



WATER COMMITTEE MEETING

AGENDA

4 JUNE 2014

Your attendance is required at a meeting of the Water Committee to be held in the Council Chambers, 232 Bolsover Street, Rockhampton on 4 June 2014 commencing at 9:00am for transaction of the enclosed business.

A handwritten signature in black ink, appearing to be the initials "C R" followed by a long horizontal stroke.

CHIEF EXECUTIVE OFFICER
2 June 2014

Next Meeting Date: 02.07.14

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 G A Belz (Chairperson)
The Mayor, Councillor M F Strelow
Councillor C R Rutherford
Councillor A P Williams
Councillor N K Fisher

In Attendance:

Mr E Pardon – Chief Executive Officer
Mr R Holmes – General Manager Regional Services

3 APOLOGIES AND LEAVE OF ABSENCE

4 CONFIRMATION OF MINUTES

Minutes of the Water Committee held 30 April 2014

5 DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA

6 BUSINESS OUTSTANDING

Nil

7 PUBLIC FORUMS/DEPUTATIONS

Nil

8 OFFICERS' REPORTS

8.1 2013-2014 PRICING MODEL REVIEW FINAL REPORT

File No: 1267
Attachments: Nil
Authorising Officer: Robert Holmes - General Manager Regional Services
Author: Nimish Chand - Manager FRW

SUMMARY

The current five year price path for the Fitzroy River Barrage high and medium priority water allocation holders is due for review and is required to be set by 30 June 2014. The price principles adopted in December 2008 should continue; however, the need for a Community Service Obligation should be removed as Barrage storage allocation holders will be paying the necessary required return on capital for the Barrage to Fitzroy River Water.

OFFICER'S RECOMMENDATION

THAT a new price path for the storage of allocations behind the Barrage for the next five years be adopted in line with the following principles:

- a) Part A tariff only continues;
- b) full return on capital achieved in (2014/15);
- c) the current Community Service Obligation of 2.5% be removed from the Annual Increase in the Full Commercial Cost; and
- d) a smoothed price path from 2015/16 applies to alleviate minor increases due to RRC demand fluctuations.

BACKGROUND

Under the Fitzroy Basin Resource Operations Plan, Fitzroy River Water (FRW) – a commercialised business unit of Rockhampton Regional Council (Council) – is responsible for the administration of water allocations in the Fitzroy Barrage Water Supply Scheme.

Council is required to review the pricing structure for water allocation holders within the Fitzroy River Barrage Storage Area as per the contract of supply. As part of the recent contract review for all water allocation holders (applicable review date of 1 July 2013), the current pricing structure is to be reviewed to ensure that Council is meeting its legislative requirements by achieving full cost recovery at this juncture and into the future.

The price path adopted by Council in December 2008 was in line with the following principles:

- Part A and Part B tariffs were combined to form a Part A tariff only to apply from 2009/2010;
- a full return on capital to be achieved by 2013/2014; and
- a Community Service Obligation of 2.5% be applied to the Annual Increase in the Full Commercial Cost.

DERIVATION OF FULL COST

Components of Full Cost

The components of full cost include:

- Operating expenditure;
 - Return **of** capital (i.e. asset consumption or depreciation charge); and
 - Return **on** capital (i.e. return on investment and cost of debt).
-

Operating Expenditure

The budgeted level of direct operating expenditure for the barrage in 2013/14 is \$93,201. In addition to these direct costs, there are considerable indirect costs and management/administration/technical overheads associated with the barrage.

These indirect costs and overheads were also used in the Bulk Water Pricing Model for Livingstone Shire Council and were allocated to the barrage on the basis of the following outcomes:

- The total overhead and indirect costs were allocated between water and sewerage on a 50/50 basis;
- 85% allocated to water infrastructure components on the following basis
 - 15% to barrage;
 - 85% to various other infrastructure components.

The end result was an allocation of relevant indirect costs and overheads to the barrage of 15%, or \$368,845.

Return of Capital

Return of capital equates to the annual depreciation charge for the barrage of just over \$611,000, reflecting written down value and a remaining useful life as at 1 July 2013 of barrage assets.

Return on Capital

Return on capital is calculated as the application of a commercial rate of return to the 'regulatory asset base'.

Rate of Return

A real pre-tax Weighted Average Cost of Capital (WACC) of 5.62% was adopted for the purposes of this pricing exercise. This WACC was based on the average 10-year bond rate over the past 5 years of 4.47% given the long-term nature of price-setting for irrigator contracts. Adopting the most recent 20-day average for the 10-year bond rate (as is often adopted by the Queensland Competition Authority in pricing determinations) was considered inappropriate given the long-term nature of this price-setting exercise.

Regulatory Asset Base

The regulatory asset base is determined as the current written down value of the barrage, less any subsidies or contributions made specifically to the barrage by government and/or customers. As per previous pricing assessments for supply from the barrage, it has been assumed that 30% of its value has been contributed through historical subsidies and contributions from other levels of government, consistent with industry outcomes. An estimate of working capital totalling 5% of water sales revenue has also been included in the regulatory asset base. The regulatory asset base for the first year of the pricing assessment is estimated at just over \$31.2 million.

The regulatory asset base is 'rolled forward' each year by adding capital works and removing depreciation charges.

Capital works renewals include:

- \$880,000 over 3years for gate seals;
- \$300,000 per annum in perpetuity for gate painting beginning in 2014/15;
- \$500,000 in total for a crane within the next five years; and
- \$1,100,000 within the next 5years, for gate cathodic protection.

No new capital works (e.g. barrage raising) are anticipated to service current customers. As such, the capital works relevant to this exercise only include the anticipated renewals expenditure to maintain the existing structure.

Return on Capital

The estimated return on capital for the barrage is just over \$1.7 million.

Full Cost Summary

The following table provides a breakdown of the full cost estimate for 2013/14.

Full Cost Assessment for Barrage, 2013/14			
FULL COST ASSESSMENT		2013/14	
Operating Expenditure	\$	462,046	
Depreciation	\$	611,032	
Return on Capital	\$	1,756,397	
Identified Full Cost	\$	2,829,475	
FULL COST PRICE PER ML		2013/14	
Full Cost Estimate	\$	2,829,475	
Equivalent High Priority Allocations		58,223	
* using conversion factor of 1.5 MP = 1.0 HP			
Full Cost per ML HP Allocation	\$	48.60	
Full Cost per ML MP Allocation	\$	32.40	
REVENUE BUDGET 2013/14		Charges	Full Cost
Council Allocations	\$	2,448,474	\$ 2,448,474
Irrigator Allocations	\$	345,509	\$ 381,000
Identified Full Cost	\$	2,793,983	\$ 2,829,475
			\$ (35,491)

Source: FRW

The full cost assessment has been undertaken using a clear methodology that is consistent with competition policy and the legislative and regulatory requirements of Council (and FRW as the commercialised business unit of Council).

From the adopted price path in December 2008, full cost recovery was projected to be achieved by 2013/14 with a Community Service Obligation (CSO) of 2.5% applicable to the annual increase in full commercial cost meeting the shortfall during the period of the price path. The shortfall above is in line with the CSO expected for the 2013/14 year.

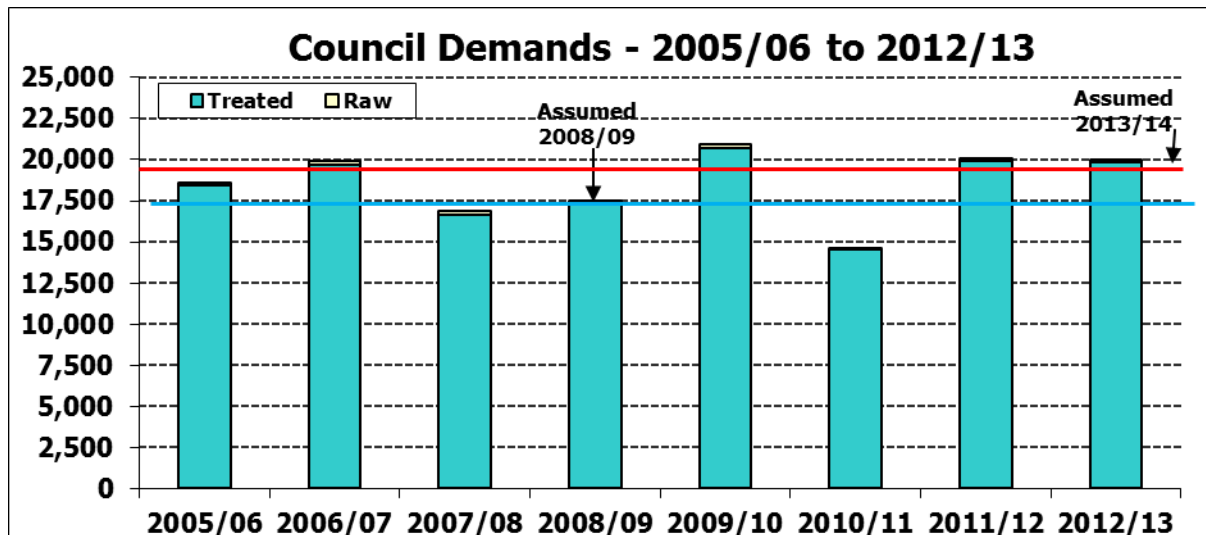
WATER DEMANDS

The barrage has a storage volume of 81,300ML, with the dead storage level being 21,900ML. The current Resource Operations Plan (ROP) includes allocations of 12,335ML of medium priority (MP) and 50,000ML of high priority (HP). There are approximately 290 MP water allocation holders within the Scheme.

Existing water allocations from the barrage include:

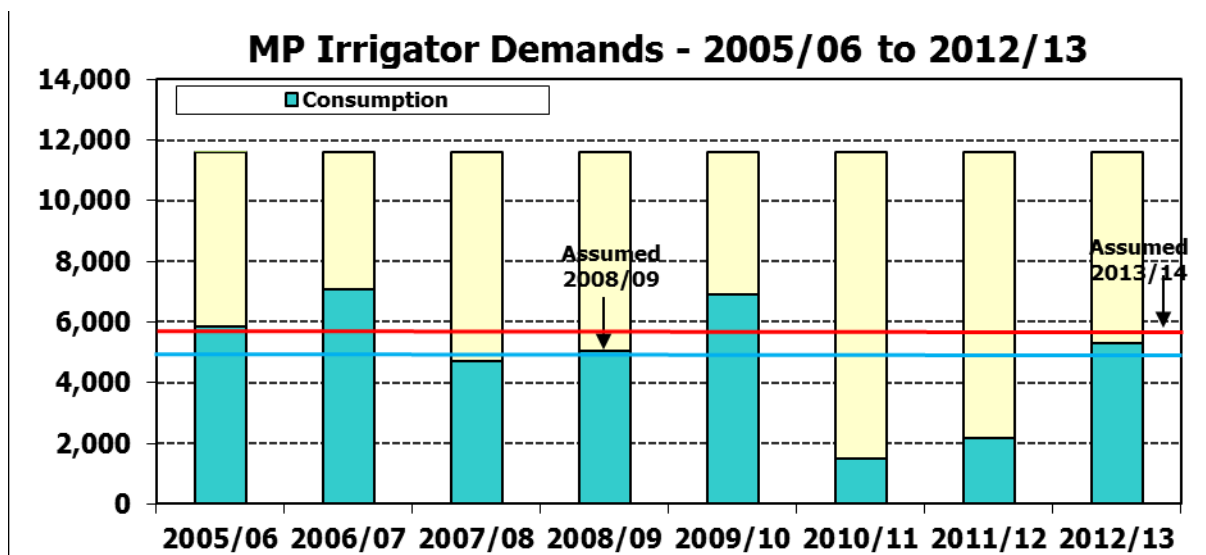
- 50,000ML HP allocation plus 575ML MP allocation to Rockhampton Regional Council (with the MP allocation converting to 383.3ML HP);
- 11,610ML MP allocations to irrigators; and
- 100ML HP allocations to irrigators (converting to 150ML MP).

Despite these allocations held, the actual level of consumption in any given year is generally much lower. The following graph provides an indication of actual consumption for the past three years for Council, which suggests that a reasonable assumption for consumption in 2013/14 would be of the order of 19,500ML, grown by population growth forecasts thereafter. This is well below Council's allocation of 50,000ML HP and 575ML MP.



Source: FRW

MP irrigator demands are highlighted in the following graph, which shows less than a 50% utilisation rate of allocations held. Taking into account the two years that were flood affected (2010/11 and 2011/12) the utilisation rate of allocations just reaches the 50%. HP irrigator demands are negligible. An estimated consumption level of 5,700ML has been adopted as the water usage assumption for irrigators in 2013/14 and subsequent years.



Source: FRW

CURRENT TARIFF STRUCTURE

The current tariff applicable to irrigators consists of a fixed charge, subject to a minimum charge per annum, with details as follows:

Allocation Fixed Charge – equal to the Customer’s Allocation for each water year multiplied by the Allocation Fixed Charge Rate. The charge is generally calculated and payable quarterly in advance.

Minimum Charge – the total water charge levied on each Customer is subject to a Minimum Charge.

The following table summarises the water charges over the past ten years in real terms as listed in the contract and nominal terms as charged to the Customers (noting that the actual charges levied have been indexed by inflation using the Consumer Price Index (CPI) in each year from a base level of March 2003 and indexed by inflation using Producer Price Index (PPI) in each year from a base level of March 2008).

