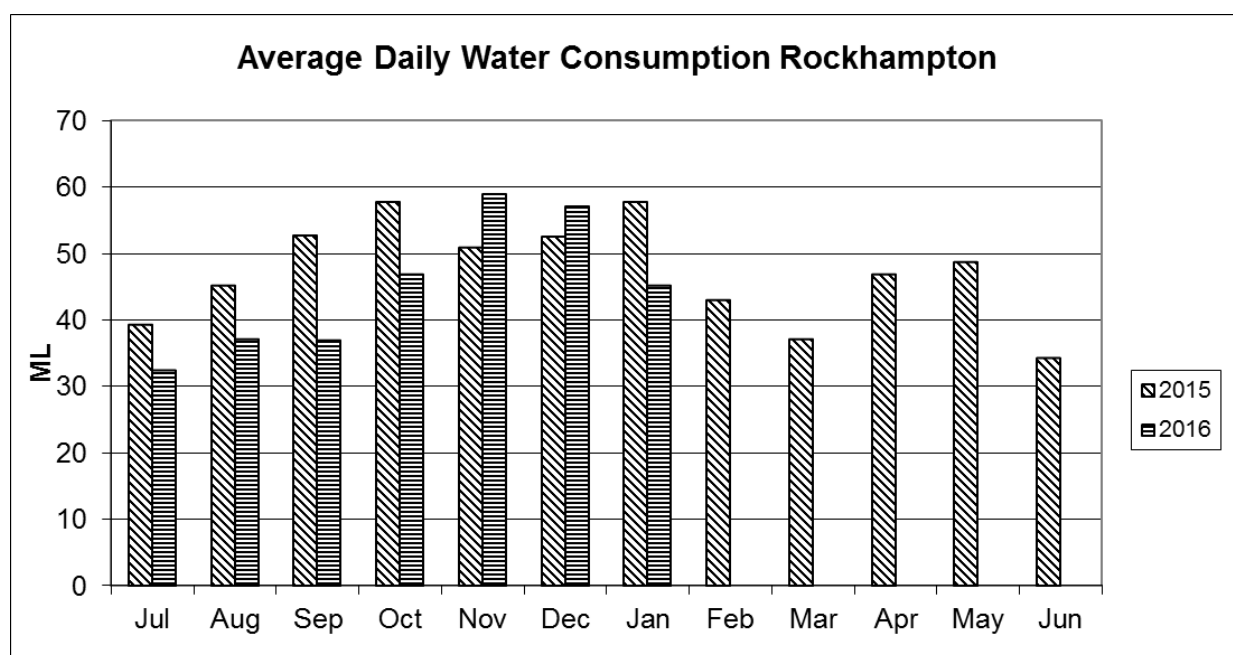
Drinking Water Quality as at 11 January 2017		
Parameter	Rockhampton	Mount Morgan
Total Dissolved Solids (mg/L)	94	150
Sodium (mg/L)	9.5	36
Electrical Conductivity ( $\mu$ S/cm)	140	320
Hardness (mg/L)	35	66
pH	7.35	7.43

The table above shows the results of drinking water testing in Rockhampton and Mount Morgan for selected water quality parameters.

#### Drinking Water Supplied

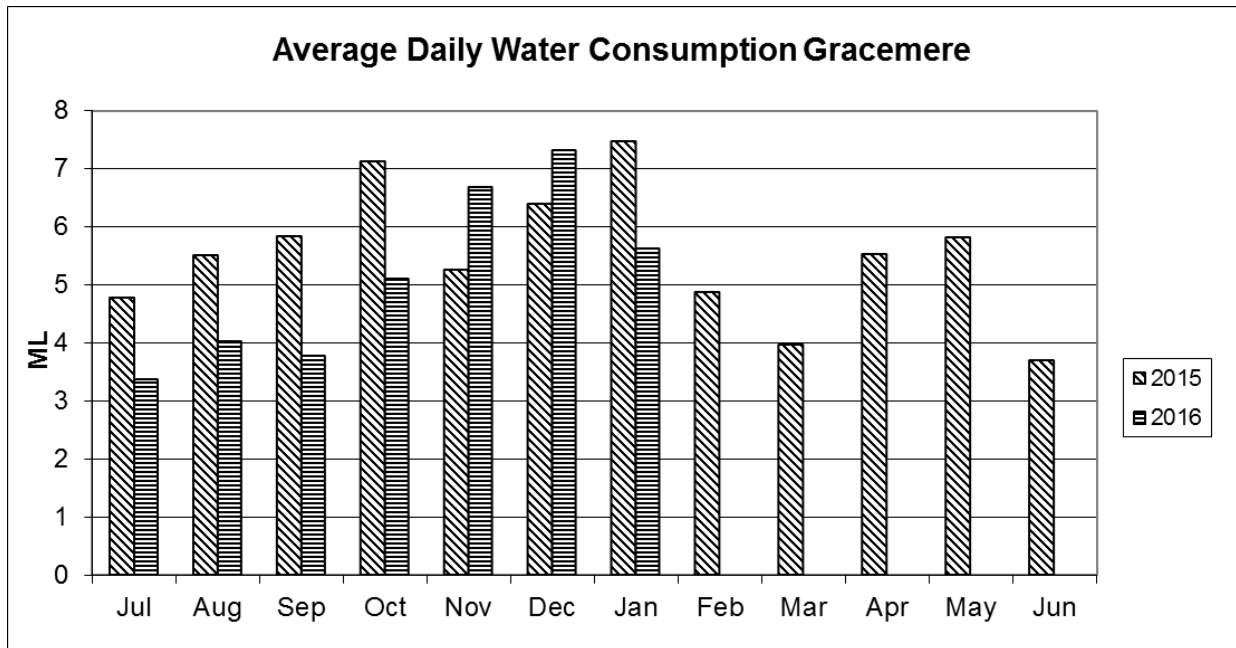
Data is presented in graphs for each water year (e.g. 2016 is the period from July 2016 to June 2017).

#### Rockhampton



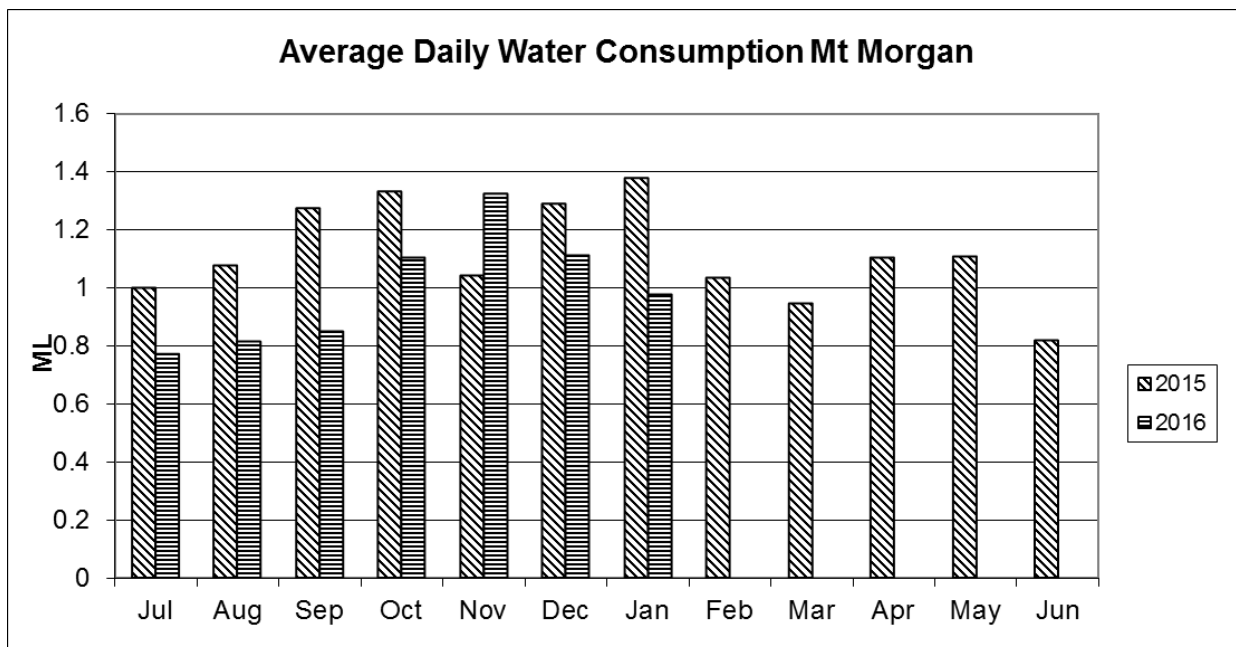
Average daily water consumption in Rockhampton during January (45.25 ML/d) decreased from that recorded in December and was lower than that reported in the same period last year. The lower consumption was due to the receipt of some rainfall in the first part of the month. The Fitzroy Barrage Storage is currently at 100% of accessible storage volume and is therefore well above the threshold in the Drought Management Plan used to trigger the implementation of water restrictions.

Gracemere



Average daily water consumption in Gracemere during January (5.63 ML/d) decreased compared to that recorded in December and was lower than that reported in the same period last year. The lower consumption was due to the receipt of some rainfall in the first part of the month. The Fitzroy Barrage Storage is currently at 100% of accessible storage volume and is therefore well above the threshold in the Drought Management Plan used to trigger the implementation of water restrictions.

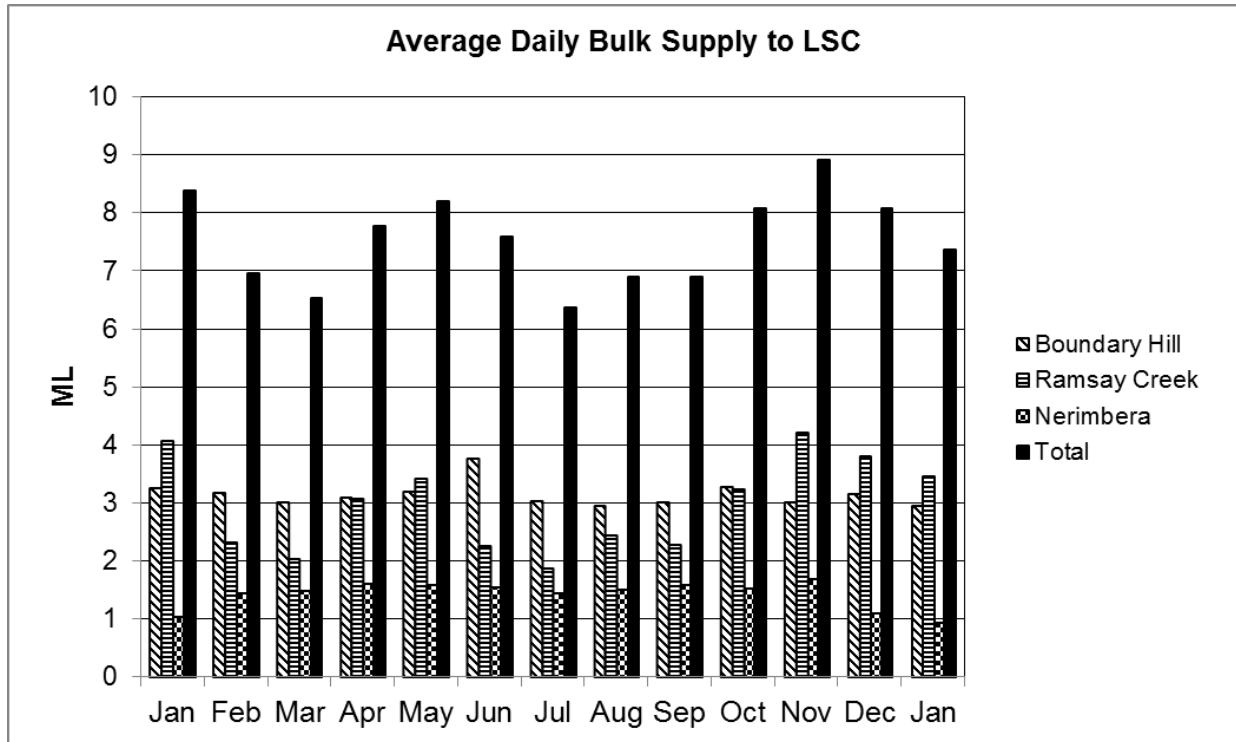
Mount Morgan



Average daily water consumption in Mount Morgan during January (0.98 ML/d) decreased compared to that recorded in December and was lower than that reported for the same period last year. The lower consumption was due to the receipt of some rainfall during the month. The No. 7 Dam is currently at 77% of the accessible storage volume and well above the 50% storage threshold value in the Drought Management Plan that is used to trigger the implementation of water restrictions in Mount Morgan.

