



WATER COMMITTEE MEETING

AGENDA

2 DECEMBER 2015

Your attendance is required at a meeting of the Water Committee to be held in the Council Chambers, 232 Bolsover Street, Rockhampton on 2 December 2015 commencing at 12.30pm for transaction of the enclosed business.

A handwritten signature in black ink, appearing to be "R. [unclear]".

ACTING CHIEF EXECUTIVE OFFICER
26 November 2015

Next Meeting Date: 03.02.16

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.

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	OPENING.....	1
2	PRESENT	1
3	APOLOGIES AND LEAVE OF ABSENCE	1
4	CONFIRMATION OF MINUTES.....	1
5	DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA	1
6	BUSINESS OUTSTANDING	2
6.1	BUSINESS OUTSTANDING TABLE FOR WATER COMMITTEE	2
7	PUBLIC FORUMS/DEPUTATIONS	5
	NIL	5
8	OFFICERS' REPORTS	6
8.1	ENSURING LONG TERM WATER SUPPLY SECURITY FOR ROCKHAMPTON	6
9	STRATEGIC REPORTS	15
9.1	FRW MONTHLY OPERATIONS REPORT - OCTOBER 2015.....	15
9.2	FRW ANNUAL PERFORMANCE PLAN - 2015/16	50
10	NOTICES OF MOTION	82
	NIL	82
11	URGENT BUSINESS/QUESTIONS	83
12	CLOSURE OF MEETING.....	84

1 OPENING

2 PRESENT

Members Present:

The Mayor, Councillor M F Strelow
Councillor C R Rutherford
Councillor A P Williams
Councillor N K Fisher

In Attendance:

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

3 APOLOGIES AND LEAVE OF ABSENCE

Councillor Greg Belz - Leave of Absence from 2 December 2015 to 3 December 2015

4 CONFIRMATION OF MINUTES

Minutes of the Water Committee held 4 November 2015

5 DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA

6 BUSINESS OUTSTANDING

6.1 BUSINESS OUTSTANDING TABLE FOR WATER COMMITTEE

File No: 10097

Attachments: 1. Business Outstanding Table for Water Committee

Authorising Officer: Evan Pardon - Chief Executive Officer

Author: Evan Pardon - Chief Executive Officer

SUMMARY

The Business Outstanding table is used as a tool to monitor outstanding items resolved at previous Council or Committee Meetings. The current Business Outstanding table for the Water Committee is presented for Councillors information.

OFFICER'S RECOMMENDATION

THAT the Business Outstanding Table for the Water Committee be received.

BUSINESS OUTSTANDING TABLE FOR WATER COMMITTEE

Business Outstanding Table for Water Committee

Meeting Date: 2 December 2015

Attachment No: 1

Date	Report Title	Resolution	Responsible Officer	Due Date	Notes
4 June 2014	Rockhampton Regional Council High Priority Water Allocation Use	<p>THAT the Council receive the report and adopt the following recommendations to optimise the sustainable usage of Council's high priority water allocation being that:</p> <ul style="list-style-type: none"> • Information is disseminated to irrigators regarding the removal of the requirement for Land and Water Management Plans; • FRW's 'water market' is promoted more; • The Drought Management Plan (DMP) trigger levels for implementing restrictions are reviewed and changed; • Methods to increase efficient industrial water use are examined; and • A formal approach be made to the regulator to retain flexibility in future Resource Operations Plan (ROP). 	Jason Plumb	31/08/2015	Brief information notice to be sent to irrigators with billing mail-out at the end of July. Regional Water Supply Security Analysis discussions continuing with DEWS. Water source security modelling and demand management planning using new Barrage storage volume data currently in progress with completion expected within the next two months. Council workshop to be scheduled for August or September to present outcomes.
2 September 2015	Report on Leakage in the Rockhampton Network	THAT a report on leakages in the Rockhampton Water Supply Scheme including defining those areas in the Supply Scheme experiencing the greatest level of leakage and a comparison with the National Standard and other Local Governments be provided to the Committee.	Jason Plumb	16/09/2015	

7 PUBLIC FORUMS/DEPUTATIONS

Nil

8 OFFICERS' REPORTS

8.1 ENSURING LONG TERM WATER SUPPLY SECURITY FOR ROCKHAMPTON

File No:	2830
Attachments:	1. Table 2 Summary of Actions for Maintaining or Increasing the Long Term Water Supply Security for Rockhampton
Authorising Officer:	Robert Holmes - General Manager Regional Services
Author:	Jason Plumb - Acting Manager Fitzroy River Water Angus Russell - Coordinator Strategic Infrastructure

SUMMARY

According to the recently completed Regional Water Supply Security Assessment (RWSSA), at the current level of demand the Council's water supply is relatively secure. As demand increases with future population growth or increased industrial or agricultural use, the level of water supply security in the Barrage storage is expected to decrease. There are a number of options for Council to pursue to maintain and/or increase the water supply security to underpin the future growth and development of our region. This report identifies and compares some of these options with respect to their cost, timeframe and potential risks. Based on the options presented, a number of actions are recommended to be pursued to maximise the water supply security for our region. A number of the actions include discussions and negotiation with key stakeholders in the Fitzroy Basin including the regulator, to ensure that Council continues to operate within and benefit from the existing legislation. Together, the feasibility and effectiveness of these actions will form the basis of a long term water supply strategy for the Rockhampton region and ensure an abundant water supply is secured for the future.

OFFICER'S RECOMMENDATION

THAT the action plan as outlined in this report be endorsed for implementation, towards ensuring long term water supply security for Rockhampton, including:

- Pursuing options to increase the Barrage storage volume via increasing operating set-point controls and potential augmentation of the barrage sill and/or gates;
- Promoting urban and industrial water use efficiency and reduction of distribution system losses;
- Revising Drought Management Plans, including discussions with the Stanwell Corporation on a shared approach to demand management;
- Assessing alternative water source options, including potential groundwater, desalination, off-stream storage and Barrage dredging; and,
- Making an initial in-principle and conditional commitment to involvement in Lower Fitzroy River Infrastructure Project and support the current proponents in seeking and securing Federal funding for the project.

BACKGROUND

Council has a long history of ensuring water supply security for the community. The construction of the Fitzroy River Barrage (Barrage) and Glenmore Water Treatment Plant in the early 1970s was a highly successful project that saw decades of planning culminate in water infrastructure, which has served the community well for 40 years, with likely community expectation that it will do so for another 40 years. The Barrage storage provides the Rockhampton region with a secure water supply.

The high level of security is due to the vast size and geographical spread of the Fitzroy Basin and the very reliable annual flow events that consistently refill the Barrage storage each year.

Since the early 1970s the population of Rockhampton and surrounding areas has increased significantly. As this population has grown, the drinking water scheme that is supplied with water from the Barrage storage has been extended significantly to meet the drinking water supply needs of this growing population. Perhaps the best examples of this were the completion of the Rockhampton to Yeppoon Water Supply Pipeline and Gracemere Water Supply Pipeline which were constructed to enable the Barrage storage to help ensure water supply security for the Capricorn Coast and Gracemere as well as Rockhampton. The total connected population served by the Barrage storage now exceeds 100,000 people, with further significant population growth expected in the coming years.

Increases in population and the potential changes to climate and river flow reliability mean that it is important to plan to ensure long term water supply security in the future. The Department of Energy and Water Supply (DEWS) and Council officers recently completed a Regional Water Supply Security Assessment (RWSSA) for Rockhampton. The RWSSA was reported to Council at the Water Committee Meeting in October 2015. The purpose of the RWSSA was to enable a detailed assessment of water supply security by modelling the available water storage and water demand using the best available information about current and future water use activities.

As well as providing an assessment of current and future water supply security, the RWSSA report contained a brief "Moving Forward" section that outlined possible options which form the basis of a strategy to ensure long term water security is maintained. This report provides further detail of the outcomes of the RWSSA and other relevant considerations for the future of Rockhampton's water supply security.

FINDINGS OF THE RWSSA

The RWSSA report describes how mathematical modelling (IQQM Model) was used to model the water supply security of the Barrage storage based on historical data associated with river flows, water storage levels and water usage. The same approach was used to predict future water supply security based on assumptions made in the completion of the historical modelling and by incorporating predicted future increases in water demand.

One important consideration of the modelling of future water demand is the combined operation of the Barrage and Eden Bann storages. The operating rules in the Queensland Government's Fitzroy Basin Resource Operations Plan (ROP) prescribe how these two storages are to operate in order to meet the water supply needs of water users, including the Stanwell Power Station. In brief, the Barrage storage is used by SunWater for the distribution and storage of water for supplying the Stanwell Power Station. This includes the physical extraction of water from the Barrage to supply the Stanwell Power Station both with and without the commensurate release of water from the Eden Bann Weir in accordance with the ROP.

During the completion of the RWSSA, Council chose to complete a new bathymetric survey of the Barrage storage so that current storage volumes could be incorporated into the modelling analysis. The ROP currently lists storage volumes for the Barrage storage that were based on a storage curve prepared in 1998. The new Barrage storage curve generated by Council shows a total storage volume of 74,390 ML which is well short of the 81,300 ML listed in the ROP, and a new commandable (accessible) volume of 49,821 ML.

A selection of the results of the modelling assessment is provided in Table 1. The information presented in Table 1 indicates the average frequency of a water supply failure for a number of different scenarios. A supply failure is defined as the point at which the water level in the Barrage storage is below the minimum operating level, which is approximately 4.9 metres beneath the full storage level of 3.79 m (Australian Height Datum, AHD). The water demand volumes indicated for Rockhampton are assuming no water restrictions have been applied.

Table 1 Findings of the RWSSA for current and future water demand scenarios

Year	Demand Scenario	Water Demand	Supply Failure
2016	Average annual use by Rockhampton and Stanwell	Barrage 22,000 ML Eden Bann 20,000 ML	1 in 108 years
2027	Increase for Rockhampton and full use by Stanwell	Barrage 31,000 ML Eden Bann 24,000 ML	1 in 53 years
2035	Increase for Rockhampton and Stanwell current usage	Barrage 35,000 ML Eden Bann 20,000 ML	1 in 53 years
>2050	Full use by Rockhampton and full use by Stanwell	Barrage 50,000 ML Eden Bann 24,000 ML	1 in 26 years

As expected, the risk of supply failure is dependent on the volumes of water used from each of the Barrage and Eden Bann storages. Increased usage by either Rockhampton and/or Stanwell can significantly increase the average frequency of a supply failure and with increased usage expected in the future, the average frequency of supply failures is also expected to increase. The duration of the periods of supply failure was also determined from the modelling analysis. The results of the modelling showed that the duration of periods of water supply failure increased in proportion to the volumes of water used. This finding reflects the fact that with greater water usage the supply would fail sooner leaving on average a greater period of time before the storage would be refilled by wet season flow events.

IMPLICATIONS OF THE FINDINGS OF THE RWSSA

The findings of the RWSSA indicate that at current levels of demand, the Barrage storage has a relatively high degree of security. However, this level of security is expected to decrease significantly with the increased water demand predicted in the future. In order to maintain a high level of water supply security into the future, it is important that Council identify a range of possible actions that help to either maintain or increase the current level of security. A high level of water supply security is required if the Rockhampton region is to continue to grow and develop as predicted.

In simple terms, the options to maintain or increase water supply security generally include one or more of the following:

1. Increase the volume of water stored in the Barrage storage,
2. Decrease the volume of water used (demand) from the Barrage storage, or
3. Increase the water supply volume from another storage or source.

These three general options can be achieved by implementing a number of specific possible actions. The information provided in Table 2 outlines these possible actions and compares them with respect to key criteria including cost, timeframe, benefit and risk.

Increases to the Barrage storage volume

As mentioned above, the new Barrage storage curve developed by Council indicates that the Barrage total storage volume is approximately 7,000 ML or 9% lower than the total storage volume stated in the ROP. This significant decrease in total storage volume is somewhat concerning, although it is not clear whether the decrease is due to changes in the river bed and banks, or due to the improved resolution of the recent survey compared to the survey used to develop the 1998 storage curve which forms the basis of the ROP storage volumes. The new Barrage survey data also indicates an increase to the dead storage volume, which is the volume of water beneath the minimum operating level.

This information will be formally communicated to the Department of Natural Resources and Mines (NRM) which regulates water resources in Queensland for consideration and updating of the ROP as appropriate.

It is possible to increase the volume of water in the Barrage storage via a range of different means. These include operating the Barrage at a higher full storage level through changes to the control level setpoint with or without making physical changes to raise the height of the Barrage gates or Barrage sill structure. An increase in storage volume of up to 200mm (up to 3000 ML) could be made relatively quickly at a relatively low cost (<\$100,000) pending approval from regulator (NRM). The possible impacts of a storage level increase on surrounding landholders would be considered before any change was made. Another option to increase the Barrage storage volume is to deepen or widen parts of the bed and banks in the river channel through dredging or excavation of suitably identified areas. This option is considered a longer term option with relatively high cost (>\$10 million) and high risk, with the potential increase in storage volume largely dependent on the capital expenditure.

Decreasing water demand for the Barrage storage

This option includes minimising the demand for, or loss of, water from the Barrage storage. The approaches to achieving this outcome include improved management of demand through specific demand management strategies including improved water efficiency, reducing water distribution system losses, water restriction or other pricing-based demand management triggers and an enhanced approach to managing periods of drought or water scarcity.

There is also potential to reduce the amount of water lost from the Barrage storage due to the operation of the fish ladder which discharges between 10 and 15 ML each day when in operation. FRW is currently working with the Fitzroy Basin Association to construct a new more effective fishway at the Barrage which may assist in reducing the overall water losses to the downstream estuary.

Residential water usage in Rockhampton is approximately 330 L/p/d. This level of consumption is greater than some similar regional centres (e.g. Gladstone 270 L/p/d) but less than others (e.g. Townsville 588 L/p/d). Through continued efforts to promote and encourage water efficiency and water conservation, a further reduction in residential water use would help to reduce overall demand on the Barrage storage and possibly offset population growth by helping to maintain current levels of demand. In addition, the potential for improved water efficiency in the non-residential sector could be targeted to develop opportunities for reducing demand.

FRW has been working for a number of years on reducing the water losses that occur throughout the distribution system. Current water losses are significantly lower than in previous years but are still high compared to other similar urban water utilities. This is clearly an area where FRW can further reduce overall water demand through further development of initiatives to better monitor flow and through continued water main replacement to reduce water main breaks.

Although not included in the RWSSA modelling, the current water restriction triggers in Council's Drought Management Plan would help to reduce water demand but they would not significantly alter the average frequency of supply failure and also have no influence over the volume of water used by the Stanwell Power Station. Given that the Barrage and Eden Bann storages are operated as interdependent storages there is an opportunity to develop a shared approach to demand management with the Stanwell Corporation, especially in times of severe or prolonged drought. A possible outcome may be that special measures are agreed to that best optimise the operation of the two storages so that the water supply security is maximised for the benefit of each party.

The options to decrease water demand mentioned above are generally medium to long term options and range from relatively low cost options such as promoting and encouraging water efficiency (i.e. <\$100,000) through to moderate cost options (i.e. >\$1 million) where the construction of new infrastructure is required to detect and then reduce system losses in the water distribution system.

Council will work with DEWS in 2016 to undertake a RWSSA for Mount Morgan. Given previous Council considerations of supply failure contingencies and a potential water supply pipeline from Gracemere to Mount Morgan, some of the possible savings identified above might be offset by a modest increase in demand on the Barrage system due to the augmentation of the Mount Morgan water supply.

Increase the water supply volume from another storage or source

The option to acquire or procure additional water supply volume from another storage or source other than the Barrage storage is a key option to consider. Some examples of this option include augmenting the supply from the Barrage storage with, groundwater from the local area, off-stream storage and water harvesting, desalinated estuary water or water from future upstream storages. Each of these options varies with respect to complexity and more importantly the cost and return on the investment made to secure this additional water supply. Overall these options would be expected to be expensive with costs in excess of \$1 million and possibly in excess of \$10 million. A further brief explanation of these four supply options is provided below.

The construction of water production bores and the associated levels of treatment (typically only filtration and disinfection) to produce potable water could be investigated to determine the feasibility of supplying in the range of 5-10 ML/d. It is likely that a number of separate individual production bores would be required to achieve this low level of supply capacity, with the location and yield of bores dependent on the availability of groundwater resources locally. There is a history of using groundwater supply to augment surface water supplies in Gracemere and throughout many parts of Queensland (e.g. Bundaberg) and Australia (e.g. Perth) significant proportions of the municipal water supplies are sourced from groundwater. For Rockhampton, the use of groundwater may represent more of a risk mitigation or contingency option rather than a predominant supply option and this potential warrants further investigation.

