



WATER COMMITTEE MEETING

AGENDA

1 OCTOBER 2014

Your attendance is required at a meeting of the Water Committee to be held in the Council Chambers, 232 Bolsover Street, Rockhampton on 1 October 2014 commencing at 12.30pm for transaction of the enclosed business.

A handwritten signature in black ink, appearing to be "C. R.", written in a cursive style.

CHIEF EXECUTIVE OFFICER
24 September 2014

Next Meeting Date: 05.11.14

Please note:

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

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1 OPENING

2 PRESENT

Members Present:

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

In Attendance:

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

3 APOLOGIES AND LEAVE OF ABSENCE

4 CONFIRMATION OF MINUTES

Minutes of the Water Committee held 3 September 2014

5 DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA

6 BUSINESS OUTSTANDING

Nil

7 PUBLIC FORUMS/DEPUTATIONS

Nil

8 OFFICERS' REPORTS

Nil

9 STRATEGIC REPORTS

9.1 FRW MONTHLY OPERATIONS REPORT - AUGUST 2014

File No: 1466

Attachments: 1. FRW Monthly Operations Report - August 2014

Authorising Officer: Robert Holmes - General Manager Regional Services

Author: Nimish Chand - Manager FRW

SUMMARY

This report details Fitzroy River Water's financial position and other operational matters for the Council's information as at 31 August 2014.

OFFICER'S RECOMMENDATION

THAT the FRW Monthly Operations Report for August 2014 be received.

FRW MONTHLY OPERATIONS REPORT - AUGUST 2014

FRW Monthly Operations Report - August 2014

Meeting Date: 1 October 2014

Attachment No: 1

MONTHLY OPERATIONS REPORT
FITZROY RIVER WATER
Period Ended 31 August 2014

VARIATIONS, ISSUES AND INNOVATIONS

Innovations

Fitzroy River Water recently engaged a contractor to perform a bathymetry survey of the Fitzroy Barrage storage. The completion of this underway survey will provide the ability to accurately calculate the storage volume of the Fitzroy Barrage storage from the measurements taken of the river bed and banks along the length of the storage. It is more than 15 years since the last survey was done in 1998 and the survey will provide the ability to see if the storage volume has changed significantly due to the various flood events that have occurred in recent years. It is very important that the storage volume with the Fitzroy Barrage storage is known to a high degree of accuracy as this helps to ensure that there is sufficient water available to meet the needs of the community. The results of the survey will be used to help determine the long-term security of the water supply in the Fitzroy Barrage storage and any planning for the construction of future storages upstream.

Improvements / Deterioration in Levels of Services or Cost Drivers

In the last couple of months, a number of incidents have occurred involving unauthorized access, theft or vandalism at Fitzroy River Water's water and sewerage sites. Whilst these incidents do not appear to be specifically targeted at water or sewerage infrastructure, in each case items have been damaged or stolen and in some instances led to a disruption to the normal operation of equipment at these sites. In each case the incidents were reported to Queensland Police for follow-up investigation. Where required items have been replaced or repaired to ensure a speedy return to the normal operational status for each asset. Fitzroy River Water has commenced making arrangements for an independent audit of our security measures and management systems to identify any possible improvements to current arrangements. It is important that all efforts are made to ensure that water and sewerage assets are protected appropriately and that services can continue to be delivered in a safe and reliable manner.

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 August 2014 are as below:

	Balance B/F	Completed in Current Mth	Current Month NEW Requests		TOTAL INCOMPLETE REQUESTS BALANCE	Work Orders Issued	Under Long Term Investigation	Avg W/O Issue Time (days) 12 months	Completion Standard (days)	Avg Completion Time (days) Current Mth	Avg Completion Time (days) 6 Months	Avg Completion Time (days) 12 Months	Avg Duration (days) 12 Months (complete and incomplete)			
			Received	Completed												
Asset Enq/Jump up location/Wat/ Sew Invert Levels	0	0	4	4	0	0	0	0.00	2	●	1.00	●	1.30	●	9.44	0.92
Network Construction - Reworks (Reinstatement Proj)	1	1	2	2	0	0	0	14.77	1	●	3.00	●	5.14	●	3.58	3.60
Network Construction - Planned Works (Scheduled Re	0	0	1	1	0	0	0	98.18	1	●	0.00	●	0.89	●	0.59	0.33
Customer Service - Rebate Residential	5	4	14	10	5	0	0	0.00	30	●	1.00	●	3.28	●	5.54	4.05
Customer Service - Rebate Undetected Leaks	29	10	11	3	27	0	1	0.00	120	●	10.00	●	27.54	●	39.41	29.67
Customer Service - Standpipe Enquiry/Read (Asset)	1	1	1	1	0	0	0	0.00	2	●	1.00	●	3.11	●	2.25	0.50
Customer Service - Water Exemption Request	0	0	0	0	0	0	0	0.00	5	●	0.00	●	3.50	●	2.67	1.00
Development - Applications	0	0	0	0	0	0	0	0.00	10	●	0.00	●	1.00	●	21.90	8.75
Development - Building Over Sewerline	0	0	11	11	0	0	0	0.00	7	●	0.55	●	1.18	●	2.73	2.27
Network Systems (Network Analysis Water or Sewer)	1	1	0	0	0	0	0	0.00	7	●	0.00	●	2.40	●	2.07	1.50
Development - Strategic Sewer	0	0	2	2	0	0	0	0.00	10	●	0.50	●	3.25	●	2.86	1.67
Development - Strategic Water	0	0	1	0	1	0	0	0.00	10	●	0.00	●	0.00	●	5.80	1.50
Environment and Water Conservation Enquiry	0	0	1	1	0	0	0	0.00	5	●	0.00	●	0.00	●	2.40	0.33
Finance - Irrigators/Water Allocations (Asset)	2	0	5	4	3	0	0	155.26	7	●	0.00	●	2.48	●	2.29	1.14
Network Services - No Water (Asset)	0	0	6	5	1	1	0	4.01	1	●	0.20	●	0.43	●	0.87	0.64
Network Services - Reactive Sewerage Block (Asset)	19	19	57	52	5	3	0	4.90	1	●	1.65	●	7.58	●	7.50	6.44
Network Services - Sewer Reimbursements	1	1	3	3	0	0	0	-0.61	7	●	0.33	●	6.13	●	5.49	2.45
Network Services - Sewer Inflow Inspection/Enquiry	0	0	0	0	0	0	0	0.54	7	●	0.00	●	1.33	●	3.70	1.14
Network Services - Water Leaks (Asset)	3	3	98	93	5	2	0	0.85	1	●	0.60	●	1.07	●	1.44	0.67
Network Services- Poor Water Pressure (Asset)	0	0	6	6	0	0	0	41.88	1	●	1.00	●	1.59	●	1.53	0.28
Process - TradeWaste	0	0	13	11	2	0	0	-0.68	7	●	2.64	●	3.21	●	3.99	2.38
Network Services - Lids/Cover (Asset)	1	1	11	10	1	0	0	7.49	1	●	1.20	●	7.64	●	4.16	1.91
Network Services - Meter Maintenance (Asset)	28	25	58	27	34	31	0	0.68	1	●	2.63	●	9.49	●	7.79	8.77
Network Services Private Works/Standard Connection	0	0	2	2	0	0	0	3.27	5	●	0.50	●	4.00	●	3.76	1.82
Network Services - Reinstatements	3	2	10	7	4	0	0	9.52	1	●	1.29	●	3.05	●	4.48	5.41
Network Services Special Water Meter Read Enquiry	0	0	1	0	1	0	0	0.00	10	●	0.00	●	3.74	●	3.41	1.72
Network Services - Water Meter Reading Enquiry	3	2	7	7	1	0	0	32.83	10	●	5.57	●	5.06	●	5.45	4.35
Process - Odour (Sewer Only) (Asset)	0	0	2	2	0	0	0	47.75	1	●	0.00	●	3.32	●	5.45	4.26
Process - River Quality	0	0	1	1	0	0	0	0.00	2	●	2.00	●	1.50	●	1.17	0.75
Process - Drinking Water Quality (Asset)	0	0	4	3	1	0	0	96.86	1	●	0.00	●	0.49	●	0.61	0.26
Water Meter Read Search - "NOT FOR CSO"	22	21	85	65	21	0	0	0.00	90	●	3.82	●	4.70	●	4.82	4.43

Comments and Additional Information

The Customer Service Request close out average times for FRW are not a true indicator of the time taken to respond and resolve customer requests. Particularly sewer jobs that require some further permanent repair or replacement are affected due to the linkage between Pathway and Conquest systems.

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

Safety Statistics

The safety statistics for the reporting period are:

	FIRST QUARTER		
	July	Aug	Sept
Number of Lost Time Injuries	0	0	
Number of Days Lost Due to Injury	0	0	
Total Number of Incidents Reported	3	4	
Number of Incomplete Hazard Inspections*	1	2	

*Hazard inspections have been completed but may not have been received by the WH&S unit by their cut-off date.

Treatment and Supply

- There were no lost time injuries for the month.
- No employees are currently on long term lost time injuries.
- Four safety incidents were reported for the month. No injuries occurred in these four incidents. Two were associated with vehicle incidents and the other two involved vandalism, theft and damage to FRW sites.

Network Services

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

Risk Management Summary

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.	31/12/14	35%	Draft maintenance strategy completed.

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 mittals
NETWORK SERVICES CAPITAL WORKS PROGRAM					
Rockhampton Water (water main replacement)					
Rundle and Murray St 150 mm water main replacement	June 2014	September 2014	65%	\$499,272	\$180,249
Comments: On Schedule					
Jardine St (Wandal – Pearson) 150 mm water main replacement	August 2014	November 2014	25%	\$431,986	\$104,946
Comments: On schedule					
Archer St (Campbell and West) 300 mm water main replacement	February 2014	August 2014	100%	\$835,430	\$557,610
Comments : Construction Completed					
Kent Lane - 100mm water main replacement	July 2014	August 2014	100%	\$43,305	\$35,854
Comments – Construction Completed					
Gracemere Duplication (Athelstane) 300mm new water main. Stage 2	July 2014	June 2015	70 %	\$1,800,000	\$495,904
Comments: On schedule					
Rockhampton Sewer					
Sewer rehabilitation program (including Building over Sewer works)	July 2014	June 2015	10%	\$1,900,000	\$203,918
Comment: Rehabilitation and renewals annual program of works.					

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/committals
Gracemere Sewer					
Gracemere Sewer Effluent 2 nd stage Cap Highway	July 2014	June 2015	70%	\$563,933	\$102,977
Comments: On Schedule					
Mount Morgan (water mains replacement)					
West St (Dee – Morgan) 150mm water main replacement	July 2014	August 2014	100%	\$54,057	\$49,178
Comments: Construction completed					
Gordon, Meinberg & Hall Street	August 2014	September 2014	40%	\$113,259	\$34,143
Comments: On Schedule					
Thompson St (Tipperary and Shield)	February 2014	August 2014	100%	\$72,565	\$95,378
Comments: Construction Completed. Project costs increased due to design changes					
Mount Morgan Sewer					
Dee St, New 225mm Gravity Sewer	February 2014	August 2014	100%	\$250,000	\$390,632
Comments: Construction Completed Stage 1, Project cost increase due to hard rock					
TREATMENT AND SUPPLY CAPITAL WORKS PROGRAM					
N SRSTP Interim Upgrade	July 2014	Jan 2015	25%	\$900,000	\$150,000
Comments: On schedule.					
NRSTP Pipeline from West to South STP	July 2014	June 2015	10%	\$200,000	\$60,625
Comments: On schedule.					
R SRSTP Primary Valve Pit Replacement	July 2014	Mar 2015	5%	\$90,000	\$0
Comments: On schedule.					
R NRSTP New Inlet Screen	Aug 2014	Dec 2014	5%	\$50,000	\$0
Comments: On schedule.					
R S Gracemere STP Augmentation	July 2014	June 2016	5%	\$3,000,000	\$296,315