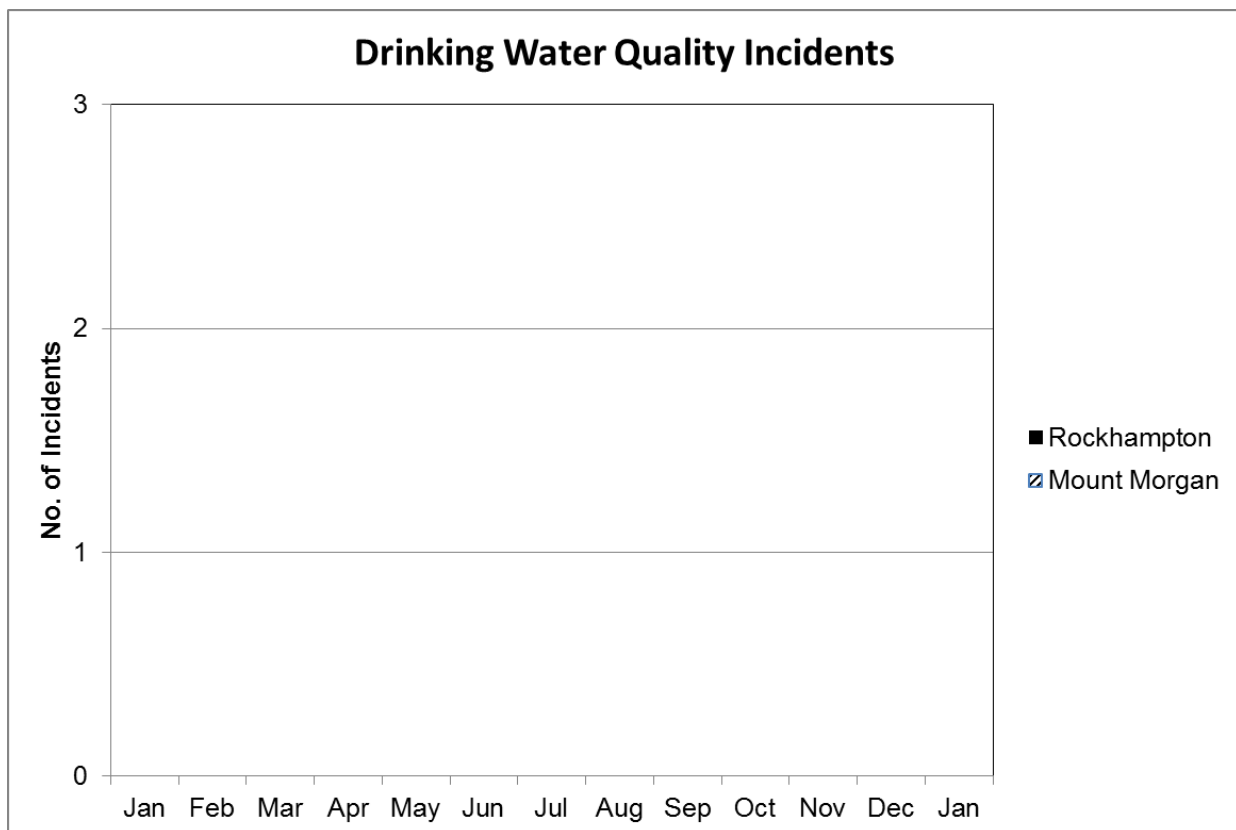


Bulk Supply to Livingstone Shire Council



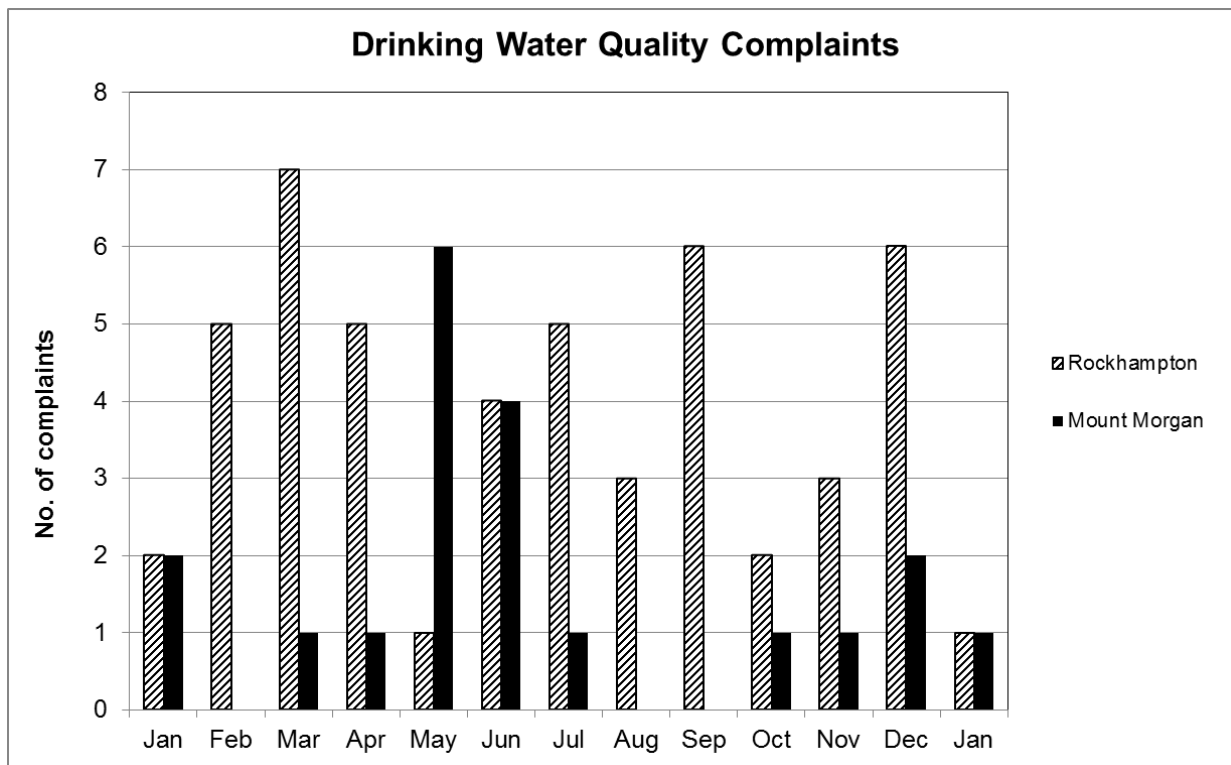
The average daily volume of water supplied to LSC during January decreased compared to that recorded in December to be 8.07 ML/d. This volume is lower than that recorded for the same period last year. The decrease was mainly due to lower volumes supplied via the Ramsay Creek and Boundary Hill bulk water sites.

Drinking Water Quality Incidents



No water quality incidents occurred during the month of January. Only one water quality incident has occurred in the last three years.

Drinking Water Quality Complaints

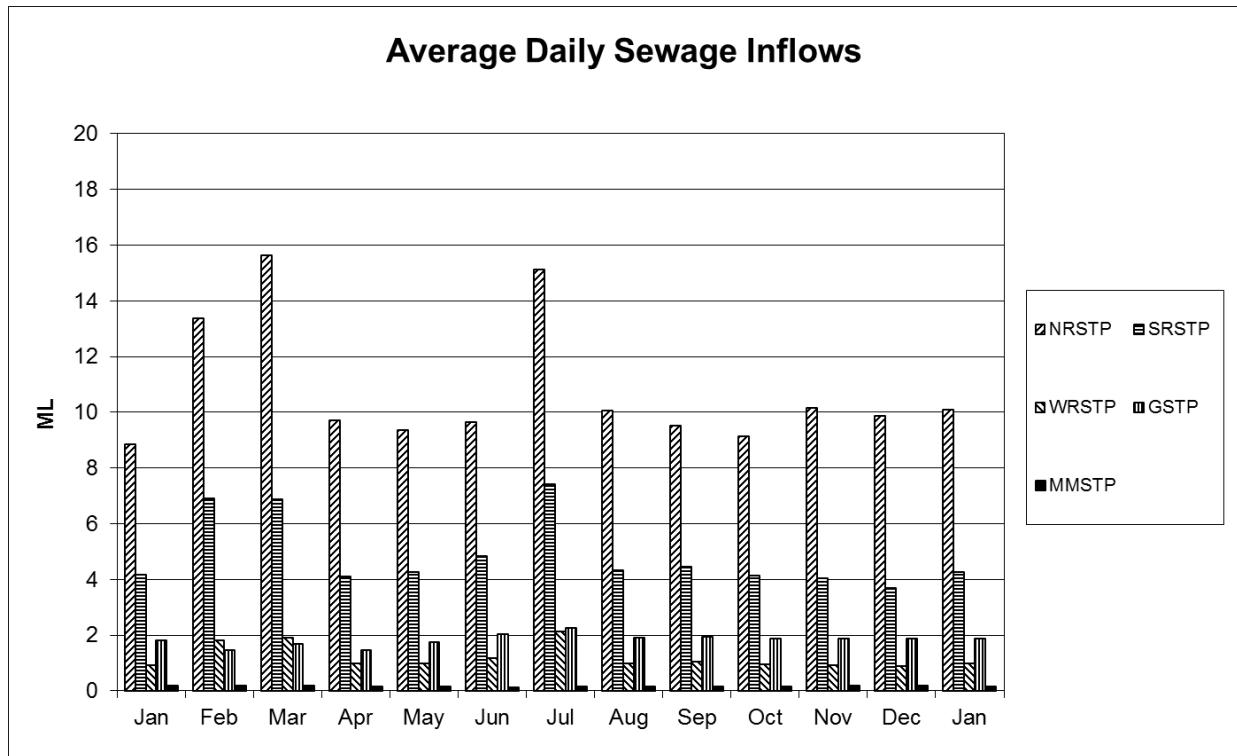


	Elevated Chlorine	Taste/Odour/Quality	Discoloured Water	Physical Appearance (e.g. residue or air)
No. Complaints	0	0	0	2

The total number of drinking water quality complaints (2 complaints) received during January decreased from the number of complaints received in December.

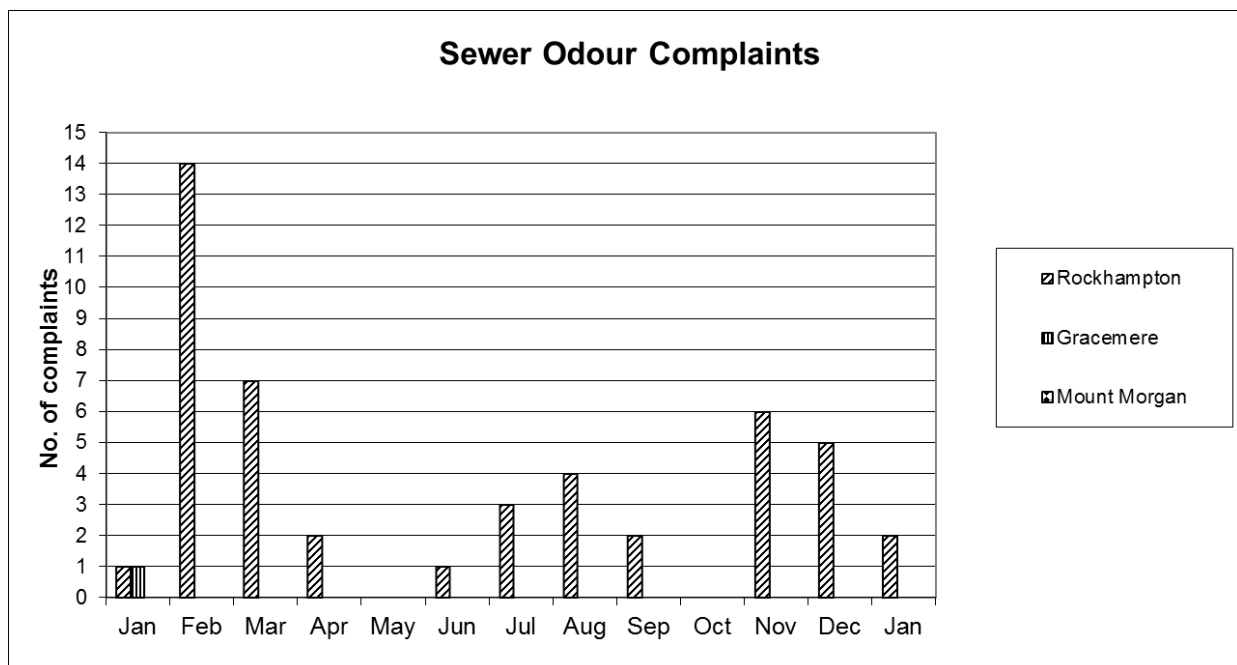
One of the complaints was received from a customer in Rockhampton and the other complaint from a customer in Mount Morgan. The complaints were associated with the presence of air in the water. In each instance, FRW responded and the complaints were resolved by flushing the water mains to clear or refresh the water provided to the customer.

Sewage Inflows to Treatment Plants



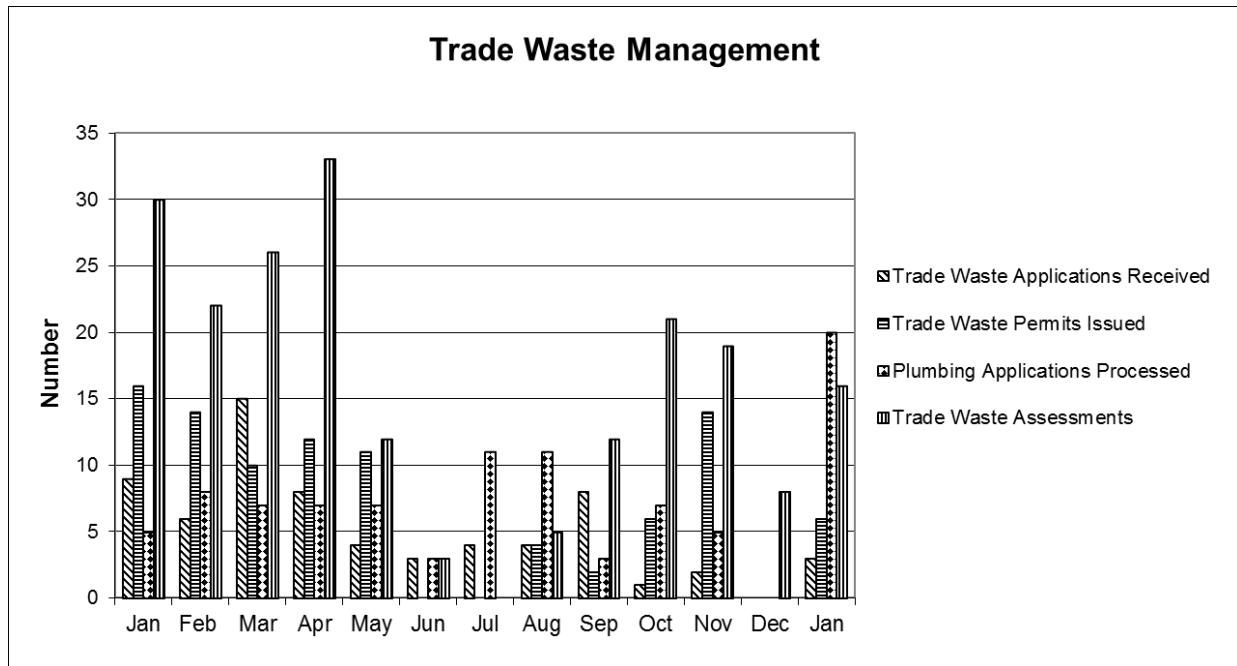
Average daily sewage inflows during January were slightly higher than those recorded in December. The increase in inflows was due to the receipt of some rainfall during the first part of the month. The current inflows are slightly higher than that reported during the same period last year.

Sewer Odour Complaints



Two sewer odour complaints were received during the month of January. The complaints were received from customers in Rockhampton and were associated with odours emanating from the sewerage network. In each case, FRW crews investigated the complaint and took action where possible to address the source of the odour.