Historical and Current Irrigator Prices – Real Terms and Nominal terms

HISTORIC IRRIGATOR CHARGES											
Fitzroy River Barrage											
MEDIUM PRIORITY WATER	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
REAL TERMS											
Allocation Fixed Charge Rate (per ML)	\$ 10.00	\$ 10.96	\$ 11.92	\$ 12.88	\$ 13.85	\$ 13.85	\$ 20.07	\$ 22.07	\$ 24.28	\$ 26.71	\$ 29.38
Consumption Charges Rate (per ML)	\$ 3.00	\$ 3.29	\$ 3.58	\$ 3.87	\$ 4.15	\$ 4.15	\$ -	\$ -	\$ -	\$ -	\$ -
Minimum Charge (per annum)	\$ 191.35	\$ 191.35	\$ 191.35	\$ 191.35	\$ 191.35	\$ 191.35	\$ 223.50	\$ 223.50	\$ 223.50	\$ 223.50	\$ 223.50
% Increase in Allocation Rate		9.6%	8.8%	8.1%	7.5%	0.0%	44.9%	10.0%	10.0%	10.0%	10.0%
% Increase in Consumption Rate		9.7%	8.8%	8.1%	7.2%	0.0%	-100.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Minimum Charge		0.0%	0.0%	0.0%	0.0%	0.0%	16.8%	0.0%	0.0%	0.0%	0.0%
NOMINAL TERMS											
Allocation Fixed Charge Rate (per ML)	\$ 10.00	\$ 11.18	\$ 12.54	\$ 13.94	\$ 15.43	\$ 16.17	\$ 21.37	\$ 23.77	\$ 26.53	\$ 29.96	\$ 34.17
Consumption Charges Rate (per ML)	\$ 3.00	\$ 3.36	\$ 3.77	\$ 4.19	\$ 4.62	\$ 4.85	\$ -	\$ -	\$ -	\$ -	\$ -
Minimum Charge (per annum)	\$ 191.35	\$ 195.16	\$ 201.32	\$ 207.15	\$ 213.20	\$ 223.50	\$ 238.00	\$ 240.70	\$ 244.20	\$ 250.70	\$ 260.00
% Increase in Allocation Rate		11.8%	12.2%	11.2%	10.7%	4.8%	32.2%	11.2%	11.6%	12.3%	14.1%
% Increase in Consumption Rate		12.0%	12.2%	11.1%	10.3%	5.0%	-100.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Minimum Charge		2.0%	3.2%	2.9%	2.3%	4.8%	6.5%	1.1%	1.5%	2.7%	3.7%
HIGH PRIORITY WATER											
REAL TERMS											
Allocation Fixed Charge Rate (per ML)	\$ 15.00	\$ 16.44	\$ 17.88	\$ 19.32	\$ 20.78	\$ 20.78	\$ 30.11	\$ 33.11	\$ 36.42	\$ 40.07	\$ 44.07
Consumption Charges Rate (per ML)	\$ 4.50	\$ 4.94	\$ 5.37	\$ 5.81	\$ 6.23	\$ 6.23	\$ -	\$ -	\$ -	\$ -	\$ -
Minimum Charge (per annum)	\$ 287.03	\$ 287.03	\$ 287.03	\$ 287.03	\$ 287.03	\$ 287.03	\$ 335.25	\$ 335.25	\$ 335.25	\$ 335.25	\$ 335.25
% Increase in Allocation Rate		9.6%	8.8%	8.1%	7.6%	0.0%	44.9%	10.0%	10.0%	10.0%	10.0%
% Increase in Consumption Rate		9.8%	8.7%	8.2%	7.2%	0.0%	-100.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Minimum Charge		0.0%	0.0%	0.0%	0.0%	0.0%	16.8%	0.0%	0.0%	0.0%	0.0%
NOMINAL TERMS											
Allocation Fixed Charge Rate (per ML)	\$ 15.00	\$ 16.77	\$ 18.81	\$ 20.31	\$ 23.15	\$ 24.26	\$ 32.06	\$ 35.66	\$ 39.80	\$ 44.94	\$ 51.26
Consumption Charges Rate (per ML)	\$ 4.50	\$ 5.04	\$ 5.66	\$ 6.29	\$ 6.93	\$ 7.28	\$ -	\$ -	\$ -	\$ -	\$ -
Minimum Charge (per annum)	\$ 287.03	\$ 292.74	\$ 301.98	\$ 310.73	\$ 319.80	\$ 335.25	\$ 357.00	\$ 361.05	\$ 366.30	\$ 376.05	\$ 390.00
% Increase in Allocation Rate		11.8%	12.2%	11.2%	10.7%	4.8%	32.2%	11.2%	11.6%	12.3%	14.1%
% Increase in Consumption Rate		12.0%	12.3%	11.1%	10.2%	5.1%	-100.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Minimum Charge		2.0%	3.2%	2.9%	2.3%	4.8%	6.5%	1.1%	1.5%	2.7%	3.7%

Source: FRW

Other charges are also levied on customers for other services provided by FRW outside of normal supply arrangements, including meter supply and connection, disconnection, additional meter readings and meter testing services.

The costs of the barrage remain essentially 100% fixed; therefore the cost recovery should remain via a single charge levied on allocations held. While it is often suggested in an urban context that Long-Run Marginal Cost should drive the derivation of the consumption component, this would also be zero for the Barrage given that there are no short-run variable costs associated with supply and no augmentations or upgrades are envisaged to service current customer groups.

CONTINUED PRICE PATH

The current irrigator contract was based around a five-year price path in real terms, with prices indexed via the application of the PPI. It is proposed that a real price path again be adopted and be indexed by PPI.

The split of capital charges to operating cost charges for the barrage is close to a 85%/15% split, suggesting that the construction cost index would comprise the majority of the annual indexation. Such an approach removes the risk of understating actual capital cost growth in the pricing model and instead links annual price movements to those actually experienced during the life of the contract.

It is suggested that FRW continue the upper bound pricing (full cost recovery) path for irrigators as the usage patterns by irrigators has not changed significantly since the previous price path was adopted. The split of capital charges to operating cost charges is close to the 85%/15% split, indicating that a tariff structure consisting of a sole allocation charge levied on all allocations, irrespective of actual consumption remains valid.

A 10.8% real increase in prices in 2014/2015 for allocation holders is required to ensure that FRW meets its legislative and regulatory requirement to set charges in accordance with full cost recovery pricing principles, then a smoothed price path for the next four years indexed by Producer Price Index. A smoothed path is required - given a minor increase in demand for RRC allocation – to ensure the Net Present Value of costs equals the Net Present Value of revenue.

The following table and graphs outline the five-year price path for MP and HP water allocation holders. The minimum charge will remain, but will not be subject to a real increase (i.e. will only increase by an appropriate inflation index).

Smoothed Contract Price Path – Real Terms

MEDIUM PRIORITY WATER	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
REAL TERMS						
Allocation Fixed Charge Rate (per ML)	\$ 29.38	\$ 32.57	\$ 33.01	\$ 33.01	\$ 33.01	\$ 33.01
Minimum Charge (per annum)	\$ 223.50	\$ 260.00	\$ 260.00	\$ 260.00	\$ 260.00	\$ 260.00
% Increase in Allocation Rate		10.8%	1.4%	0.0%	0.0%	0.0%
% Increase in Minimum Charge		16.3%	0.0%	0.0%	0.0%	0.0%
HIGH PRIORITY WATER	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
REAL TERMS						
Allocation Fixed Charge Rate (per ML)	\$ 44.07	\$ 48.85	\$ 49.52	\$ 49.52	\$ 49.52	\$ 49.52
Minimum Charge (per annum)	\$ 335.25	\$ 390.00	\$ 390.00	\$ 390.00	\$ 390.00	\$ 390.00
% Increase in Allocation Rate		10.8%	1.4%	0.0%	0.0%	0.0%
% Increase in Minimum Charge		16.3%	0.0%	0.0%	0.0%	0.0%

Source: FRW

CONCLUSION

Given the reasoning outlined in the foregoing, it is recommended that Fitzroy River Water continues a contract price path in real terms with the application of annual indexation by Producer Price Index. This will see allocation holders within the Barrage paying their appropriate share of the full commercial cost of the availability and provision of the water.

9 STRATEGIC REPORTS

9.1 FRW ANNUAL PERFORMANCE PLAN AS AT 31 MARCH 2014

File No:	1466
Attachments:	1. Customer Service Standards as at 31 March 2014 2. Customer Service and Financial Targets 3. Non Compliance Comments
Authorising Officer:	Robert Holmes - General Manager Regional Services
Author:	Nimish Chand - Manager FRW

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 2013/14 Performance Plan. This report as at 31 March 2014, is presented for the Committee's information.

OFFICER'S RECOMMENDATION

THAT the Fitzroy River Water Annual Performance Plan quarterly report as at 31 March 2014 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 2013/14.

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

Fitzroy River Water's performance remained consistent through the 3rd quarter and focus continues on improving reliability and quality of services provided to customers.

Customer Service Performance

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

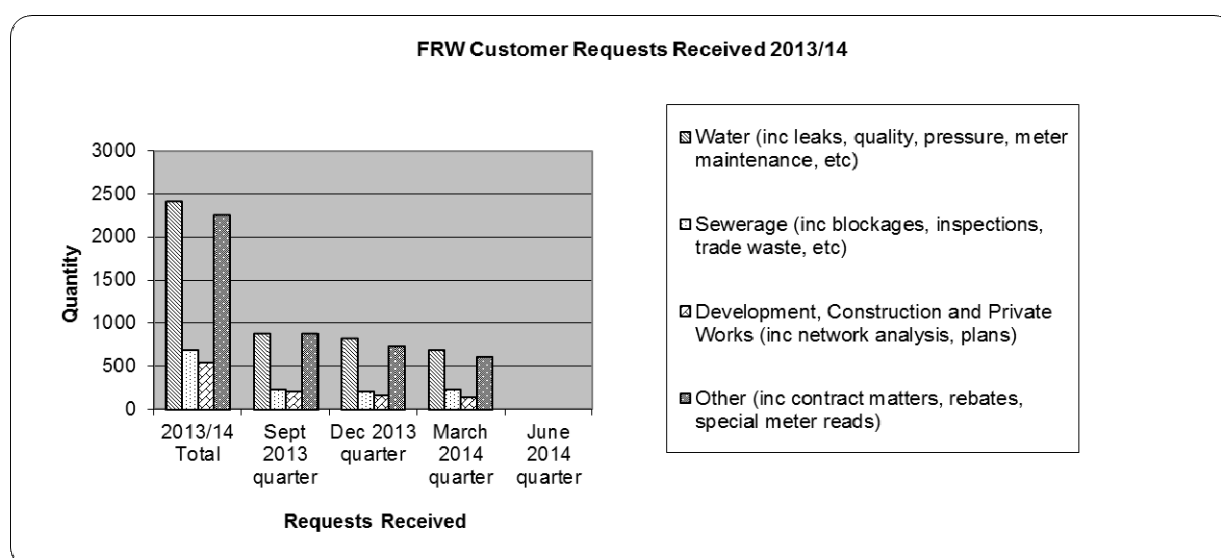
1. Face to Face Customer Support.
2. 24 Hour Telephone Contact Service.
3. Acceptance of Payment.

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.

Table 1: Customer Contact

3rd quarter – 1 January to 31 March 2014

Customer Contact Type	3rd Quarter 2013/14	3rd Quarter 2012/13	Total 2013/14 Year	Total 2012/13 Year	Total 2011/12 Year
Water (incl. leaks, quality, pressure, water meter maintenance, etc)	697	1278	2421	3923	3719
Sewerage (incl. blockages, trade waste etc)	240	600	706	1263	1118
Development, Construction and Private Works	157	259	559	953	1013
Other (incl. contract matters, rebate, special meter reads, etc)	627	828	2267	3559	2997
Total Customer Contacts	1721	2965	5953	9698	8847



Financial Performance

Operational

The operational result is currently a surplus of \$18.8M. Revenue is currently \$59.9M compared with budget of \$61.5M and appears to be in a favourable position at this stage.

Expenditure year to date is in line with percentage of the year elapsed at 74% compared with budget. Employee costs and administrative expenses are favourable to budget as a result of de-amalgamation and are absorbing some of the areas that are showing unfavourable results such as contractors and consultants, materials and asset operations.

Overall FRW is in a favourable net position compared to budget. The February budget revision is underway and will deal with the obvious anomalies due to de-amalgamation and align some areas more adequately.

There are no material exceptions to report following the third quarter results.

Capital

FRW's total capital expenditure is at 68% of budget with expenditure in the third quarter slowing compared to the previous quarter as to be expected post de-amalgamation. The third quarter has seen some major project start to ramp up such as the 300mm trunk water main duplication to Gracemere, Mt Morgan sewerage scheme and the continued construction of Armstrong St sewerage main and GWTP Highlift water pump station upgrade. Water YTD 60.89% and Sewer YTD 88.58%. Networks YTD 92.64% and Treatment YTD 42.25%.

There are no other material exceptions to this report.

Compliance Matters

Drinking Water Quality

All drinking water samples collected and tested during this quarter were compliant with State legislation and Australian Drinking Water Guideline (ADWG) health values.

Variations / Concerns

The third quarter commenced with extremely hot dry weather being experienced during the first part of January. During this period, water consumption was at close to record high levels in some parts of the distribution system. At times this put some extra pressure on the capacity of existing water supply infrastructure, especially in areas that have seen population growth in recent years (e.g. Gracemere). These observations have been used to confirm some of the budget planning for future capital upgrades to ensure water supply capacity meets demands in these areas. Throughout the remainder of the quarter a number of significant wet weather events were experienced. In contrast, wet weather events lead to low water consumption, but usually cause high inflow events in the sewerage networks. These high flow events put significant pressure on the sewerage network and sewage treatment infrastructure especially when flows approach or exceed design capacity (e.g. 5 x Average Dry Weather Flow). Under these conditions, a number of sewer overflow events and treatment non-compliances typically occur. FRW has continued to identify and deliver modifications to the sewerage infrastructure to reduce the impact of wet weather inflows on customers and the sewerage infrastructure in order to optimise the safety and reliability of the service provided.

Safety Management

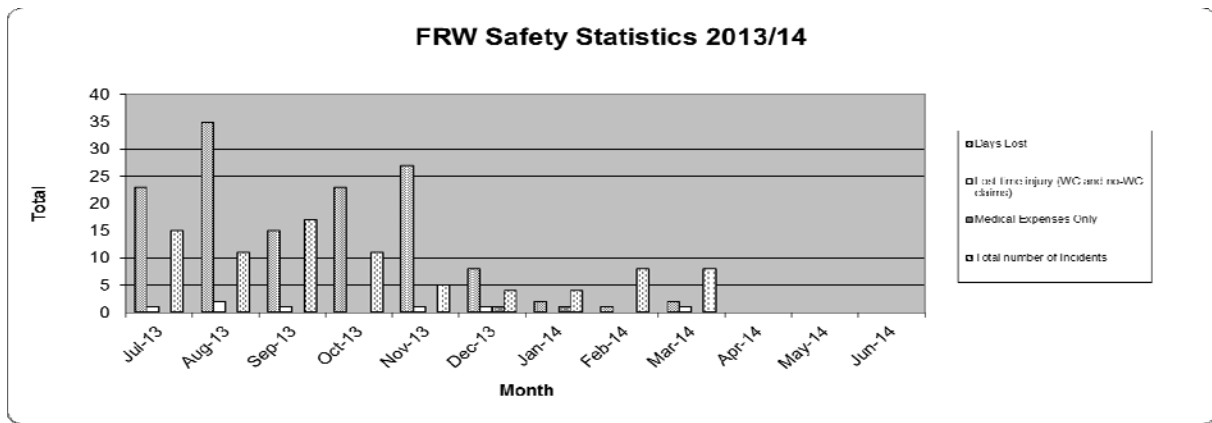
The safety statistics shown in Table 2 indicate incidents are still a regular occurrence in the workplace and this is being addressed through toolbox talks and the FRW Safety Committee.