The option of off-stream storage and water harvesting would involve the construction of one or more off-stream storages and pumping or diverting water from the Fitzroy River during periods of high flow. This would require acquisition of water harvesting entitlements and securing a range of regulatory approvals. Off-stream storages are often characterised by shallow impoundments that are subject to relatively high levels of losses via evaporation. Identifying a suitable site with favourable storage characteristics and acceptable levels of environmental and social impact may be problematic and this option is likely to be both high cost and high risk.

The desalination of marine water from the estuary of the Fitzroy River, whilst likely to cost in excess of \$10 million capital and have high ongoing operating costs even for a supply capacity of up to 10 ML/d, has the advantage of a relatively limitless raw water source. It is important to understand that although the technology exists to produce safe drinking water via desalination, the use of the Fitzroy estuary for the disposal of treated sewage effluent has the potential to make this option quite unacceptable to the community. Nonetheless, as treatment technology and energy efficiency advancements continue and public perceptions change over time, the use of desalination has the potential to form part of the long term future water supply options for Rockhampton.

The construction of future upstream water storages such as the Rookwood Weir or the raised Eden Bann Weir has the potential to provide new sources of water supply for the Rockhampton region. Currently these projects are the being proposed by proponents SunWater and the Gladstone Area Water Board as the Lower Fitzroy River Infrastructure Project (LFRIP).

The LFRIP has the potential to provide additional storage volumes of 35,000 ML for the first stage upgrade of Eden Bann Weir, 50,000 ML for the second stage upgrade of Eden Bann Weir and up to 86,000 ML for the full development of the Rookwood Weir.

Council has the opportunity to work with the LFRIP project proponents to determine the extent to which Council invests in this new infrastructure or procures available water allocations that are created upon completion of this new storage infrastructure. With a federal government election scheduled for 2016, it is possible that pre-election commitments and important preliminary planning will be undertaken to identify priority projects for Australian Government funding. It is therefore very important that Council identify and establish the desired level of involvement in the development these future water storages and associated water allocations for improved water security. At this stage the level of investment required to acquire a stake in these future projects is not known, however, the cost of a significant shareholding in these future projects is likely to exceed \$10 million.

It is in Council's best interests to continue to engage proactively with the LFRIP proponents to ensure that Council has the best opportunity to realise the potential of the LFRIP for improving long term water supply security. This continued engagement can be pursued in a manner that does not commit Council financially, but instead enables Council to commit in-principle to the LFRIP, so that it is positioned to benefit from Australian Government funding of the project and to influence the LFRIP outcomes to Council's advantage. In this way Council's in-principle commitment to the LFRIP can be made conditional with respect to key project criteria such as:

- Receipt of significant Australian Government funding for the LFRIP;
- The LFRIP receiving all necessary regulatory approvals to proceed; and,
- Negotiation of acceptable terms and conditions associated with being a project partner including, the level of funding contribution, the level of authority and influence in project decision making, the level of shared liability and risk in the project delivery, LFRIP (i.e. new ROP) operating rules, and the resultant improvement in water supply security.

LEGISLATIVE IMPLICATIONS

As indicated above, the Barrage storage is operated in accordance with the ROP which is a subordinate regulatory document to the *Water Resource (Fitzroy Basin) Plan 2011* and *Water Act 2000*. As also indicated above, the findings of the RWSSA and the development of the new Barrage storage curve indicate that key storage volumes in the ROP are incorrect and need to be amended. There are also a number of clarifications that need to be made to the ROP operating rules that define the operation of the Barrage and Eden Bann storages, especially in light of a significant reduction in the total storage volume in the Barrage storage and a reduction in the commandable (accessible) storage volume to a value that is less than the volume of Council's high priority water allocation.

The ROP could also be amended to better define the contribution that Council makes by providing distribution and storage infrastructure for the supply of water by SunWater to the Stanwell Power Station. This important contribution by Council through its funding and operation of the Barrage storage is relatively undervalued and should be considered closely when negotiating any investment in future water storage infrastructure and water allocations.

In addition, the recent changes to the Water Allocation Security Objectives (WASO) for high priority water in the *Water Resource (Fitzroy Basin) Plan 2011* has seen the annual target for the water sharing index for the Fitzroy Barrage Water Supply Scheme decrease to be at least 94%, a decrease from the previous target range of 95-100% stated in a previous version of the *Water Resource (Fitzroy Basin) Plan*. Together this perceived reduction in the WASO target along with the very real decrease in the volumes currently available in the Barrage storage compared to the ROP, need to be pursued with the regulator to ensure that all relevant future decisions for the Fitzroy River best consider the security of the water supply in the Barrage storage.

As an owner and operator of water storage infrastructure that pre-dates much if not all of the existing regulation, Council needs to take a very proactive stance in influencing all future decisions that have the potential to impact our water supply security.

BUDGET IMPLICATIONS

The 2015-16 Council Budget does not currently contain specific allocations to cover most of the action items listed in Table 2, although some of the low cost actions would be completed within the existing operating and capital budget expenditure. Budget planning for the higher cost options will commence over the coming months to ensure that due consideration is given to ensure there is adequate funding for significant future investment as required. Where possible should be pursuing funding from different tiers of government towards developing the available options.

FUNDING OPPORTUNITIES

Currently, an opportunity exists for Council to pursue active participation in the LFRIP, to the extent required to ensure that we can take advantage of possible Australian Government funding initiatives. The \$500M National Water Infrastructure Development Fund is a potential source of funding for the LFRIP or similar projects. Successful receipt of a significant portion of this available funding would likely be sufficient along with matching partner funding to complete the at least one major component of the LFRIP project. Another significant funding opportunity is the Northern Australia Infrastructure Facility which comprises up to \$5 billion of concessional loans to successful recipients. It is unlikely that Council acting on its own would lead to success in attracting funding from either of these important funding programs. It is therefore essential that Council form collaborative links with the LFRIP project proponents to improve the chance of receiving project funding for the construction of any new water infrastructure.

CONCLUSION

The recently completed RWSSA has provided a clear indication of current and future water supply security for the Barrage storage. It is very important that Council identifies and executes a range of targeted actions to ensure that the current level of water supply security is maintained or increased to help underpin the future growth and development of the Rockhampton region.

The short and longer term actions identified in this report will form the basis of the development of a long term water supply strategy for Rockhampton and also enable Council to position itself to best take advantage of future opportunities to obtain additional water supply security.

Importantly, a key opportunity exists now to confirm Council's desired level of involvement in the LFRIP and to make the most of any funding opportunities that exist to enable this important project to proceed. This undertaking is likely to give Council one of the best opportunities to ensure long term water supply security for the community.

ENSURING LONG TERM WATER SUPPLY SECURITY FOR ROCKHAMPTON

Table 2 Summary of Actions for Maintaining or Increasing the Long Term Water Supply Security for Rockhampton

Meeting Date: 2 December 2015

Attachment No: 1

Table 2. Options for maintaining or increasing Rockhampton's water supply security and the actions required to develop these options

Options	Description	Cost	Timeframe	Complexity/Risk	Comments/Benefits
Option 1 Increase the Barrage Storage Volume					
Action 1	Communicate RWSSA findings especially new storage volumes to NRM	<\$500	1 month	Low	Propose changes to ROP to initiate discussion about options to increase storage volume
Action 2	Raise PLC control setpoint up to 100mm	<\$100	6 months	Low	Low cost additional 1000-1500 ML
Action 3	Augment barrage sill and/or gates	<\$1 million	12 months	Medium	Low cost additional 3000 ML
Action 4	Identify options to deepen/widen Barrage storage	<\$100,000 (study only)	12 months	High	Prepare a pre-feasibility report with costed options
Option 2 Decrease Water Demand for the Barrage Storage					
Action 5	Promote Waterwise/Water efficiency	<\$100,000	Ongoing	Low	Reduce consumption by 10%? (2000 ML)
Action 6	Reduce outflow through the Barrage Fishway	<\$10,000	12 months	Low	Reduce outflow by 30% (1000 ML)
Action 7	Reduce water distribution system losses	>\$1 million	3-5 years	High	Reduce losses by 20% (up to 2000 ML)
Action 8	Revise Drought Management Plan with updated information from RWSSA	<\$10,000	6 months	Medium	Reduce demand during drought periods to maximum water supply security.
Action 9	Develop shared approach to demand management with the Stanwell Corporation	<\$100,000 (study only)	12 months	Medium	Maximise operation and management of the Barrage and Eden Bann storages to maximise water supply security.
Option 3 Increase Water Supply Volume from other Storages or Sources					
Action 10	Identify options for using groundwater to augment current water supply	<\$100,000 (study only)	12 months	Medium	Prepare a pre-feasibility report with costed options
Action 11	Identify options for desalination to augment current water supply	>\$10 million project	12 months	High	Preparation of a feasibility report with costed options
Action 12	Identify options for off-stream storage and water harvesting to augment current water supply	<\$100,000 (study only)	12 months	High	Prepare a pre-feasibility report with costed options
Action 13	Secure additional storage/volume via the LFRIP initiative	>\$10 million investment	12 months	High	Engage with LFRIP proponents and provide in-principle and conditional support

9 STRATEGIC REPORTS

9.1 FRW MONTHLY OPERATIONS REPORT - OCTOBER 2015

File No: 1466

Attachments: 1. FRW Monthly Operations Report - October 2015

Authorising Officer: Robert Holmes - General Manager Regional Services

Author: Jason Plumb - Acting Manager Fitzroy River Water

SUMMARY

This report details Fitzroy River Water's financial position and other operational matters for the Council's information as at 30 October 2015.

OFFICER'S RECOMMENDATION

THAT the FRW Monthly Operations Report for October 2015 be received.

FRW MONTHLY OPERATIONS REPORT - OCTOBER 2015

FRW Monthly Operations Report - October 2015

Meeting Date: 2 December 2015

Attachment No: 1

MONTHLY OPERATIONS REPORT
FITZROY RIVER WATER
Period Ended 31 October 2015

VARIATIONS, ISSUES AND INNOVATIONS***Innovations***

Work has commenced to construct a new fish ladder at the Fitzroy River Barrage. The new fish ladder will be constructed alongside the existing fish ladder and is expected to significantly improve the passage of juvenile fish species from the downstream estuary to the upstream impoundment. The commencement of construction follows nearly 12 months of collaboration between FRW and the Fitzroy Basin Association to develop the design of the new fish ladder to ensure that it is constructed in a manner that does not interfere with the Fitzroy River Barrage, and is able to withstand major flood events. The total project cost is expected to be approximately \$350,000 with Council contributing some funding previously allocated to improve fish passage at the Barrage. Once completed, the new and improved fish ladder is expected to provide a considerable boost to the health of the local fishery.

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 October 2015 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 (completes and
			Received	Completed									
Asset Enq/Jump up location/Wat/ Sew Invert Levels	0	0	4	4	0	0	0	0.00	2	0.75	2.11	2.06	0.71
Network Construction - Reworks (Reinstatement Proj	0	0	1	1	0	0	0	0.00	1	0.00	1.40	7.47	11.18
Network Construction - Planned Works (Scheduled Re	0	0	3	3	0	0	0	0.33	1	2.33	1.17	4.13	3.36
Customer Service - Rebate Residential	3	1	15	13	4	0	0	0.00	30	0.00	1.66	2.38	1.53
Customer Service - Rebate Undetected Leaks	24	9	5	0	20	0	0	0.00	120	0.00	21.44	23.18	26.82
Customer Service - Standpipe Enquiry/Read (Asset)	0	0	0	0	0	0	0	0.00	2	0.00	13.33	7.43	0.60
Customer Service - Water Exemption Request	0	0	0	0	0	0	0	0.00	5	0.00	0.00	0.00	0.00
Development - Applications	0	0	0	0	0	0	0	0.00	10	0.00	1.00	2.00	2.00
Development - Building Over Sewerline	0	0	6	6	0	0	0	0.00	7	1.00	1.87	2.38	1.58
Network Systems (Network Analysis Water or Sewer)	0	0	1	1	0	0	0	0.00	7	0.00	9.80	7.43	1.33
Development - Strategic Sewer	0	0	0	0	0	0	0	0.00	10	0.00	3.50	2.86	2.86
Development - Strategic Water	1	0	1	1	1	0	0	9.33	10	0.00	8.50	14.89	12.29
Environment and Water Conservation Enquiry	0	0	0	0	0	0	0	0.00	5	0.00	0.00	5.00	0.00
Finance - Irrigators/Water Allocations (Asset)	0	0	3	3	0	0	0	192.75	7	2.50	2.93	4.03	1.36
Network Services - No Water (Asset)	0	0	2	2	0	0	0	-1.20	1	0.00	0.24	0.94	0.18
Network Services - Reactive Sewerage Block (Asset)	11	8	38	34	5	2	0	-10.58	1	0.57	9.06	10.63	11.10
Network Services - Sewer Reimbursements	1	1	2	2	0	0	0	5.99	7	1.00	8.37	4.49	3.43
Network Services - Sewer Inflow Inspection/Enquiry	2	0	4	4	2	0	0	19.81	7	2.50	2.85	3.21	16.32
Network Services - Water Leaks (Asset)	0	0	84	83	0	0	0	0.40	1	0.38	0.94	0.88	0.63
Network Services- Poor Water Pressure (Asset)	0	0	4	4	0	0	0	22.57	1	0.25	1.64	1.54	0.41
Process - Tradewaste	1	1	13	13	0	0	0	177.15	7	2.54	2.47	2.60	1.63
Network Services - Lids/Cover (Asset)	0	0	8	8	0	0	0	8.88	1	0.77	1.55	1.75	1.32
Network Services - Meter Maintenance (Asset)	8	8	30	11	19	19	0	1.11	1	0.31	1.17	3.06	3.06
Network Services Private Works/Standard Connection	0	0	4	4	0	0	0	25.99	5	1.40	1.69	2.38	1.43
Network Services - Reinstatements	3	0	7	7	3	0	0	5.48	1	0.78	4.85	4.25	8.15
Network Services Special Water Meter Read Enquiry	0	0	0	0	0	0	0	0.00	10	0.00	2.00	3.10	0.88
Network Services - Water Meter Reading Enquiry	3	3	5	5	0	0	0	0.00	10	2.40	4.02	3.79	2.52
Process - Odour (Sewer Only) (Asset)	0	0	3	3	0	0	0	2.81	1	0.67	3.64	1.83	0.77
Process - River Quality	0	0	1	1	0	0	0	0.00	2	2.00	2.00	1.00	1.00
Process - Drinking Water Quality (Asset)	0	0	1	1	0	0	0	16.01	1	1.33	0.52	0.78	0.16
Water Meter Read Search - "NOT FOR CSO"	21	20	90	65	14	0	0	0.00	90	3.40	4.47	4.61	4.59

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:

	SECOND QUARTER 2015/16		
	October	November	December
Number of Lost Time Injuries	1		
Number of Days Lost Due to Injury	2		
Total Number of Incidents Reported	1		
Number of Incomplete Hazard Inspections	4		

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

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

Network Services

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

Operations and Planning

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

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.	31/1/16	90%	Draft maintenance strategy completed. Queensland Police Service have increased patrols of FRW sites. External consultant security report completed with implementation of recommendations commencing.