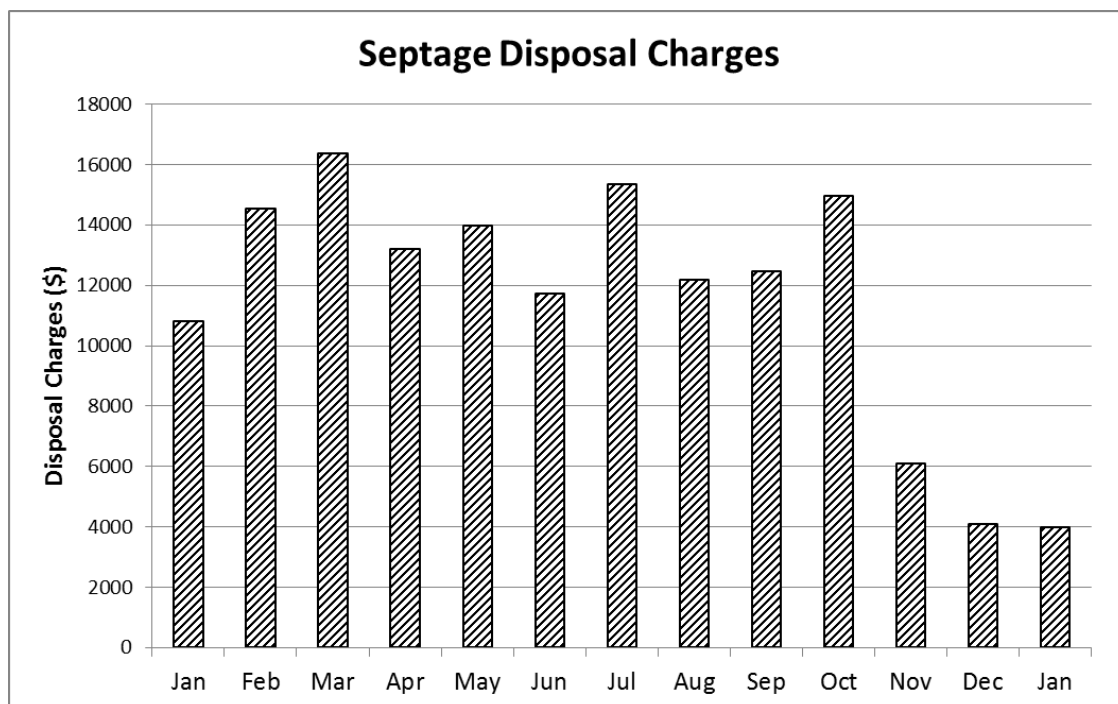
Trade Waste and Septage Management Activities



The month of January was a relatively busy month for Trade Waste Management activities after a quiet period during December. Three Trade Waste applications were received and six Trade Waste permits were issued. The team was busy working through Plumbing Applications and performing various Trade Waste assessments including inspections.

The table below shows those permits which contained a significant change either to their Category rating or due to the inclusion of a Special Condition in order to comply with Council’s Trade Waste Environmental Management Plan.

Industry/Trade	New or Renewal	Permit Category	Special Condition	Comments
Car Detailing	Renewal	1	Repair and rehabilitate grease arrestor lid	Nil



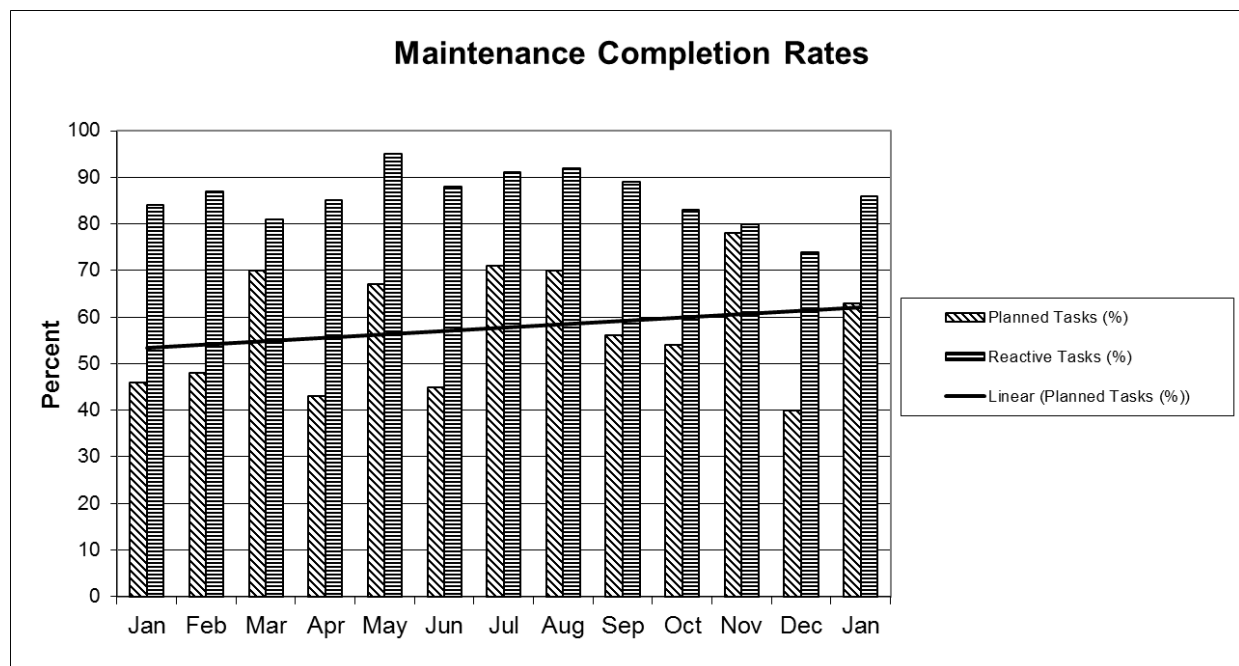
Charges for the disposal of septage liquid waste at the North Rockhampton STP remained relatively low compared to the majority of 2016. It is not clear why the volumes of septage

disposed have decreased, although it possibly reflects the fact that many people were on holidays during this period.

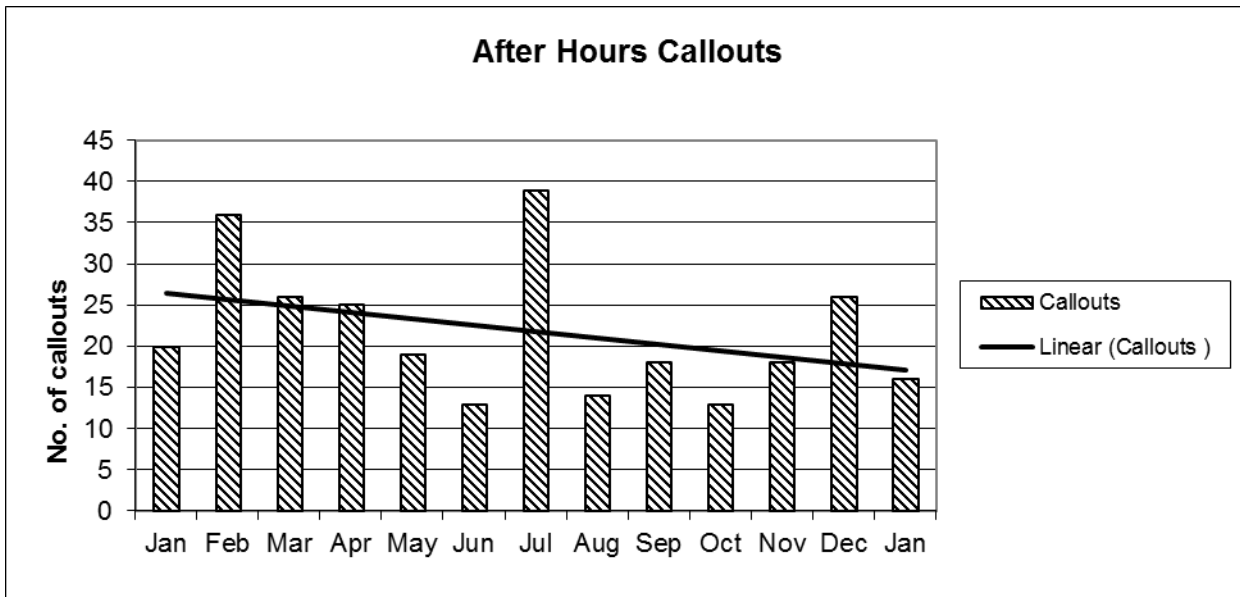
Treatment and Supply Maintenance Activities

The table below shows the breakdown of work completed based on the category of the work activity.

Maintenance Type	Work Category			
	Electrical	Mechanical	General	Operator
Planned	68	53	61	1
Reactive	40	36	3	N/A
After hours callouts	11	5	0	0
Capital	3	0	0	N/A
Safety and Compliance	0	1	4	2



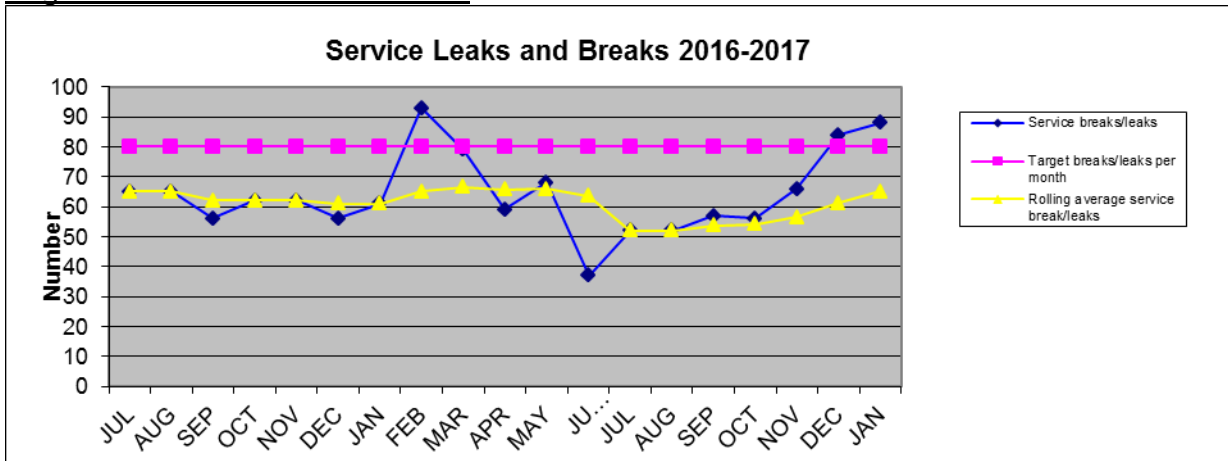
A total of 290 preventative maintenance activities were scheduled and 146 reactive maintenance activities were requested during the month of January. Completion rates for each type of maintenance activity by the end of the month were 63% and 86% respectively. The majority of reactive maintenance tasks were completed within in a timely manner to meet rectification time targets. The long term trend line shows continued improvement in the completion rate for planned maintenance tasks.



The number of after-hours callouts for electrical and mechanical reactive maintenance (16 call-outs) decreased during January compared to December. The number of callouts was less than the 12 month rolling average of 22 call-outs per month and in part reflects the increased number of non-business days during this month. The long term trend line in the graph indicates an overall decrease in callouts, with the highest numbers of callouts typically associated with months where heavy rainfall events occurred. In the majority of cases, the faults were rectified within the targeted rectification time according to the Priority Ratings used to rank reactive maintenance events.

**NETWORK**

Regional Service Leaks and Breaks



Performance

Target not met, large number of poly service failures continues to be an issue, continued increase in failure of threaded poly sections installed during water meter installations. A \$200,000 16/17 water service replacement program is currently being implemented based on service failure data.

Issues and Status

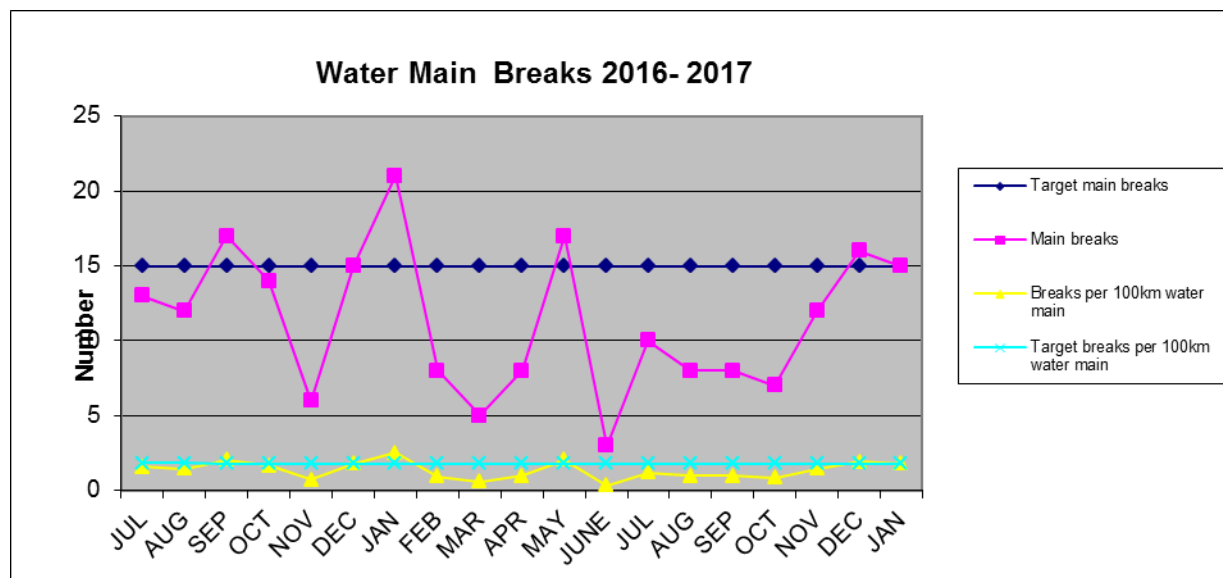
Maintenance records indicate a high percentage of service breaks and joint failures consistently occurring on poly services.

Response to Issues

Water services subject to two failures are being replaced under the capital replacement programme to minimise the risk of continued failures.