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/committals
Comments: On schedule.					
N Water Rogar Ave Reservoir Rechlorination Facility	Sep 2014	Mar 2015	2%	\$70,000	\$0
Comments: On schedule.					
N Water Mt Archer Reservoir Online Chlorine Analysis	July 2014	Dec 2014	2%	\$20,000	\$0
Comments: On schedule.					
R Water Barrage Gates Maintenance	Sep 2014	June 2015	0%	\$300,000	\$0
Comments: On schedule.					
R Water Barrage Gate Seal Rehabilitation	Oct 2014	June 2015	0%	\$300,000	\$0
Comments: Project not yet commenced.					
R WTP Glenmore Concrete Refurbishment	Aug 2014	June 2015	5%	\$25,000	\$0
Comments: On schedule.					
M W Dam No 7 CCTV Installation	July 2014	Dec 2014	5%	\$30,000	\$0
Comments: On schedule.					
M WTP CCTV Installation	July 2014	Dec 2014	5%	\$15,000	\$0
Comments: On schedule.					
M W Dam No 7 Raw Lift Pump Upgrade	July 2014	Dec 2014	5%	\$25,000	\$0
Comments: On schedule.					
M W North Reservoir Roof Replacement	July 2014	June 2015	5%	\$100,000	\$0
Comments: On schedule.					
M STP Chlorination Upgrade	April 2013	Sep 2014	70%	\$15,716	\$8,250
Comments: On schedule.					
R – S NRSTP Aerator Replacement	July 2013	Dec 2014	70%	\$91,071	\$54,228
Comments: Delayed due to supplier design issues.					

Project	Start Date	Expected Completion Date	Completion Status	Budget Estimate	YTD actual/com mitals
Barrage Crane and Rail Restoration	December 2013	December 2014	60%	\$333,247	\$120,202
Comments: Crane restoration completed.					
GWTP Highlift Pump Station Upgrade (Stage 1)	July 2013	October 2014	90%	\$3,366,922	\$2,154,635
Comments: Delays (4- 6 weeks) experienced due to wet weather and design issues.					
GWTP Highlift Pump Station Upgrade (Stage 2)	Aug 2014	Mar 2016	5%	\$3,510,000	\$0
Comments: On schedule.					
GWTP Lowlift Pump Station Upgrade	July 2014	June 2015	5%	\$500,000	\$5,784
Comments: On schedule.					
Arthur Street SPS Electrical Upgrade	July 2014	June 2015	5%	\$422,130	\$12,488
Comments: On schedule.					
Yaamba Rd Reservoir Chlorination Upgrade	Jan 2014	Oct 2014	50%	\$50,000	\$17,568
Comments: On schedule.					
MM North Reservoir Rechlorination	July 2013	Aug 2014	100%	\$50,000	\$39,622
Comments: Completed.					
MMWTP Coagulant Dosing Upgrade	Jan 2014	Nov 2014	30%	\$30,000	\$9,002
Comments: On schedule.					
G Lucas St WPS pump and electrical switchboard upgrade	Jan 2014	Mar 2015	10%	\$500,000	\$10,935
Comments: On schedule.					

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

As at period ended 31 August 2014.

Project	Revised Budget	Actual (incl. committals)	% budget expended	Explanation
Barrage Open Day	\$10,000	\$1982	13.21%	The Barrage Open Day is to be held at the beginning of National Water Week on 18 October 2014. All planning is on schedule.

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

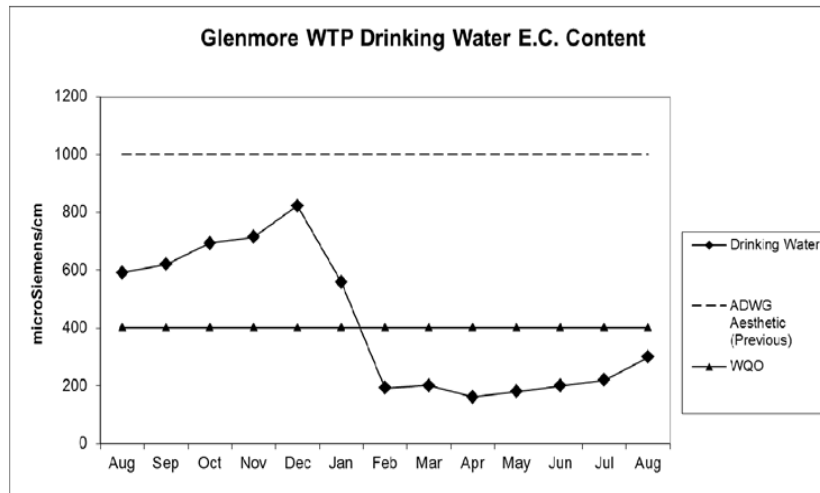
Service Delivery Standard	Target	Current Performance
<i>Drinking Water Samples Compliant with ADWG</i>	>99%	>99%
<i>Drinking water quality complaints</i>	<5 per 1000 connections	0.11
<i>Total water and sewerage complaints</i>	N/A	169
<i>Glenmore WTP drinking water E.C Content</i>	<500 µS/cm	300 µS/cm
<i>Glenmore WTP drinking water sodium content</i>	<50 mg/L	22 mg/L
<i>Average daily water consumption – Rockhampton</i>	N/A	44.7 ML
<i>Average daily water consumption – Gracemere</i>	N/A	4.30 ML
<i>Average daily water consumption – Mount Morgan</i>	N/A	0.89 ML
<i>Average daily bulk supply to LSC</i>	N/A	7.81 ML
<i>Drinking water quality incidents</i>	0	0
<i>Sewer odour complaints</i>	<1 per 1000 connections	0.05
<i>Service Leaks and Breaks</i>	80	53
<i>Total water main breaks</i>	15	6
<i>Total sewerage main breaks and chokes</i>	32	7
<i>Incidence if unplanned interruptions – water</i>	N/A	25
<i>Average response time for water incidents (burst and leaks)</i>	N/A	235.5
<i>Average response time for sewerage incidents (including main breaks and chokes)</i>	N/A	56.81
<i>Rockhampton regional sewer connect blockages</i>	42	36