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.

3rd quarter – 1 January to 31 March 2014

Lost Time Injury Statistics	3 rd Quarter 2013/14	3 rd Quarter 2012/13	Total 2013/14 Year
Days Lost	5	68	136
Lost time Injury (Work Cover & non-Work Cover claims)	1	5	7
Medical Expense Only Claims	1	1	2
Total Number of Incidents Reported	21	43	84



Risk Management

Quarterly risk reviews and reporting requirements have been undertaken.

Conclusion

Business performance is 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 MARCH 2014

Customer Service Standards as at 31 March 2014

Meeting Date: 4 June 2014

Attachment No: 1

Fitzroy River Water Performance Plan - Customer Service Standards Year to Date Reporting as at 31 March 2014

Non-Financial Performance Targets

Table Reference	CSS Reference	Performance Indicator	Potable Water Schemes						Potable Water Schemes					
			Rockingham and Coasnew Water Supply Scheme Number of access charges - \$5,260 as at 1 January 2014						Mt Morgan Water Supply Scheme Number of access charges - 1,454 as at 1 January 2014					
			1st ctr	2nd ctr	3rd ctr	4th ctr	Ann. Target	Year to Date	1st ctr	2nd ctr	3rd ctr	4th ctr	Ann. Target	Year to Date
Table 1 Water - Day to Day Continuity	CSS1	Extent of unplanned interruptions - connections based (% per 1,000 connections per year)	11	12	14	<=80	57	40	18	17	<=80	158		
	CSS2	Extent of unplanned interruptions - reports based (% per 100 km of net m per year) Rockingham and Coasnew /14.4 km Mt Morgan /1.8 km	10	10	10	<=30	39	14	5	15	<=30	32		
	CSS3	Time for restoration of service - unplanned interruptions (% restored within 3 hours)	94%	94%	94%	>=90%	95%	100%	100%	94%	>=90%	95%		
	CSS4	Customer interruption frequency:												
		1 interruption per year	1.83%	1.58%	2.35%	12%	8.94%	6.18%	3.93%	7.61%	12%	16.82%		
		2 interruptions per year	0.20%	0.16%	0.07%	2%	0.42%	0.14%	0.06%	0.34%	2%	0.84%		
		3 interruptions per year	0.00%	0.00%	0.00%	1%	0.00%	0.00%	0.00%	0.00%	1%	0.00%		
		4 interruptions per year	0.00%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.00%		
		5 or more interruptions per year	0.00%	0.00%	0.00%	0.25%	0.00%	0.00%	0.00%	0.00%	0.25%	0.00%		
	CSS5	Relative incidence of planned and unplanned interruptions (as a % of total number of interruptions)	25%	14%	8%	>=30%	15%	10%	30%	8%	>=30%	25%		
CSS6	Average interruption duration - planned and unplanned (hours)	0.81	0.82	2.90	3 hrs	1.98	0.81	0.66	2.28	3 hrs	0.92			
CSS7	Response time													
	Priority 1 - 1 hour response	92%	78%	81%	95%	83%	97%	100%	83%	95%	83%			
	Priority 2 - 2 hours response	67%	94%	87%	95%	89%	86%	100%	97%	95%	85%			
	Priority 3 - 24 hours response	97%	98%	98%	95%	99%	100%	88%	88%	95%	92%			
	Restoration time													
	Priority 1 - 3 hours restoration	92%	94%	88%	95%	91%	100%	100%	88%	95%	93%			
	Priority 2 - 24 hours restoration	98%	97%	99%	95%	97%	100%	100%	100%	95%	100%			
	Priority 3 - 3 days restoration	99%	100%	98%	95%	99%	100%	100%	88%	95%	95%			

Table Reference	CSS Reference	Performance Indicator	Potable Water Schemes						Potable Water Schemes					
			Rockingham and Coasnew Water Supply Scheme Number of access charges - \$5,260 as at 1 January 2014						Mt Morgan Water Supply Scheme Number of access charges - 1,454 as at 1 January 2014					
			1st ctr	2nd ctr	3rd ctr	4th ctr	Ann. Target	Year to Date	1st ctr	2nd ctr	3rd ctr	4th ctr	Ann. Target	Year to Date
Table 2 Adequacy and Quality of Normal Supply of Water Supply	CSS8	Minimum pressure at the water meter (kPa)	220	220	220	220 kPa	220	220	220	220	220 kPa	220		
	CSS9	Minimum flow at the water meter	9 L/m ²	9 L/m ²	9 L/m ²	9 L/min	9 L/m ²	9 L/m ²	9 L/m ²	9 L/m ²	9 L/min	9 L/m ²		
	CSS10	Connections with correct pressure and flow (% of total connections)	<=2.5%	<=2.5%	<=2.5%	<=2.5%	0.0%	<=2.5%	<=2.5%	<=2.5%	<=2.5%	0.0%		
	CSS11	Drinking water quality (compared with industry standard)	100%	100%	100%	>=98%	100%	100%	100%	100%	100%	100%		
	FRWA Drinking Water Quality Management Plan certifies the following water quality parameters as reference indicators for customer service purposes: Physical and Chemical Water Quality Parameters - Target: >=95% of a samples tested compliant. A. strata Drinking Water Cleanliness and Eco - Target: None collected. >=95% of a samples tested													
CSS12	Drinking water quality (number of complaints per 1,000 connections)	0.57	0.45	0.43	<=5	1.28	2.05	1.67	0	<=5	0.42			
CSS13	Drinking water quality (incidents / number per 1,000 connections)	0	0	0	<=5	0	0	0	0	<=5	0			

Table Reference	CSS Reference	Performance Indicator	Potable Water Schemes						Potable Water Schemes					
			Rockingham and Coasnew Water Supply Scheme Number of access charges - \$5,260 as at 1 January 2014						Mt Morgan Water Supply Scheme Number of access charges - 1,454 as at 1 January 2014					
			1st ctr	2nd ctr	3rd ctr	4th ctr	Ann. Target	Year to Date	1st ctr	2nd ctr	3rd ctr	4th ctr	Ann. Target	Year to Date
Table 3 Long Term Continuity of Water Services	CSS14	Water main breaks (number per 100 km of net m) Rockingham and Coasnew /14.4 km Mt Morgan /1.8 km	4	10	5	<=40	20	11	5	10	<=40	21		
	CSS15	Water services breaks (number per 1,000 connections)	5	5	5	<=40	15	5	5	5	<=40	14		
	CSS16	System water loss (lres per connection per day)	227	181	153	<=200 L	151	172	175	158	<=200 L	152		

Table Reference	CSS Reference	Performance Indicator	Sewerage Schemes						Sewerage Schemes					
			Rockraupōrō and Cradock Sewerage Scheme Number of access connections - 45,692 as at 1 January 2014						M. Morgan Sewerage Scheme Number of access connections - 225 as at 1 January 2014					
			1st ctr	2nd ctr	3rd ctr	4th ctr	Annual Target	Year to Date	1st ctr	2nd ctr	3rd ctr	4th ctr	Annual Target	Year to Date
Table 4 Effective Transportation of Sewerage	Sewerage overflows – total (number per 100 km naʻi)													
	CSS17 Rockraupōrō and Cradock M. Morgan	12.36	12.71	13.64		<30	36.66	0	0	0		<10	0	
	CSS18 Sewerage overflows to residential property (number per 1,000 connections)	2.15	1.56	2.14		<10	5.25	0	0	0		<5	0	
	CSS19 Cooling pumps (number per 1,000 connections)	0.12	0.2	0.43		<1	0.75	0	0	0		<1	0	
	CSS20 Response time													
	Priority 1 – 1 hour response	82%	86%	94%		>95%	88%	100%	100%	100%		>95%	100%	
	Priority 2 – 2 hours response	64%	85%	64%		>85%	88%	100%	100%	100%		>95%	100%	
	Priority 3 – 24 hours response	99%	100%	97%		>95%	98%	100%	100%	100%		>95%	100%	
	Restoration time													
	Priority 1 – 3 hours restoration	94%	98%	94%		>95%	95%	100%	100%	100%		>95%	100%	
Priority 2 – 24 hours restoration	97%	96%	98%		>95%	97%	100%	100%	100%		>95%	100%		
Priority 3 – 3 days restoration	98%	100%	98%		>95%	99%	100%	100%	100%		>95%	100%		
Table 5 Long Term Continuity of Sewerage Services	Sewer main breaks and repairs (number per 100 km naʻi)													
	CSS21 Rockraupōrō and Cradock M. Morgan	20.55	20.92	23.25		<50	66.33	0	0	0		<20	0	
	Sewer flow and infiltration ratio of Peak Day Flow to Average Day Flow													
	CSS22	1.2	1.5	1.76		<5	2.49	1.55	1.21	1.7		<5	1.42	

Reference Codes
 A: data is not available for the indicator
 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 MARCH 2014

Customer Service and Financial Targets

Meeting Date: 4 June 2014

Attachment No: 2

Fitzroy River Water Performance Plan - Customer Service Standards Year to Date Reporting as at 31 March 2014 (cont)

Customer Service Targets

Table Reference	Performance indicator	1st qtr	2nd qtr	3rd qtr	4th qtr	Target	Year to Date
Table 6	Installation of new water connections (within the water service area)	83%	77%	82%		15 working days	81%
	Installation of sewerage connections (within the sewerage area)	40%	75%	53%		15 working days	56%
	Complaints – (excluding maintenance of water and sewerage services) – advise outcome	100%	100%	100%		20 working days	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
Table 7	RRC Operational Plan Reporting Frequency: quarterly	29/07/2013	10/01/2014	03/04/2014		Initiatives successfully completed by year end
	Operating Budget Reporting Frequency: quarterly or when variations arise	30/09/2013	31/12/2013	31/03/2014		Conduct all activities in accordance with required timelines and budget
	Annual Revenue Reporting Frequency: quarterly or when variations arise	30/09/2013	31/12/2013	31/03/2014		Timely reporting of any significant variations to budget revenue and collection timing
	Capital Works Reporting Frequency: quarterly or when variations arise	30/09/2013	31/12/2013	31/03/2014		Completion of capital program in accordance with adopted timeframe and budget (within 3%)

FRW ANNUAL PERFORMANCE PLAN AS AT 31 MARCH 2014

Non Compliance Comments

Meeting Date: 4 June 2014

Attachment No: 3

Customer Service Standards - Non Compliance Comments for the 31 March 2014 Quarter

Table Reference	CSS Reference	Scheme	Comment
Table 1	CSS1	Mt Morgan Water Supply Scheme	Mt Morgan experienced 7 main breaks and 5 service breaks. A total of 11 unplanned incidents affecting 112 service connections.
	CSS2	Rockhampton and Gracemere Water Supply Scheme	A total of 43 broken water mains for third quarter affecting a total of 502 unplanned interruptions. The total for YTD is 160 watermains. The number of interruptions to our customers remains above our target the capital water mains replacement program will provide improvement to support meeting the required target.
	CSS2	Mt Morgan Water Supply Scheme	A total of 7 broken water mains for third quarter affecting a total of 112 unplanned interruptions. The total for YTD is 16 watermains.
	CSS4	Mt Morgan Water Supply Scheme	The percentage exceeds the target due to 7 water main breaks for the 3rd quarter. The total number of water incidents was 18 (7 of those relate to watermains). 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 144 unplanned versus 12 planned water shut downs. A water mains replacement program is in place.
	CSS5	Mt Morgan Water Supply Scheme	Due to the ageing infrastructure Mt Morgan has had 11 unplanned versus 1 planned water shut downs. A water mains replacement program is in place.
	CSS6	Mt Morgan Water Supply Scheme	The planned duration for the quarter is 180 minutes based on 1 planned incident compared to 227 minutes based on 11 unplanned incidents. A water main replacement program is in place.
	CSS7	Rockhampton and Gracemere Water Supply Scheme	<p>Response P1 - Total requests 26 and 21 responded to within 1 hour. P2 - Total requests 67 and 58 responded to within 2 hours. P3 -</p> <p>Restoration P1 - Total requests 26 and 23 restoration to within 5 hours.</p> <p>Continue to monitor weekly reporting of priorities. The output of that monitoring will be to identify both issues and areas for improvement.</p>
	CSS7	Mt Morgan Water Supply Scheme	<p>Response P1 - Total requests 6 and 5 responded to within 1 hour. P2 - Total requests 3 and 2 responded to within 2 hours. P3 - Total requests 8 and 7 responded to within 24 hours.</p> <p>Restoration P1 - Total requests 6 and 5 restored to within 5 hours. P3 - Total requests 8 and 7 restored to within 5 days.</p> <p>Continue to monitor weekly reporting of priorities. The output of that monitoring will be to identify both issues and areas for improvement.</p>
Table 4	CSS17	Rockhampton and Gracemere Sewerage Supply Scheme	A total number of 174 blockages and 94 overflows.
	CSS20	Rockhampton and Gracemere Sewerage Supply Scheme	<p>Response P1 - Total requests 19 and 3 responded to within 1 hour. P2 - Total requests 170 and 147 responded to within 2 hours.</p> <p>Restoration P1 - Total requests 19 and 18 restored to within 5 hours.</p> <p>Network Service supervisory staff continue to work with staff on improving resource</p>
	CSS21	Rockhampton and Gracemere Sewerage Supply Scheme	Rockhampton and Gracemere sewerage system sustained 174 breaks and chokes during the third quarter. A total of 61 were caused by inflow storm over 3 rain events for this quarter.

9.2 FRW FINANCE AND STRATEGIC MATTERS REPORT - APRIL 2014

File No: 1466
Attachments: Nil
Authorising Officer: Robert Holmes - General Manager Regional Services
Author: Nimish Chand - Manager FRW

SUMMARY

This report details Fitzroy River Water's financial position and other operational matters for the Council's information as at 30 April 2014.

OFFICER'S RECOMMENDATION

THAT the FRW Finance and Strategic Matters Report for April 2014 be received

VARIATIONS, ISSUES AND INNOVATIONS**Innovations**

FRW has recently acquired four data loggers that connect to existing water meters and record time and water flowing through a water meter. These data loggers will be used to analyse customer water usage and pattern particularly where customers have unexplained high water usage.

Improvements / Deterioration in Levels of Services or Cost Drivers

The newly constructed Birkbeck Drive Water Pump Station (WPS) in Parkhurst was recently fully commissioned in readiness for operation in the coming months. This new WPS is co-located with the Birkbeck Drive Reservoir and will soon commence operation to supply water to parts of the new Edenbrook residential development in Parkhurst. The new WPS was constructed by local contractors working in collaboration with FRW to achieve full commissioning.

COMPLIANCE MATTERS

All drinking water samples collected and tested during April were compliant with State legislation and Australian Drinking Water Guideline (ADWG) health values.