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/com mitals
NETWORK SERVICES CAPITAL WORKS PROGRAM					
Rockhampton Water					
Pershing street (Birdwood and Woolcock) 150mm water main replacement	October 2015	December 2015	50%	\$108,355	\$46,759
Comments: On Schedule					
Gracemere Duplication (Athelstane) 300mm water main.	July 2015	June 2016	55%	\$1,000,000	\$677,486
Comments: On schedule. Stage 4					

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/com mittals
Talbot Street (Dean and Berserker)	October 2015	December 2015	20%	\$191,455	\$65,123
Comments: On Schedule					
Queen Elizabeth Drive 100mm water main replacement	October 2015	October 2015	100%	\$40,111	\$41,154
Comments: Construction Completed					
Meade Street (Jardine – Herbert Street) 100mm water main replacement	September 2015	October 2015	100%	\$118,973	\$89768
Comments: Construction Completed					
Rockhampton Sewer					
Sewer rehabilitation program (including Building over Sewer)	July 2015	June 2016	46%	\$700,000	\$282,373
Comments: Rehabilitation and renewals annual program of works.					
Sewer Main Relining 2014/15 Stage 1 – (Carry over)	August 2014	September 2015	100%	\$527,505	\$532,805
Comments: Program of works completed on schedule and on budget.					
NRFM Access Chamber Refurbishment – (Carry over)	January 2015	September 2015	100%	\$70,000	\$71,292
Comments: Program of works completed on schedule and on budget.					
NRFM Access Chamber Refurbishment – Stage 2	November 2015	April 2016	5%	\$250,000	\$0
Comments: Program of works issued to Mainmark Civil and Mining, refurbishment works to begin 9 November 2015.					
Gracemere Sewer					
Gracemere Sewer Effluent Capricorn Highway	July 2015	June 2016	100%	\$700,000	\$200,434
Comments: Stage 4 Completed. Section from Armstrong Street SPS – Old Capricorn Highway to be constructed.					
Mount Morgan (water mains replacement)					
Pattison street (Black and Norton)	August 2015	October 2015	100%	\$66,945	\$95,619

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/com mittals
100mm water main					
Comments: Construction completed					
Mount Morgan Sewer					
Railway Ave New 225mm Gravity Sewer	July 2015	June 2016	66%	\$700,000	\$336,401
Comments: On Schedule					
TREATMENT AND SUPPLY CAPITAL WORKS PROGRAM					
Pipeline from West to South STP – Design Phase	July 2014	December 2015	60%	\$100,000	\$25,236
Comments: Survey completed and detailed design underway.					
R SRSTP Primary Valve Pit Replacement	July 2014	January 2016	15%	\$90,000	\$3000
Comments: Delayed slightly due to complexity of design, with procurement now underway.					
R S Gracemere STP Augmentation Inlet Works Upgrade (Stage 1)	July 2014	January 2016	30%	\$1,500,000	\$126,148
Comments: Detailed design nearing completion with fabrication of steelwork underway and site works to commence in early December.					
N Water Rogar Ave Reservoir Rechlorination Facility	September 2014	May 2016	10%	\$70,000	\$0
Comments: Delayed due to TC Marcia. Project scope being rearranged to find affordable option.					
N Water Mt Archer Reservoir Online Chlorine Analysis	July 2014	December 2015	95%	\$20,000	\$17,237
Comments: SCADA commissioning commenced with completion expected by early November.					
R Water Barrage Gate Seal Rehabilitation	November 2014	June 2016	2%	\$300,000	\$0
Comments: Deferred until completion of crane rail restoration.					
R WTP Glenmore Concrete Refurbishment	August 2014	March 2016	10%	\$25,000	\$0
Comments: Delayed slightly due to change in schedule of contractor, with work now planned for period of lower consumption in early 2016.					
M W Dam No 7 CCTV	July 2014	December	10%	\$30,000	\$1500

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/com mittals
Installation		2015			
Comments: Delayed slightly due to TC Marcia. Currently working through site access agreement with Optus for access to their communications tower.					
M WTP CCTV Installation	July 2014	December 2015	10%	\$15,000	\$0
Comments: Delayed slightly due to TC Marcia. Currently working through site access agreement with Optus for access to their communications tower.					
M W Dam No 7 Raw Lift Pump Upgrade	July 2014	December 2015	60%	\$25,000	\$6,500
Comments: Installation of new impellers currently being completed.					
M W North Reservoir Roof Replacement	July 2014	September 2015	100%	\$210,000	\$204,533
Comments: Completed.					
M STP Chlorination Upgrade	April 2013	December 2015	80%	\$15,716	\$8,250
Comments: Commissioning expected to be completed by early December.					
R – S NRSTP Aerator Replacement	July 2013	January 2016	70%	\$91,071	\$54,228
Comments: Contract for renewal of aerator bridge structure awarded to preferred contractor.					
Barrage Crane and Rail Restoration	December 2013	December 2015	40%	\$333,247	\$120,202
Comments: Design completed and on-site work now underway.					
GWTP Highlift Pump Station Upgrade (Stage 1)	July 2013	December 2015	99%	\$3,366,922	\$3,208,854
Comments: Stage 1 works completed with finalisation of Operation and Maintenance Manuals underway.					
GWTP Highlift Pump Station Upgrade (Stage 2)	August 2014	March 2016	80%	\$3,510,000	\$1,714,381
Comments: New electrical switchboards and new No. 1 and 2 pumps fully operational and remaining old pumps removed prior to installation of the new No. 3 and 4 pumps.					
Arthur Street SPS Electrical Upgrade	July 2014	January 2016	40%	\$700,000	\$338,302
Comments: Design completed and building approval received prior to commencement of on-site works underway.					
Arthur Street SPS Dry Well Pump Renewal	July 2015	January 2016	30%	\$128,963	\$74,210
Comments: New pumps ordered with installation to commence in early 2016.					

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/com mittals
MMWTP Coagulant Dosing Upgrade	January 2014	December 2015	60%	\$70,000	\$49,968
Comments: On schedule with increased budget due to new requirement for chemical tank bunding. Installation and commissioning work underway.					
R Reaney St Recycled WPS Renewal	July 2014	December 2015	80%	\$40,000	\$63,248
Comments: Electrical work completed and installation of sample pump underway prior to final commissioning.					
G Lucas St WPS pump and electrical switchboard upgrade	January 2014	January 2016	40%	\$541,628	\$24,776
Comments: Delay in progress during completion of design. Design nearing completion with site works now underway.					
R – North Rockhampton SPS No. 1 and 2 electrical upgrade	July 2015	June 2016	5%	\$500,000	\$0
Comments: Tender documents finalised in readiness for advertising.					
R – STP replace handrails at South Rockhampton STP	August 2015	December 2015	10%	\$25,000	\$0
Comments: Project contract awarded to contractor with construction work underway.					
MM – STP construct additional drying bed storage	August 2015	December 2015	30%	\$40,000	\$3,000
Comments: Three existing drying beds extended with design for the construction of the fourth underway.					

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

As at period ended 31 October 2015.

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

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

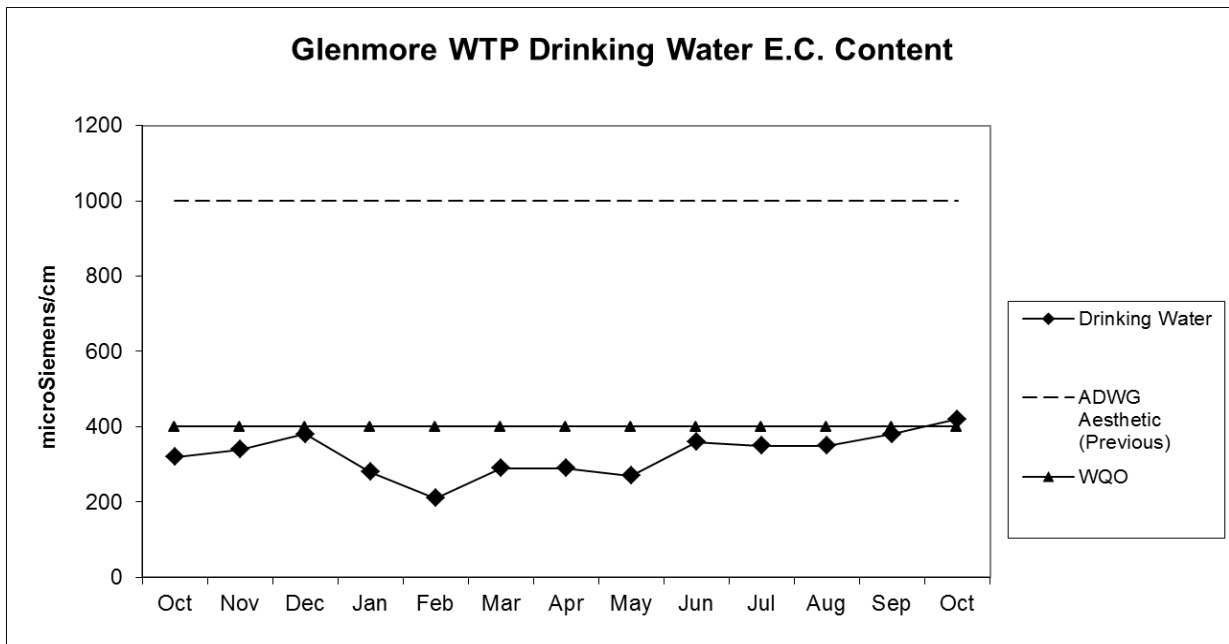
Service Delivery Standard	Target	Current Performance
<i>Drinking Water Samples Compliant with ADWG</i>	>99%	100%
<i>Drinking water quality complaints</i>	<5 per 1000 connections	0.08
<i>Total water and sewerage complaints</i>	N/A	211
<i>Glenmore WTP drinking water E.C Content</i>	<500 µS/cm	420 µS/cm
<i>Glenmore WTP drinking water sodium content</i>	<50 mg/L	36 mg/L
<i>Average daily water consumption – Rockhampton</i>	N/A	57.83 ML
<i>Average daily water consumption – Gracemere</i>	N/A	7.13 ML
<i>Average daily water consumption – Mount Morgan</i>	N/A	1.33 ML
<i>Average daily bulk supply to LSC</i>	N/A	9.07 ML
<i>Drinking water quality incidents</i>	0	0
<i>Sewer odour complaints</i>	<1 per 1000 connections	0.06
<i>Service Leaks and Breaks</i>	80	62
<i>Total water main breaks</i>	15	14
<i>Total sewerage main breaks and chokes</i>	32	17
<i>Incidence of unplanned interruptions – water</i>	N/A	28.6
<i>Average response time for water incidents (burst and leaks)</i>	N/A	122.6
<i>Average response time for sewerage incidents (including main breaks and chokes)</i>	N/A	98
<i>Rockhampton regional sewer connect blockages</i>	42	25

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

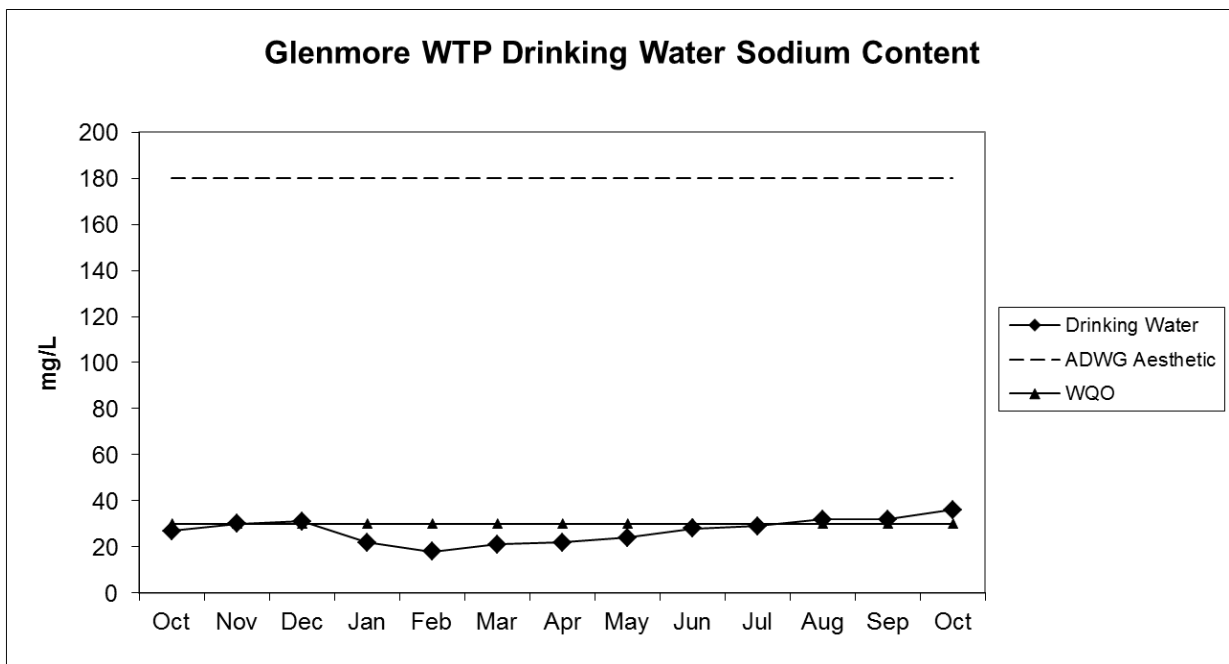
Refer to the individual graphs and information below.

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 October increased to be 420 µS/cm. The level of E.C. is now greater than the Water Quality Objective of 400 µS/cm but well beneath the previously used aesthetic guideline value of 1000 µS/cm. The E.C. reading is not expected to increase significantly before the receipt of heavy rainfall within the next few months.



The concentration of sodium in drinking water supplied from the GWTP during October increased to be 36 mg/L. The current level of sodium is slightly above the Water Quality Objective value of 30 mg/L but 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 before the receipt of heavy rainfall within the coming months.

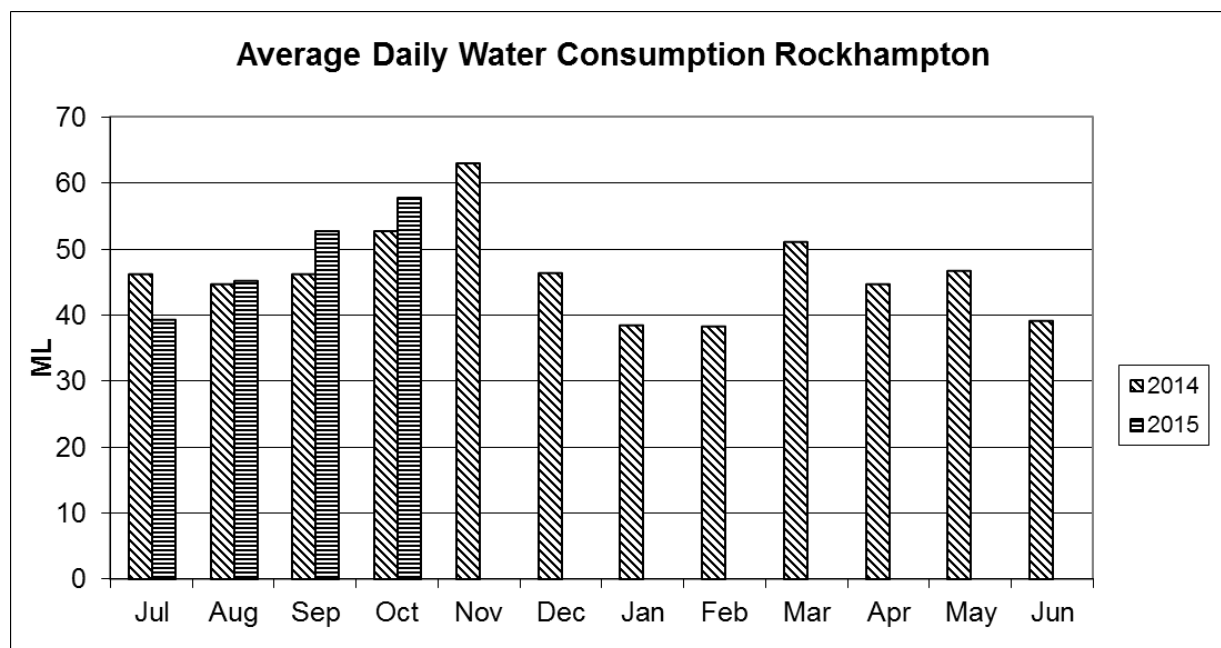
Drinking Water Quality as at 21 October 2015		
Parameter	Rockhampton	Mount Morgan
Total Dissolved Solids (mg/L)	260	170
Sodium (mg/L)	36	31
Electrical Conductivity (uS/cm)	420	270
Hardness (mg/L)	120	59
pH	7.62	7.25

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

Drinking Water Supplied

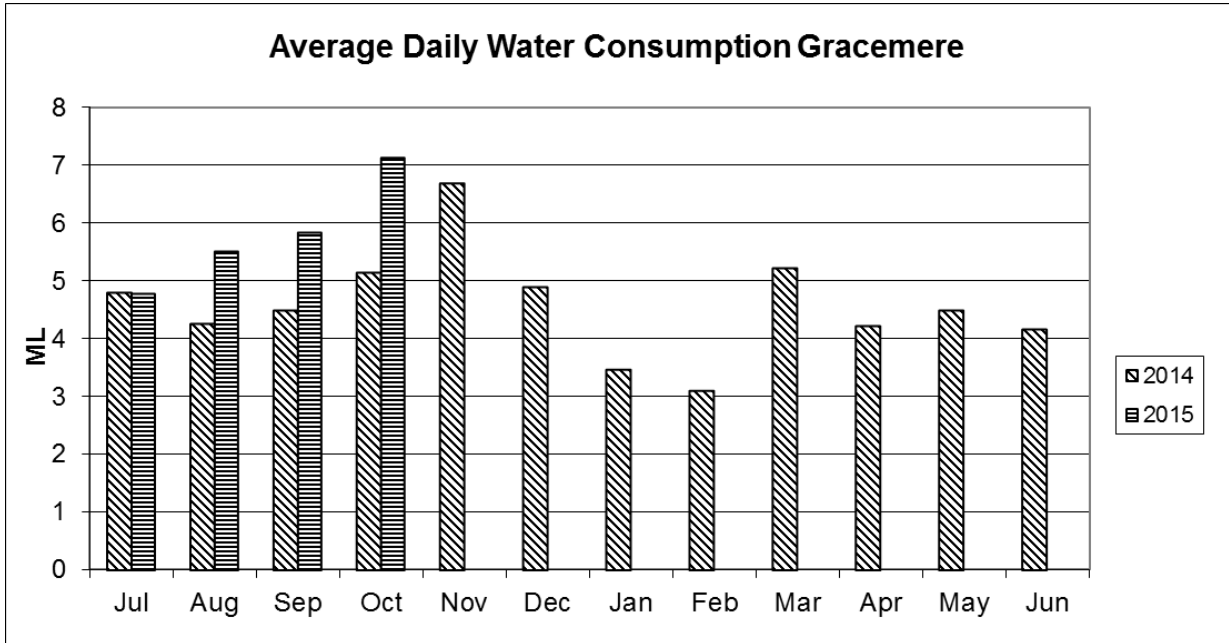
Data is presented in graphs for each water year (e.g. 2014 is the period from July 2014 to June 2015).