Locality	Service Leaks / Breaks
Rockhampton	84
Mount Morgan	4
<b>Regional Total</b>	<b>88</b>

### Regional Water Main Breaks



### Performance

Target achieved, there is a trending increase in water main breaks in Rockhampton when compared to previous months, this can be attributed to larger pressure fluctuations and ground movement due to high demand and recent weather conditions.

### Issues and Status

The following table shows the number of breaks per month.

Water Main Type	November 2016	December 2016	January 2017
Cast Iron	1	2	1
AC	9	13	11
PVC	2	0	3
GWI	0	0	0
Mild Steel	0	0	0
Poly	0	1	0
<b>TOTAL</b>	<b>12</b>	<b>16</b>	<b>15</b>

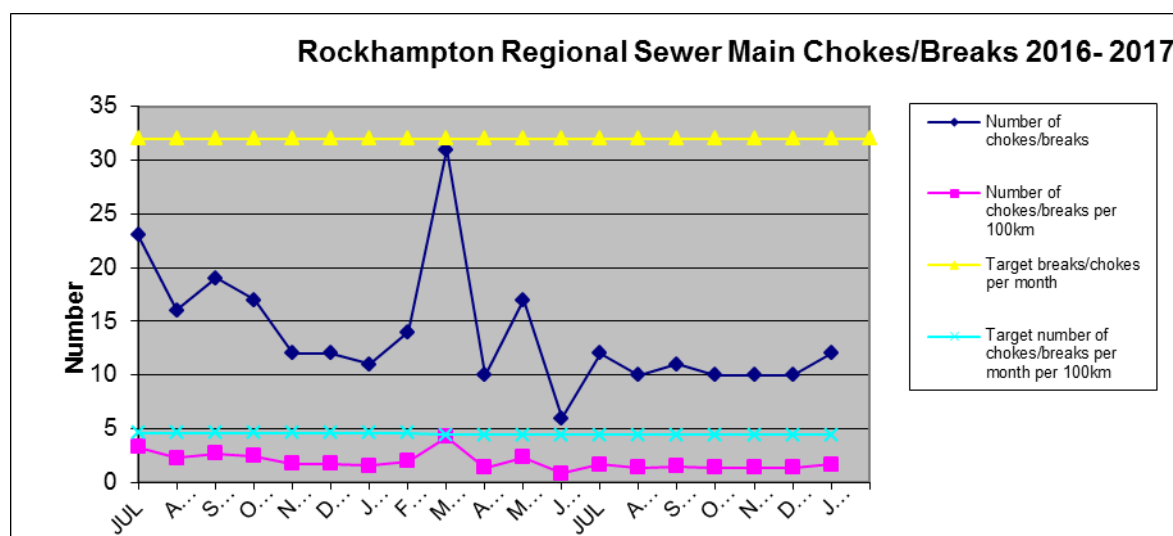
### Response to Issues

Continued defect logging and rectification will reduce failure occurrences. Water mains experiencing repeated failures are assessed for inclusion in annual Water Main Replacement capital program.

	Number of Main Breaks	Target Main Breaks	Breaks per 100 km	Target Breaks per 100 km	Rolling average per 100 km
January	15	15	1.81	1.80	1.31

Locality	Main Breaks
Rockhampton	14
Mount Morgan	1
<b>Regional Total</b>	<b>15</b>

Rockhampton Regional Sewer Main Chokes/Breaks



Performance

Target achieved, with a slight increase from last month. It's evident that mainline sewer blockages are continuing to trend down in line with capital sewer refurbishment programs.

Issues and Status

Data indicates that a high percentage of blockages / overflows continue to be caused by defective pipes with tree root intrusion.

Response to Issues

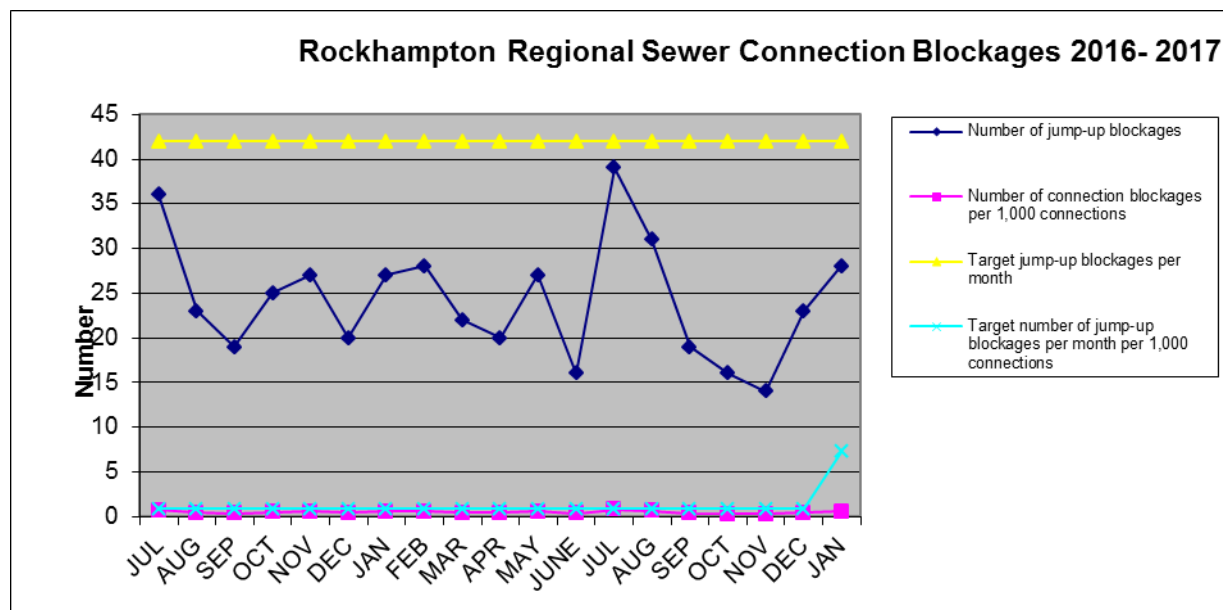
Continue to log defects and monitor outcomes to ensure inclusion in the Capital Sewer Main Relining and rehabilitation programs.

	Number of chokes/ breaks	Target chokes/breaks per month	Number of chokes/ breaks per 100 km	Target number of chokes / breaks per month per 100km	Rolling 12 month average per 100 km chokes / breaks
January	12	32	1.7	4.41	1.48

Locality	Surcharges	Mainline Blockages
Rockhampton	10	12
Mount Morgan	0	0
<b>Regional Total</b>	<b>10</b>	<b>12</b>



Rockhampton Regional Sewer Connection Blockages



Performance

Target achieved with a slight increase in blockages when compared to last month. It's evident that sewer connection blockages are continuing to trend down in line with capital sewer refurbishment programs.

Issues and Status

Data indicates blockages are been caused by broken pipes due to age, along with the resulting tree root intrusion.

Response to Issues

Continue to assess properties with repeat breaks and chokes for inclusion in the capital sewer refurbishment programs.

	Number of connection blockages	Target connection blockages per month	Number of connection blockages per 1,000 connections	Target number of connection blockages per 1,000 connections	Rolling 12 month average per 1,000 connections
January	28	42	0.55	0.83	0.48

Locality	Connection Blockages
Rockhampton	28
Mount Morgan	0
<b>Regional Total</b>	<b>28</b>

Sewer Rehabilitation Program

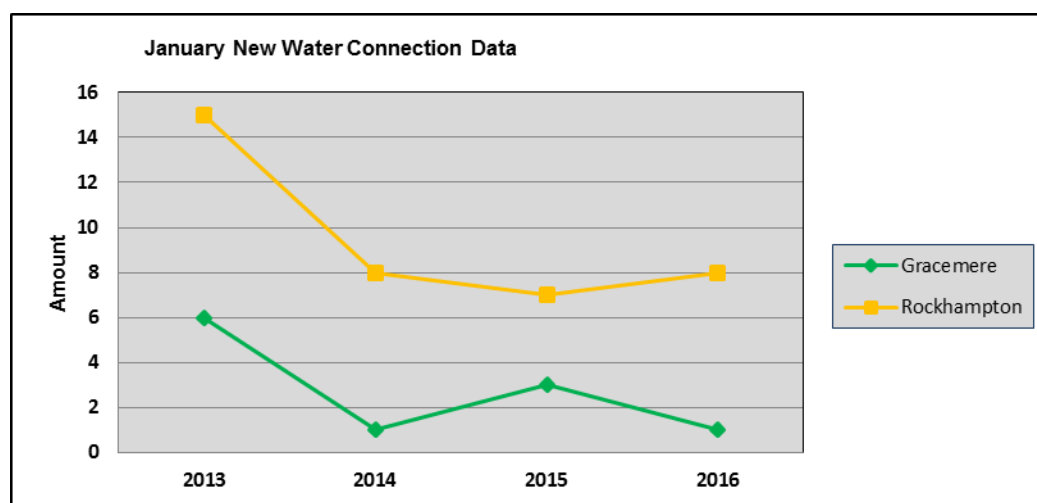
	Number completed for January	FY to date totals
Access Chambers raised	4	40
Sewers repaired	17	114

Private WorksNew Water Connections

Region	January	FY to Date 2016	FY to Date 2015	FY to Date 2014	FY to Date 2013
Gracemere	1	42	37	35	60
Rockhampton	8	69	78	118	161
Mount Morgan	n/a	n/a	n/a	n/a	n/a
<b>Regional Total</b>	<b>9</b>	<b>111</b>	<b>115</b>	<b>153</b>	<b>221</b>

This table and graph shows the water connection data, for December, for the past four years.

Region	January 2017	January 2016	January 2015	January 2014
Gracemere	1	3	1	6
Rockhampton	8	7	8	15
Mount Morgan	n/a	n/a	n/a	n/a
<b>Total</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>21</b>

New Connection DataDetails on Private Works Jobs

The table below shows the quantity of private works jobs quoted and accepted during the reporting period and year to date. Jobs include both water and sewerage.

	January	Amount	FYTD	FYTD Amount
Quotes Prepared	10	\$60,443.19	80	\$337,784.05
Quotes Accepted	6	\$33,474.86	58	\$289,203.18
Jobs Completed	3	\$12,631.88	55	\$216,756.82

Water Meters

Third quarter meter reads commenced on 12 January 2017 with 11,159 water meters read during the month. No accounts have been issued to date.

Sectors Read for January	1	2	3	4	Total
No. of meters in Sector	2300	3469	2427	2963	11159
No-Reads	6	11	5	19	41
% Of No-Reads	0.26%	0.31%	0.20%	0.64%	0.36%

Special Water Meter Reads

Reading Type	No. of Reads	\$ Value
Water Account Search - Averaged Readings \$29 per read	64	\$1,920
Water Account Search - On-Site Readings \$152 per read	26	\$4,030
Total \$ Value for January		\$5,950
Total \$ Value Financial Year to Date		\$40,595

Building Over Sewers

The following summary is an overview of the core business activity that requires ongoing negotiations with the respective stakeholders and detailed investigations to determine location and condition assessments of the associated infrastructure.

Activity Summary

	January	FYTD
General enquiries	10	84
Site investigations	13	93
Approval Permits issued	2	9
Permits closed	1	9
<b>Total</b>	<b>26</b>	<b>195</b>

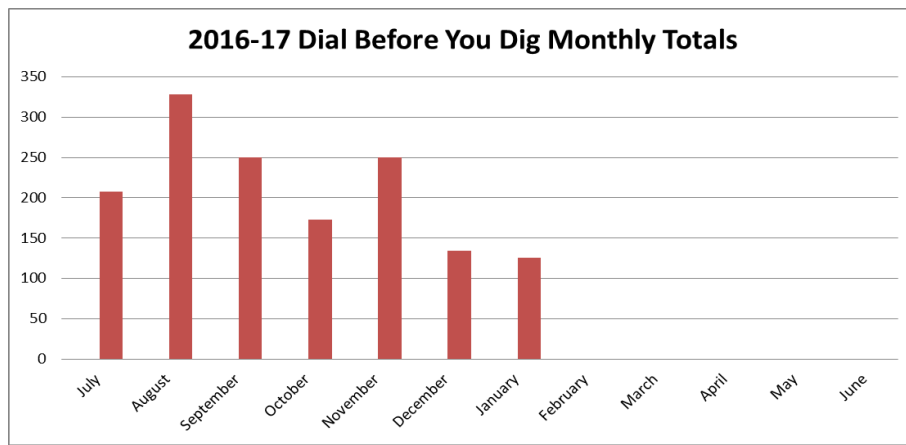
Building Over Sewer Applications under Assessment

There are three permits currently under assessment as at 31 January 2017.

**ADMINISTRATION**Dial Before You Dig (DBYD)

The average number of requests received per day for January was 4.06, a slight decrease from 4.32 in December.

	November 2016	December 2016	January 2017	FY Total
<b>Requests Processed</b>	250	134	126	1471



Site Tours

There were no site tours of the Glenmore Water Treatment Plant (GWTP) held in January.

Undetected Leaks (Residential)

	January	FYTD
New requests	4	60
Number declined	1	10
Number approved	1	63
Require more info	2	5
Total KL rebated	303	26,597
<b>Total value approved</b>	<b>\$416.01</b>	<b>\$47,510.18</b>

Undetected Leaks (Commercial)

	January	FYTD
New requests	0	7
Number declined	0	1
Number approved	0	7
Require more info	0	0
Total KL rebated	0	13,043
<b>Total value approved</b>	<b>\$0.00</b>	<b>\$5,390.79</b>

Residential Rebates

	January	Total FYTD Applications	Total FYTD \$
Washing machines	12	112	\$11,200
Stand alone tank	0	0	\$0
Integrated tank	0	1	\$500
Dual flush toilet	0	4	\$200
Shower rose	0	1	\$25
<b>Total</b>	<b>12</b>	<b>118</b>	<b>\$11,925</b>

Communication and Education

Update not received.

**INFRASTRUCTURE PLANNING**Sewer Network Investigations*Network Modelling*

Performed software upgrade and updating of infrastructure in all models from 2015 to present.

*Inflow / Infiltration*

No further development.

*Sewer Area Maps*

No further development.

*Sewer Catchment Area Maps*

No further development.

*Gracemere Effluent Main Link*

No further development.

*North Rockhampton Flood Mitigation Investigation (NRFM)*

No further development.

*Mt Morgan Sewerage Strategy*

No further development.