The Gracemere STP and Mount Morgan STP were each fully compliant for all test parameters during the month of April. The three Rockhampton STPs had some minor non-compliant results for chlorine residual and BOD5 (biodegradable organic carbon) and were non-compliant with their combined weekly 50th percentile total nitrogen limit. The three Rockhampton STPs were compliant with all other test parameters including the combined weekly maximum load limit for total nitrogen. Improved nitrogen removal performance at the South Rockhampton STP is currently the subject of a capital upgrade project to be completed later this year. The significant rainfall received in late March led to elevated inflows continuing well into early April, with the STPs continuing to recover from these high flow events for the remainder of the month.

FINANCIAL**Operational**

Revenue is trending above percentage of year elapsed at 95.9% in comparison to the proposed February revised budget. Water consumption revenue is 89% of budget with some adjustments yet to be made due to extended read times.

Expenditure year to date is 83.2% of proposed February revised budget. The majority of the expenditure account groups are within target.

There are no material exceptions to report.

Capital

Continuing Rockhampton Regional Council Capital expenditure is below the percentage of year elapsed at 70.1% and moving to 73% when including 6 months of LSC projects in comparison to the proposed February revised budget. The February 2014 budget revision is yet to be adopted.

It is anticipated that the GWTP Highlift pump station upgrade will only incur 60% of budgeted expenditure this financial year due to some project delays and later than planned invoicing. Overall the capital expenditure is anticipated to be 85% to 90% of budget at year end.

RRC Water YTD 63.6% and RRC Sewer YTD 77.6%.

RRC Networks YTD 80.1% and RRC Treatment YTD 52.5%.

Water and Treatment budget comparisons appear low compared to year elapsed due the GWTP Highlift Pump Station contractual payment timing. Capital spend has increased slightly during April compared to March spend. The areas of prominent activity are the Armstrong St 300mm sewer main, Gracemere effluent main expansion, duplication of the 300mm water trunk main to Gracemere, GWTP Highlift Pump Station upgrade and Water Main Replacement programs.

Sundry Debtors

Below is a summary of aged sundry debtor balances at the end of April 2014. The 90+ day balances are either on payment plans, the business is in administration or the debt is with Collection House.

	Balance	0-30 Days	30-60 Days	60-90 Days	90+ Days
No. of Customers	278	236	30	4	42
Total Value	\$328,482.79	\$171,171.86	\$57,823.13	\$17,676.71	\$81,811.09

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

90+ days	Comments
\$40,165.32	Companies with administrators appointed - Private Works and Standpipe - unlikely we will see anything (some securities are held in trust for the Standpipe debtors but will not cover all)
\$12,905.38	Debts at Collection - (Standpipe and Trade Waste debts) – doubtful of recovery, most have moved to claims/hearings/unsuccessful to date.
\$13,712.85	Long Term Payment Plans - Mt Morgan Sewerage Connections - Recovery will occur
\$2,897.90	Other Payment Plans - Standpipes and Irrigators
\$12,129.64	Other Overdue Debt with no fixed arrangements – Trade Waste, Irrigators, Standpipes - Two irrigators to follow up and apply contractual legalities, Trade Waste - some have been to collection with no outcome, exploring other options.
60-90 Days	Comments
\$2,555.81	Other payment plan - Standpipe (from 90+ days)
\$4,464.22	Sewer Relining Failure invoice - Feb 14
\$10,656.68	Trade Waste Invoices - have received half of this as at 14 May 2014
30-60 Days	Comments
\$1,994.52	Trade Waste Invoices
\$31,444.09	Standpipe Invoices
\$24,384.52	Private Works invoice

A summary of financial performance against budget is presented on the following page:

FINANCIALS

A summary of financial performance against budget.

	April 2014			YTD			
	Actual \$	Annual Revised Budget \$	Variance to Budget \$	Actual \$	Annual Revised Budget \$	Variance to Budget \$	Annual Revised Budget \$
Department Revenue							
Net rates and utility charges	(708,244)	(4,914,217)	4,205,973	(57,109,700)	(49,142,173)	(7,967,527)	(58,970,608)
Fees and Charges	(150,153)	(139,853)	(10,300)	(1,416,432)	(1,398,533)	(17,900)	(1,678,239)
Private and recoverable works	(478,982)	(237,233)	(241,749)	(2,360,966)	(2,372,335)	11,369	(2,846,802)
Rent/Lease Revenue	(5,745)	(5,515)	(230)	(82,076)	(55,147)	(26,929)	(66,177)
Grants Subsidies & Contributions	(158)	(647)	489	(9,749)	(6,474)	(3,274)	(7,769)
Interest revenue	(28,699)	(25,800)	(2,899)	(280,784)	(258,000)	(22,784)	(309,600)
Other income	(9,609)	(4,163)	(5,446)	(44,118)	(41,631)	(2,487)	(49,957)
Total Department Revenue	(1,381,591)	(5,327,429)	3,945,838	(61,303,824)	(53,274,293)	(8,029,531)	(63,929,152)
Expenses							
Employee costs	660,168	730,837	(70,669)	7,167,272	7,308,375	(141,102)	8,770,050
Contractors & Consultants	102,042	143,037	(40,994)	1,394,732	1,430,368	(35,636)	1,716,442
Materials & Plant	202,475	283,429	(80,954)	2,773,525	2,834,294	(60,770)	3,401,153
Asset Operational	268,671	278,582	(9,911)	2,939,134	2,785,820	153,313	3,342,985
Administrative expenses	20,749	28,855	(8,106)	224,206	288,549	(64,343)	346,259
Depreciation	913,468	899,205	14,262	8,992,053	8,992,053	0	10,790,463
Finance costs	0	291,826	(291,826)	2,838,523	2,918,263	(79,740)	3,501,916
Other Expenses	2,085	5,007	(2,922)	33,628	50,071	(16,443)	60,086
Accounting Adjustments	0	833	(833)	72,654	8,333	64,321	10,000
Total Expenses	2,169,658	2,661,613	(491,955)	26,435,727	26,616,128	(180,400)	31,939,353
Transfer / Overhead Allocation							
Transfer/Overhead Allocation	73,753	108,216	(34,463)	1,107,853	1,082,157	25,696	1,298,589
OH Allocation	248,924	236,105	12,819	2,408,092	2,361,049	47,043	2,833,258
Competitive Neutrality Adjustments	2,417,749	1,671,289	746,459	16,759,098	16,712,893	46,205	20,055,471
De-amalgamation internal transfers	0	(3,334)	3,334	(40,007)	(33,340)	(6,667)	(40,008)
Total Transfer / Overhead Allocation	2,740,425	2,012,276	728,149	20,235,036	20,122,759	112,277	24,147,310
TOTAL OPERATING POSITION (SURPLUS)/DEFICIT	3,528,492	(653,541)	4,182,033	(14,633,061)	(6,535,407)	(8,097,654)	(7,842,489)

ADMINISTRATION MATTERS**Administration**

The Administration Team continues to provide high level administrative support to various sections across the business.

Pathway Statistics for the month of April 2014:

		Requests Completed for the month				
	Customer requests received	Priority 3	Priority 2	Priority 1	Action required by the Admin Team	Completed by the Admin Team
RRWR	366	286	74	12	89	372
FRW	523	163	92	32	293	287
TOTAL	889	449	166	44	382	659

Priority 3 - requests completed within the required timeframe.

Priority 2 - requests not completed within the required timeframe and are escalated to the supervisor.

Priority 1 - requests not completed within the required timeframe and are escalated to the manager.

Dial Before You Dig (DBYD)

As of 25 March 2014, the Administration Team took over the responsibility of managing the DBYD requests. The average number of requests received per day for April was 5.97.

	April 2014	March 2014	Yearly Total
Requests Processed	179	26	205

Site Tours

There were no site tours held in April.

Communication and Education*Mount Morgan Sewage Expansion*

Correspondence sent to affected properties.

Mount Morgan Dam Emergency List

Correspondence sent with a form for residents to return with their details. Advertisement put in Mount Morgan Argus 8 May 2014.

Gracemere Water Supply

Media Opportunity with the Deputy Premier visiting regarding the Royalties for the Regions and Gracemere Water Supply.

Media Releases and Community Notices

Three media releases were issued in April, all of which generated media interest. These included increased capacity and efficiency for GWTP Pumps, Gracemere Water Supply and the Mount Morgan No 7 Dam Emergency Action Plan.

PROJECT AND CONTRACT MANAGEMENT

An update on the activities of current projects is provided in the table below.

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual /committals
NETWORK SERVICES CAPITAL WORKS PROGRAM					
Rockhampton Water (water main replacement)					
Dean and High Street Relocate and replace 150mm water main	March 2014	April 2014	100%	\$98,784	\$61,168
Comments: Completed					
Wandal Rd (Campbell – Norman) 200 mm water main replacement	January 2014	April 2014	100%	\$252,280	\$264,127
Comments: On schedule. Project costs have increased due to hard rock and alignment conflicts with other utilities					
North St (Murray-Campbell), 250mm water main replacement	December 2013	June 2014	20%	\$187,292	\$90,906
Comments: Scheduled and materials ordered					
Archer St (Campbell & West) 300 mm water main replacement	February 2014	June 2014	25%	\$835,430	\$273,135
Comments : On Schedule					
McKean St 100mm water main replacement	February 2014	March 2014	100%	\$63,315	\$39,288
Comments: Completed					
Gracemere Duplication (Athelstone) 300mm new water main	February 2014	June 2014	50%	\$1,000,000	\$751,658
Comments: On Schedule					
Armstrong street Gracemere 300mm sewer rising main replacement	December 2013	June 2014	75%	\$640,000	\$507,463
Comments: On schedule					
Gracemere Sewer Effluent	March 2014	June 2014	45%	\$260,000	\$195,134
Comments: On Schedule					
Rockhampton Sewer					
Sewer rehabilitation program (including Building over Sewer works)	July 2013	June 2014	67%	\$1,022,907	\$692,126
Comment: Rehabilitation and renewals annual program of works.					

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual /committals
Gracemere Sewer					
SPS17	December 2013	April 2014	100%	\$444,818	\$471,667
Comments: Completed					
Mount Morgan (water mains replacement)					
Dee St (East - Edward) 100 mm water main replacement	February 2014	May 2014	79%	\$204,580	\$112,609
Comments: On Schedule					
Black St (Dee – Morgan) 100mm water main replacement	February 2014	June 2014	18%	\$60,299	\$11,467
Comments: Materials Ordered					
Thompson St (Tipperary and Shield)	February 2014	June 2014	10%	\$72,565	\$7,706
Comments: Materials Ordered					
Mount Morgan Sewer					
Dee St, New 225mm Gravity Sewer	February 2014	June 2014	72%	\$250,000	\$254,575
Comments: On Schedule; Project costs have increased due to hard rock.					
TREATMENT AND SUPPLY CAPITAL WORKS PROGRAM					
R-S GSTP Augmentation. Strategic planning and augmentation of Rockhampton and Gracemere STPs.	July 2012	July 2014	99%	\$549,569	\$388,411
Comments: On schedule. Procurement and final design of the SRSTP interim upgrade underway.					
R - NRSTP CCTV Camera Unit Installation of CCTV to improve physical security at NRSTP	September 2012	June 2013	100%	\$28,760	\$4,548
Comments: Completed.					
M STP Communications Upgrade to enable monitoring of STP from Glenmore WTP.	April 2013	September 2013	100%	\$17,256	\$17,779
Comments: Completed.					
M STP Chlorination Upgrade	April 2013	May 2014	70%	\$15,716	\$8,250
Comments: On schedule.					

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual /committals
R – S NRSTP Aerator Replacement	July 2013	May 2014	70%	\$91,071	\$54,228
Comments: Delayed due to supplier design issues.					
Barrage Crane and Rail Restoration	December 2013	June 2014	60%	\$333,247	\$120,202
Comments: Crane restoration completed.					
GWTP Highlift Pump Station Upgrade (1 st Stage)	July 2013	August 2014 (1 st Stage)	20%	\$3,366,922	\$902,075,71
Comments: Delays (4- 6 weeks) experienced due to wet weather design issues. The contractor has been delayed by wet weather and is working through some design complications previously unforeseen.					
GWTP Lowlift Pump Station Upgrade	September 2013	June 2015	10%	\$0	\$5,784
Comments: Project deferred. Specification for tender now complete. A decision was made to defer this project to enable capital savings to be made as requested. This project will be included in the 2014-15 capital budget submission.					
Mechanical Dewatering NRSTP Installation of centrifuge at NRSTP	May 2012	May 2014	90%	\$758,700	\$664,398
Comments: Commissioning completed and practical completion to be issued in late May.					
Gracemere Recycled Water Irrigation Electrical Upgrade	May 2013	January 2014	100%	\$200,000	\$166,707
Comments: Completed.					
Arthur Street SPS Electrical Upgrade	August 2012	June 2015	10%	\$15,000	\$12,488
Comments: Technical Specifications for tender now complete. This project has been deferred due to insufficient available capital funding. A decision was made to defer this project to enable capital savings to be made as requested. The plan is to include this project in the 2014-15 capital budget submission.					
Yaamba Rd Reservoir Chlorination Upgrade	Jan 2014	June 2014	5%	\$50,000	\$15,629
Comments: On schedule.					
MM North Reservoir Rechlorination	July 2013	May 2014	90%	\$30,000	\$24,000
Comments: On schedule.					
MMWTP Coagulant Dosing Upgrade	Jan 2014	June 2014	5%	\$21,000	\$644
Comments: On schedule.					
G Lucas St WPS electrical switchboard upgrade	Jan 2014	June 2014	10%	\$70,000	\$10,199
Comments: On schedule.					