Rockhampton



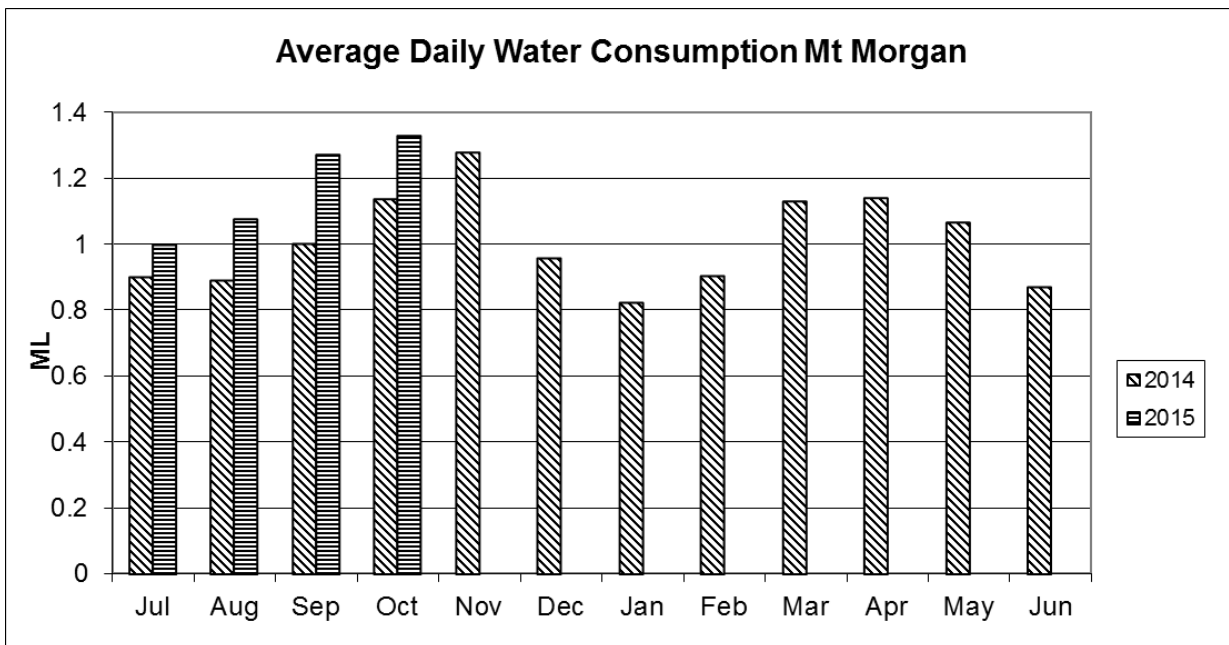
Average daily water consumption in Rockhampton during October (57.83 ML/d) increased from that reported in September and was greater than that reported in the same period last year. The increased consumption was due to the warmer weather and limited amount of rainfall received during the month. The Fitzroy Barrage Storage is currently at 92% 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



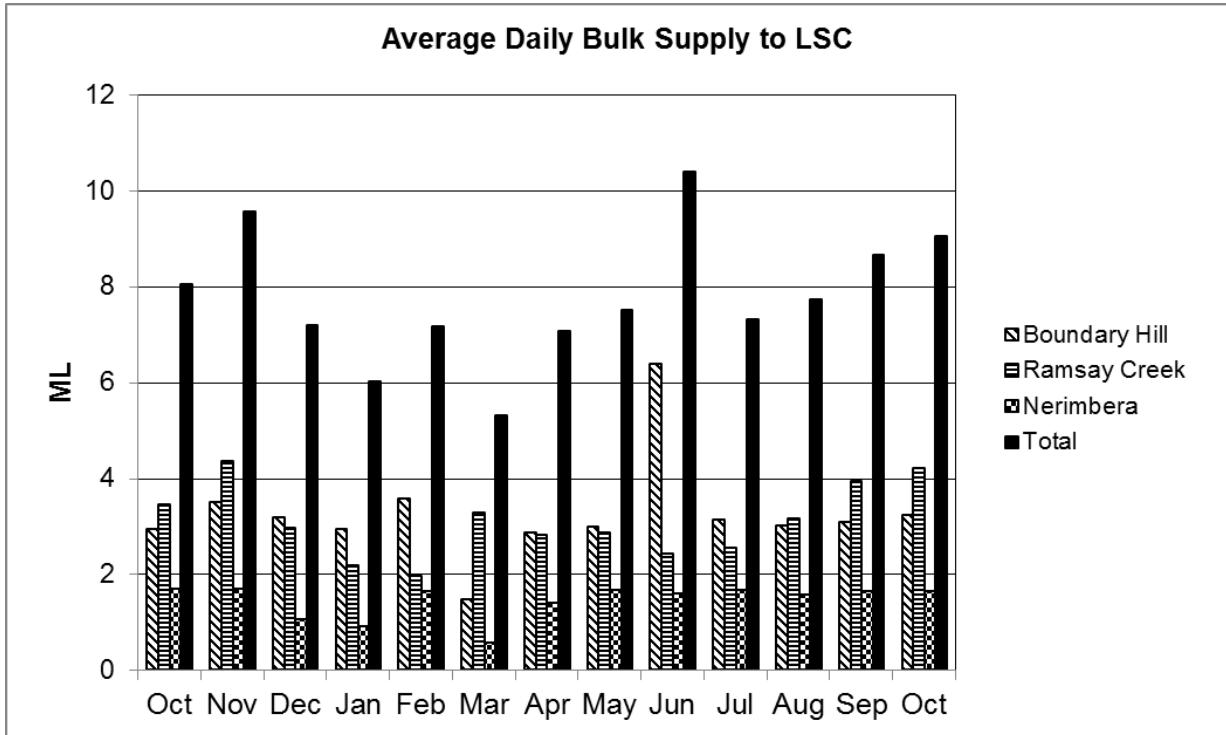
Average daily water consumption in Gracemere during October (7.13 ML/d) increased compared to that reported in September and was much greater than that reported in the same period last year. The increased consumption was due to the warmer weather and limited amount of rainfall received during the month. The Fitzroy Barrage Storage is currently at 92% 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



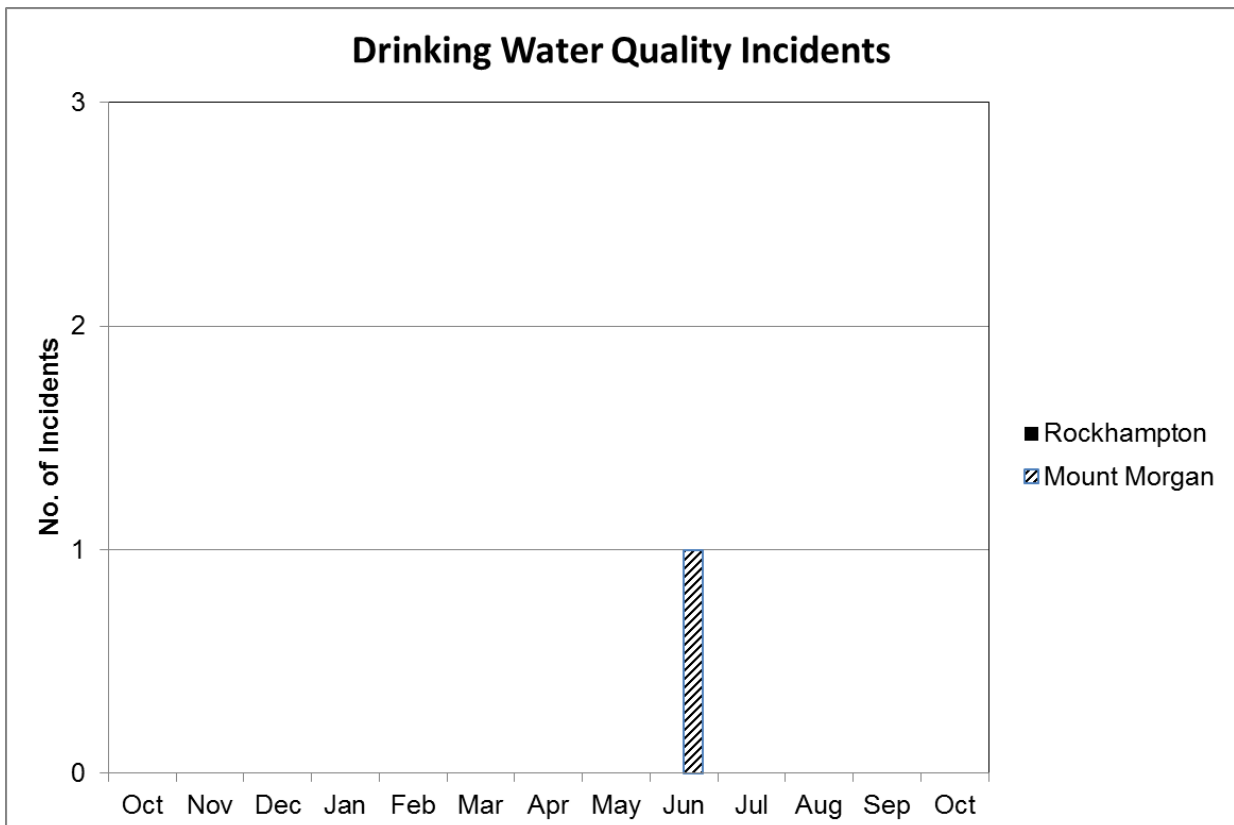
Average daily water consumption in Mount Morgan during October (1.33 ML/d) was greater than that reported in September and was much greater than that reported for the same period last year. The increased consumption was due to the warmer weather and limited amount of rainfall received during the month. The No. 7 Dam is currently at 75% of accessible storage volume, 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



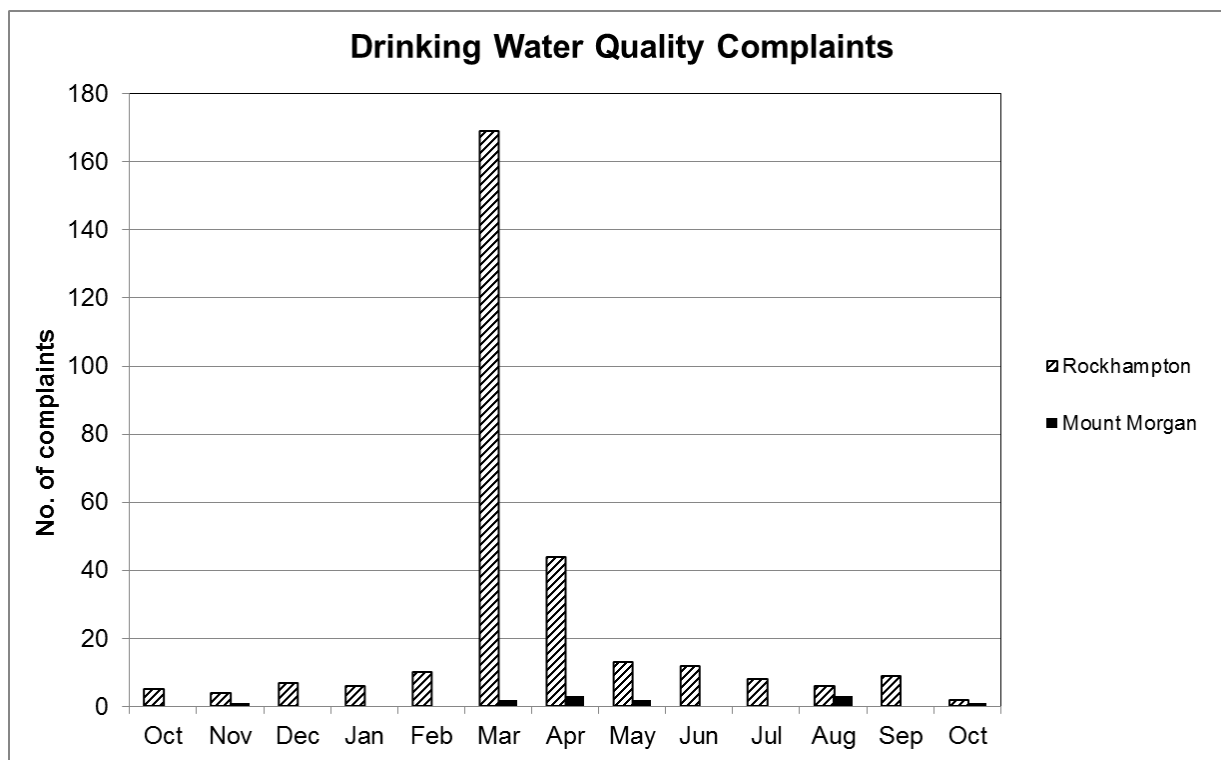
The average daily volume of water supplied to LSC increased during October compared to that recorded in September to be 9.07 ML/d. This volume is greater than the volume recorded for the same period last year. The recent increase was primarily due to an increase in the volume of water supplied from the Boundary Hill and Ramsay Creek sites during this period.

Drinking Water Quality Incidents



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

Drinking Water Quality Complaints

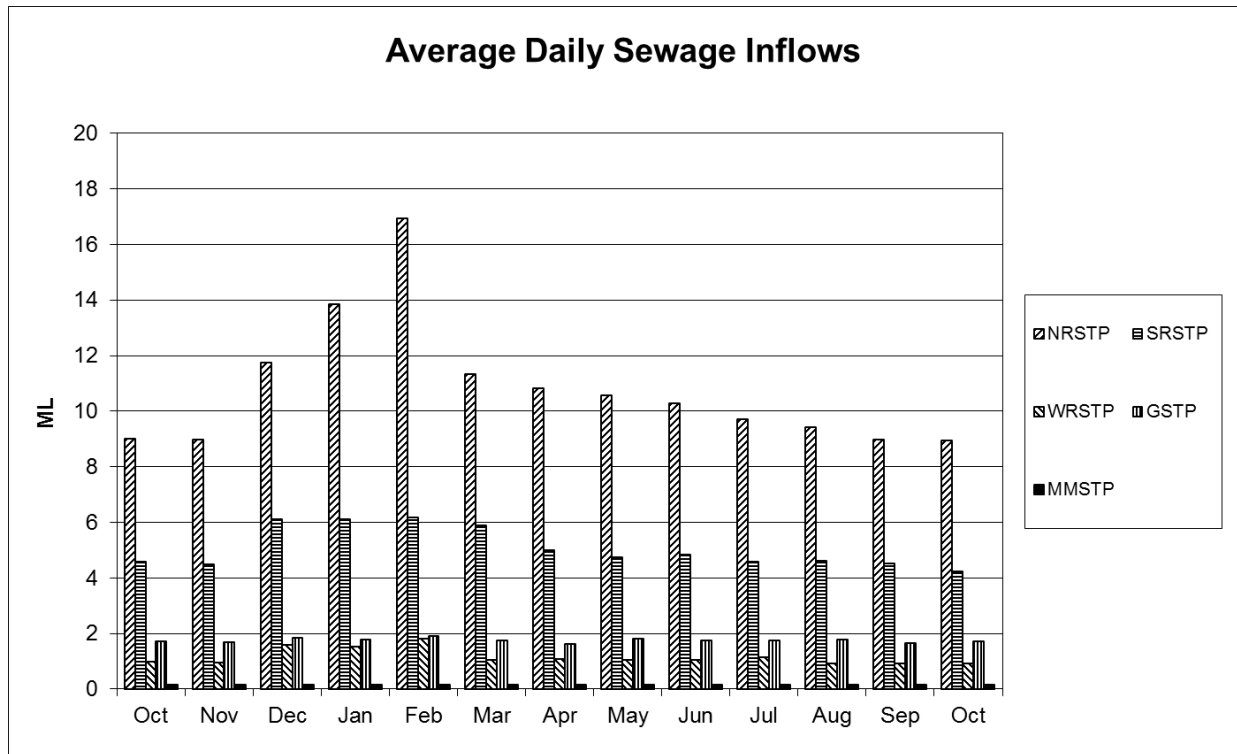


	Elevated Chlorine	Taste/Odour/Quality	Discoloured Water	Physical Appearance (e.g. residue or air)
No. Complaints	0	0	2	1

The total number of drinking water quality complaints (3 complaints) received during October decreased from the number of complaints received in September.