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

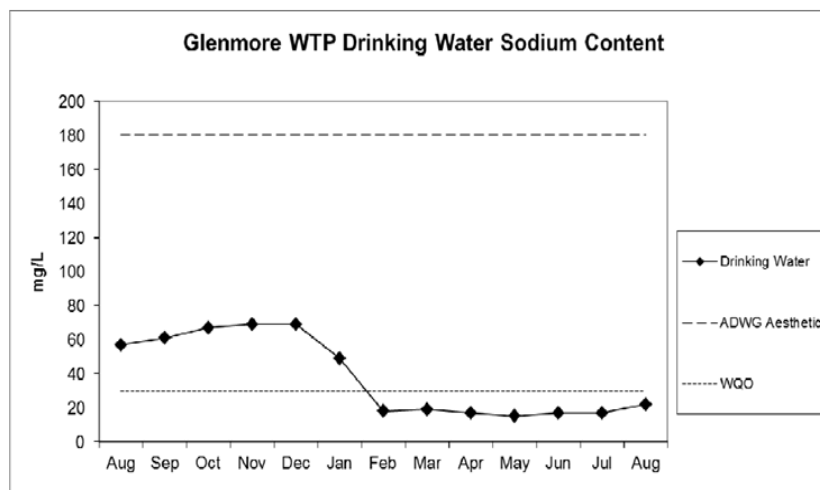
Refer to the individual graphs and information below.

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 August increased to be 300 µS/cm. The relatively low E.C. reading follows the recent cessation of flow of low E.C. water in the Fitzroy River after the receipt of rainfall in the upstream catchments. The level of E.C. is well below the Water Quality Objective of 400 µS/cm and well beneath the previously used aesthetic guideline value of 1000 µS/cm. The E.C. reading is not expected to increase significantly within the next few months.

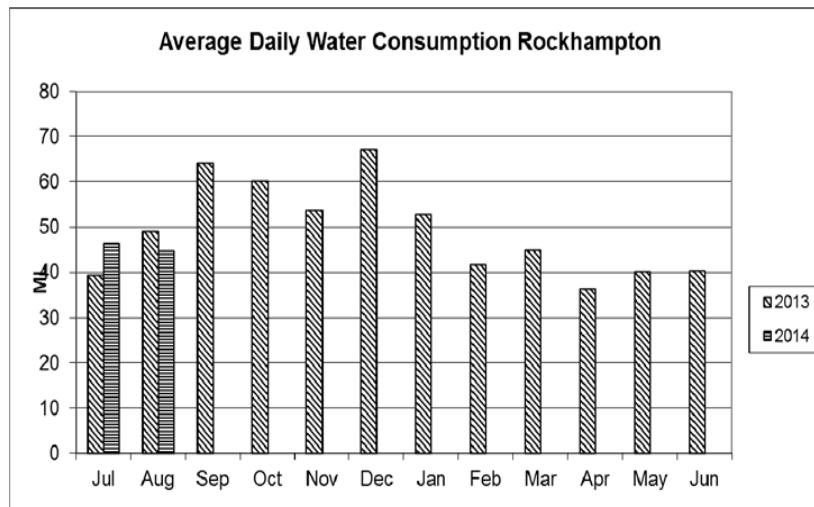


The concentration of sodium in drinking water supplied from the GWTP during August increased slightly to be 22 mg/L. This low level of sodium follows the recent cessation of flow of low salinity water in the Fitzroy River after the receipt of rainfall in the upstream catchment. The current level of sodium is well below the Water Quality Objective value of 30 mg/L and is well beneath the aesthetic guideline of 180 mg/L for sodium in the Australian Drinking Water Guidelines. The sodium concentration is not expected to increase significantly within the coming months.

Drinking Water Supplied

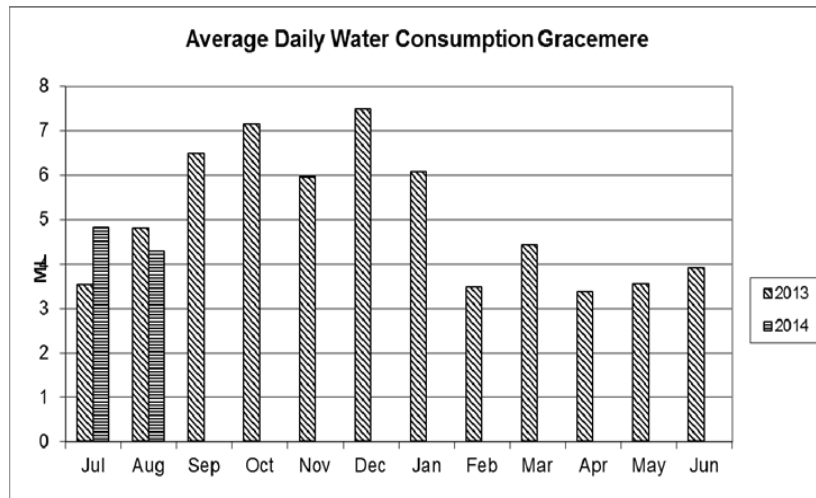
Data is presented in graphs for each water year (e.g. 2013 is the period from July 2013 to June 2014).