R = Rockhampton, G = Gracemere, M = Mt Morgan

WPS = water pump station, SPS = sewage pump station, STP = sewage treatment plant,

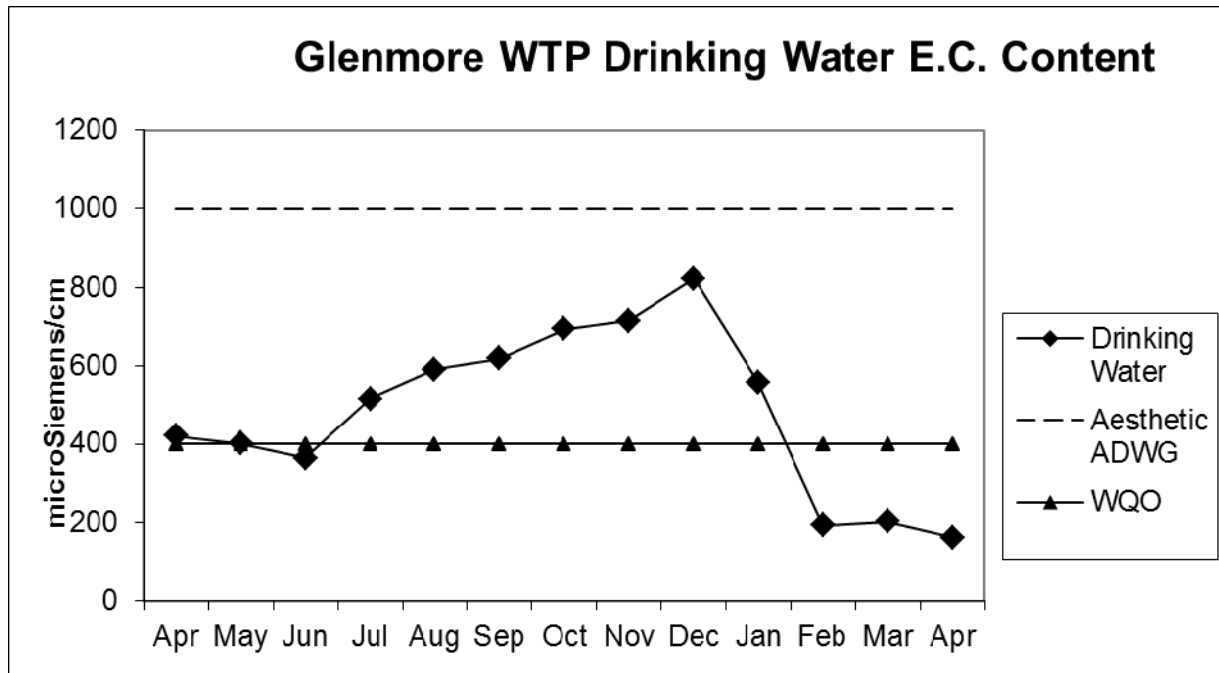
S = sewerage, W = water.

TREATMENT AND SUPPLY

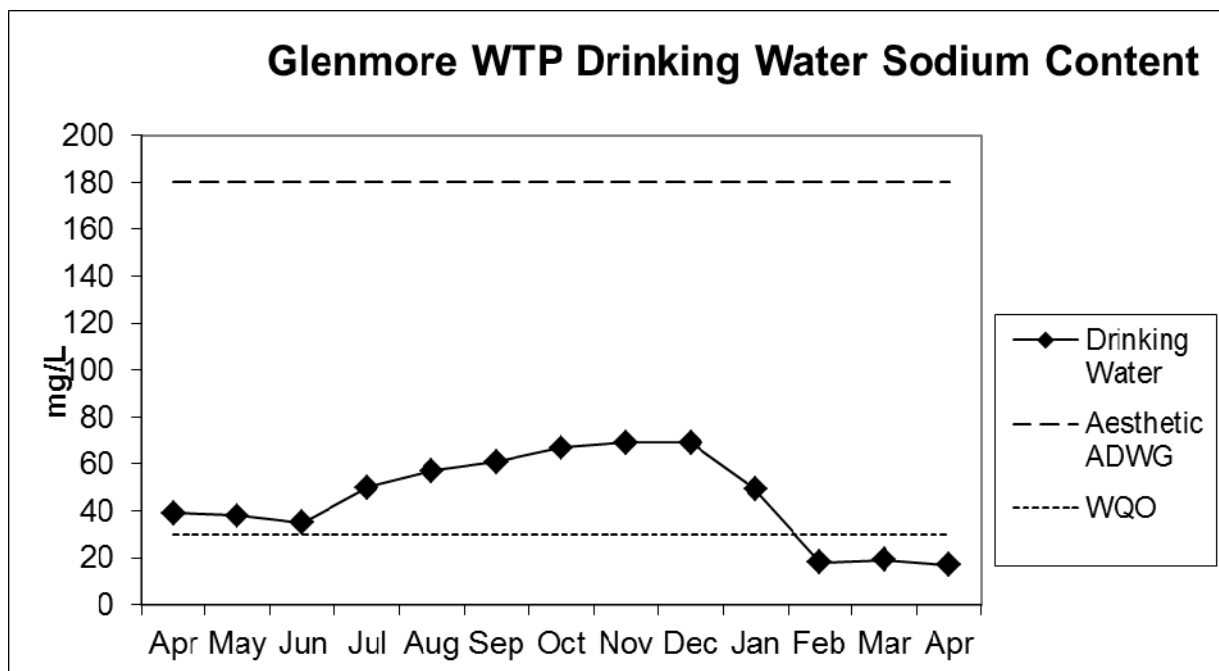
Workplace Health and Safety

- There were no lost time injuries for the month.
- No employees are currently on long term lost time injuries.
- Three safety incidents were reported for the month.

Drinking Water E.C. and Sodium Content



The level of E.C. in drinking water supplied from the Glenmore Water Treatment Plant (GWTP) during April decreased to be 162 µS/cm. The low E.C. reading follows the recent flow of water in the Fitzroy River after the receipt of rainfall in the upstream catchments. The level of E.C. is now below 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 not expected to increase significantly within the next few months.

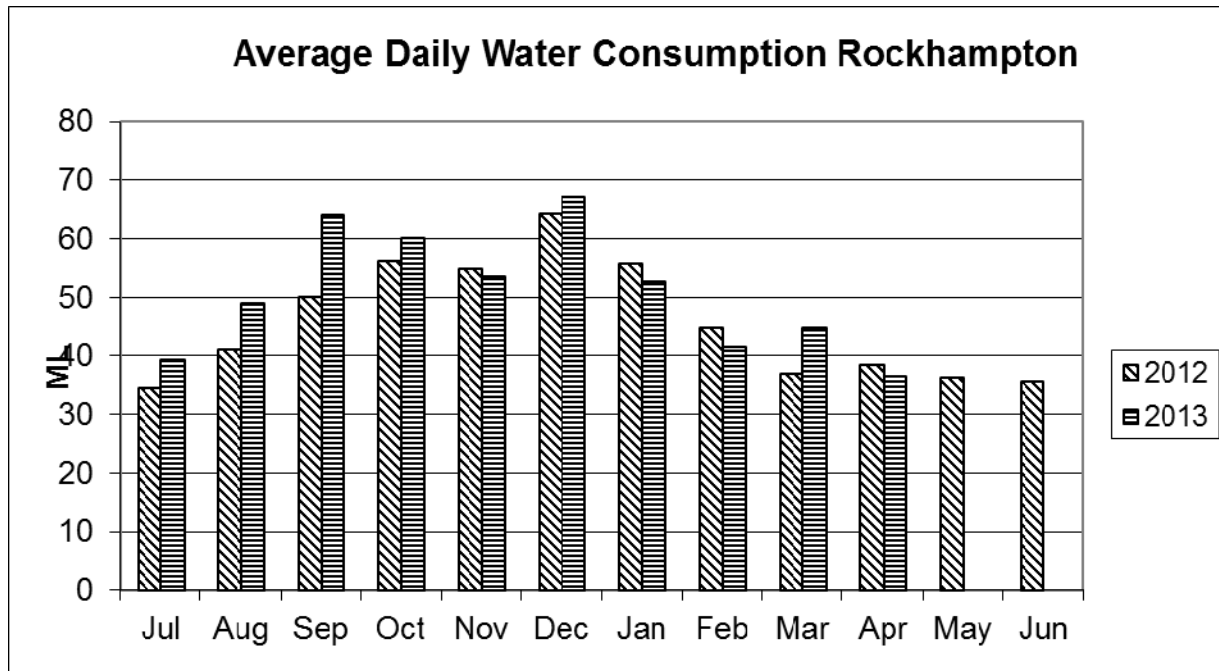


The concentration of sodium in drinking water supplied from the GWTP during April decreased to be 17 mg/L. This low level of sodium follows the recent flow of water in the Fitzroy River after the receipt of rainfall in the upstream catchment. The current level of sodium is now below the Water Quality 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 not expected to increase significantly within the coming months.

Drinking Water Supplied

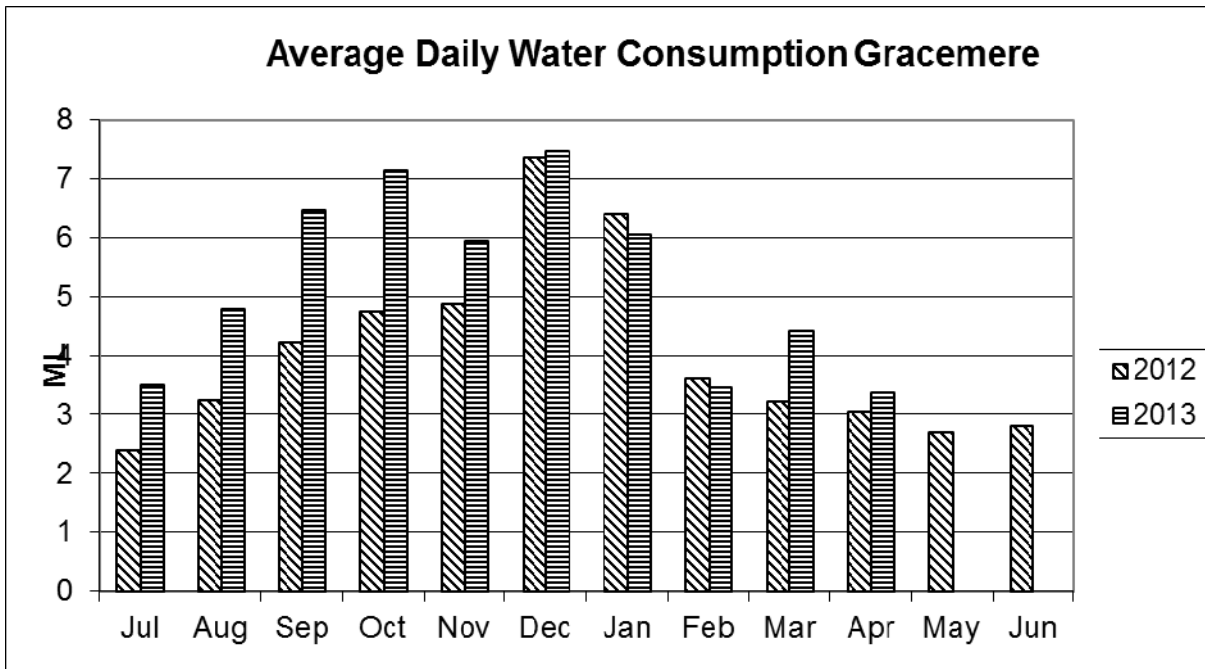
Data is presented in graphs for each water year (e.g. 2013 is the period from July 2013 to June 2014).

Rockhampton



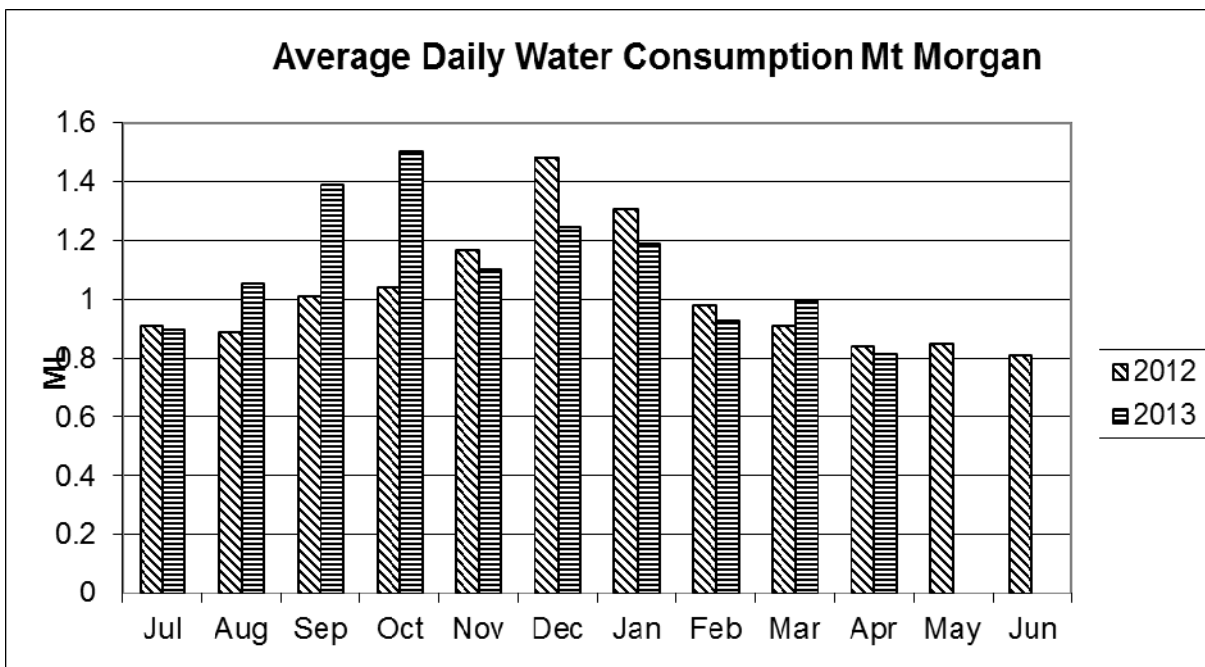
Average daily water consumption in Rockhampton during April decreased compared to that reported in March and was lower than that reported in the same period last year. The decrease in consumption was due to the rainfall received in late March and onset of cooler weather for most of the month. The Fitzroy Barrage Storage is currently at full storage level and is therefore well above the threshold in the Drought Management Plan used to trigger the implementation of water restrictions.