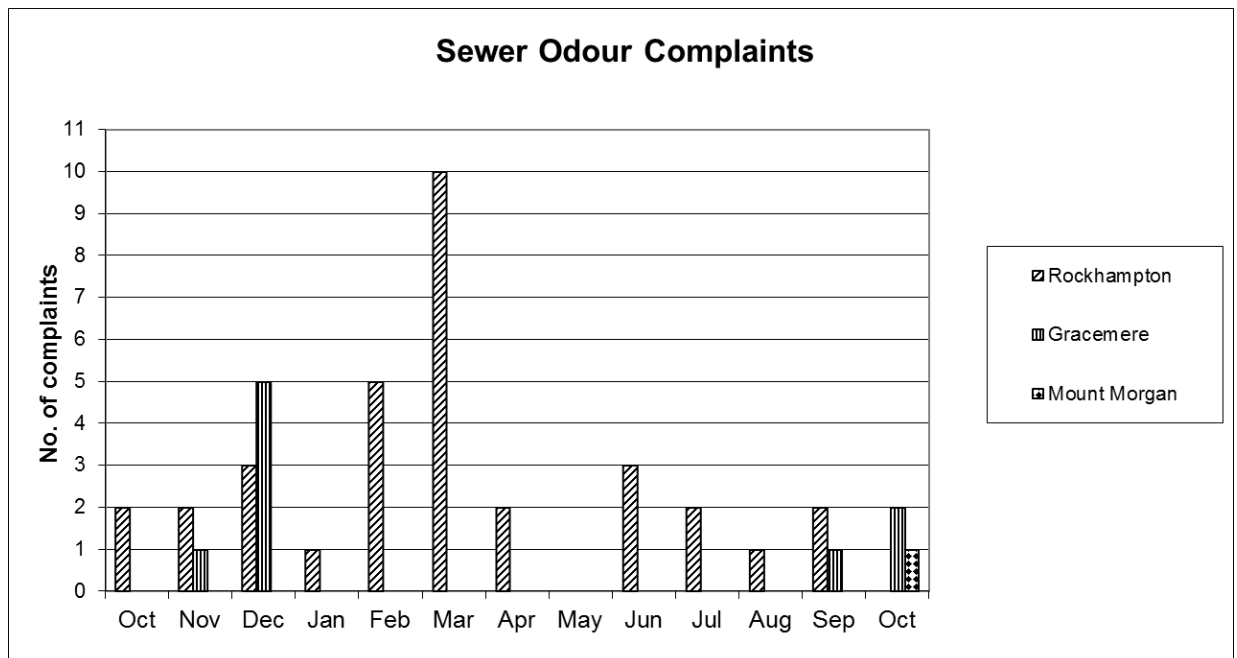
Two complaints were received from customers in Rockhampton and the other from a customer in Mount Morgan. The two discoloured water complaints were probably due to the release of discoloured material from pipe surfaces during periods of high demand and therefore high water velocity through the pipes. The other complaint was associated with air in the water following some reactive work done by FRW in the Koongal area. All three complaints were resolved by flushing the water mains to clear the water provided to the customer.

Sewage Inflows to Treatment Plants



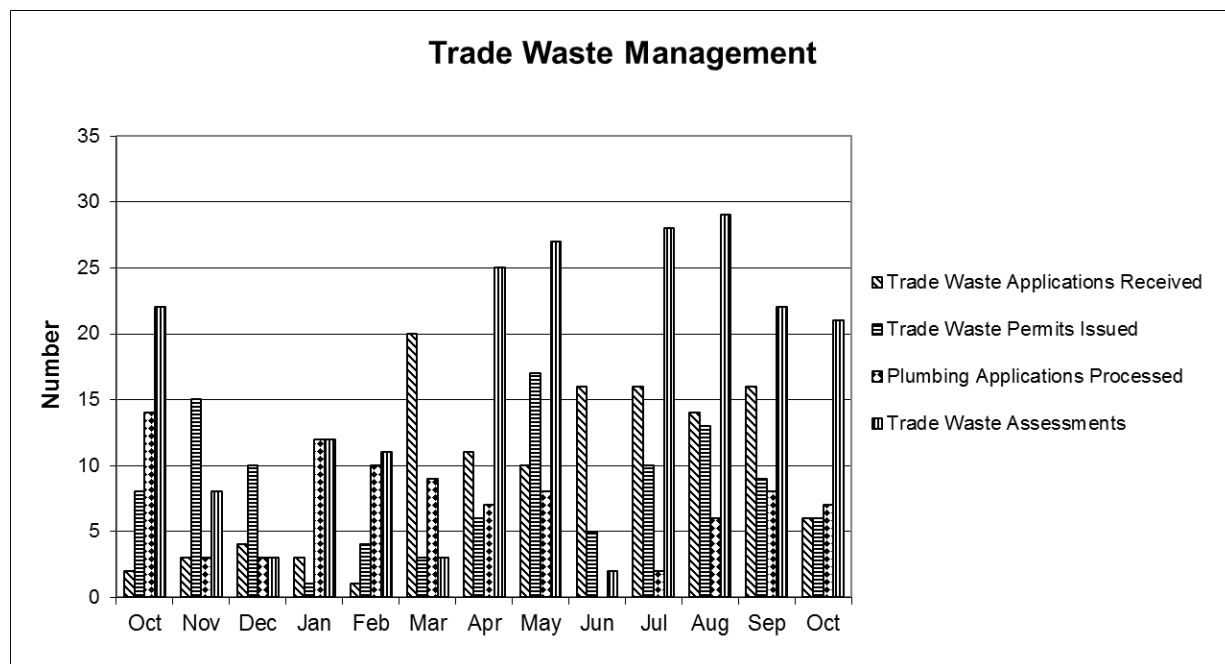
Average daily sewage inflows during October were relatively unchanged at each STP from that reported in September due to the relatively low amount of rainfall received during the month. The overall level of inflow is now at long term dry weather levels with groundwater infiltration negligible due to the recent dry weather.

Sewer Odour Complaints



Three sewer odour complaints were received during the month of October, the same number as that reported in September. Two of the complaints were received from customers in Gracemere and appear to have been related to activities at the Gracemere STP although the actual cause remains unknown. The other one from a customer in Mount Morgan, followed a brief period where the Mount Morgan STP was impacted by some type of shock-load entering the STP and disrupting the normal STP operation. The source of this problematic inflow has not yet been identified.

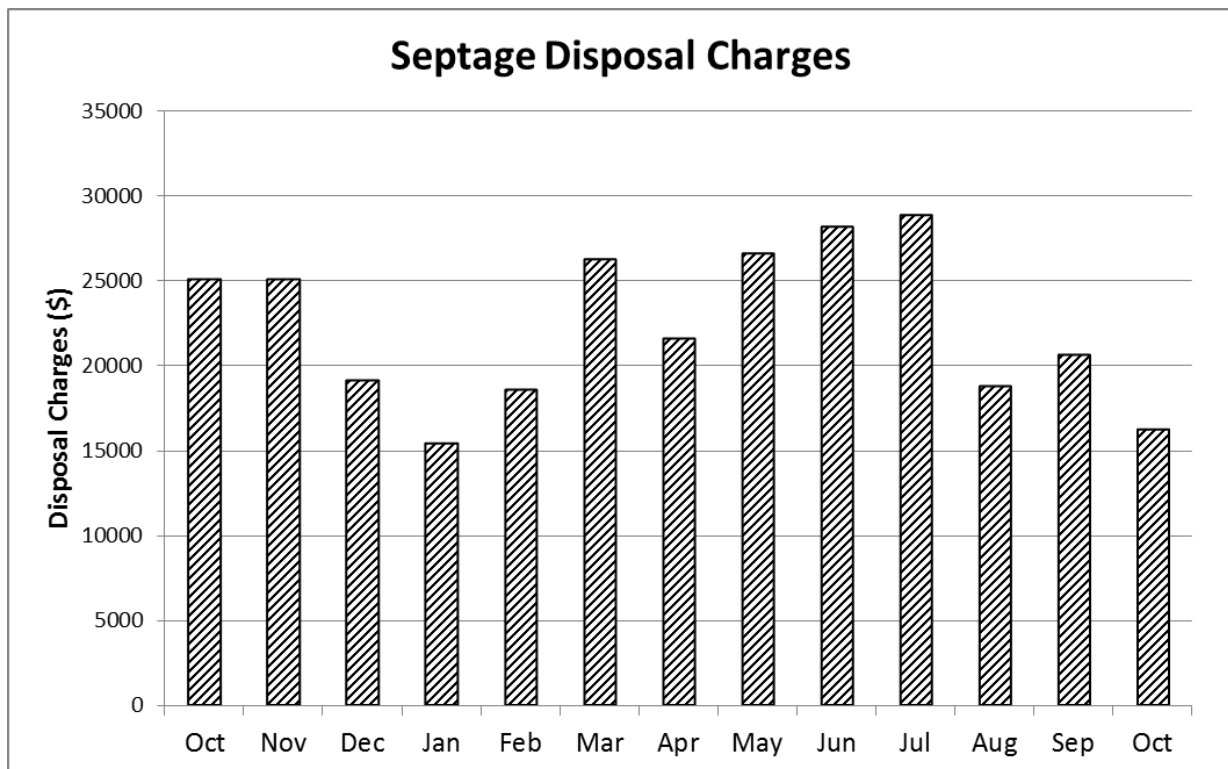
Trade Waste and Septage Management Activities



Six Trade Waste applications were received and six Trade Waste Permits were issued during October. Seven Plumbing Applications were processed and 21 Trade Waste Assessments were completed by the team.

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
Butchery	Renewal	1	Install a grease trap	A plumbing application was recently lodged for the business expansion and includes a grease trap installation.
Mechanical Workshop	Renewal	1	Install an oil separator	An oil separator is required to ensure the trade waste discharge is compliant.
Supermarket	Renewal	From 1 to 2	Nil	The average TW discharge is 602 kL/a.

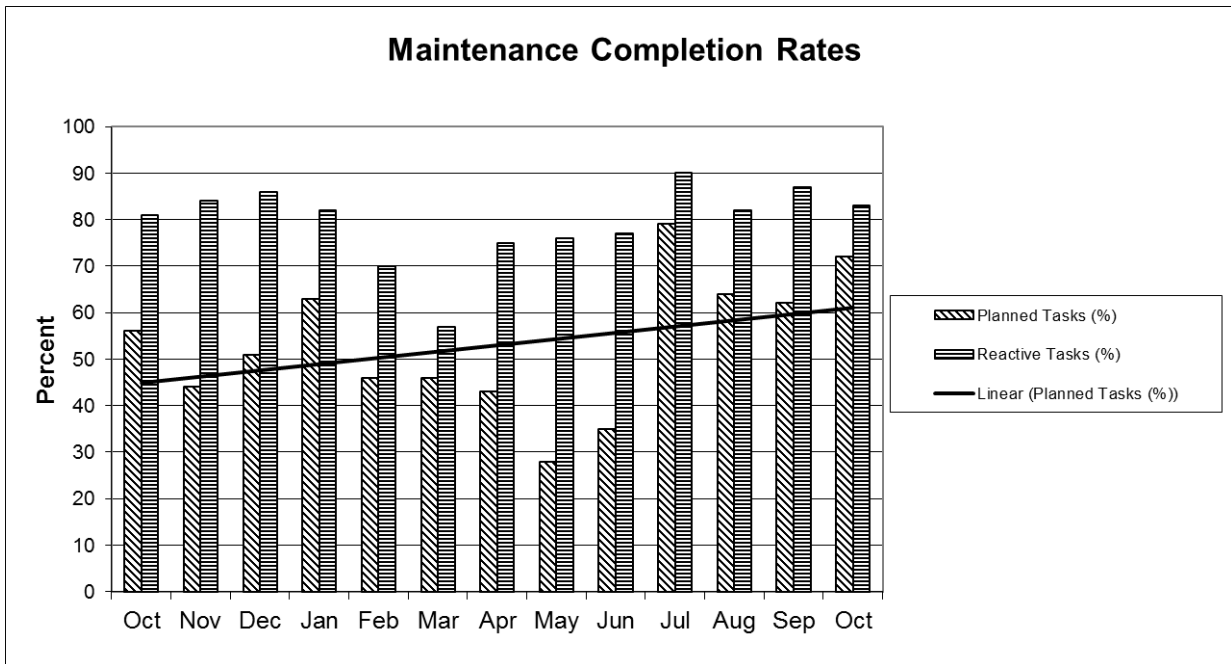


The above graph shows the income received each month for the last 13 months for the disposal of septage liquid waste at the North Rockhampton STP. The decrease in the monthly income received does not appear to be associated with any specific reason.

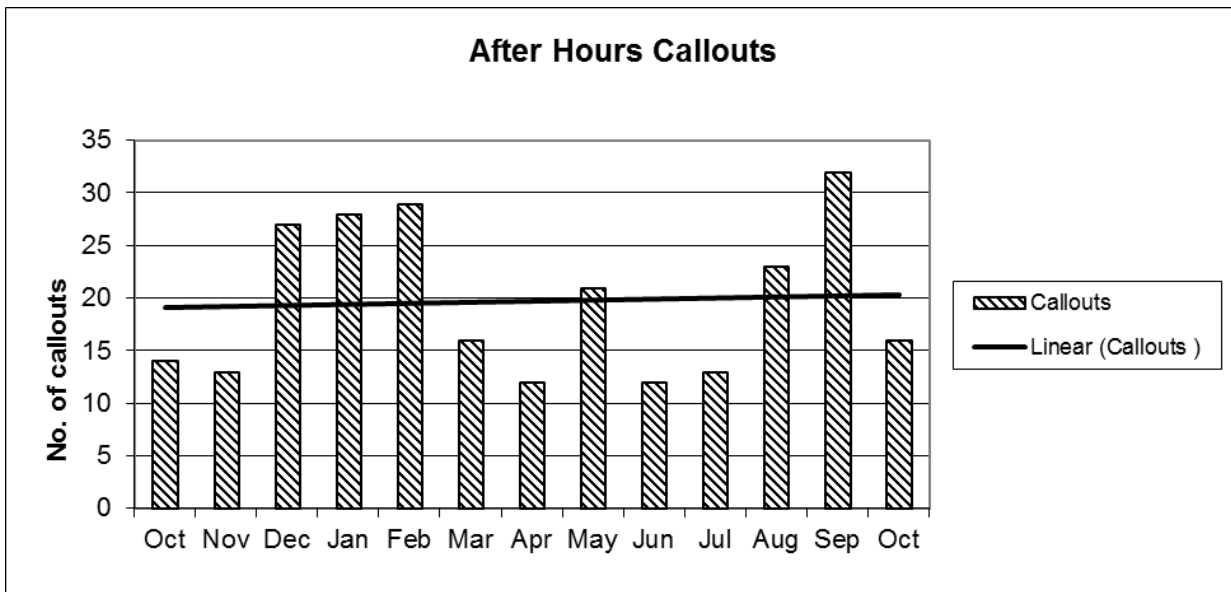
Treatment and Supply Maintenance Activities

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	13	73	63	0
Reactive	47	32	5	0
After hours callouts	10	4	0	2
Capital	2	2	0	0
Safety and Compliance	0	1	2	2



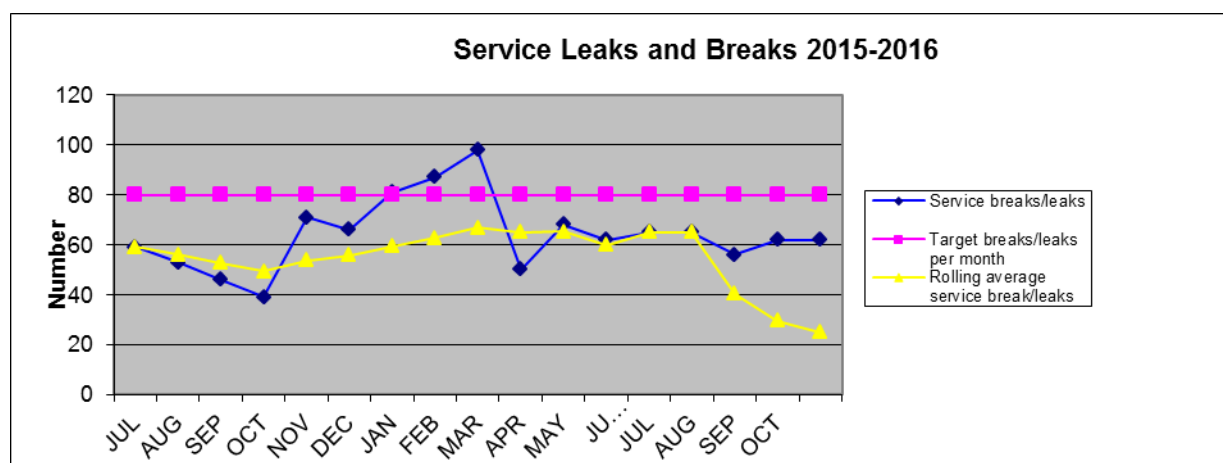
A total of 207 preventative maintenance activities were scheduled and 124 reactive maintenance activities were requested during the month of October. Completion rates for each type of maintenance activity by the end of the month were 72% and 83% respectively. The relatively high completion rate continues to reverse the decreasing trend reported in previous months.