Rockhampton



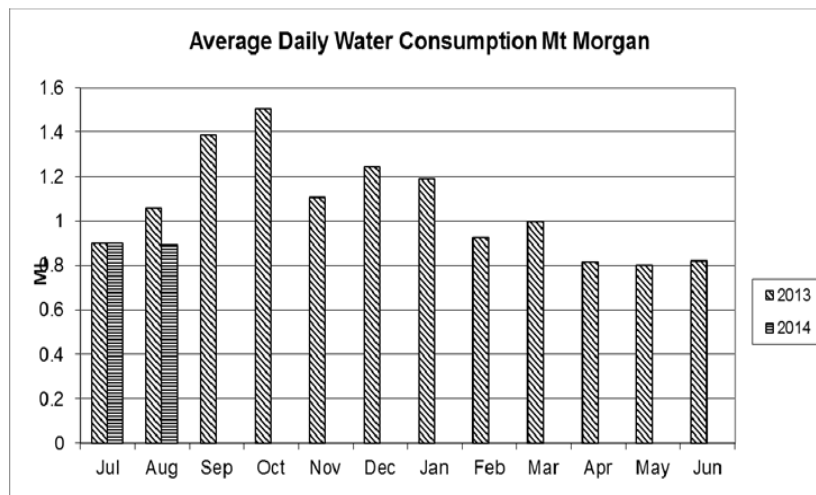
Average daily water consumption in Rockhampton during August (44.7 ML/d) decreased compared to that reported in July and was lower than that reported in the same period last year. The decrease in consumption was due to the receipt of some rainfall during the middle of the month. The Fitzroy Barrage Storage is currently at close to full storage level and is therefore well above the threshold in the Drought Management Plan used to trigger the implementation of water restrictions.

Gracemere



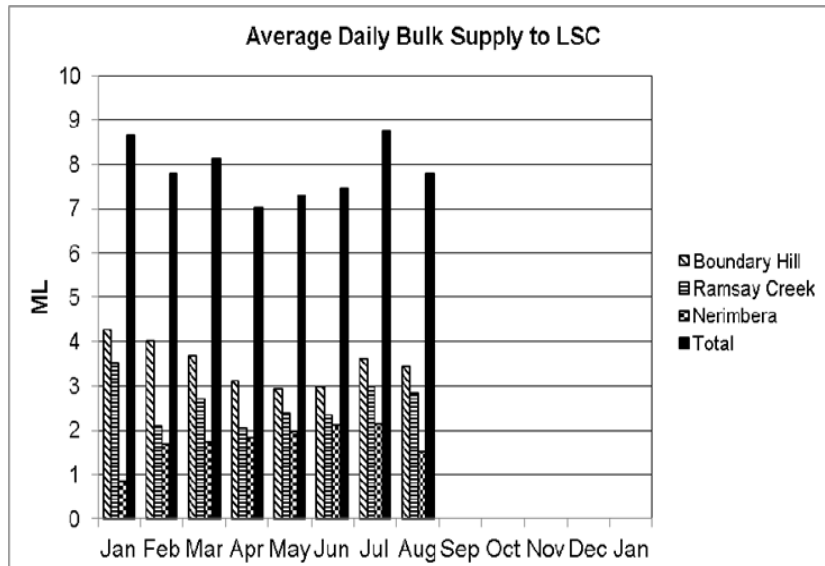
Average daily water consumption in Gracemere during August (4.3 ML/d) decreased compared to that reported in July and was lower than that reported in the same period last year. The decrease in consumption was due to the receipt of some rainfall during the middle of the month. The Fitzroy Barrage Storage is currently at close to full storage level and is therefore well above the threshold in the Drought Management Plan used to trigger the implementation of water restrictions.

Mt Morgan



Average daily water consumption in Mount Morgan during August (0.89 ML/d) was slightly lower than that reported in July and was lower than that reported for the same period last year. The decrease in consumption was due to the receipt of some rainfall during the middle of the month. The No. 7 Dam is currently at 89% storage level, well above the 50% storage threshold value in the Drought Management Plan that is used to trigger the implementation of water restrictions in Mount Morgan.

Bulk Supply to Livingstone Shire Council



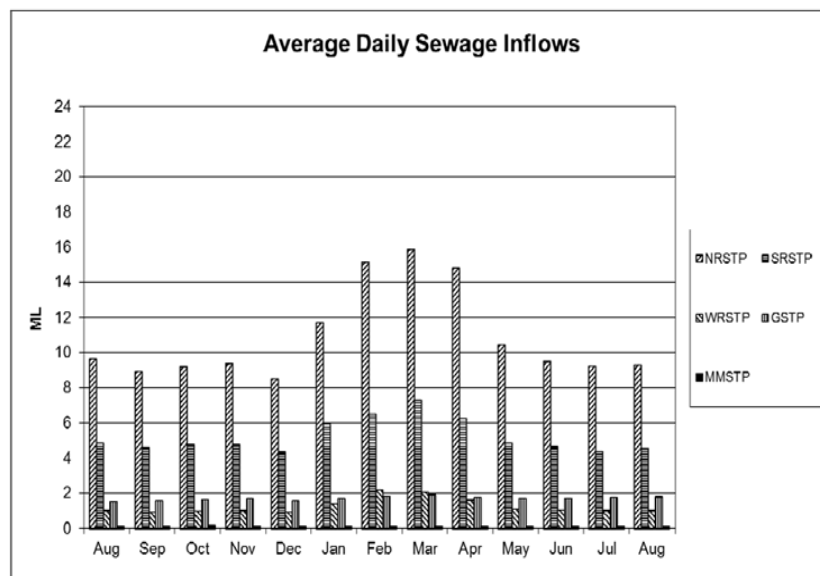
Overall, the average daily volume of water supplied to LSC decreased slightly during August compared to that recorded in July to be 7.81 ML/d. This overall decrease was probably due to the receipt of some rainfall during the month which led to lower water consumption.