Gracemere



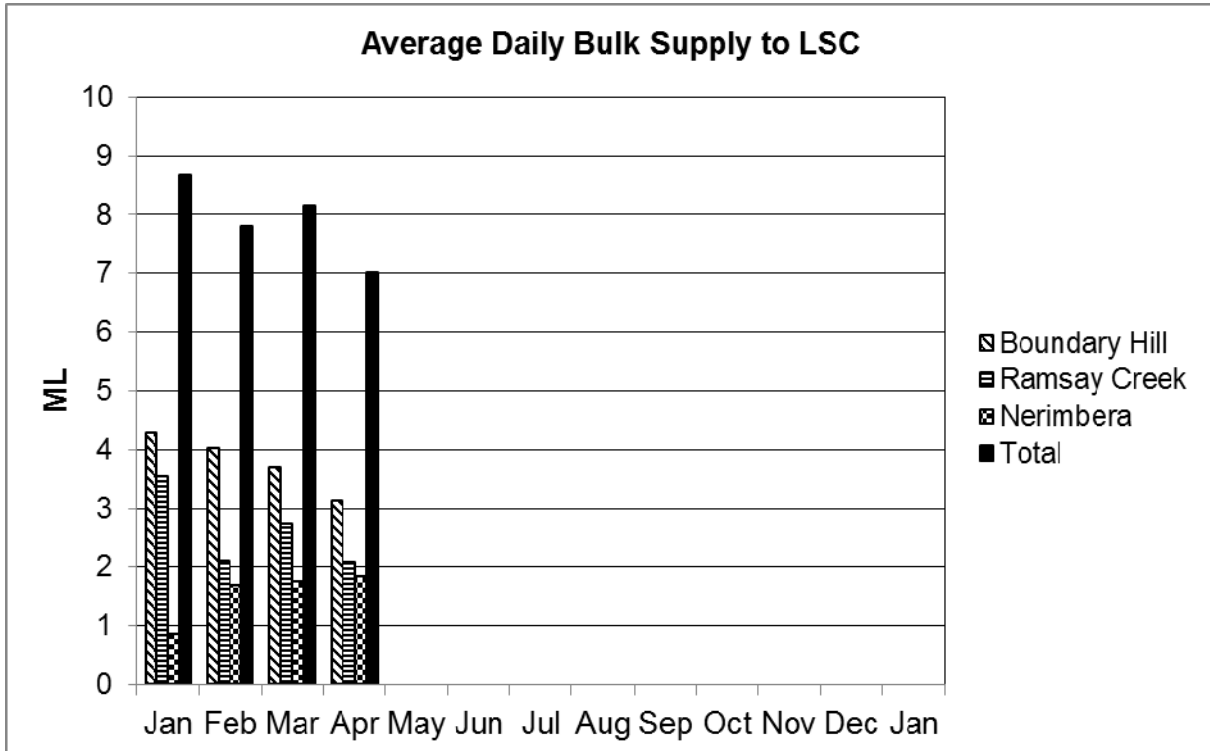
Average daily water consumption in Gracemere during April decreased significantly compared to that reported in March but was greater than that reported in the same period last year. The decrease in consumption was due to the rainfall received in late March and onset of cooler weather for most of the month. The Fitzroy Barrage Storage is currently at full storage level and is therefore well above the threshold in the Drought Management Plan used to trigger the implementation of water restrictions.

Mt Morgan



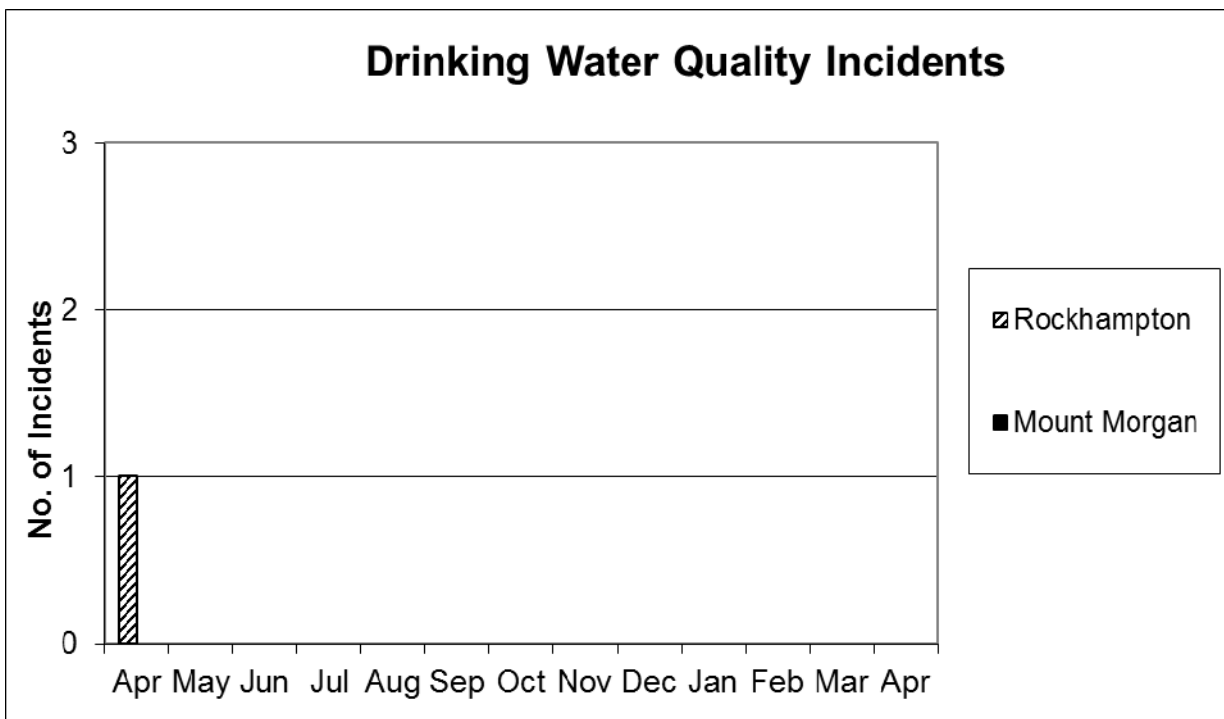
Average daily water consumption in Mount Morgan during April decreased compared to that reported in March and was lower than that reported for the same period last year. The decrease in consumption was due to the rainfall received in late March and onset of cooler weather for most of the month. The No. 7 Dam is currently at full storage level, 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



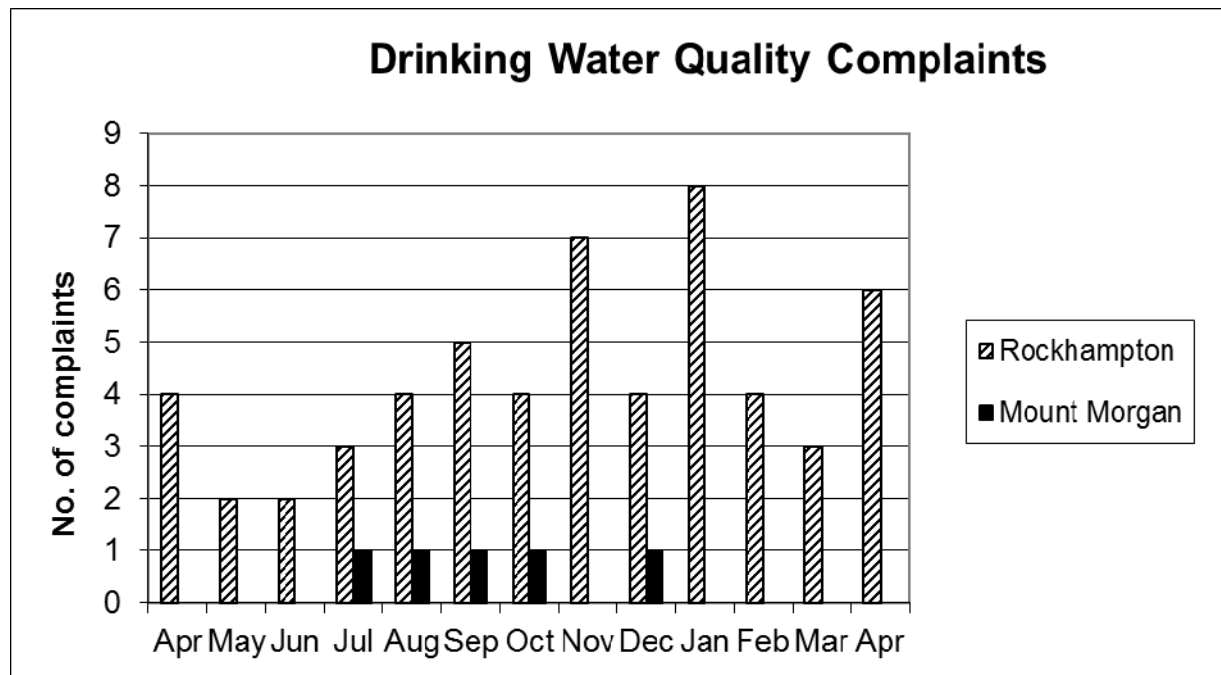
The average daily volume of water supplied to LSC decreased slightly during April compared to that recorded in March to be 7.03 ML. This overall decrease is despite a slight increase in the average daily supply to Nerimbera. The overall decrease was due partly to the rainfall received in late March and the onset of cooler weather for most of the month.

Drinking Water Quality Incidents



No drinking water quality incidents occurred during the month of April and only three drinking water quality incidents have occurred over the past 28 months.

Drinking Water Quality Complaints

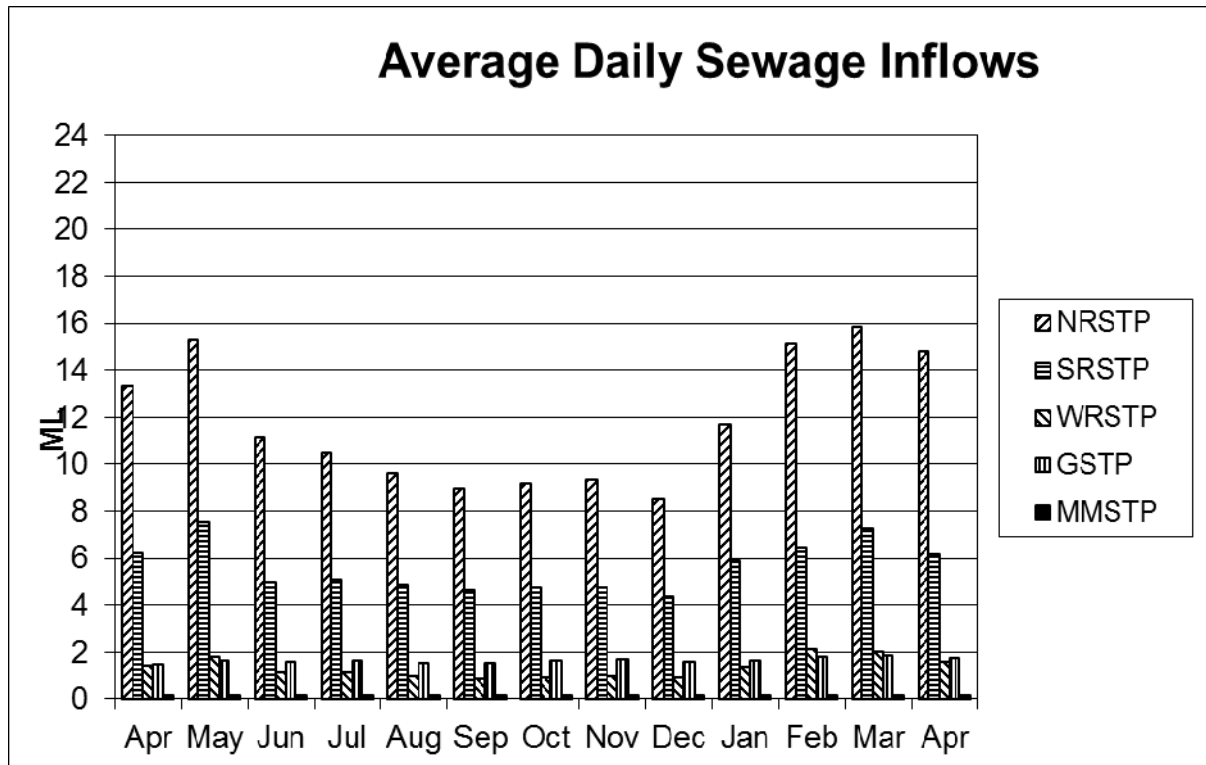


	Elevated Chlorine	Taste/Odour/Quality	Discoloured Water	Physical Appearance (e.g. residue or air)
No. Complaints	0	1	3	2

The total number of drinking water quality complaints (6 complaints) received during April increased from the three complaints received in March.

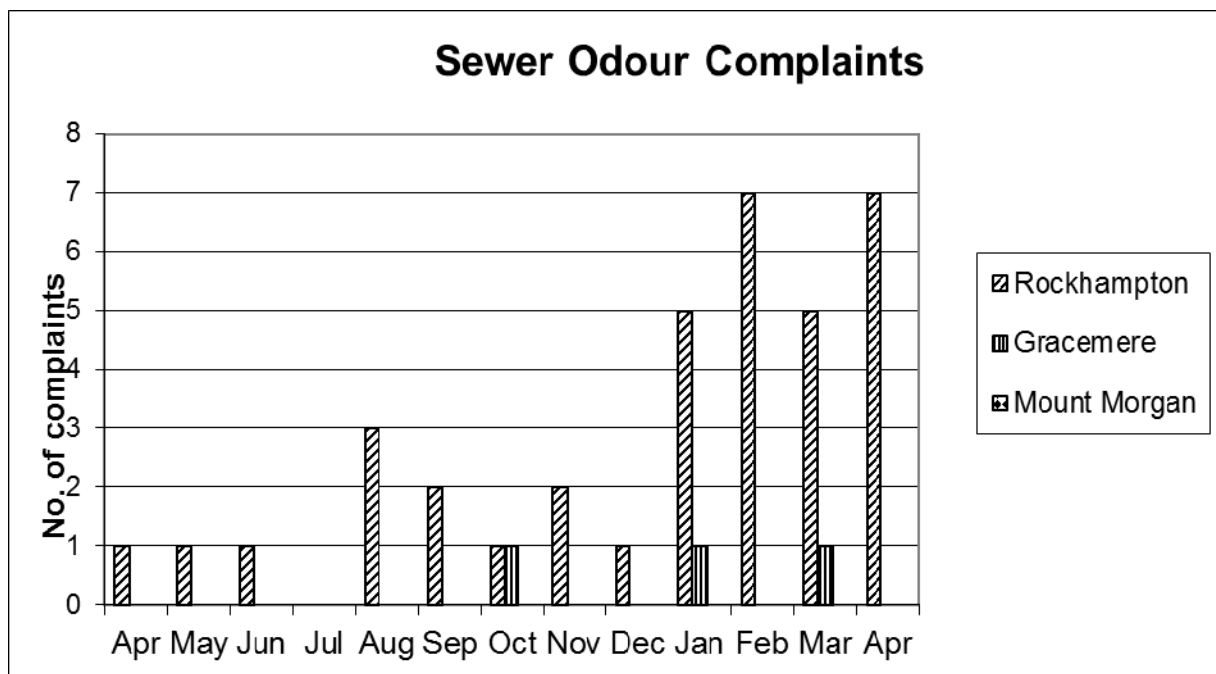
All complaints were received from customers in Rockhampton. Two of the three discoloured water complaints and one complaint associated with air in the water were possibly related to network maintenance activities. Another complaint was related to unsatisfactory taste and odour. In all instances FRW assisted by taking action to address each issue by providing additional testing, information or through the flushing of water mains to resolve the issue.