The number of after-hours call-outs for electrical and mechanical reactive maintenance (16 call-outs) decreased during October compared to September. The number of callouts was lower than the 12 month rolling average of 20 call-outs. The trend line in the graph indicates an overall increase in call-outs. A number of the call-outs were for faults with assets that are currently part of capital upgrade projects which are expected to decrease the need for future after hours call-outs. 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 SERVICES

Regional Service Leaks and Breaks



Performance

Target achieved.

Issues and Status

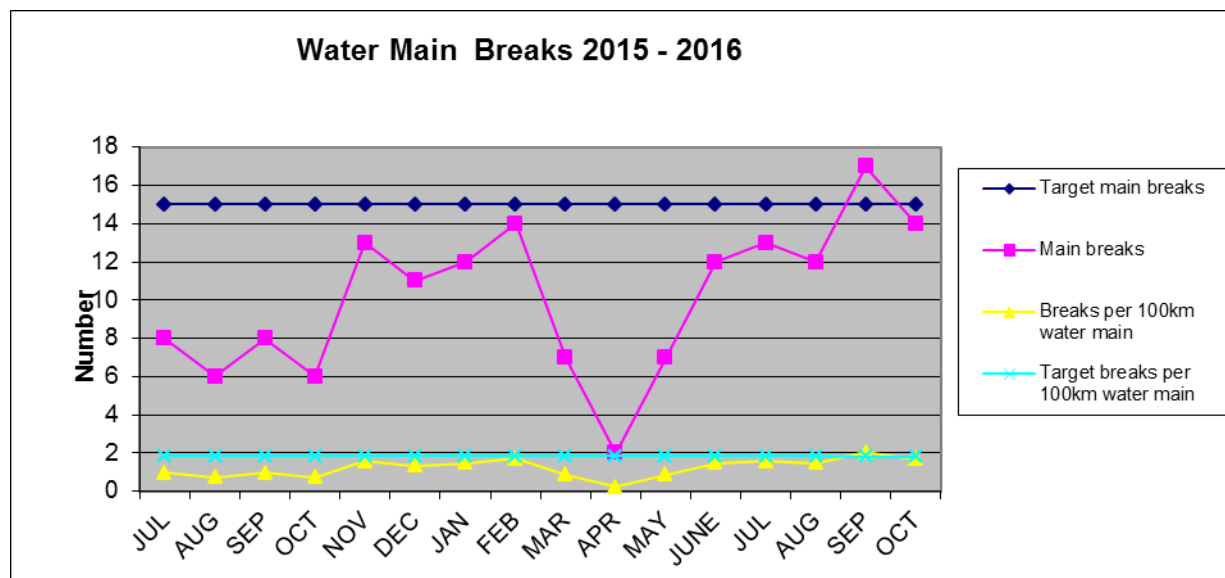
Maintenance records indicate a high percentage of service breaks and joint failures consistently occurring on poly services.

Response to Issues

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

Locality	Service Leaks / Breaks
Rockhampton	60
Mount Morgan	2
Regional Total	62

Regional Water Main Breaks



Performance

Target achieved.

Issues and Status

Three of the fourteen water main breaks were due to one ongoing interrelated event in Little James Street Mt Morgan. The 100mm A/C water main is scheduled for replacement, with construction expected to be completed end of November.

The following table shows the number of breaks per month.

Water main type	August 2015	September 2015	October 2015
Cast Iron	2	3	4
AC	6	9	6
PVC	1	4	3
Mild Steel	0	0	0
Poly	3	1	1
TOTAL	12	17	14

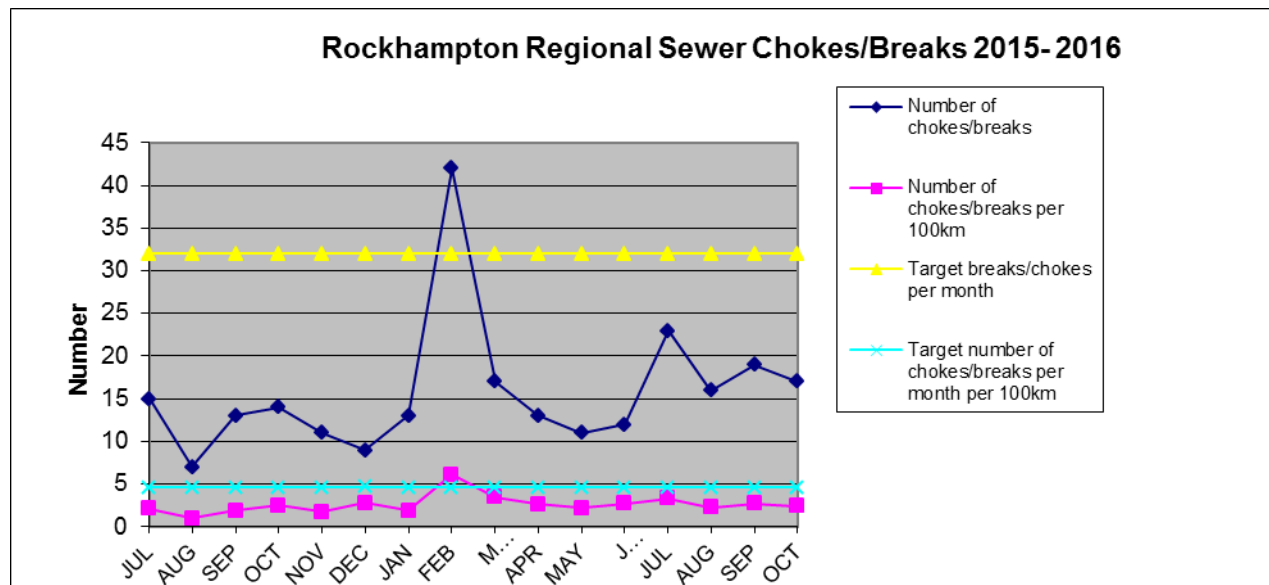
Response to Issues

Continued 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
October	14	15	14.0	1.80	0.56

Locality	Main Breaks
Rockhampton	11
Mount Morgan	3
Regional Total	14

Rockhampton Regional Sewer Chokes/Breaks



Performance

Target achieved.

Issues and Status

Data indicates that blockages / overflows have been caused by tree root intrusion.

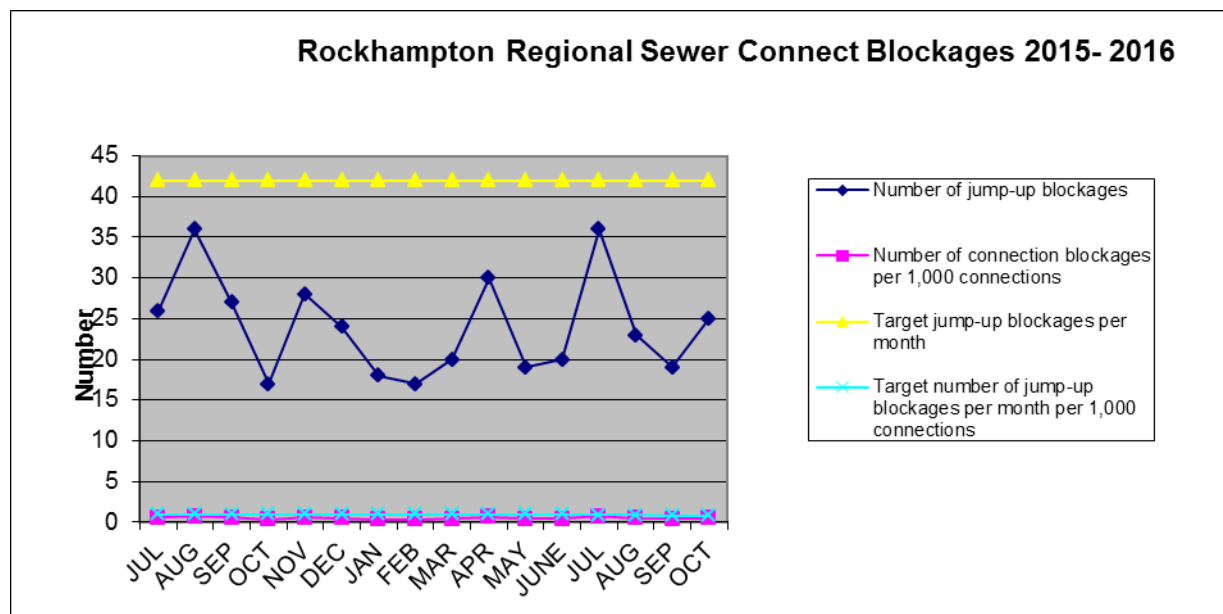
Response to Issues

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
October	17	32	2.4	4.58	1.27

Locality	Surcharges	Blockages
Rockhampton	5	17
Mount Morgan	0	0
Regional Total	5	17

Rockhampton Regional Sewer Connection Blockages



Performance

Target achieved

Issues and Status

Data indicate that blockages have been caused by broken pipes due to age, and tree root intrusion.

Response to Issues

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

	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
October	25	42	0.50	0.84	0.22

Locality	Connection Blockages
Rockhampton	25
Mount Morgan	0
Regional Total	25

Sewer Rehabilitation Program

Work Location	Number completed for the month	Year to date totals
Access Chambers raised	4	26
Sewers repaired	17	44

Private Works

Table 1: New Water Connections:

Region	October	FY to Date 2015	FY to Date 2014	FY to Date 2013	FY to Date 2012
Gracemere	8	26	32	46	200
Rockhampton	19	52	89	105	63
Mount Morgan	n/a	n/a	n/a	n/a	n/a
Regional Total	27	78	121	151	263

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

Region	October 2015	October 2014	October 2013	October 2012
Gracemere	8	13	8	20
Rockhampton	19	18	56	13
Mount Morgan	n/a	n/a	n/a	n/a
Total	27	31	64	33

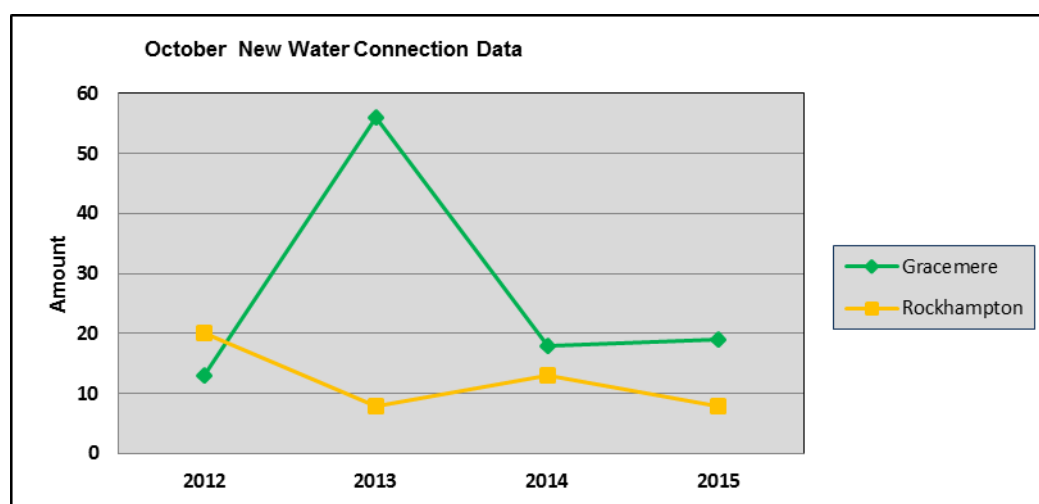


Table 2: Details on Private Works Jobs

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

	October	Amount	YTD	Amount
Quotes Prepared	17	\$83,401.46	52	\$305,145.05
Quotes Accepted	12	\$52,527.61	40	\$237,433.66
Jobs Completed	10	\$38,183.30	45	\$240,991.86

Customer Enquiries - Pathways

Request Type	No. of Requests	Requests Outstanding
NSPWSC - Network Services – Private Works/Standard Connection Enquiry	5	0

Table 3: Undetected Leaks (Residential)

	October	FYTD
New requests	4	30
Number declined	0	1
Number approved	7	29
Require more info	0	4
Total KL rebated	4463	20615
Total value approved	\$8,802.55	\$39,519.63

Table 4: Undetected Leaks (Commercial)

	October	FYTD
New requests	1	1
Number declined	0	1
Number approved	0	0
Require more info	0	0
Total KL rebated	0	1502
Total value approved	0	\$606.57

Table 5: Residential Rebates

	October	Total FYTD Applications	Total FYTD \$
Wash machines	14	44	\$4,400
Stand alone tank	0	0	\$0
Integrated tank	0	0	\$0
Dual flush toilet	0	0	\$0
Shower rose	1	1	\$25
Total	15	45	\$4,425

Currently there are two unapproved applications pending further advice from the applicants, being for:

- The receipt address does not match the application (1).
- The applicant is not enrolled with the AEC (1).

Water Meters

The second quarter reads for 2015/16 commenced on 13 October. 13,577 water meters were read during the month of October and approximately 2,300 accounts being for sector 1 were issued to customers.

Sectors Read for October	1	2	3	4	5	Total
No. of meters in Sector	2300	3599	2106	2911	2661	13577
No-Reads	1	7	1	12	6	27
% Of No-Reads	0%	0.2%	0%	0.4%	0.2%	0.2%

Special Water Meter Reads

Reading Type	No. of Reads	\$ Value
Water Account Search - Averaged Readings \$29 per read	58	\$1,682.00
Water Account Search - On-Site Readings \$152.00 per read	24	\$3,648.00
Total \$ Value for October		\$5,330.00
Total \$ Value Financial Year to Date		\$25,844.00

Customer Enquiries - Pathways

Request Type	No. of Requests	Requests Outstanding
NSWMRE - Network Services - Water Meter Reading Enquiry	5	0
NSSWMR - Network Services Special Water Meter Read Enquiry	0	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 stakeholders and detailed investigations to determine location and condition assessments of the associated infrastructure.

Activity Summary

	October	FYTD
General enquiries	30	113
Site investigations	8	35
Approval Permits issued	0	3
Permits closed	3	4
Total	41	155

Building Over Sewer Permits in Progress

There are two permits in progress.