*Parkhurst Sewerage Pump Station Implementation Strategy*

No further development.

*Gracemere – Fisher Street Sewerage Pump Station*

No further development.

Water Network Investigations*Network Modelling*

Performed software upgrade and updating of infrastructure in all models from 2015 to present.

*Water Area Maps*

No further development.

*Mt Morgan – Future Water Supply*

No further development.

*Water Meter – Thematic Mapping of Consumption*

No further development.

*System Leakage Management Plan*

No further development.

**FINANCIAL MATTERS**Operational

Revenue is currently 81.7% of the 2016/2017 September revised budget due to the advance impact of half yearly rating cycle. Some revenue streams are below target and some above target.

Gross water consumption revenue is 40.1% of September revised budget. This represents a full half year of water consumption billed. Billed gross water consumption continues to be down compared to the same period in 2015/2016. Gross water and sewerage access charges are on target. Bulk water sales are slightly below target. Private Works is below target at 47.3% with water jobs not meeting expected year to date percentages. Fees and charges are below target attributed to trade waste fees, lower standpipe charges and lower bulk liquid waste charges. Interest revenue is well above target; however this should even out once the capital program accelerates. Other income is well below target due to a credit note being raised in this financial year and the income in a prior financial year.

Expenditure year to date is 59.8% of the 2016/2017 September revised budget. Most expenditure streams are on target. Materials and plant, administrative expenses and competitive neutrality adjustments are above target. Administrative expenses are exceeding target largely due to the timing of payments for annual charges. Competitive neutrality adjustments are over target due to the final payment of 2015/2016 income tax equivalents. Treatment and Supply is currently experiencing budget stress in within the materials and plant expense stream. All units are on target, with FRW Management slightly above due to competitive neutrality adjustments and materials & plant above expectation.

There are no material exceptions to report.

Capital

Capital expenditure is below the percentage of year elapsed at 41.4% in comparison to the September revised budget. Expenditure during January has decreased compared to December by \$898k. This is attributed to the timing of payments for contracted works such as Sewer main relining and the Christmas holiday season.

Water YTD 35.4% and Sewer YTD 49.0%.

Networks YTD 58.3% and Treatment YTD 24.9%.

The areas of prominent activity are the North Rockhampton SPS No 1 & 2 switchboard upgrades, Mt Morgan sewer Stage 3, Physical security upgrades and Water Main Replacement programs.

There are no material exceptions to report.

Sundry Debtors

Below is a summary of aged sundry debtor balances at the end of January 2017. The 90+ day balances are either on payment plans, the business is in administration or the debt is with Collection House.

	<b>Balance</b>	<b>0-30 Days</b>	<b>30-60 Days</b>	<b>60-90 Days</b>	<b>90+ Days</b>
No. of Customers	368	209	155	6	44
Total Value	\$186,874.81	\$108,344.40	\$37,776.27	\$2,882.72	\$37,871.42

Below is an explanation of the debtor types, being a mixture of standpipes, irrigators, emergency works and effluent usage.

<b>90+ days</b>	<b>Comments</b>
\$2,461.70	Trade Waste debts - Collection attempts unsuccessful, other avenues to be investigated.
\$6,706.87	Liquidators/Administrators appointed – recovery unlikely.
\$510.25	Long Term Payment Plans - Mount Morgan Sewerage Connections - Recovery will occur.
\$16,230.60	Other Payment Plans – Private Works/Standpipe/Trade Waste.
\$11,962.00	Other Overdue Debt with no fixed arrangements – Trade Waste, Irrigators, Standpipes, Emergency works – Overdue letter issued.
<b>60-90 Days</b>	<b>Comments</b>
\$2,882.72	Standpipes (includes \$1,241.77 from 2 debtors that have 90+ days)
<b>30-60 Days</b>	<b>Comments</b>
\$9,037.16	Standpipes (includes \$2,258.40 from 2 debtors that have 90+ days)
\$28,739.11	Other – Trade waste

A summary of financial performance against budget is presented below:

End of Month General Ledger - (Operating Only) - REGIONAL SERVICES



As At End Of January 2017

Report Run: 03-Feb-2017 12:57:03 Excludes Nat Accts: 2802,2914,2917,2924

	Adopted Budget	Revised Budget	EOM Commitments	YTD Actual	Commit + Actual	Variance %	On target 58.3% of Year Gone
	\$	\$	\$	\$	\$		
<b>REGIONAL SERVICES</b>							
<b>FITZROY RIVER WATER</b>							
<u>Treatment &amp; Supply</u>							
Revenues	0	0	0	(1,461)	(1,461)	0%	✓
Expenses	9,403,636	9,216,761	513,076	5,135,365	5,648,441	60%	✘
Transfer / Overhead Allocation	322,312	322,312	0	190,999	190,999	59%	✘
<b>Total Unit: Treatment &amp; Supply</b>	<b>9,725,949</b>	<b>9,539,073</b>	<b>513,076</b>	<b>5,324,902</b>	<b>5,837,979</b>	<b>60%</b>	<b>✘</b>
<u>Network Services</u>							
Revenues	(495,000)	(392,200)	0	(185,902)	(185,902)	38%	✘
Expenses	3,597,039	3,075,912	1,243,167	1,752,493	2,995,660	83%	✘
Transfer / Overhead Allocation	613,474	613,474	0	367,196	367,196	60%	✘
<b>Total Unit: Network Services</b>	<b>3,715,513</b>	<b>3,297,187</b>	<b>1,243,167</b>	<b>1,933,786</b>	<b>3,176,954</b>	<b>86%</b>	<b>✘</b>
<u>FRW Management</u>							
Revenues	(61,302,114)	(61,262,212)	0	(50,176,542)	(50,176,542)	82%	✓
Expenses	16,370,854	16,634,912	60,531	9,666,107	9,726,639	59%	✘
Transfer / Overhead Allocation	25,876,326	25,840,665	0	16,229,193	16,229,193	63%	✘
<b>Total Unit: FRW Management</b>	<b>(19,054,934)</b>	<b>(18,786,635)</b>	<b>60,531</b>	<b>(24,281,242)</b>	<b>(24,220,710)</b>	<b>127%</b>	<b>✓</b>
<u>Business &amp; Project Services</u>							
Revenues	0	0	0	(1,364)	(1,364)	0%	✓
Expenses	402,149	454,417	7,620	259,302	266,921	66%	✘
Transfer / Overhead Allocation	26,203	26,203	0	14,335	14,335	55%	✓
<b>Total Unit: Business &amp; Project Services</b>	<b>428,352</b>	<b>480,620</b>	<b>7,620</b>	<b>272,273</b>	<b>279,893</b>	<b>65%</b>	<b>✘</b>
<b>Total Section: FITZROY RIVER WATER</b>	<b>(5,185,121)</b>	<b>(5,469,756)</b>	<b>1,824,394</b>	<b>(16,750,280)</b>	<b>(14,925,886)</b>	<b>288%</b>	<b>✓</b>



**8.6 FRW ANNUAL PERFORMANCE PLAN - 2016/17**

**File No:** 1466  
**Attachments:** 1. FRW Annual Performance Plan - 2016/17  
**Authorising Officer:** Peter Kofod - General Manager Regional Services  
**Author:** Jason Plumb - Manager Fitzroy River Water

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**SUMMARY**

*The Local Government Regulation 2012 section 175 requires commercial business units to prepare an Annual Performance Plan for inclusion in the Rockhampton Regional Council Operational Plan. The 2016/17 Annual Performance Plan for Fitzroy River Water is submitted for consideration.*

**OFFICER'S RECOMMENDATION**

1. THAT the 2016/17 Annual Performance Plan for Fitzroy River Water as submitted be adopted.
2. That the Community Service Obligations totalling \$400,703 as detailed in this report and identified in the 2016/17 Annual Performance Plan be received.

# **FRW ANNUAL PERFORMANCE PLAN - 2016/17**

## **FRW Annual Performance Plan - 2016/17**

**Meeting Date: 14 February 2017**

**Attachment No: 1**



**Performance Plan  
2016/17**

**FRW-02-03-P01  
Version No. 3  
Date: 06 February 2017**

## Approval and Revision Control

### Authorisation

Approved by	Title	Signature	Date
Jason Plumb	Manager Fitzroy River Water		06 February 2017
Peter Kofod	General Manager Regional Services		
Adopted			Date
Airport, Waste and Water Committee			14 February 2017
Council			

### Revision

Revision No.	Revised By	Title	Signature	Date

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	2.3. <u>Governance</u> .....	8
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## EXECUTIVE SUMMARY

Fitzroy River Water (FRW) is a commercial business unit of Rockhampton Regional Council (Council) and is charged with the responsibility as a water service provider to deliver water and sewerage services.

Under the provisions of the *Local Government Act*, on 9 June 2009, the Council considered reform options for this business activity and adopted the option of commercialisation for its Type 2 water and sewerage business activity.

FRW provides water and/or sewerage services to the communities of Rockhampton, Gracemere and Mount Morgan. It is also a bulk drinking water supplier to Livingstone Shire Council.

This plan describes FRW's objectives and functions, commercialisation objectives, risk management objectives, community service obligations, customer service standards, reporting requirements, environmental management objectives, asset management objectives and financial policies.

This plan is required by Section 175 of the *Local Government Regulation 2012 (the Regulation)* which states that:

1. there must be an annual performance plan for each commercial business unit;
2. a Local Government's operational plan must include the annual performance plan for each of its commercial business units; and
3. a performance plan may be amended at any time before the end of the financial year for which it is prepared.

Key financial and non-financial targets are detailed within this plan

## 1. STRATEGIC DIRECTION

### 1.1. Vision, Mission, Values, Objectives

#### ***Vision***

Contribute to the region's liveability, growth and development by being a leading water and sewerage business.

#### ***Mission***

To efficiently and reliably provide both sustainable, high quality water and sewerage services.

#### ***Values Statement***

FRW will provide a service which embraces the Council Corporate Values as well as a number of other values.

#### ***Council Values and Behaviours***

Accountable – We are proactive and take personal responsibility. We are clear on our expectations, if in doubt we seek clarification. We do what we say we will do and deliver our promises on time. We hold ourselves and others accountable. We take personal accountability for our own and others safety. We trust individuals to do their job.

Customer Focused – We are timely and responsive to our customers and community. Our decisions and actions have the customer and community at the front of mind. We engage with and listen to the customer. We support each other to achieve the best outcome for the customer.

People Development – Leaders coach, support and listen to their people. We support and develop our people to ensure they can reach their full potential. We will seek and provide feedback with the constructive intent. Development is focused on technical and behavioural capability. People are valued and treated with respect regardless of position.

One Team – We work together to find solutions and opportunities. We openly share knowledge, information and resources in order to deliver the best outcome for the Council. We talk with each other and seek ways to collaborate. We understand our shared goals and how each area fits together. We develop solutions with the big picture in mind ensuring we encourage collaboration and consider the impact on others. Communication and engagement are priorities at all levels.

Continuous Improvement – We take the time to explore better ways to do things. We listen to and genuinely value ideas from all staff. We accept mistakes will happen and we ensure we share the learnings. Continuous improvement is valued as an opportunity not an expense. We will be open to change, have an open mind and maintain a positive attitude.

FRW will also conduct its activities having regard for the following:

- Our People;
- Public Health
- Environment;
- Customer Service;
- Business efficiency;
- Integrity;
- Quality and Safety; and
- Innovation.

## **1.2. Objectives**

FRW will deliver all services relating to water and sewerage on behalf of Council in accordance with the parameters outlined within this Performance Plan and other documents as set by Council.

FRW will enhance the community's quality of life by providing sustainable water and sewerage services, through innovation, technical expertise, business efficiency, excellence in customer service and commitment to the environment.

The key objectives of FRW are to deliver commercially viable, safe and reliable water and sewerage services that satisfy adopted customer service standards.

FRW will, in conducting the activities on behalf of the Council:



- provide high-quality, safe, reliable and cost-effective water and sewerage services;
- operate in an efficient and financially sustainable manner and provide the Council with an appropriate rate of return;
- responsibly manage, improve and augment infrastructure;
- be responsive to customer needs;
- meet performance targets;
- optimise costs;
- protect the environment, encourage water conservation and effluent re-use; and
- undertake other commercial activities with a profit motive.

## 2. OPERATIONS

### 2.1. Nature and Scope of Activities

FRW is responsible for the operation and maintenance of water and sewerage assets totalling approximately \$849.92M.

General functions of these assets include the storage and supply of raw water for urban, commercial and agricultural purposes, treating and distributing potable water for urban and industrial use and the collection, treatment and discharge of treated effluent. All opportunities for re-use will be investigated having regard for both economic and environmental drivers.

Broadly, the scope of FRW (as at 30 June 2016 unless otherwise stated) is as follows:

Total Operational Revenue (estimated 2016/17)	\$ 62.2M
Total Operational Expenses (estimated 2016/17)	\$ 56.8M
Net Community Assets	\$508.6M
Number of staff (as at 31/10/15)	105
Properties served* – Water (as at 30/09/15)	38,837
Properties served* – Sewerage (as at 30/09/15)	50,592
Water Treated	19,721ML
Sewage Treated	6,954ML
Barrage	1
Dams	1
Water Treatment Plants (providing full treatment)	2
Sewage Treatment Plants	5
Water Mains (including common services)	832.8km
Potable Water Supply Reservoirs	20
Water Pumping Stations and Bores	41
Sewer Mains	699.5
Sewage Pumping Stations	54

\* Not including vacant land

## 2.2. Asset Protection Issues

The asset protection functions to be performed by FRW for Council include:

- Building over sewers policy and compliance;
- Permit to Work process;
- Infrastructure charges policy;
- Drinking Water Quality Management Plan implementation and compliance;
- Trade Waste Environmental Management Plan implementation and compliance;
- Catchment management;
- Dam Safety Management for the Mount Morgan No. 7 Dam
- Identification of illegal connections; and
- Assessment of water and sewerage aspects of development applications.

## 2.3. Governance

The objectives of commercialisation are to improve overall economic performance and the ability of Council to carry out its responsibilities for good rule and government, establishing an efficient and effective commercial business unit and establishing a framework for operation and accountability of that unit.

To assist in satisfying the principles of commercialisation it was considered that the commercial business unit, FRW, should be discretely identified in the Council's corporate structure and with the mechanisms in place to ensure that it has the opportunity to meet its objectives. To facilitate this, the corporate structure has FRW within the Regional Services Department.