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

The total number of drinking water quality complaints (4 complaints) received during August increased from the two complaints received in July.

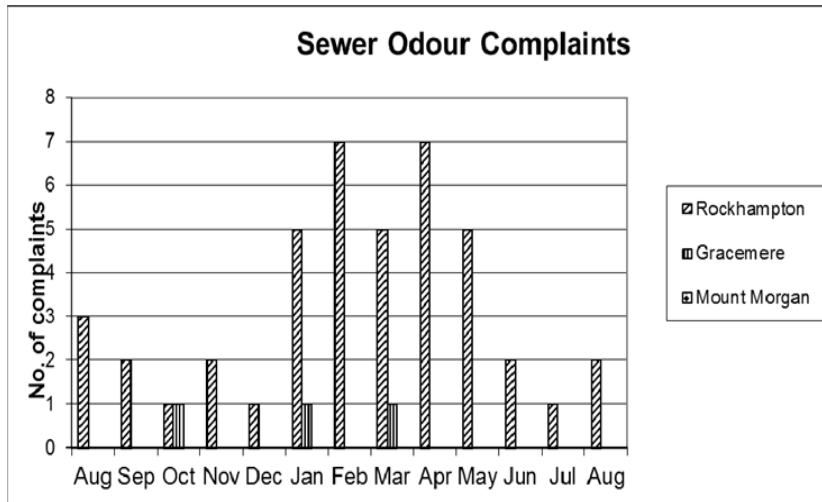
All complaints were received from Rockhampton. One complaint was associated with air in the water causing and another complaint was due to some discoloured water. The other two complaints were associated with unfavourable taste or odour. In all instances FRW assisted by taking action to address each issue by providing additional testing, information or through the flushing of water mains to resolve the issue.

Sewage Inflows to Treatment Plants



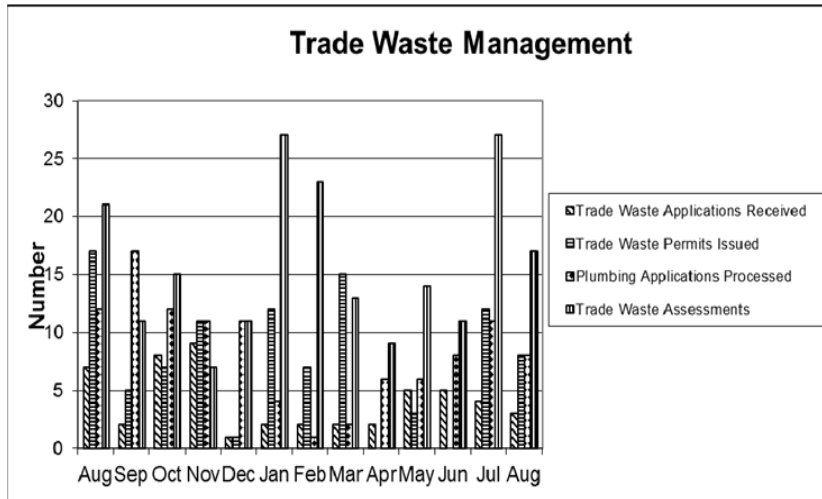
Average daily sewage inflows during July increased slightly compared to that reported in July due to the receipt of a small amount of rainfall during the month. Overall, inflows are now at close to normal dry weather inflows with the level of infiltration from earlier rain events now negligible.

Sewer Odour Complaints



Two sewer odour complaints were received during the month of August, an increase from the one complaint recorded in July. Both complaints were received in Rockhampton. One complaint was found to be related to an internal plumbing issue and the other was due to blockage that was believed to be caused by a piece of relining material. Each complaint was investigated and action was taken where possible to resolve the odour problem.

Trade Waste Management Activities

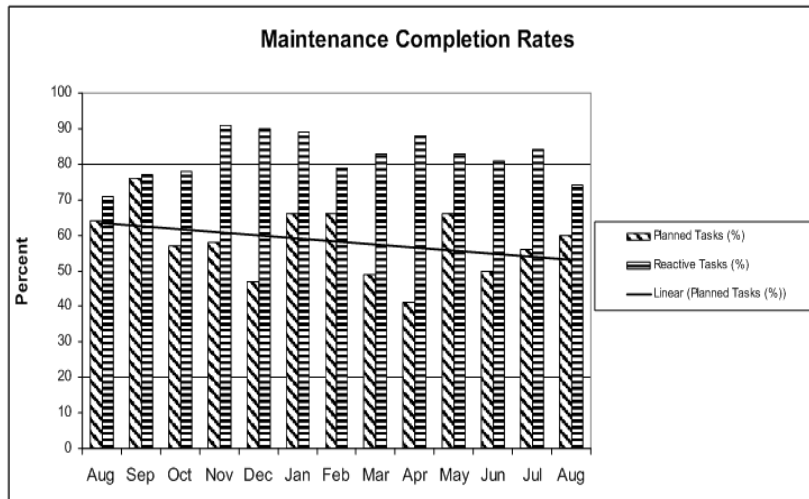


Three Trade Waste applications were received and 8 Trade Waste Permits were issued during August. Eight Plumbing Applications were processed and 17 Trade Waste Assessments were completed by the team.