Sewage Inflows to Treatment Plants



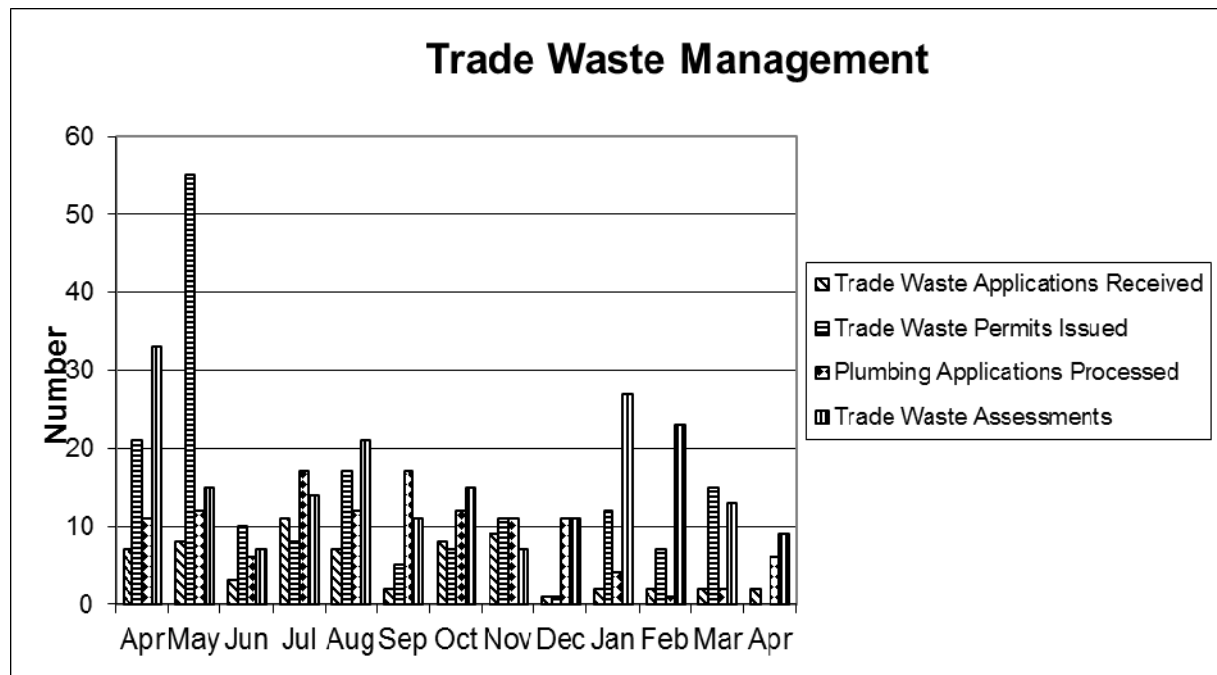
Average daily sewage inflows during April were slightly lower than that reported in March with the rainfall received during April typically less intense than the heavier rainfall received in late March. Nonetheless, inflows were significantly higher than normal dry weather inflows at most STPs throughout the month.

Sewer Odour Complaints



Seven sewer odour complaints were received during the month of April, an increase from the six recorded in March. All of the complaints were received in Rockhampton and five of the complaints were related to sewer odour emanating from parts of the sewerage network, due to surcharges or possible overflows following high rainfall events. Two of the odour complaints were found to be associated with internal plumbing problems. Each complaint was investigated and action was taken where possible to resolve the odour problem.

Trade Waste Management Activities

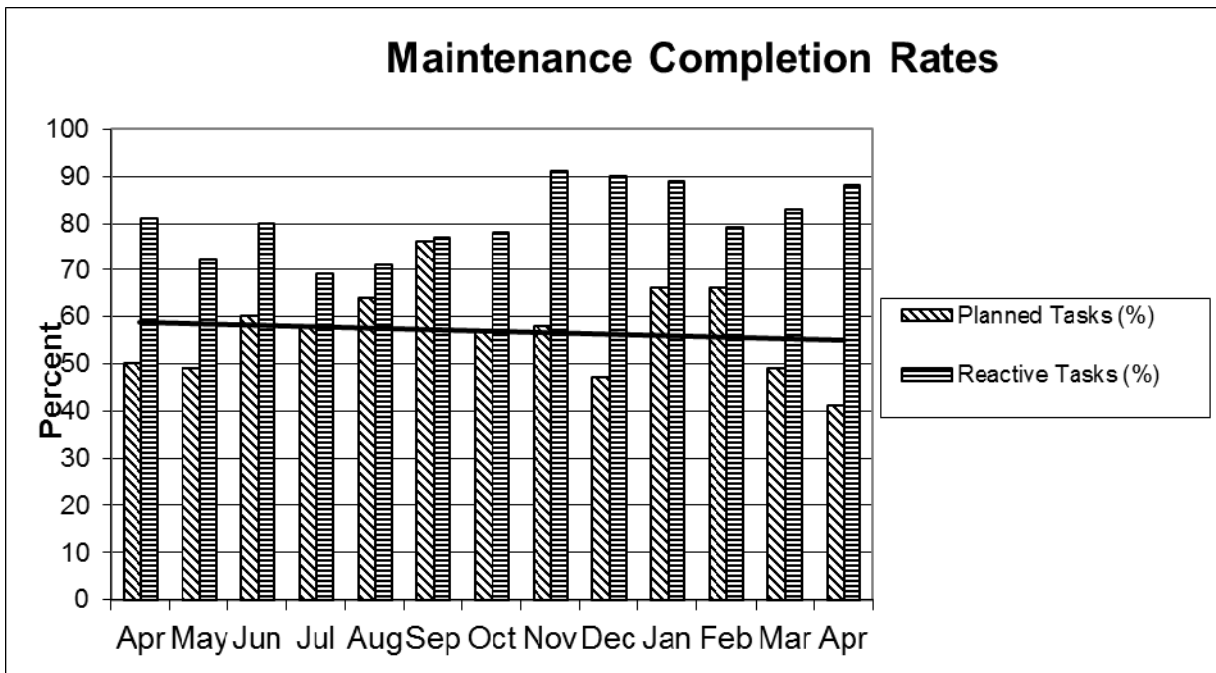


Two Trade Waste applications were received and no Trade Waste Permits were issued during the month of March. Six Plumbing Applications were processed and nine Trade Waste Assessments were completed by the team. The slightly lower output during this period reflects the leave taken by some members of the team during this period.

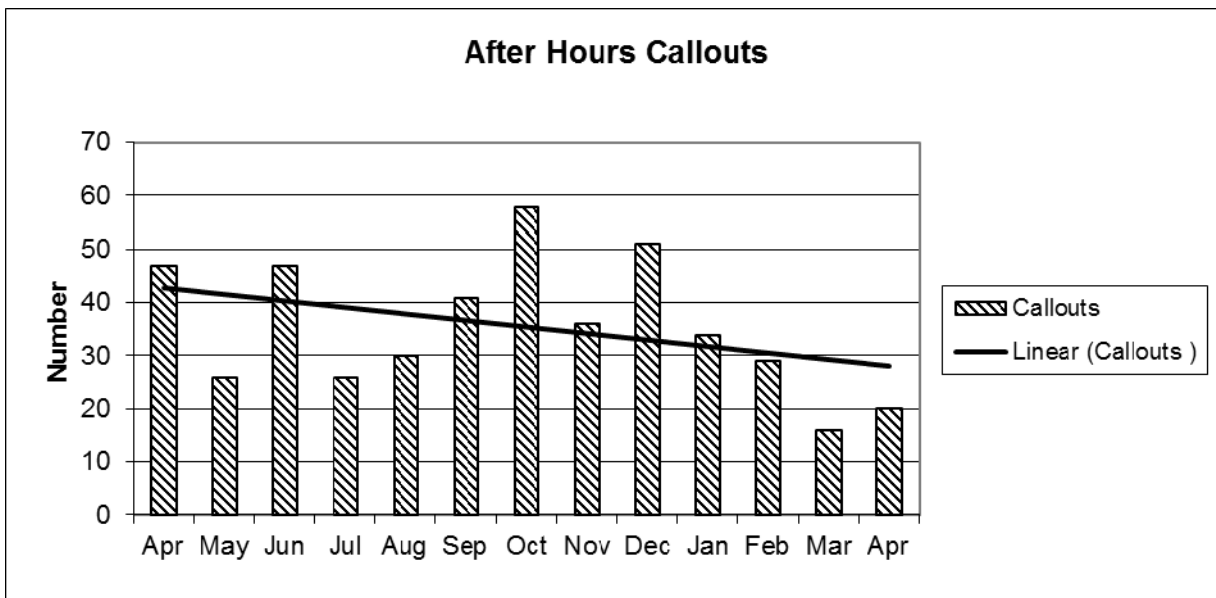
Maintenance Activities

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	13	37	56	N/A
Reactive	55	43	2	2
After hours callouts	11	5	1	3
Capital	0	0	0	N/A
Safety & Compliance	6	19	0	0



A total of 257 maintenance activities were scheduled and 145 reactive maintenance activities were requested during the month of April. Completion rates for each type of maintenance activity by the end of the month were 41% and 88% respectively. The completion rate for planned maintenance was lower due mainly to a number of staff taking leave over the Easter, Anzac Day period. The addition of a new resource to the electrical maintenance team in the coming weeks is expected to increase the completion rate for planned electrical maintenance tasks. The completion rate for reactive maintenance tasks remains relatively high with some of the tasks yet to be completed due to the time taken for delivery of new parts and equipment.



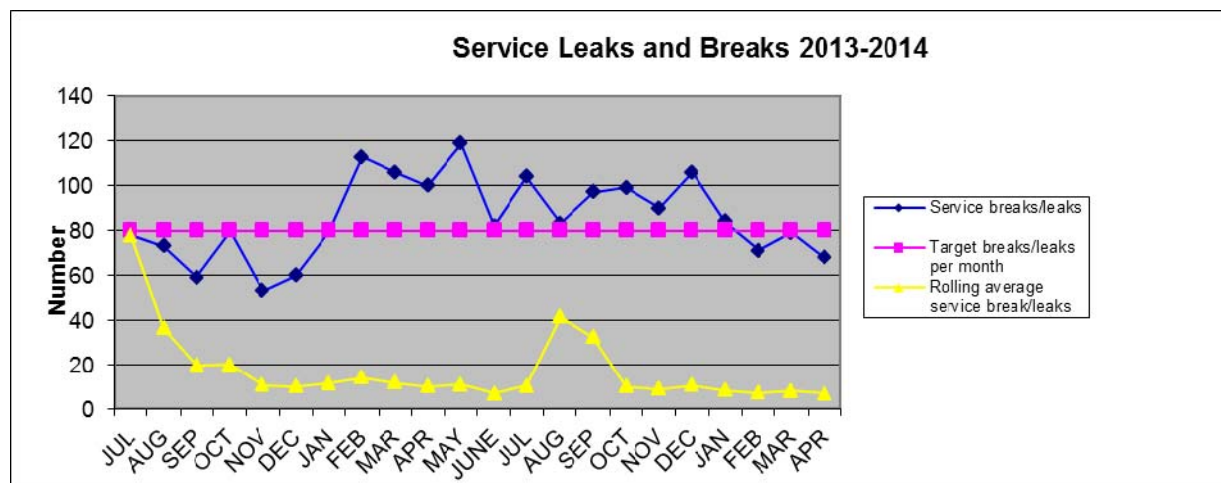
The number of after-hours call-outs for Treatment and Supply (20 call-outs) increased slightly during April compared to March. The number of callouts is lower than the 12 month rolling average of 39 call-outs. The trend line in the graph continues to indicate a gradual decrease in call-outs over the last 12 months. The call-outs were required to attend faults in Rockhampton, Gracemere and Mount Morgan at water treatment plants, sewage treatment plants, reservoirs and water and sewerage pump stations. A number of call-outs were associated with power outages at locations throughout Rockhampton and Gracemere.

NETWORK SERVICES

Workplace Health and Safety

- There were no lost time injuries for the month.
- No employees are currently on long term lost time injuries.
- Four safety incidents were reported for the month.

Regional Service Leaks and Breaks



Performance

Target achieved.

Issues and Status

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

Response to Issues

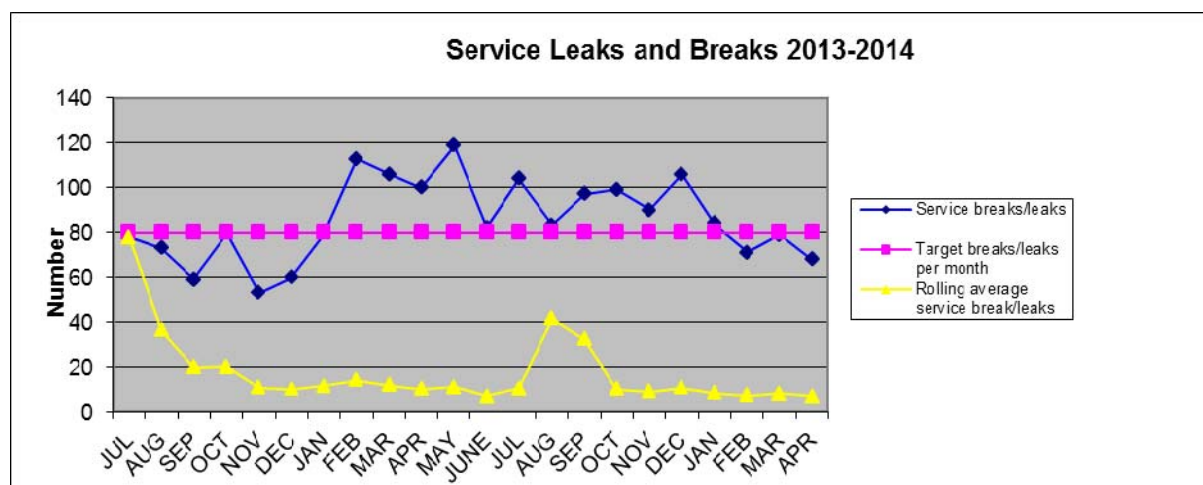
Water services subject to two failures are being replaced under the capital replacement programme to minimise the risk of failure.

Manufacturer of poly pipes is analysing samples of failed lines to identify root cause of failures.

FRW is introducing acceptance testing of materials with the assistance of Logistics Unit.

Locality	Service Leaks / Breaks
Rockhampton	63
Mount Morgan	1
Regional Total	64

Regional Water Main Breaks



Performance

Target achieved

Issues and Status

The following table shows the number of breaks per month.