The internal structure of FRW remains within the legislative domain of the Chief Executive Officer (of Rockhampton Regional Council), as determined by the *Local Government Act*.

## 2.4. Community Service Obligations

*The Local Government Regulation 2012 Chapter 3 Section 24 defines a community service obligation as:*

“A **community service obligation** is an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do.”

The Community Service Obligation (CSO) is to be treated as revenue for the activity of an amount equivalent to the cost of carrying out the obligation less any revenue arising from carrying out the obligation.

Council may direct FRW to use internal services over external services and to provide services where it is not in commercial interests to do so. In each of these cases an appropriate CSO will be paid by Council. The budgeted value of CSOs in 2016/17 is detailed in Appendix 1.

When additional CSOs are identified within the period of this Performance Plan the valuation of the CSO will be in accordance with Council resolution.

### **3. COUNCIL SUPPORT AND OBLIGATIONS**

#### **3.1. Provision of Services**

Council as the owner of FRW, will be responsible for approving the strategic direction and broad policies for the Business Unit.

Council will be responsible for providing a number of support services to FRW including:

- Corporate governance support;
- Corporate business systems;
- Financial support services;
- Procurement and logistics support services;
- Safety support services and systems;
- Human resource services and systems;
- IT services support and systems;
- Records management support and systems;
- Collection of revenue and infrastructure charges;
- Supply of fleet and plant; and
- Other miscellaneous support services (payroll, etc).

The above support services will be provided via Council's internal service providers. FRW is required to use internal support services over external service providers.

Any disputes concerning the availability or cost of the internal service provider and the urgency of the task to be undertaken will be resolved by mutual agreement between the General Manager Regional Services and the General Manager of the relevant Council Department with Council's Chief Executive Officer as the final adjudicator in line with the intentions of the commercialisation aspects of the *Local Government Act*.

FRW with the approval of the Chief Executive Officer may use an external service provider when the internal providers are unable to provide delivery within a reasonable timeframe or at a cost that is commercially competitive.

Council will be responsible for providing an environment in which FRW can operate in a manner in which it has every opportunity to meet the objectives of commercialisation and that responsibility will include:

- providing FRW with management autonomy to operate to achieve outcomes set by Council, within the context of the management framework of Council, in line with legislation, and in accordance with the adopted Performance Plan;
- providing funding as agreed in budget;

- not unnecessarily withholding approvals; and
- not to expect non-commercial effort unless identified as a Community Service Obligation and appropriate funding provided.

### 3.2. Service Level Agreements

Service Level Agreements as listed below have been developed and implemented with internal Council service units that clarify the service and service standards to be delivered by both parties. The Service Level Agreement will facilitate continuous review and improvement of services provided to ensure best value is achieved.

Customer Service *	Workforce & Strategy
Asset Services	Records Management *
Fleet Services	Local Laws
Marketing & Engagement	Civil Operations
Financial Services *	Engineering Services
Parks & Maintenance Support Services	Information Technology Services
Procurement and Logistics	

\* these internal services are considered compulsory for FRW to utilise and will be subject to CSO funding if required.

The level of service provided by internal service providers have been defined in service level agreements between FRW and the relevant Sections. Parties will apply the following objectives in the development of these service level agreements.

The objectives to be applied are to:

- Ensure, by way of a service level agreement, that formal trading arrangements exist between FRW, support services and internal suppliers;
- Define the scope of internal services provided;
- Define non-legally binding, obligations and performance requirements for internal suppliers and customers involved in an agreement;
- Specify service standards including those related to quality and quantity;
- Specify the timeframes and timeliness of services to be provided;
- Ensure that internal suppliers progressively develop full cost pricing for service delivery; and
- Council's commitment to improve quality of internal service providers.

Furthermore, there is a commitment to continually improve the quality and cost of services provided by these internal units as stipulated by the Service Level Agreements.

### 3.3. Council's Commitment to Improve Quality of Internal Service Providers

In adopting this Performance Plan, Council recognises that the standard of service provided by FRW is heavily dependent upon Council's internal support service providers. There is a strong commitment by Council and its internal support service providers to deliver the quality of service required in accordance with the Service Level Agreements.

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## 4. FITZROY RIVER WATER'S GENERAL RESPONSIBILITIES

### 4.1. General

Council requires FRW to carry out its undertakings in accordance with the requirements of the following:

- legislative obligations including the *Local Government Act* and other state and federal legislation and subordinate regulation;
- Council policies and procedures; and
- this Performance Plan.

While this Plan details FRW's specific responsibilities, the following section outlines the more generic requirements of the business unit.

### 4.2. Levels of Service

Council have set desired levels of service in line with overall funding considerations and implications on the long term financial plan. FRW operates to provide target levels of service as part of longer term plans and these are as outlined in Appendix 2.

### 4.3. Customer Service

FRW is responsible for the contact with, and commitment to, customers in accordance with Customer Service Standards (CSS). Commercial customers will also have a formal contract with Council but the service will be provided by FRW on behalf of Council.

### 4.4. Delegated Authorities

FRW's overall delegated authorities are in accordance with *Section 260* of the *Local Government Act*. Delegated authorities for specific FRW staff are included in Council's Register of Delegations.

To protect its assets and to ensure that it can meet its performance agreement with Council, FRW is responsible for managing and controlling the operations and development of the following where required in accordance with Council's adopted policies:

- Barrage and Dam
- Water Treatment Plants
- Water Pumping Stations
- Reservoirs
- Water Mains
- Sewage Treatment Plants
- Sewerage Pumping Stations
- Sewerage Mains

The above facilities may change from time to time, as resolved by the Council, to meet the changing needs of the community and FRW will be responsible for managing and controlling the water and sewerage infrastructure that is in place at any given time.

A full list of delegations and authorisations is maintained in Council's Delegations Register including delegations as applicable according to the *Water Supply (Safety and Reliability) Act*.

#### **4.5. Resource Allocation**

With the approval of the Chief Executive Officer, the Manager FRW is responsible for determining:

- the appropriate mix of internal and external resources necessary to carry out the undertakings of the business (in accordance with Council's Enterprise Bargaining Agreement); and
- the most appropriate organisational structure for carrying out the undertakings of the business below the establishment of each of the broad management areas in accordance with Council's delegations.

#### **4.6. Required Return**

Council will identify a target rate of return and dividend it requires from water and sewerage activities. This Performance Plan has been developed on the basis that one of the outcomes is to deliver the required returns for Council adoption.

FRW will be as far as possible be responsible for driving performance improvements to ensure target dividends are returned. Should FRW consider that by realising the dividend service levels it will be unduly impacted, a case is to be made for presentation to Council to reconsider the position (e.g. pricing).

#### **4.7. Capital Works**

FRW will deliver water and sewerage related capital works in line with Council approved budgets and programs of work.

An indicative 5 year rolling program is proposed as part of future Performance Plans with 1-3 years considered to be firm. This rolling program incorporates new works identified in the Priority Infrastructure Plan, strategic initiatives and upgrade/replacement works identified in the adopted Asset Management Plans (AMPs).

#### **4.8. Dealing with External Parties**

FRW will represent Council on relevant industry groups and working parties. FRW will provide advice and recommendations for future planning and/or water allocation reliability. Issues requiring involvement of the CEO and/or Mayor will be facilitated as required.

#### 4.9. Compliance and Regulatory Reporting

Council is the registered water service provider with ultimate responsibility for compliance in service delivery.

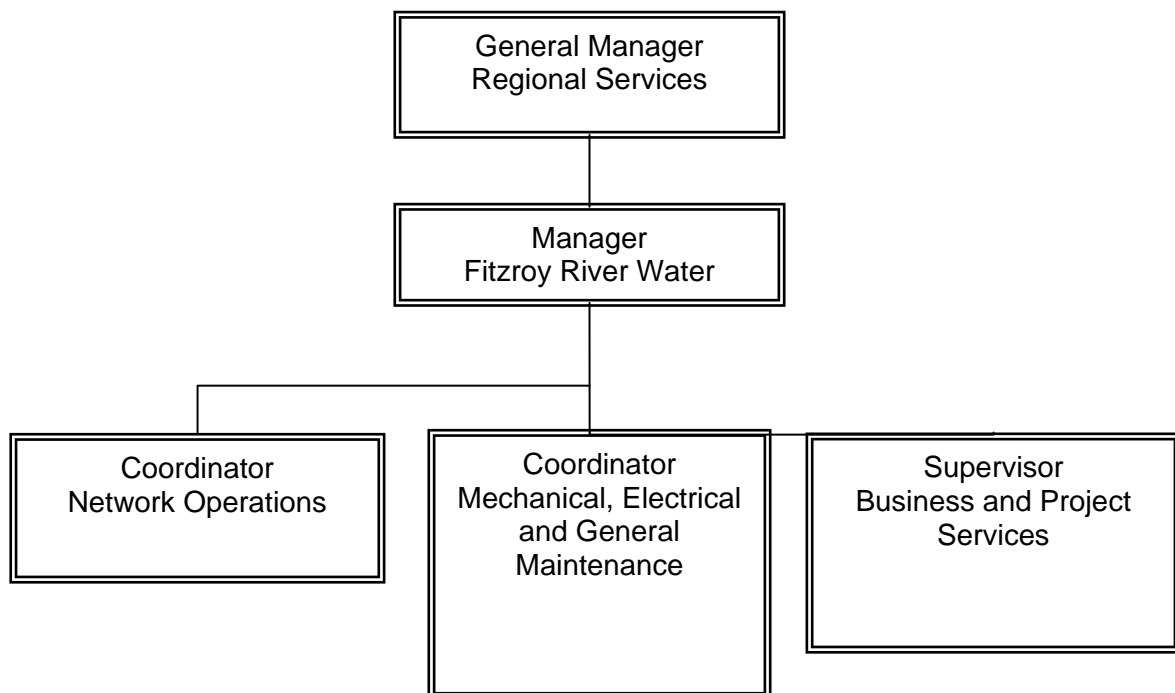
FRW will be responsible for managing the day to day requirements of Council's responsibilities under various licences including the Resource Operations Licence, Environmental Authority approvals and will be responsible for preparing all relevant regulatory reports.

#### 4.10. Purchasing of Materials and Services and Disposal of Assets

FRW is bound by Council's purchasing, procurement and asset disposal policies.

### 5. ORGANISATIONAL STRUCTURE

Council has approved the following organisational structure as appropriate for delivering its objectives as set out in the Corporate and Operational Plans.



### 6. KEY STRATEGIES

FRW's key strategies for the 2016/17 financial year are set out in the Rockhampton Regional Council 2016/17 Operational Plan.

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## 7. BUSINESS ACTIVITIES

### 7.1. Reporting to Council, Customers & Agencies

#### Reporting to Council

FRW will report to Council through whatever forum the Council decides from time to time but such reporting will be funded by CSO funding should it exceed commercial requirements.

#### Reporting to Customers

The *Local Government Act* requires that an annual statement on the operations of the commercialised business unit for the preceding financial year is given to the Local Government and included in the Local Government's Annual Report. FRW will provide the following information to Council on its annual performance:

- Information to enable an informed assessment of the operations of FRW including a comparison with its Annual Performance Plan.
- Particulars of any amendments made to its Annual Performance Plan in the financial year.
- Particulars of any directions to FRW during the financial year (including directions about any CSOs to be carried out).
- Particulars of the impact that any changes to its Annual Performance Plan may have had on FRW's financial position and operating surplus/deficit.

Council is required to satisfy the requirements set out in the *Local Government Act* and the *Local Government Regulation 2012*. FRW will provide Council with the necessary information pertaining to the water supply and sewerage undertakings to enable it to comply with this requirement.

#### Quarterly Reporting

FRW will prepare a quarterly report to the Council on its operations in accordance with the agreed format within one month after the end of each financial quarter or other time as agreed with Council.

The quarterly report will generally include the following:

- Manager's overview;
- Performance against the adopted Customer Service Standards;
- Financial Performance against budget;
- Compliance matters;
- Safety management;
- Environmental management; and
- Any amendments proposed to this plan.

Other matters to be reported as required are:

- Risk management and strategic planning;
- Expenditure requirements greater than the delegation of the Chief Executive Officer;
- Exceptional circumstances and issues affecting policy;
- New statutory, regulatory and other information to facilitate informed policy making;
- Policies and future directions requiring Council endorsement; and



- Benchmarking of FRW activities to state and/or nationally recognised published standards.

### Annual Reporting

FRW will prepare an annual report within one month after the auditor-general gives the audit report about the local government's financial statements for the end of the financial year, in accordance with the *Local Government Act*, and additional information as required by the *Local Government Regulation 2012*.

The Annual Report will include all matters included in the quarterly report as well as the following financial indicators.

Item	2016/17 Target
Operating surplus ratio	42.9%
Interest coverage ratio	3.6%
Asset consumption ratio	60.0%
Gross revenue	\$62,228,748
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$42,423,584
Competitive neutrality ratio (% of gross revenue)	34.2%
Depreciation ratio	21.4%
Total written down asset value	\$520,023,320
Return on assets	4.9%

### Commentary

**Operating surplus ratio** is an indicator of the extent to which revenue raised covers operational expenses only or are available for capital funding purposes or other purposes. A positive result indicates that surplus revenue is available to support the funding of capital expenditure, offset past or future operating deficits or used to reduce current debt levels. This positive result shows that Fitzroy River Water is raising enough utility and other revenue to meet its operating expenditure

**Interest coverage ratio** is an indicator of the extent to which operating revenues are committed to funding net interest expense on current loan borrowings and leases. The DLGP financial management guideline indicates that the target should be between 0% and 5%. For every dollar of operating revenue earned, FRW is committed to paying 0.036 cent interest on loan borrowings.

**Asset consumption ratio** is an indicator of the 'as new' value remaining in the assets. This ratio seeks to highlight the aged condition of the stock of physical assets. The DLGP financial management guideline indicates that the target should be between 40% and 80%. A low ratio indicates an aged stock of assets. A low indicator need not be a cause for concern as long as the assets are being maintained and replaced in accordance with an asset management plan and the business is operating sustainably. Fitzroy River Water has 60.0% of 'as new' value remaining in its assets.