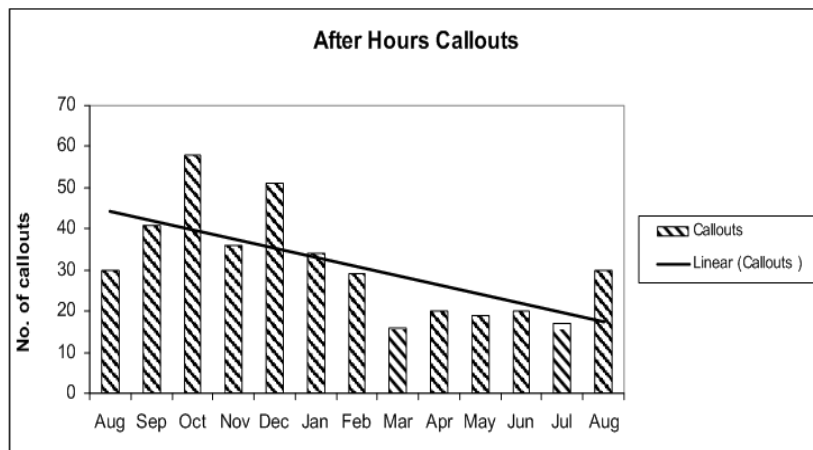
Maintenance Activities

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	48	95	58	N/A
Reactive	53	31	2	0
After hours callouts	17	13	0	0
Capital	2	0	0	0
Safety and Compliance	5	22	2	1



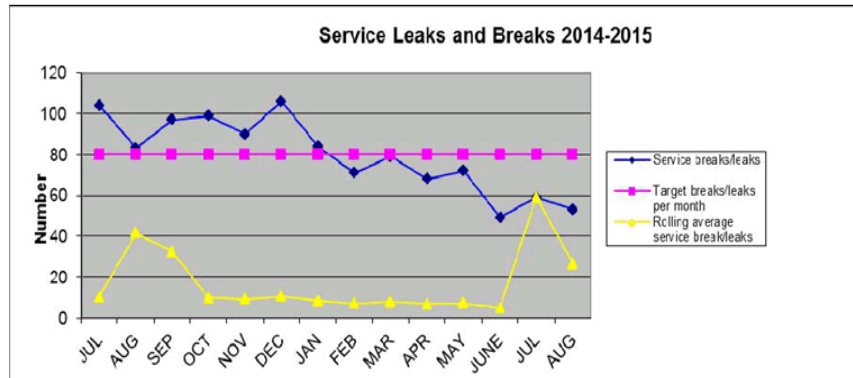
A total of 339 preventative maintenance activities were scheduled and 149 reactive maintenance activities were requested during the month of August. Completion rates for each type of maintenance activity by the end of the month were 60% and 74% respectively. The completion rate for planned tasks has increased slightly and reflects the additional resource in the electrical maintenance team. The reduction in the completion rate for reactive tasks is due to a number of tasks carrying over due to longer than expected delivery time for new parts and equipment.



The number of after-hours call-outs for Treatment and Supply (30 call-outs) increased during August compared to July. The number of callouts is lower than the 12 month rolling average of 31 call-outs. The trend line in the graph continues to indicate a gradual decrease in call-outs over the last 12 months. The call-outs were required to attend faults in Rockhampton, Gracemere and Mount Morgan at water treatment plants, sewage treatment plants, reservoirs and water and sewerage pump stations. In the majority of cases, the faults were rectified within the targeted rectification time according to the Priority Ratings used for 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.

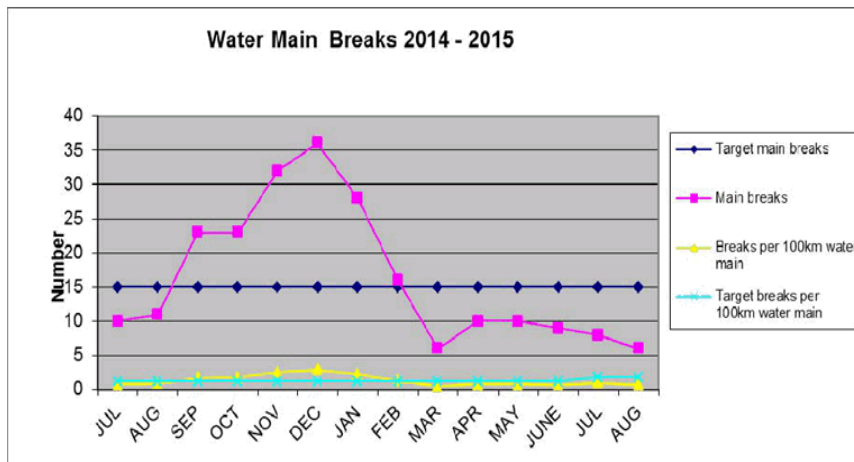
Response to Issues

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

- Poly pipe and fittings = 58%
- Galvanised iron =42%

Locality	Service Leaks / Breaks
Rockhampton	51
Mount Morgan	2
Regional Total	53

Regional Water Main Breaks



Performance

Target achieved

Issues and Status

The following table shows the number of breaks per month.

Water main type	June 2014	July 2014	August 2014
Cast Iron	3	4	2
A C	4	3	3
PVC	2	0	0
Mild Steel	0	0	0
Poly	0	1	1
TOTAL	9	8	6

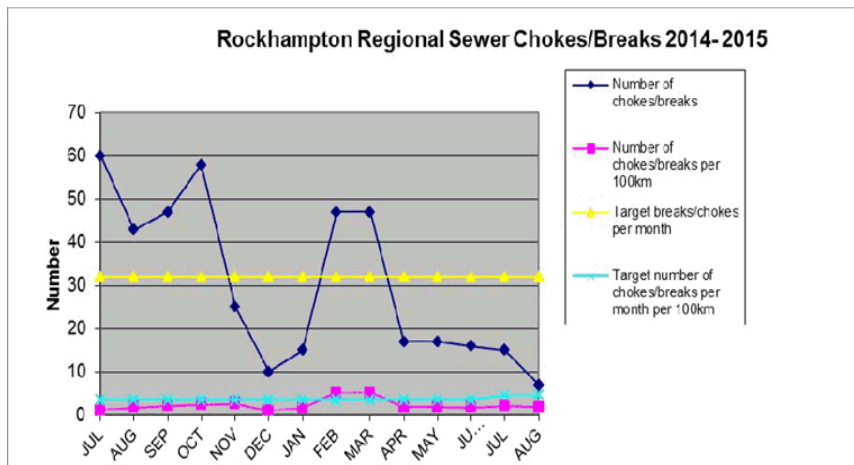
Response to Issues

Continue defect logging and rectification will reduce failure occurrences.