Water main type	January 2014	February 2014	March 2014	April 2014
Cast Iron	12	2	0	0
A C	5	6	4	5
PVC	6	3	2	5
Mild Steel	0	3	0	0
Poly	5	2	0	0
TOTAL	28	16	6	10

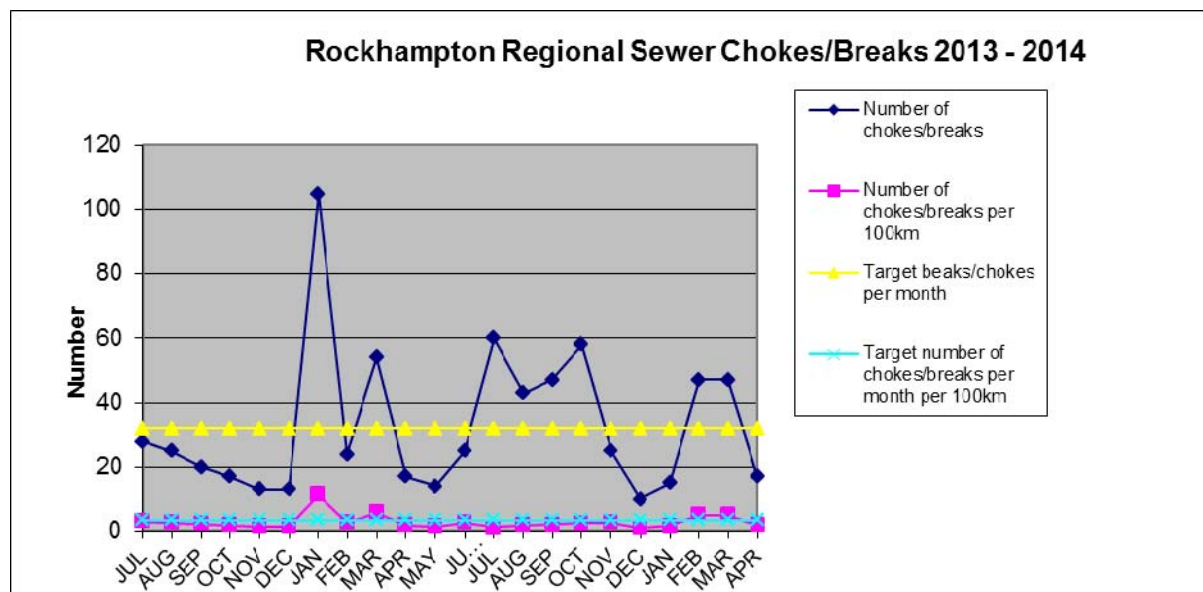
Response to Issues

Continue defect logging and rectification will reduce failure occurrences.

	Number of Main Breaks	Target Main Breaks	Breaks per 100 km	Target Breaks per 100 km	Rolling average per 100 km
April	10	15	0.80	1.21	1.55

Locality	Main Breaks
Rockhampton	10
Mount Morgan	0
Regional Total	10

Rockhampton Regional Sewer Chokes/Breaks



Performance

Target achieved.

Issues and Status

High percentage of blockages consistently occurs in Earthenware pipes, which is the original material in the network and installed from 1936.

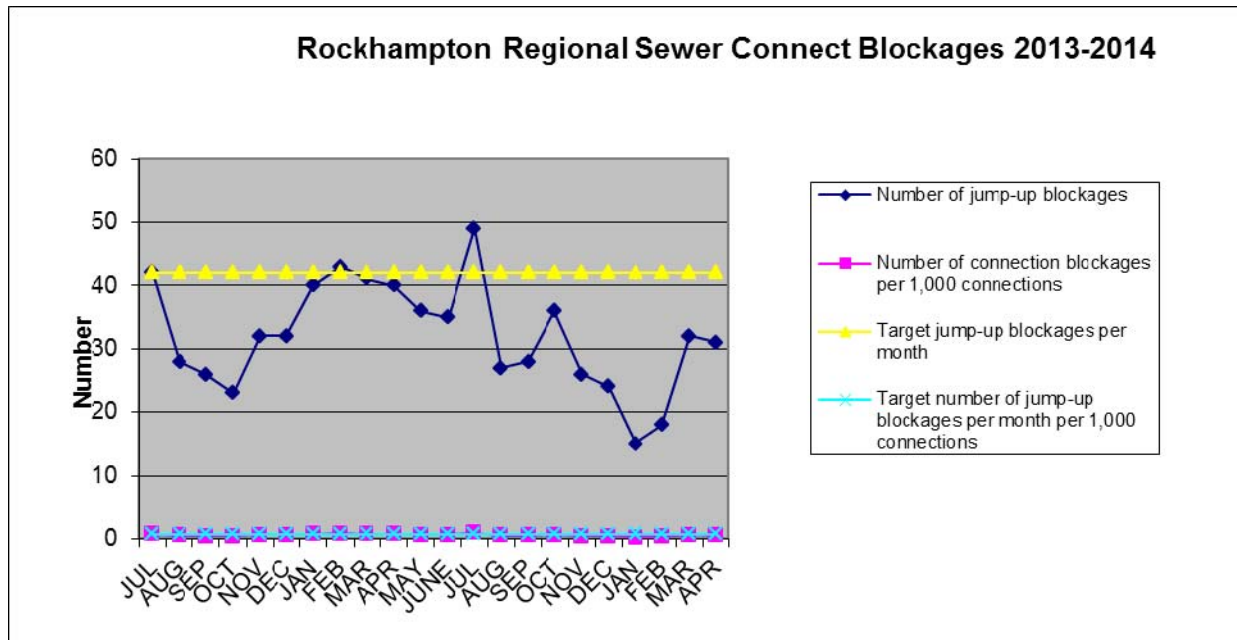
Response to Issues

Continue to log defects and monitor outcomes to ensure inclusion in the Capital Relining rehabilitation program.

	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
April	17	32	1.8	3.47	4.00

Locality	Surcharges	Blockages
Rockhampton	9	17
Mount Morgan	0	0
Regional Total	0	17

Rockhampton Regional Sewer Connection Blockages



Performance

Target achieved

Issues and Status

High percentage of blockages occur in Earthenware pipes encased in concrete, which causes the pipes to crack and break, as the concrete doesn't allow the pipe to flex with ground movement over the years. (This practise is not used when replacing or installing new Jump ups)

Response to Issues

Properties experiencing blockages are scheduled for repair.

	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	12 month average per 1,000 connections
April	31	42	0.58	0.79	0.75

Locality	Connection Blockages
Rockhampton	31
Mount Morgan	0
Regional Total	31

Sewer Rehabilitation Program

Work Location	Number completed for the month	Year to date totals
Access Chambers raised	0	99
Sewers repaired	3	164

Private WorksTable 1: New Water Connections:

Region	April	Year to Date 2014	Year to Date 2013	Year to Date 2012	Year to Date 2011
Gracemere	5	71	453	325	229
Rockhampton	11	202	143	86	86
Mt Morgan	NA	NA	NA	NA	NA
Regional Total		273	596	411	315

This table shows the water connection data, for April, for the past four years.

Region	April	April 2013	April 2012	April 2011
Gracemere	5	32	18	11
Rockhampton	11	20	3	7
Mount Morgan	NA	NA	NA	NA
Total	16	52	21	18

Table 2: Details on Private Works Jobs

Table 2 shows the number and quantity of private works jobs quoted and accepted during the reporting period and year to date. Jobs include both water and sewerage.

	April	Amount	YTD	Amount
Quotes Prepared	12	\$58,974.10	245	\$1,507,803.49
Quotes Accepted	17	\$116,554.10	180	\$1,057,706.26
Jobs Completed	15	\$90,752.87	172	\$950,263.34

Customer Enquiries - Pathways

Request Type	No. of Requests	Requests Outstanding
NSPWSC - Network Services – Private Works/Standard Connection Enquiry	8	0

Table 3: Undetected Leaks (Residential)

	April	YTD
New requests	13	84
Number declined	0	9
Number approved	10	81
Require more info	12	45
Total KI rebated	10478	54866
Total value approved	\$15,555.93	\$95,382.49

Table 4: Undetected Leaks (Commercial)

	April	YTD
New requests	0	2
Number declined	0	0
Number approved	0	9
Require more info	0	0
Total KI rebated	0	7,645
Total value approved	0	\$3,083.11

Table 5: Residential Rebates

	April	Total YTD Applications	Total YTD \$
Washing machines	14	212	\$21,200
Stand Alone tank	0	5	\$1,250
Integrated tank	0	0	\$0
Dual flush toilet	0	7	\$350
Shower rose	0	5	\$125
Other	0	0	\$0
Total	14	229	\$22,925

Currently there are two unapproved applications pending further advice from the applicants. They relate to:

- No purchase receipt being supplied to council with the application form (1)
- Customer not enrolled with AEC at the address stated on the application form (1)

Water Meters

A total of 7,727 meters were read during the month of April and approximately 5,400 accounts were issued to customers. The difference in the reads compared to bills is due to two weeks lead time for bills to be processed and mailed to customers with there being overlaps from one month to the next.

Sectors Read for April	1	2	3	Total
No. of meters in Sector	2295	3323	2109	7727
No-Reads	5	6	4	15
% Of No-Reads	0.2%	0.2%	0.2%	0.2%

Special Water Meter Reads

Reading Type	No. of Reads	\$ Value
Water Account Search - Averaged Readings \$27 per read	54	\$1,458.00
Water Account Search - On-Site Readings \$143.00 per read	37	\$5,291.00
Total \$ Value for April		\$6,749.00
Total \$ Value Year to Date		\$89,084.00

Customer Enquiries - Pathways

Request Type	No. of Requests	Requests Outstanding
NSWMRE - Network Services - Water Meter Reading Enquiry	60	0
NSSWMMR - Network Services Special Water Meter Read Enquiry	3	0
FINIRR - Finance - Irrigators (Asset)	4	0

Building Over Sewers

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

Activity Summary

	April	YTD
General enquiries	40	486
Site investigations	15	162
Approval Permits issued	3	25
Permits closed	0	6
Total	58	679

Building Over Sewer Permits in Progress

There are four permits in progress.

INFRASTRUCTURE PLANNINGSewer Network Investigations*Mt Morgan Sewerage Strategy*

Continued development of the ultimate Mt Morgan sewer network model has been carried out to enable detailed analysis of wet well sizing, storage and pump selection.

Water Network Investigations*Edenbrook Development – Pumped Water Main Proposal*

An Infrastructure Agreement has been prepared and signed by all parties for the constructed 300mm trunk water main from Birkbeck reservoir to William Palfrey Road.

Gracemere Water Supply Augmentation

The Royalties for the Region co-funded project Gracemere Water Supply Augmentation, sub-agreement has been finalised for signing. The first milestone payment of \$100,000 is scheduled for 31 May 2014.

2-4 Victoria Parade – Water Connection

The water connection for the high rise apartment complex at 2-4 Victoria Parade was originally conditioned to provide a missing 60m length of 150mm diameter water main that would link Victoria Parade through to North Street. Following a reduction in the number of floors and the subsequent changes to the required water connection arrangement, the need for the Victoria Street link was raised by the developer. Through negotiation between the developer and the Infrastructure Operations Coordinator it was agreed that 50% of the water main construction would receive a headworks credit.

10 NOTICES OF MOTION

Nil

11 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

12 CLOSED SESSION

In accordance with the provisions of section 275 of the *Local Government Regulation 2012*, a local government may resolve to close a meeting to the public to discuss confidential items, such that its Councillors or members consider it necessary to close the meeting.

RECOMMENDATION

THAT the meeting be closed to the public to discuss the following items, which are considered confidential in accordance with section 275 of the *Local Government Regulation 2012*, for the reasons indicated.

13.1 Rockhampton Regional Council High Priority Water Allocation Use

This report is considered confidential in accordance with section 275(1)(h), of the *Local Government Regulation 2012*, as it contains information relating to other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage .

13.2 Undetected Leak Rebate - Bodero Street, Norman Gardens

This report is considered confidential in accordance with section 275(1)(d), of the *Local Government Regulation 2012*, as it contains information relating to rating concessions (Personal details of customer and discussion on undetected leak rebate consideration.).

13.3 Undetected Leak Rebate - Commercial Premises, Lakes Creek Road, Koongal 4701

This report is considered confidential in accordance with section 275(1)(d), of the *Local Government Regulation 2012*, as it contains information relating to rating concessions.

13 CONFIDENTIAL REPORTS

13.1 ROCKHAMPTON REGIONAL COUNCIL HIGH PRIORITY WATER ALLOCATION USE

File No: 7169

Attachments: 1. RRC High Priority Water Allocation Use - Report

Authorising Officer: Nimish Chand - Manager FRW
Robert Holmes - General Manager Regional Services

Author: Jason Plumb - Coordinator Treatment and Supply

This report is considered confidential in accordance with section 275(1)(h), of the *Local Government Regulation 2012*, as it contains information relating to other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage .

SUMMARY

Opportunities exist for Council to increase the usage of its high priority water allocation in the Fitzroy Barrage storage, however, these opportunities are influenced by important factors such as the relevant legislation that regulates this water use, the extent to which the current water allocation is used, the current water pricing arrangements and demand for water, and the potential risks to long term water security such as drought. This report analyses these various factors and provides recommendations as to how to maximise opportunities for increased water usage in a manner that is sustainable whilst providing the best outcome for the community from this valuable water resource allocation.

13.2 UNDETECTED LEAK REBATE - BODERO STREET, NORMAN GARDENS**File No:** 6238**Attachments:** Nil**Authorising Officer:** Robert Holmes - General Manager Regional Services**Author:** Nimish Chand - Manager FRW

This report is considered confidential in accordance with section 275(1)(d), of the *Local Government Regulation 2012*, as it contains information relating to rating concessions (Personal details of customer and discussion on undetected leak rebate consideration.).

SUMMARY

The property owner of Bodero St, Norman Gardens has requested Council consider approving a second Undetected Leak Rebate for their property. The property owner received a previous rebate for an undetected leak. The current Council Undetected Leak Rebate Policy allows for only one claim per property. Due to alleged poor workmanship by a plumber in repairing the second undetected leak, the property owner requested a review of the original decision by FRW, this request is being referred to Water Committee for consideration.

13.3 UNDETECTED LEAK REBATE - COMMERCIAL PREMISES, LAKES CREEK ROAD, KOONGAL 4701**File No:** 6238**Attachments:** 1. Letter to Council dated 30 April 2014**Authorising Officer:** Robert Holmes - General Manager Regional Services**Author:** Nimish Chand - Manager FRW

This report is considered confidential in accordance with section 275(1)(d), of the *Local Government Regulation 2012*, as it contains information relating to rating concessions.

SUMMARY

A commercial premises on Lakes Creek Road, Koongal has requested Council consider increasing their undetected leak rebate claim from 25% to 100% of the extraordinary amount. The premises will receive rebate for an undetected leak consistent with the current Council Undetected Leak Rebate Policy – Commercial. The policy stipulates the rebate is calculated at 25% of the difference between the calculated averaged amount and the extraordinary billed amount.

14 CLOSURE OF MEETING