**EBITDA** is a measure of profitability used as comparison within and across industry and is net income with interest, taxes, depreciation and amortisation added back to it. It eliminates the effects of financing and accounting decisions. It

is a useful measure of profitability for business with large amounts of assets and/or debt. It is a useful measure of profitability for business with large amounts of assets and/or debt. This shows the funds Fitzroy River Water has available to fund interest payments and principle repayments on loans and can be used to acquire debt leverage.

**Competitive neutrality ratio** measures the extent to which operating revenues are committed to competitive neutrality adjustments such as tax equivalents and return to Council. Fitzroy River Water is contributing 34.2% of its operating revenues to Council's general fund, i.e. for every dollar of operating revenue earned FRW returns to Council 34.2 cents.

**Depreciation ratio** indicates the extent to which operating revenues are committed to funding depreciation. Depreciation ratio indicates the extent to which operating revenues are committed to funding depreciation.

**Return on assets** is an indicator of how profitable a business is relative to its total assets. ROA tells you what earnings were generated from invested capital (assets). It gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment. Fitzroy River Water's return on assets indicates that it is generating moderate earnings from its investment in capital. Fitzroy River Water is generating net income of 4.9 cents for every dollar of investment in non-contributed assets.

*The Local Government Regulation 2012* requires that an annual statement on the operations of the commercialised business unit for the preceding financial year is given to the local government and included in the Local Government's Annual Report. FRW will provide the following information on its annual performance:

- (a) Information to enable an informed assessment of the operations of FRW including a comparison with its Annual Performance Plan.
- (b) Particulars of any amendments made to its Annual Performance Plan in the financial year.
- (c) Particulars of the impact that any changes to its Annual Performance Plan may have had on FRW's financial position; operating surplus/deficit and prospects.
- (d) Particulars of any directions given to FRW, by Rockhampton Regional Council, during the financial year (including directions about any CSOs to be carried out).

FRW will generate indicators as required which are measured annually for collation by State Government Agencies as part of the state wide annual comparative data collection process.

## **7.2. Customer Service**

### **Customer Service Standards**

FRW is determined to meet customer needs and provide quality services. Customer needs shall be evaluated by a variety of measures including, but not limited to stakeholder analysis and engagement through;

- Customer feedback;
- Analysis of services provided by other water authorities; and
- Continuity of services provided.

Information on FRW's customer service standards will be provided through customer service centres and on its web page.

When delivering services such as water treatment, water supply and sewage treatment FRW recognises that customers are entitled to be guaranteed of a certain level of service.

FRW's Customer Service Standards are detailed in Appendix 2.

### **Customer Contact**

FRW will be responsible for customer contact relating to all water and sewerage matters either directly or via Service Level Agreements with other relevant Departments of Council.

## **7.3. Risk Management**

FRW will undertake to identify, assess and manage risks in relation to business risk, major asset failure, interruption to supply or delivery and environmental risk in accordance with the Rockhampton Regional Council Risk Management Framework.

## **7.4. Billing**

Responsibility for processing water and sewerage billing will lie with Finance and Business Services; however, FRW will set the billing framework and provide metering information for the bills to be issued. The water consumption bills will bear the FRW branding.

## **7.5. Water and Sewerage Pricing**

FRW will be required to submit forward pricing proposals with annual reviews in line with the rating process. FRW proposed pricing for water and sewerage are to be in line with Council's objectives.

## **7.6. Policy Compliance**

FRW shall be bound by Council's corporate policies and procedures until such time that FRW develops specific policies and procedures that improve its performance. Any such policies and procedures are subject to the proposed policy complementing the Council policy direction and the approval process.

### **7.7. Treatment of Surpluses and Losses**

Surpluses and losses after dividend and tax equivalents have been forwarded to Council and are to be retained in a Reserve for revenue fluctuations unless the Council endorses an alternate treatment of such revenue.

### **7.8. Water Restrictions**

FRW is required to prepare and monitor the Drought Management Plan and recommend when restrictions are required to be enforced.

Power to restrict water supply in response to drought will be the responsibility of the Mayor with emergency powers to restrict water supply being delegated to the CEO.

### **7.9. Environment**

FRW is committed to providing its services in a manner which will value and protect the urban, rural, riverine and marine environment for the present and future residents and visitors to the Rockhampton Region.

Responsible management of environmental issues is an essential part of achieving business objectives.

Accordingly, FRW will conduct activities in ways which will:

- Continually improve awareness and management of environmental risks and avoid, reduce and control pollution from operations;
- Comply with environmental legislation, regulation and licence standards for all operations and environmentally relevant activities; and
- Promote waste minimisation, water conservation and energy management within operations.

FRW is responsible for meeting Council's obligations under the *Environmental Protection Act* relating to the delivery of water and sewerage services. This responsibility shall include negotiating any new licences or amendments to existing licences, managing the licence and reporting to the Environmental Protection Agency on performance against the licence requirements.

FRW is also responsible for compliance with the Environmental Management Program for sewage effluent management and water treatment plant discharge management.

FRW will investigate options for the re-use of treated effluent water from both an environmental and economic perspective.

### **7.10. Contracts of Supply**

FRW will maintain contracts for storage of water allocation holders behind the Fitzroy River Barrage in accordance with the Resource Operations Plan. Council has not devolved management rights of the 50,383ML water allocation held behind the Fitzroy River Barrage to FRW nor the allocations for No 7 Dam and Fletchers Creek; however, FRW will deal commercially with these allocations as requested on Council's behalf.

Contracts of supply will be developed and/or maintained with all customers outside of Council adopted water areas as defined in the *Water Supply (Safety and Reliability) Act*.

## **8. ASSETS**

### **8.1. Asset Management**

FRW is devolved responsibility for the water and sewerage assets owned by Council that are required to allow it to operate as a Water Service Provider.

To align the business goals and objectives with the assets, FRW will maintain information on the assets and quantify the regulated asset base for the purpose of deriving revenue requirements and developing pricing proposals for Council adoption.

FRW will minimise the whole-of-life cost whilst achieving the desired levels of service required by Council. FRW will prepare an AMP in line with Council's Long Term Asset Management Plan and Long Term Financial Plan.

FRW will manage assets to minimise the whole-of-life cost whilst achieving the desired levels of service. To achieve this objective the following are undertaken:

- maintaining detailed asset registers;
- maintaining asset valuations and depreciation schedules for the purpose of allowing Council to report externally in accordance with provisions of the *Local Government Act*, the *Local Government Regulation 2012*, and the Australian Accounting Standards Board; and
- detailed planning, design and construction of new assets.

### **8.2. Asset Relationship**

Under National Competition Policy guidelines and the COAG reform agenda, FRW is required to maintain an appropriate return on these assets which is in turn paid as a dividend to Council after reserve requirements are met.

### **8.3. New Works and Strategic Initiatives**

Council is responsible for Land Use Planning. FRW will identify the required needs for water and sewerage infrastructure based on that planning.

FRW will maintain information on and models of existing infrastructure that will be utilised to allow high level analysis of options for meeting future demands on services to be carried out.

### **8.4. Contributed Assets**

FRW will be responsible for ensuring contributed assets meet the purpose for which those assets were intended.

## 9. FINANCIAL MATTERS

### 9.1. Long Term Financial Strategy

The two tables contained within Appendix 3 provide the long term Operating Statement and Statement of Financial Position for FRW for the period 2016/17 to 2025/26.

### 9.2. Capital Structure

FRW will continue to improve long term financial planning models which upon adoption, will be incorporated into Council's overall financial strategy. All FRW's financial planning is subject to approval by the Council.

### 9.3. Funding Sources

The following are the funding sources for the water supply and sewerage capital expenditure program:

#### Revenue

- Loan borrowings, with repayments made from depreciation;
- Developer contributed headworks funding;
- Other capital reserves;
- Depreciation funding;
- CSOs provided by Council; and
- State and Federal Government grants and subsidies.

#### Loans

Current liability (forecast closing as at 30 June 2016)	\$5.6M
2016/17 (proposed new loans)	\$NIL

<u>Grants &amp; Subsidies</u>	\$1.09M
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Capital Expenditure for 2016/17 is approximately \$16.7M.

**9.4. Operational Budget**

The Operational Budget as detailed in Council's Financial Strategic Plan is as follows:

Operating Revenue for 2016/17 is estimated to be \$62.2M (inc CSOs) comprising:

Water and Sewerage Rates and Charges	89.6%
Bulk Water Sales	6.0%
Fees and Charges	2.3%
Private & Recoverable Works	0.6%
Community Services Obligations & CNA's	0.9%
Interest Received from Investments	0.4%
Other sources	0.2%

Operating expenditure for 2016/17 is estimated to be \$56.8M, comprising:

Management & Administration	5.4%
Operations & Maintenance Expense	20.3%
Corporate Overheads	8.4%
Depreciation	22.4%
Loan Interest	4.4%
Tax Equivalents and Dividends	38.1%

**10. FINANCIAL POLICIES****10.1. Accounting**

Financial statements are prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Financial statements are prepared under the historical cost convention except for the revaluation of certain non-current assets.

**10.2. Asset Depreciation**

The calculation of asset depreciation for external reporting and tax purposes shall be in accordance with the *Local Government Regulation 2012*, AASB 116 – Property, Plant and Equipment Accounting Standard, Australian Accounting Standards Board and the Local Government Tax Equivalent Manual, respectively.

Depreciation is calculated annually and effectively creates a cash backed source of funds available to fund FRW's infrastructure replacement works. Other sources of funds for capital expenditure include grants and subsidies, loan borrowings and other reserves.

FRW accumulates any unspent depreciation funds for the future capital renewal of water supply and sewerage assets to either maintain or reinstate their service potential.

### 10.3. Taxation

FRW is required to pay the following taxes, either to Council or via Council to the relevant government agencies:

1. Commonwealth taxes including, fringe benefits and GST;
2. State taxes, specifically payroll tax; and
3. All remaining taxes as tax equivalents directly to Council. These tax equivalents shall include:
  - Income tax;
  - Land tax; and
  - Stamp duty.

### 10.4. Treatment of Surpluses / Losses

In accordance with Council resolution, after the required Return on Assets and Income Tax Equivalents have been forwarded to Council each year, any remaining surplus/loss will be held in FRW Retained Earnings unless specifically required to be held in a Recurrent or Capital Reserve. The Capital Reserve will be solely used for capital works expenditure to improve system reliability. The amounts to be transferred to each reserve will be detailed at the time of the transfer to the applicable reserve.

### 10.5. Borrowing Policy

*Section 104 of the Local Government Act* requires a local government to have a financial management system, and this system must have a long term financial forecast and included within this system a debt policy. *Section 192 of the Local Government Regulation 2012* provides that a Council must prepare a debt policy each financial year and that the policy must state:

- new borrowings planned for the current financial year and the next nine financial years; and
- the time over which it is planned to repay existing and new borrowings.

FRW's AMP Financial Strategy identifies new capital expenditure for water and sewer projects over the ten year planning horizon providing the basis for future borrowings.

The following principles underlie FRW's Borrowing Policy:

- loans will only be used for capital expenditure; and
- long term capital works and borrowing strategies will be reviewed on a yearly basis and any necessary adjustments made, but any changes will be in line with the financial plan adopted by the Regulator.

Where FRW requires debt financing, Council will raise funds for FRW. Council will make explicit the terms and conditions of all funds raised for FRW, having due regard to Council's determination on FRW's capital structure. FRW will be responsible for managing this debt and use Council's services where necessary to assist in this regard.



## **11. PRICING AND REVENUE COLLECTION**

### **11.1. Responsibility for Price Setting**

While it is Council's responsibility for price setting, the State Government has applied State-based prices oversight legislation to Local Government business activities. On 29 June 2002 the State Government acting on the Queensland Competition Authority's recommendation has declared the water and sewerage services of the largest 18 local government's (nominated Councils) water and sewerage businesses as Monopoly Business Activities under section 19 of the *Queensland Competition Authority Act* FRW falls within this criteria.

### **11.2. Revenue Target**

Consideration will be given to the following principles when setting the revenue targets for the financial year:

- Full cost recovery including required rate of return;
- Elimination of cross subsidies;
- Economic, asset and ecological sustainability; and
- Transparency in pricing regarding CSOs.

FRW will actively work with Council to maximise the realisation of the above principles.

### **11.3. Revenue Collection**

FRW in conjunction with Finance and Business Services is responsible for revenue collection for the provision of water and sewerage services. Billing and debt management is the responsibility of Finance and Business Services.

### **11.4. Recovery for Damage to Infrastructure**

FRW will recover compensation for third party damage to water and sewerage infrastructure.

## **12. FINANCIAL STATEMENTS**

The *Regulation* requires that FRW must provide to Council an annual statement of operations and this statement must be included in Council's Annual Report.

## **13. REVIEW OF PERFORMANCE PLAN**

The *Regulation* allows a performance plan to be amended at any time before the end of the financial year for which it is prepared.

This Plan is to be reviewed and amendments made where necessary on a quarterly basis. Such a review or amendment of the plan should be as a result of the following:

- Reviewing FRW's actual performance and the reasonableness of the performance targets or standards set as part of the plan;
- Resolution of any of the matters referred to in the plan as being unresolved; and
- Any new direction of Council in relation to the overall strategic direction of FRW.

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## Appendix 1: Community Service Obligations

Community Service Obligations (CSOs) arise when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis or, alternatively, would only provide at higher prices or via some other form of compensation. CSOs are to be funded by the general fund.

FRW CSOs have been identified in the following areas. FRW have identified \$400,703 as CSOs during the 2016/17 financial year.

### Water

Sporting Bodies Water Access and Consumption	\$20,242
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### Sewerage

Combined Line Charges (expenses)	\$100,367
Combined Lines & Raising Access Chambers – Capital	\$102,000
Raising Access Chambers	\$102,000
Sporting Bodies Sewerage Access	\$76,094

<b>TOTAL (proposed in 2016/17)</b>	<b>\$400,703</b>
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The following Community Service Obligations will be funded by a contribution from Council to FRW.