OPERATIONS AND PLANNINGNorth Rockhampton Flood Mitigation Project

The 2015/16 program of access chamber refurbishment works related to the North Rockhampton Flood Mitigation Project has been compiled and has now been issued to Mainmark Civil and Mining, formerly Orion Group Australia. This 2015/16 program of works will focus on the refurbishment of access chambers located on the outside of the proposed future levee up to and including the 8.5m flood level. This \$250,000 project will be funded from the 2015/16 Sewer Main Relining budget. Works are to begin on-site on 9 November 2015 with an expected completion date in April 2016.

Sewer Main Relining Program

The 2015/16 sewer main relining program is currently being compiled. With a budget allocation of \$300,000, this program of works will target segments of sewer main which have experienced blockages in recent times, along with main lines identified through FRW's building over sewer assessments and ongoing CCTV inspection program. Unlined segments of sewer main associated with the current and future stages of the North Rockhampton Flood Mitigation project will also be assessed for inclusion in the program of works.

Water Loss Tracking

A method of monitoring all metered, as well as quantifying all of FRW's unmetered water usage is currently being implemented. This will allow for the correction of assumptions currently used in the calculation of FRW's reported water loss. The separation of the Thozet Gravity Supply zone from the GWTP/Yaamba supply zones strategy is currently being developed in conjunction with Infrastructure Planning.

System Leakage Management

The 2015/16 financial year has already seen the commissioning of a number of key flow monitoring sites within the network. With the flow meter installations being completed in previous financial years, the focus will continue to be on the installation of telemetry required in order to receive information back through SCADA to the GWTP. There is also sufficient budget allocation to allow for the installation of a number of new flow meters within the Athelstane gravity supply zone, along with the refurbishment of existing sites. Key projects for inclusion in this program are currently being identified and additional projects may also be identified by Infrastructure Planning's ongoing review of the 2010 System Leakage Management Plan.

ADMINISTRATION MATTERSDial Before You Dig (DBYD)

The average number of requests received per day for October was 5.55.

	August 2015	September 2015	October 2015	FY Total
Requests Processed	227	295	172	890

Site Tours

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

Communication and EducationMedia releases

The Regional Communications team are attending the Executive Management Team meetings; in aim of learning of FRW projects and being proactive with positive media opportunities. Proactive schedule being developed for media releases in conjunction with operational works program and planned campaigns.

Public notices

A public notice regarding water pressure fluctuations in Parkhurst appeared in the Morning Bulletin on 30 October 2015.

Other promotions

A new publication is being collated by the Morning Bulletin – celebrating their 155th anniversary next year. This will be a keepsake booklet, featuring a range of histories for the Rockhampton Region. FRW have signed up as gold sponsors for this publication and will see four pages of the booklet dedicated to FRW, its history in the community and milestones during this time. All content has been compiled and sent away.

INFRASTRUCTURE PLANNINGSewer Network InvestigationsSewer Area Maps

Water and Sewer Area Maps have been reviewed by Strategic Infrastructure and Planning. All documentation has been compiled together with supporting draft report for FRW to finalise and present to Council.

Sewer Catchment Area Maps

A draft review of the existing and future sewer sub-catchment area maps has been completed. These maps will ultimately replace the existing layers currently shown within the GIS.

Gracemere Effluent Main Link

With Civil Design team

North Rockhampton Flood Mitigation Investigation (NRFM)

AECOM completed the final document and it is currently being reviewed by the Strategic Infrastructure Planning section.

Mt Morgan Sewerage Strategy

No further development

West to South STP Transfer

With Civil Design team

Parkhurst Sewerage Pump Station Implementation Strategy

No further development

Gracemere – Fisher Street Sewerage Pump Station

The existing pump model details have still not been confirmed. This work will be completed in the coming months by FRW.

Water Network InvestigationsWater Area Maps

Water and Sewer Area Maps have been reviewed by Strategic Infrastructure and Planning. All documentation has been compiled together with supporting draft report for FRW to finalise and present to Council.

Water Network Work Analysis – 2 Pilbeam Drive

A quotation has been prepared to carry out a water network analysis for a proposed eleven lot residential subdivision to be accessed via Frenchville Road.

Mt Archer – Fire Hydrant Installation

Private works quotation prepared.

Gracemere – Lucas Street Pump Station Augmentation

Design currently in final preparation prior to approval.

Mt Morgan – Future Water Supply

Awaiting feedback from FRW, with a water supply security assessment to commence with DEWS in February 2016.

Water Meter – Thematic Mapping of Consumption

No further development

System Leakage Management Plan

A review of the existing and future Demand Management Zones (DMZs) has been completed. These maps will form part of the updated SLMP that is current under review.

Documentation is currently being prepared for the establishment of two future DMZs identified as "1.4 Main St" and "1.5 Musgrave St". The documentation identifies existing valves that are to be closed; new isolation valves to be installed and potential links to retained looped networks eliminating the formation of long dead end mains. The establishment of these DMZ's will have minimal impact of the existing service but will make far greater use of the Yaamba Road and Thozet Road reservoir storages by limiting the influence from the Glenmore High Lift pump flow.

FINANCIAL MATTERSOperational

Revenue is currently 41.4% of the Adopted budget. Most revenue streams are on target.

Gross water consumption revenue is 23.2% of adopted budget with 100% of first quarter billed and one sector of the second quarter billed. At this juncture billed consumption is 2.7% above that of last financial year for the corresponding quarter. The commercial sector consumption is just above that compared to the same time in 2014/2015, whilst the residential sector has increased consumption by 4.4%. Gross water and sewerage access charges are marginally below target. General private works income is slightly below target. Bulk water sales are on target when removing advanced charges impact and adding arrears charges.

Fitzroy River Water received funding from the Queensland State Government for counter disaster operations and emergent works as a result of TC Marcia which has been realised in grants, subsidies and contributions. This funding was not budgeted for in FRW.

Expenditure year to date is 33.8% of the Adopted Budget. A few expenditure streams are slightly above target such as employee costs, contractors, administrative expense and competitive neutrality adjustments. Employee costs are above target due to contractual severance payments and overtime in Network Services. Contractor and consultants in Network services is above target due to water and sewer main reactive maintenance. Administrative expenses are slightly above target due to the timing of payments. Competitive neutrality expenses are slightly above target due to the timing of income tax equivalents and higher than budgeted land tax equivalents.

There are no material exceptions to report.

Capital

Capital expenditure is below the percentage of year elapsed at 24.00% in comparison to the Adopted including carry forward budget. Expenditure during October has decreased in the order of \$370k compared to September. This large decrease in expenditure is attributed to a reduction in contractual payments for the Glenmore water treatment plant High Lift WPS upgrades and Mt Morgan reservoir roof replacement.

Water YTD 30.14% and Sewer YTD 16.81%.

Networks YTD 35.16% and Treatment YTD 16.39%.

The areas of prominent activity are the Sewerage main relining, Gracemere sewage treatment plant augmentation, Mount Morgan sewerage scheme Stage 2, Water trunk main duplication to Gracemere and Water Main Replacement programs.

A minor budget revision was completed in October which addressed the requirements of some projects as a result of TC Marcia and some other amendments from the August budget revision. The October revision should be adopted toward the end of November 2015.

There are no material exceptions to report.

Sundry Debtors

Below is a summary of aged sundry debtor balances at the end of October 2015. 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	340	211	129	8	35
Total Value	\$230,580.38	\$118,281.36	\$49,749.71	\$8,320.20	\$54,229.11

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

90+ days	Comments
\$3,607.68	Trade Waste debts - Collection attempts unsuccessful, other avenues to be investigated
\$4,642.07	Septic disposal – Administrators appointed – recovery unlikely
\$664.72	Trade Waste debts to be written off
\$1,743.88	Irrigators – been to collection - unsuccessful
\$4,381.96	Long Term Payment Plans - Mt Morgan Sewerage Connections - Recovery will occur
\$6,457.00	Other Payment Plans – Private Works
\$2,861.54	Debtors currently at collection
\$29,870.26	Other Overdue Debt with no fixed arrangements – Trade Waste, Irrigators, Standpipes, Emergency works – Overdue letter issued
60-90 Days	Comments
\$6,255.40	Standpipes (includes \$557.55 from 1 debtor with 90+)
\$2,064.80	Septic disposal – Administrators appointed – recovery unlikely (same debtor as 90+ days)
30-60 Days	Comments
\$7,756.74	Standpipes (includes \$837.49 from 1 debtor that have 90+ days)
\$19,588.25	Not FRW
\$142.59	Private Works
\$22,262.13	Trade Waste

A summary of financial performance against budget is presented below:
End of Month General Ledger - (Operating Only) - FITZROY RIVER WATER



As At End Of October 2015

Report Run: 25-Nov-2015 15:12:41 Excludes Nat Accts: 2802,2914,2917,2924

	Adopted Budget	Revised Budget	EOM Commitments	YTD Actual	Commit + Actual	Variance %	On target 100% of Year Gone
	\$	\$	\$	\$	\$	%	
FITZROY RIVER WATER							
<i>Treatment & Supply</i>							
Revenues	0	0	0	(501)	(501)	0%	✓
Expenses	9,346,960	0	452,665	2,871,493	3,324,158	36%	✓
Transfer / Overhead Allocation	309,767	0	0	119,801	119,801	39%	✓
Total Unit: Treatment & Supply	9,656,727	0	452,665	2,990,793	3,443,458	36%	✓
<i>Network Services</i>							
Revenues	(591,400)	0	0	(188,929)	(188,929)	32%	✗
Expenses	3,429,892	0	962,680	1,284,956	2,247,635	66%	✓
Transfer / Overhead Allocation	599,977	0	0	193,509	193,509	32%	✓
Total Unit: Network Services	3,438,469	0	962,680	1,289,535	2,252,215	66%	✓
<i>FRW Management</i>							
Revenues	(473,043)	0	0	(332,897)	(332,897)	70%	✗
Expenses	16,128,622	0	42,994	5,171,977	5,214,971	32%	✓
Transfer / Overhead Allocation	25,710,445	0	0	9,187,980	9,187,980	36%	✓
Total Unit: FRW Management	41,366,024	0	42,994	14,027,060	14,070,053	34%	✓
<i>FRW Admin</i>							
Revenues	(58,692,677)	0	0	(24,210,246)	(24,210,246)	41%	✗
Expenses	349,473	0	15,289	87,398	102,687	29%	✓
Transfer / Overhead Allocation	36,814	0	0	9,900	9,900	27%	✓
Total Unit: FRW Admin	(58,306,390)	0	15,289	(24,112,948)	(24,097,659)	41%	✗
<i>Operations & Planning</i>							
Expenses	322,185	0	0	115,530	115,530	36%	✓
Transfer / Overhead Allocation	0	0	0	1,467	1,467	0%	✗
Total Unit: Operations & Planning	322,185	0	0	116,997	116,997	36%	✓
Total Section: FITZROY RIVER WATER	(3,522,985)	0	1,473,627	(5,688,563)	(4,214,936)	120%	✓

9.2 FRW ANNUAL PERFORMANCE PLAN - 2015/16

File No: 1466
Attachments: 1. FRW Annual Performance Plan - 2015/16
Authorising Officer: Robert Holmes - General Manager Regional Services
Author: Jason Plumb - Acting Manager Fitzroy River Water

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 2015/16 Annual Performance Plan for Fitzroy River Water is submitted for consideration.

OFFICER'S RECOMMENDATION

1. THAT the 2015/16 Annual Performance Plan for Fitzroy River Water as submitted be adopted.
2. That the Community Service Obligations totalling \$441,975 as detailed in this report and identified in the 2015/16 Annual Performance Plan be received.

FRW ANNUAL PERFORMANCE PLAN - 2015/16

FRW Annual Performance Plan - 2015/16

Meeting Date: 2 December 2015

Attachment No: 1



**Performance Plan
2015/16**

**FRW-02-03-P01
Version No. 2
Date: 18 November 2015**

Approval and Revision Control

Authorisation

Approved by	Title	Signature	Date
Jason Plumb	Acting Manager Fitzroy River Water		18 November 2015
Bob Holmes	General Manager Regional Services		
Adopted			Date
Water Committee			
Council			

Revision

Revision No.	Revised By	Title	Signature	Date

<u>1.</u>	<u>EXECUTIVE SUMMARY</u>	3
<u>2.</u>	<u>STRATEGIC DIRECTION</u>	3
	2.1. <u>Vision, Mission, Values, Objectives</u>	3
	2.2. <u>Objectives</u>	4
<u>3.</u>	<u>OPERATIONS</u>	5
	3.1. <u>Nature and Scope of Activities</u>	5
	3.2. <u>Asset Protection Issues</u>	6
	3.3. <u>Governance</u>	6
	3.4. <u>Community Service Obligations</u>	6
<u>4.</u>	<u>COUNCIL SUPPORT AND OBLIGATIONS</u>	7
	4.1. <u>Provision of Services</u>	7
	4.2. <u>Service Level Agreements</u>	8
	4.3. <u>Council's Commitment to Improve Quality of Internal Service Providers</u>	8
<u>5.</u>	<u>FITZROY RIVER WATER'S GENERAL RESPONSIBILITIES</u>	9
	5.1. <u>General</u>	9
	5.2. <u>Levels of Service</u>	9
	5.3. <u>Customer Service</u>	9
	5.4. <u>Delegated Authorities</u>	9
	5.5. <u>Resource Allocation</u>	10
	5.6. <u>Required Return</u>	10
	5.7. <u>Capital Works</u>	10
	5.8. <u>Dealing with External Parties</u>	10
	5.9. <u>Compliance and Regulatory Reporting</u>	10
	5.10. <u>Purchasing of Materials and Services and Disposal of Assets</u>	11
<u>6.</u>	<u>ORGANISATIONAL STRUCTURE</u>	11
<u>7.</u>	<u>KEY STRATEGIES</u>	11
<u>8.</u>	<u>BUSINESS ACTIVITIES</u>	11
	8.1. <u>Reporting to Council, Customers & Agencies</u>	11
	8.2. <u>Customer Service</u>	14
	8.3. <u>Risk Management</u>	15
	8.4. <u>Billing</u>	15
	8.5. <u>Water and Sewerage Pricing</u>	15
	8.6. <u>Policy Compliance</u>	15
	8.7. <u>Treatment of Surpluses and Losses</u>	15
	8.8. <u>Water Restrictions</u>	15
	8.9. <u>Environment</u>	16
	8.10. <u>Contracts of Supply</u>	16
<u>9.</u>	<u>ASSETS</u>	17
	9.1. <u>Asset Management</u>	17
	9.2. <u>Asset Relationship</u>	17
	9.3. <u>New Works and Strategic Initiatives</u>	17
	9.4. <u>Contributed Assets</u>	17
<u>10.</u>	<u>FINANCIAL MATTERS</u>	18
	10.1. <u>Long Term Financial Strategy</u>	18
	10.2. <u>Capital Structure</u>	18
	10.3. <u>Funding Sources</u>	18
	10.4. <u>Operational Budget</u>	18
<u>11.</u>	<u>FINANCIAL POLICIES</u>	19
	11.1. <u>Accounting</u>	19
	11.2. <u>Asset Depreciation</u>	19
	11.3. <u>Taxation</u>	19
	11.4. <u>Treatment of Surpluses / Losses</u>	20
	11.5. <u>Borrowing Policy</u>	20

<u>12.</u>	<u>PRICING AND REVENUE COLLECTION</u>	20
	12.1. <u>Responsibility for Price Setting</u>	20
	12.2. <u>Revenue Target</u>	21
	12.3. <u>Revenue Collection</u>	21
	12.4. <u>Recovery for Damage to Infrastructure</u>	21
<u>13.</u>	<u>FINANCIAL STATEMENTS</u>	21
<u>14.</u>	<u>REVIEW OF PERFORMANCE PLAN</u>	21
	<u>Appendix 1: Community Service Obligations</u>	22
	<u>Appendix 2: Performance Targets for Quarterly Reporting</u>	23
	<u>Appendix 3: Long Term Operating and Capital Funding Statements</u>	26

1. 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

2. STRATEGIC DIRECTION

2.1. 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

Consistency and Fairness - We will deal with all issues, including the management of change by achieving the fairest outcome possible and by being consistent in our decision making.

Results - We are focussed on achieving results and in creating value for our customers.

Integrity and Honesty - We will operate with honesty and integrity, fostering transparency in whatever we do and promoting public trust and continued confidence.

Teamwork and Staff Development - We value collaborative effort by staff and are committed to encouraging professional development and learning as important across the organisation.

Inclusiveness and Fair Representation - We will listen to, respect the views of, strive to engage with and meet the reasonable expectations of our communities in a professional, compassionate and responsive manner.