WATER	OBJECTIVE
Other Rate Remissions	RRC upon review of applications, at times grants remissions for Water Charges. These amounts are then claimed as a CSO by FRW.
Sporting Bodies Rate Remissions	RRC upon review of applications, at times grants remissions for Water Charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
SEWERAGE	OBJECTIVE
Combined Line Charges (expenses)	A resolution dated 22 June 1999 states that "Council continue its current policy of maintaining combined line house drains and fund all such work carried out by FRW as a Community Service Obligation".
Combined Line Charges (capital)	Further to the above resolution regarding the maintenance of combined Lines, FRW has begun a full replacement program of these assets. As a result the cost of the replacing of these Combined Lines also constitutes a Community Service Obligation and the full cost incurred is claimed.
Raising Access Chambers (capital)	A resolution dated 29 May 2000 states that "FRW carries out the raising of sewerage manholes and claims this as a community service obligation".
Sporting Bodies Rate Remissions	RRC upon review of applications, at times grants remissions for Sewerage Charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
Other Rate Remissions	RRC upon review of applications grants remissions for Sewerage Charges. These amounts when remitted are then claimed as a CSO by FRW.

## Appendix 2: Performance Targets for Quarterly Reporting

### Customer Service Standards – Rockhampton Regional Council

#### *Non-Financial Performance Targets*

#### Customer Service Standards

#### *Water - Day to Day Continuity*

CSS Reference	Performance Indicator	Potable Water Schemes	
		Rockhampton and Gracemere Water Supply Scheme	Mt Morgan Water Supply Scheme
CSS1	Extent of unplanned interruptions – connections based (no. per 1,000 connections per year)	< 80	< 80
CSS2	Extent of unplanned interruptions – incidents based (no. per 100 km of main per year)	< 30	< 30
CSS3	Time for restoration of service - unplanned interruptions (% restored within 5 hours)	> 90%	> 90%
CSS4	Customer interruption frequency: 1 interruption per year 2 interruptions per year 3 interruptions per year 4 interruptions per year 5 or more interruptions per year	12% 2% 1% 0.5% 0.25%	12% 2% 1% 0.5% 0.25%
CSS5	Relative incidence of planned and unplanned interruption incidents (% of planned versus total number of interruptions)	> 30%	> 30%
CSS6	Average interruption duration - planned and unplanned (hours)	3 hrs	3 hrs
CSS7	<b>Response time</b> Priority 1 – 1 hour response Priority 2 – 2 hours response Priority 3 – 24 hours response	95% 95% 95%	95% 95% 95%
	<b>Restoration time</b> Priority 1 – 5 hours restoration Priority 2 – 24 hours restoration Priority 3 – 5 days restoration	95% 95% 95%	95% 95% 95%

*Adequacy and Quality of Normal Supply of Water Supply*

CSS Reference	Performance Indicator	Potable Water Schemes	
		Rockhampton and Gracemere Water Supply Scheme	Mt Morgan Water Supply Scheme
CSS8	Minimum pressure standard at the water meter	220 kPa	220 kPa
CSS9	Minimum flow standard at the water meter	9 L/min	9 L/min
CSS10	Connections with deficient pressure and/or flow (% of total connections)	< 2.5%	< 2.5%
CSS11	Drinking water quality (compliance with industry standard) <sup>1</sup>	> 98%	> 98%
CSS12	Drinking water quality complaints (number per 1,000 connections)	< 5	< 5
CSS13	Drinking water quality incidents (number per 1,000 connections)	< 5	< 5

*Long Term Continuity of Water Services*

CSS Reference	Performance Indicator	Potable Water Schemes	
		Rockhampton and Gracemere Water Supply Scheme	Mt Morgan Water Supply Scheme
CSS14	Water main breaks (number per 100 km main)	< 40	< 40
CSS15	Water services breaks (number per 1,000 connections)	< 40	< 40
CSS16	System water loss (litres per connection per day)	< 200 L	≤ 200 L

*Effective Transportation of Sewage*

CSS Reference	Performance Indicator	Rockhampton and Gracemere Sewerage Scheme	Mt Morgan Sewerage Scheme
CSS17	Sewage overflows – total (number per 100 km main)	< 30	< 10
CSS18	Sewage overflows to customer property (number per 1,000 connections)	< 10	< 5
CSS19	Odour complaints (number per 1,000 connections)	< 1	< 1
CSS20	<b>Response time</b> Priority 1 – 1 hour response Priority 2 – 2 hours response Priority 3 – 24 hours response	> 95%	> 95%
CSS20	<b>Restoration time</b> Priority 1 – 5 hours restoration Priority 2 – 24 hours restoration Priority 3 – 5 days restoration	> 95%	> 95%

<sup>1</sup> FRW's Drinking Water Quality Management Plan identifies the following key water quality parameters as reference indicators for customer service purposes: Physical and Chemical Water Quality Parameters – Target: >99% of all samples tested compliant with Australian Drinking Water Guidelines; E. coli — Target: None detected in >98% of all samples tested

*Long Term Continuity of Sewerage Services*

<b>CSS Reference</b>	<b>Performance Indicator</b>	<b>Rockhampton and Gracemere Sewerage Scheme</b>	<b>Mt Morgan Sewerage Scheme</b>
CSS21	Sewer main breaks and chokes (number per 100 km main)	< 50	< 20
CSS22	Sewer inflow and infiltration (ratio of Peak Day Flow to Average Day Flow)	< 5	< 5

*Customer Service*

<b>Performance Indicator</b>	<b>Target</b>
Installation of new water connections (within the water service area)	15 working days
Installation of sewerage connections (within the sewerage area)	15 working days
Complaints – (excluding maintenance of water and sewerage services) – advise outcome	20 working days

*Financial Performance Targets*

<b>Indicator</b>	<b>Target</b>	<b>Reporting Frequency</b>
RRC Operational Plan	Initiatives successfully completed by year end	Quarterly
Operating Budget	Conduct all activities in accordance with required timelines and budget	Quarterly or when variations arise
Annual Revenue	Timely reporting of any significant variations to budget revenue and collection timing	Quarterly or when variations arise
Capital Works	Completion of capital program in accordance with adopted timeframe and budget (within 3%)	Quarterly or when variations arise

**Reference Code**

NR – not relevant; this indicator is not relevant to the scheme.

### Appendix 3: Long Term Operating and Financial Position Statements

#### Statement of Comprehensive Income for FRW Water & Sewerage Business 2017 to 2026 (\$000,s)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>Income</b>										
<b>Revenue</b>										
<b>Operating revenue</b>										
Net rates, levies and charges	55,788	57,964	60,282	62,392	64,576	66,836	69,175	71,596	74,102	76,696
Fees and charges	1,416	1,457	1,501	1,546	1,592	1,640	1,689	1,740	1,792	1,846
Rental income	110	112	114	117	119	121	124	126	129	131
Interest received	240	254	260	302	330	333	347	379	492	626
Sales revenue	4,096	4,198	4,303	4,411	4,521	4,634	4,750	4,869	4,991	5,115
Other income	580	594	609	625	640	656	672	689	706	724
Grants, subsidies, contributions and donations	-	-	-	-	-	-	-	-	-	-
<b>Total operating revenue</b>	<b>62,230</b>	<b>64,580</b>	<b>67,070</b>	<b>69,392</b>	<b>71,778</b>	<b>74,221</b>	<b>76,758</b>	<b>79,400</b>	<b>82,212</b>	<b>85,139</b>
<b>Capital revenue</b>										
Grants, subsidies, contributions and donations	2,531	6,266	2,416	3,002	2,522	2,585	2,650	2,716	2,784	2,852
<b>Total revenue</b>	<b>64,761</b>	<b>70,846</b>	<b>69,486</b>	<b>72,394</b>	<b>74,299</b>	<b>76,805</b>	<b>79,408</b>	<b>82,116</b>	<b>84,996</b>	<b>87,991</b>
<b>Total income</b>	<b>64,761</b>	<b>70,846</b>	<b>69,486</b>	<b>72,394</b>	<b>74,299</b>	<b>76,805</b>	<b>79,408</b>	<b>82,116</b>	<b>84,996</b>	<b>87,991</b>
<b>Expenses</b>										
<b>Operating expenses</b>										
Employee benefits	6,851	6,998	7,208	7,424	7,647	7,877	8,113	8,356	8,607	8,865
Materials and services	12,765	13,084	13,411	13,747	14,090	14,442	14,803	15,174	15,553	15,942
Finance costs	2,507	2,194	1,862	1,517	1,143	753	342	24	-	-
Depreciation and amortisation	13,409	13,770	14,154	14,488	14,854	15,314	15,780	16,267	16,687	17,079
Other expenses	-	-	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>35,532</b>	<b>36,045</b>	<b>36,636</b>	<b>37,175</b>	<b>37,735</b>	<b>38,386</b>	<b>39,038</b>	<b>39,821</b>	<b>40,847</b>	<b>41,886</b>
<b>Total expenses</b>	<b>35,532</b>	<b>36,045</b>	<b>36,636</b>	<b>37,175</b>	<b>37,735</b>	<b>38,386</b>	<b>39,038</b>	<b>39,821</b>	<b>40,847</b>	<b>41,886</b>
<b>Net result</b>	<b>29,229</b>	<b>34,801</b>	<b>32,851</b>	<b>35,219</b>	<b>36,565</b>	<b>38,419</b>	<b>40,370</b>	<b>42,295</b>	<b>44,149</b>	<b>46,105</b>
<b>Tax equivalents</b>										
Net result before tax equivalents	29,229	34,801	32,851	35,219	36,565	38,419	40,370	42,295	44,149	46,105
Tax equivalents payable	8,769	10,440	9,855	10,566	10,969	11,526	12,111	12,688	13,245	13,831
<b>Net result after tax equivalents</b>	<b>20,460</b>	<b>24,360</b>	<b>22,996</b>	<b>24,653</b>	<b>25,595</b>	<b>26,893</b>	<b>28,259</b>	<b>29,606</b>	<b>30,905</b>	<b>32,273</b>
<b>Total comprehensive income for the year</b>	<b>29,229</b>	<b>34,801</b>	<b>32,851</b>	<b>35,219</b>	<b>36,565</b>	<b>38,419</b>	<b>40,370</b>	<b>42,295</b>	<b>44,149</b>	<b>46,105</b>
<b>Operating result</b>										
Operating revenue	62,230	64,580	67,070	69,392	71,778	74,221	76,758	79,400	82,212	85,139
Operating expenses	35,532	36,045	36,636	37,175	37,735	38,386	39,038	39,821	40,847	41,886
<b>Operating result</b>	<b>26,698</b>	<b>28,535</b>	<b>30,435</b>	<b>32,217</b>	<b>34,043</b>	<b>35,834</b>	<b>37,720</b>	<b>39,579</b>	<b>41,365</b>	<b>43,253</b>

## Statement of Financial Position for FRW Water &amp; Sewerage Business 2017 to 2026 (\$000,s)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>Assets</b>										
<b>Current assets</b>										
Cash and cash equivalents	20,375	22,219	22,365	33,599	31,467	32,943	34,699	43,628	68,732	87,512
Trade and other receivables	6,730	6,985	7,255	7,483	7,760	8,026	8,301	8,561	8,879	9,183
Inventories	320	320	320	320	320	320	320	320	320	320
Other current assets	1	1	1	1	1	1	1	1	1	1
<b>Total current assets</b>	<b>27,427</b>	<b>29,525</b>	<b>29,941</b>	<b>41,403</b>	<b>39,548</b>	<b>41,290</b>	<b>43,321</b>	<b>52,510</b>	<b>77,932</b>	<b>97,016</b>
<b>Non-current assets</b>										
Property, plant & equipment	550,682	568,373	586,508	595,245	618,287	639,177	661,260	684,161	694,244	712,358
Other non-current assets	46	45	44	43	42	41	40	39	38	37
<b>Total non-current assets</b>	<b>550,728</b>	<b>568,418</b>	<b>586,552</b>	<b>595,288</b>	<b>618,329</b>	<b>639,218</b>	<b>661,300</b>	<b>684,200</b>	<b>694,282</b>	<b>712,395</b>
<b>Total assets</b>	<b>578,155</b>	<b>597,943</b>	<b>616,494</b>	<b>636,691</b>	<b>657,878</b>	<b>680,507</b>	<b>704,620</b>	<b>736,710</b>	<b>772,214</b>	<b>809,411</b>
<b>Liabilities</b>										
<b>Current liabilities</b>										
Trade and other payables	3,543	3,635	3,729	3,816	3,926	4,029	4,134	4,230	4,352	4,466
Borrowings	5,934	6,266	6,611	6,985	7,375	7,786	1,696	-	-	-
Provisions	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538
Other current liabilities	316	316	316	316	316	316	316	316	316	316
<b>Total current liabilities</b>	<b>11,332</b>	<b>11,754</b>	<b>12,195</b>	<b>12,655</b>	<b>13,155</b>	<b>13,669</b>	<b>7,684</b>	<b>6,084</b>	<b>6,206</b>	<b>6,320</b>
<b>Non-current liabilities</b>										
Borrowings	36,719	30,453	23,842	16,857	9,482	1,696	-	-	-	-
Provisions	233	233	233	233	233	233	233	233	233	233
<b>Total non-current liabilities</b>	<b>36,952</b>	<b>30,686</b>	<b>24,075</b>	<b>17,090</b>	<b>9,715</b>	<b>1,929</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>
<b>Total liabilities</b>	<b>48,284</b>	<b>42,441</b>	<b>36,270</b>	<b>29,745</b>	<b>22,870</b>	<b>15,598</b>	<b>7,917</b>	<b>6,317</b>	<b>6,439</b>	<b>6,553</b>
<b>Net community assets</b>	<b>529,871</b>	<b>555,502</b>	<b>580,224</b>	<b>606,946</b>	<b>635,007</b>	<b>664,909</b>	<b>696,704</b>	<b>730,393</b>	<b>765,775</b>	<b>802,858</b>
<b>Community equity</b>										
Asset revaluation surplus	136,722	150,660	165,371	180,749	196,857	213,849	231,717	250,491	270,027	290,271
Retained surplus	393,149	404,842	414,853	426,197	438,150	451,060	464,987	479,902	495,748	512,587
<b>Total community equity</b>	<b>529,871</b>	<b>555,502</b>	<b>580,224</b>	<b>606,946</b>	<b>635,007</b>	<b>664,909</b>	<b>696,704</b>	<b>730,393</b>	<b>765,775</b>	<b>802,858</b>

**9 NOTICES OF MOTION**

Nil



## **10 URGENT BUSINESS/QUESTIONS**

*Urgent Business is a provision in the Agenda for members to raise questions or matters of a genuinely urgent or emergent nature, that are not a change to Council Policy and can not be delayed until the next scheduled Council or Committee Meeting.*

**11 CLOSURE OF MEETING**