Continuous Improvement and Innovation - We will achieve value for our communities by utilising more innovative, effective and efficient ways of producing results for our customers.

Accountability - In focussing on results and creating value for our customers, we own our successes and failures.

Leadership - We will demonstrate high standards of leadership in guiding the community to support and participate in achieving Council's vision and mission.

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

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

2.2. 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.

3. OPERATIONS

3.1. Nature and Scope of Activities

FRW is responsible for the operation and maintenance of water and sewerage assets totalling approximately \$838.05M.

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 2015 unless otherwise stated) is as follows:

Total Operational Revenue (estimated 2015/16)	\$ 60.3M
Total Operational Expenses (estimated 2015/16)	\$ 56.8M
Net Community Assets	\$501.0M
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

3.2. 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.

3.3. 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*.

3.4. 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 2015/16 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 SUPPORT AND OBLIGATIONS

4.1. 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.

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 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.

4.3. 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.

5. FITZROY RIVER WATER'S GENERAL RESPONSIBILITIES

5.1. 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.

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. FRW 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

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.

5.4. 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 sewage 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*.

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. 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).

5.7. 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).

5.8. 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.

5.9. Compliance and Regulatory Reporting

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

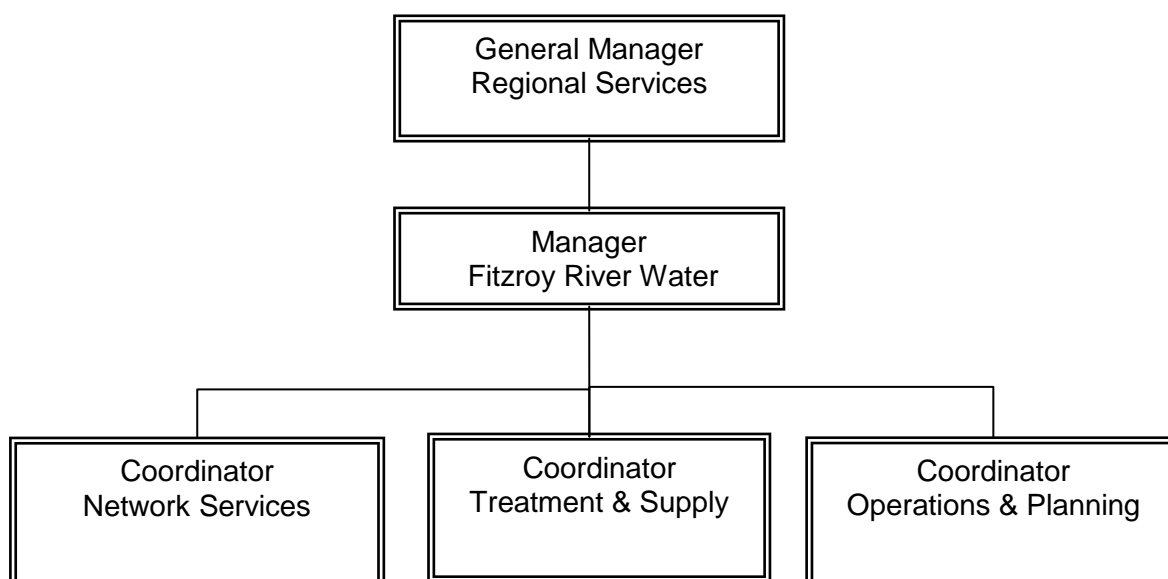
FRW will be responsible for managing the day to day requirements of Council's responsibilities under various licences including the Resource Operations Licence, Environmental Authority approvals and will be responsible for preparing all relevant regulatory reports.

5.10. Purchasing of Materials and Services and Disposal of Assets

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

6. ORGANISATIONAL STRUCTURE

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



7. KEY STRATEGIES

FRW's key strategies for the 2015/16 financial year are set out in the Rockhampton Regional Council 2015/16 Operational Plan.

8. BUSINESS ACTIVITIES

8.1. 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	2015/16 Target
Operating surplus ratio	41.7%
Interest coverage ratio	4.3%
Asset consumption ratio	60.3%
Gross revenue	\$60,301,843
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$40,385,855
Competitive neutrality ratio (% of gross revenue)	35.3%
Depreciation ratio	21.0%
Total written down asset value	\$515,841,721
Return on assets	5.0%

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, Fitzroy River Water is committed to paying 0.04 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 60.3% 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 35.3% of its operating revenues to Council's general fund, i.e. for every dollar of operating revenue earned FRW returns to Council 35.3 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 5.0 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.

8.2. 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.

8.3. 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.

8.4. 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.

8.5. 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.

8.6. 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.

8.7. 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.

8.8. 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.

8.9. 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.

8.10. 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 Waterpark Creek, 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*.

9. ASSETS

9.1. 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.

9.2. 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.

9.3. 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.

9.4. Contributed Assets

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

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 FRW for the period 2015/16 to 2024/25.

10.2. 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.

10.3. 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)	\$4.8M
2015/16 (proposed new loans)	\$4.0M

<u>Grants & Subsidies</u>	\$.75M
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Capital Expenditure for 2015/16 is approximately \$17.8M.

10.4. Operational Budget

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

Operating Revenue for 2015/16 is estimated to be \$60.3M (inc CSOs) comprising:

Water and Sewerage Rates and Charges	88.9%
Bulk Water Sales	6.0%
Fees and Charges	2.4%
Private & Recoverable Works	1.0%
Community Services Obligations & CNA's	0.9%
Interest Received from Investments	0.4%
Other sources	0.4%

Operating expenditure for 2015/16 is estimated to be \$56.8M, comprising:

Management & Administration	5.6%
Operations & Maintenance Expense	20.9%
Corporate Overheads	8.2%
Depreciation	22.3%
Loan Interest	5.0%
Tax Equivalents and Dividends	38.0%

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 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.

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 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.

11.3. 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.

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 FRW 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.

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 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.

12. PRICING AND REVENUE COLLECTION

12.1. 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.

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.

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

12.3. 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.

12.4. Recovery for Damage to Infrastructure

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

13. 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.

14. 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.

□

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 \$441,975 as CSOs during the 2015/16 financial year.

Water

Sporting Bodies Water Access and Consumption \$21,352

Sewerage

Combined Line Charges (expenses) \$126,320

Combined Lines & Raising Access Chambers – Capital \$200,000

Sporting Bodies Sewerage Access \$94,303

TOTAL (proposed in 2015/16) \$441,975

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	Response time Priority 1 – 1 hour response Priority 2 – 2 hours response Priority 3 – 24 hours response	95% 95% 95%	95% 95% 95%
	Restoration time 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) ¹	> 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	Response time Priority 1 – 1 hour response Priority 2 – 2 hours response Priority 3 – 24 hours response	> 95%	> 95%
CSS20	Restoration time Priority 1 – 5 hours restoration Priority 2 – 24 hours restoration Priority 3 – 5 days restoration	> 95%	> 95%

¹ 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

CSS Reference	Performance Indicator	Rockhampton and Gracemere Sewerage Scheme	Mt Morgan Sewerage Scheme
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

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

Financial Performance Targets

Indicator	Target	Reporting Frequency
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 Capital Funding Statements

Operating Statement for FRW Water & Sewerage Business 2016 to 2025 (\$000,s)

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
REVENUE										
Rates and Charges	53,629	56,391	59,295	62,348	65,559	68,936	72,486	76,219	80,144	84,272
Income from other commercial services	2,037	2,122	2,211	2,304	2,401	2,502	2,607	2,716	2,830	2,949
Interest Revenue	240	434	460	512	558	622	663	694	838	1,150
Community Service Obligations & Competitive Neutrality Agreements	545	568	591	616	642	669	697	727	757	789
Non-Capital Grants and Subsidies	0	0	0	0	0	0	0	0	0	0
Other Revenue	233	239	245	251	257	264	270	277	284	291
Bulk Water Sales	3,619	3,746	3,877	4,012	4,153	4,298	4,449	4,604	4,765	4,932
Total Operating Revenue	60,302	63,499	66,679	70,044	73,570	77,290	81,171	85,237	89,619	94,383
EXPENDITURE										
Operations Expense	11,873	12,491	13,140	13,823	14,542	15,298	16,094	16,931	17,811	18,737
Maintenance Cost	0	0	0	0	0	0	0	0	0	0
Management and Administration	8,058	8,477	8,918	9,381	9,869	10,382	10,922	11,490	12,088	12,716
Depreciation	12,652	13,273	13,909	14,545	15,243	15,947	16,905	17,749	18,635	19,542
Total Operating Expenditure	32,583	34,241	35,966	37,750	39,654	41,628	43,921	46,170	48,534	50,996
EBIT (Excl Capital adj)	27,719	29,258	30,712	32,294	33,916	35,662	37,250	39,067	41,085	43,387
Interest Expense	2,836	2,373	2,263	1,994	1,715	1,378	1,406	1,069	969	920
Net Operating Profit (Loss)	24,882	26,886	28,449	30,300	32,201	34,284	35,844	37,998	40,116	42,467
ABNORMAL/CAPITAL RELATED REVENUE										
Capital Grants and Subsidies	746	0	0	0	0	0	0	0	0	0
Developer Contributions (Infrastructure charges)	1,702	1,755	2,311	2,369	2,428	2,489	2,551	2,615	2,681	2,748
Donated assets	2,495	2,495	2,495	2,495	2,495	2,495	2,495	2,495	2,495	2,495
Funds from Disposal of Non current assets	0	0	0	0	0	0	0	0	0	0
Total Abnormal/Capital related Revenue	4,942	4,250	4,806	4,864	4,923	4,984	5,046	5,110	5,175	5,242
Total Operating Profit (EBIT + Inf Charges)	29,421	31,013	33,024	34,663	36,345	38,152	39,801	41,682	43,766	46,135
Taxable Income	27,330	28,641	30,761	32,669	34,629	36,773	38,395	40,613	42,796	45,214
Income Tax Payable	6,666	8,592	9,228	9,801	10,389	11,032	11,518	12,184	12,839	13,564
Operating Profit (After Tax, before abnormals)	18,217	18,293	19,221	20,499	21,812	23,252	24,325	25,814	27,277	28,902
Profit (Loss) after tax and incl. abnormals	23,159	22,543	24,027	25,363	26,735	28,236	29,371	30,924	32,452	34,145
Distributed Profit (Dividend Paid from Operating Profit)	14,694	12,777	12,151	11,588	11,011	10,378	9,903	9,249	8,605	7,892

Operating Statement for FRW Water & Sewerage Business 2016 to 2025 (\$000,s)

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
REVENUE										
Rates and Charges	53,629	56,391	59,295	62,348	65,559	68,936	72,486	76,219	80,144	84,272
Income from other commercial services	2,037	2,122	2,211	2,304	2,401	2,502	2,607	2,716	2,830	2,949
Interest Revenue	240	434	460	512	558	622	663	694	838	1,150
Community Service Obligations & Competitive Neutrality Agreements	545	568	591	616	642	669	697	727	757	789
Non-Capital Grants and Subsidies	0	0	0	0	0	0	0	0	0	0
Other Revenue	233	239	245	251	257	264	270	277	284	291
Bulk Water Sales	3,619	3,746	3,877	4,012	4,153	4,298	4,449	4,604	4,765	4,932
Total Operating Revenue	60,302	63,499	66,679	70,044	73,570	77,290	81,171	85,237	89,619	94,383
EXPENDITURE										
Operations Expense	11,873	12,491	13,140	13,823	14,542	15,298	16,094	16,931	17,811	18,737
Maintenance Cost	0	0	0	0	0	0	0	0	0	0
Management and Administration	8,058	8,477	8,918	9,381	9,869	10,382	10,922	11,490	12,088	12,716
Depreciation	12,652	13,273	13,909	14,545	15,243	15,947	16,905	17,749	18,635	19,542
Total Operating Expenditure	32,583	34,241	35,966	37,750	39,654	41,628	43,921	46,170	48,534	50,996
EBIT (Excl Capital adj)	27,719	29,258	30,712	32,294	33,916	35,662	37,250	39,067	41,085	43,387
Interest Expense	2,836	2,373	2,263	1,994	1,715	1,378	1,406	1,069	969	920
Net Operating Profit (Loss)	24,882	26,886	28,449	30,300	32,201	34,284	35,844	37,998	40,116	42,467
ABNORMAL/CAPITAL RELATED REVENUE										
Capital Grants and Subsidies	746	0	0	0	0	0	0	0	0	0
Developer Contributions (Infrastructure charges)	1,702	1,755	2,311	2,369	2,428	2,489	2,551	2,615	2,681	2,748
Donated assets	2,495	2,495	2,495	2,495	2,495	2,495	2,495	2,495	2,495	2,495
Funds from Disposal of Non current assets	0	0	0	0	0	0	0	0	0	0
Total Abnormal/Capital related Revenue	4,942	4,250	4,806	4,864	4,923	4,984	5,046	5,110	5,175	5,242
Total Operating Profit (EBIT + Inf Charges)	29,421	31,013	33,024	34,663	36,345	38,152	39,801	41,682	43,766	46,135
Taxable Income	27,330	28,641	30,761	32,669	34,629	36,773	38,395	40,613	42,796	45,214
Income Tax Payable	6,666	8,592	9,228	9,801	10,389	11,032	11,518	12,184	12,839	13,564
Operating Profit (After Tax, before abnormals)	18,217	18,293	19,221	20,499	21,812	23,252	24,325	25,814	27,277	28,902
Profit (Loss) after tax and incl. abnormals	23,159	22,543	24,027	25,363	26,735	28,236	29,371	30,924	32,452	34,145
Distributed Profit (Dividend Paid from Operating Profit)	14,694	12,777	12,151	11,588	11,011	10,378	9,903	9,249	8,605	7,892

FRW - Capital Funding Decisions											
	Year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
New Works											
	New capital works constructed	7,041,311	6,453,073	7,342,433	9,164,997	10,067,805	19,729,632	9,841,086	9,811,144	9,796,282	7,701,780
	Donated assets	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676
	Total	9,535,987	8,947,749	9,837,109	11,659,673	12,562,481	22,224,308	12,335,762	12,305,820	12,290,958	10,196,456
Funded by:											
	1. Subsidies & grants in relation to these works	745,750	0	0	0	0	0	0	0	0	0
	2. Constrained Works Reserve	1,704,368	40,067	560,115	1,033,272	71,826	2,700,844	218,708	271,567	363,523	174,571
	3. Donated assets	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676	2,494,676
	4. Other reserves for the purpose	0	0	0	0	0	0	0	0	0	0
	5. Loans raised	1,068,209	1,300,000	0	0	0	3,500,000	327,068	0	0	0
	6. Internal loans	0	0	0	0	0	0	0	0	0	0
	7. Depreciation funds from current & previous years	0	0	455,125	0	251,817	654,956	970,885	2,581,117	1,977,635	0
	8. Revenue from current year used for capital purposes	3,522,984	5,113,007	6,327,193	8,131,725	9,744,161	12,873,832	8,324,425	6,958,461	7,455,124	7,527,209
	TOTAL	9,535,987	8,947,749	9,837,109	11,659,673	12,562,481	22,224,308	12,335,762	12,305,820	12,290,958	10,196,456
Replacement Works											
	Replacement capital works.	10,755,191	10,990,454	9,323,594	10,298,249	9,232,067	13,716,301	14,813,612	16,037,283	15,572,253	19,715,587
	Loan redemption's	4,795,863	5,182,917	5,584,422	5,908,242	6,254,813	6,591,745	7,218,342	3,823,480	1,085,178	1,134,011
	Total	15,551,053	16,173,371	14,908,016	16,206,491	15,486,880	20,308,046	22,031,954	19,860,763	16,657,431	20,849,598
Funded by:											
	1. Subsidies & grants in relation to these works	0	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	0
	3. Depreciation funds from current & previous years	12,652,319	13,273,118	13,453,508	14,545,446	14,991,073	15,292,000	15,934,138	15,167,828	16,657,431	19,542,028
	4. Constrained Works Reserve	0	0	0	0	0	0	0	0	0	0
	5. Loans raised	2,898,734	2,496,767	711,461	882,201	0	5,016,046	0	0	0	0
	6. Shareholder equity/Contributions/Internal transfers	0	0	0	0	0	0	0	0	0	0
	7. Revenue from current year used for capital purposes	0	403,486	743,047	778,844	495,807	0	6,097,816	4,692,935	0	1,307,570
	TOTAL	15,551,053	16,173,371	14,908,016	16,206,491	15,486,880	20,308,046	22,031,954	19,860,763	16,657,431	20,849,598

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 CLOSURE OF MEETING