	Number of Main Breaks	Target Main Breaks	Breaks per 100 km	Target Breaks per 100 km	Rolling average per 100 km
August	6	15	0.74	1.21	0.37

Locality	Main Breaks
Rockhampton	6
Mount Morgan	0
Regional Total	6

Rockhampton Regional Sewer Chokes/Breaks



Performance

Target achieved.

Issues and Status

High percentage of tree root blockages consistently occurs in Earthenware pipes.

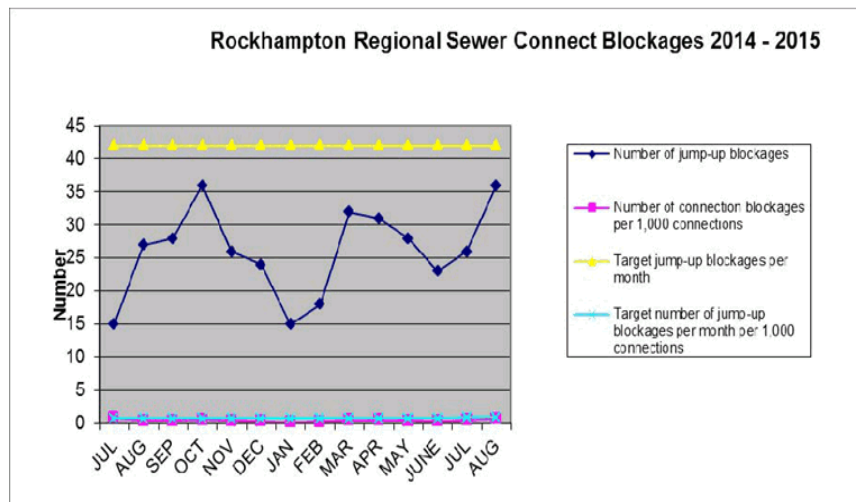
Response to Issues

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
August	7	32	1.9	4.48	0.86

Locality	Surcharges	Blockages
Rockhampton	5	7
Mount Morgan	0	0
Regional Total	5	7

Rockhampton Regional Sewer Connection Blockages



Performance

Target achieved

Issues and Status

Data indicates that the majority of blockages have been caused by tree root intrusion.

Response to Issues

Continue to assess properties with repeat breaks and chokes for inclusion in the capital replacement 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
August	36	42	0.82	0.95	0.82

Locality	Connection Blockages
Rockhampton	36
Mount Morgan	0
Regional Total	36

Sewer Rehabilitation Program

Work Location	Number completed for the month	Year to date totals
Access Chambers raised	4	8
Sewers repaired	17	26

Private Works

Table 1: New Water Connections:

Region	August	Year to Date 2014	Year to Date 2013	Year to Date 2012	Year to Date 2011
Gracemere	5	10	28	133	69
Rockhampton	28	51	19	39	19
Mt Morgan	N/A	N/A	N/A	N/A	N/A
Regional Total	33	61	47	172	88

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

Region	August	August 2013	August 2012	August 2011
Gracemere	5	12	54	41
Rockhampton	28	8	18	11
Mount Morgan	N/A	N/A	N/A	N/A
Total	33	20	72	52

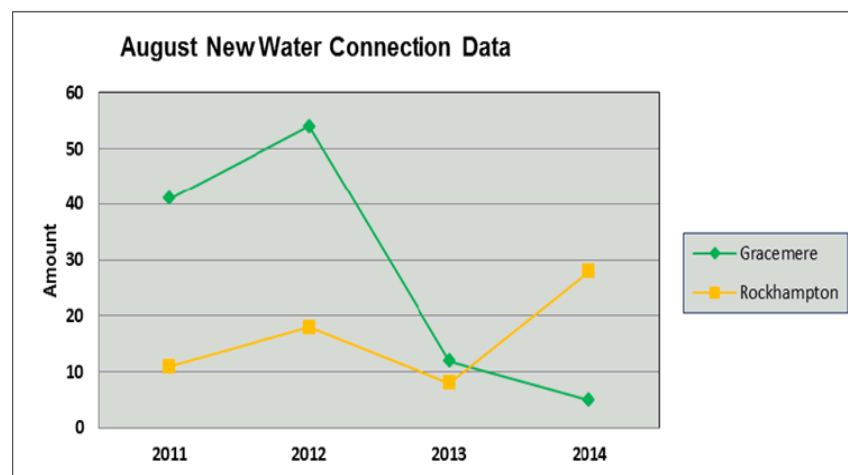


Table 2: Details on Private Works Jobs

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

	August	Amount	YTD	Amount
Quotes Prepared	10	\$ 48,693.76	33	\$ 189,819.64
Quotes Accepted	9	\$ 76,795.97	20	\$ 125,842.33
Jobs Completed	10	\$ 79,807.10	23	\$ 124,598.12

Customer Enquiries - Pathways

Request Type	No. of Requests	Requests Outstanding
NSPWSC - Network Services – Private Works/Standard Connection Enquiry	2	0

Table 3: Undetected Leaks (Residential)

	August	YTD
New requests	8	121
Number declined	0	12
Number approved	11	102
Require more info	0	64
Total KI rebated	4276	78,651
Total value approved	\$14297.72	\$141,522.84

Table 4: Undetected Leaks (Commercial)

	August	YTD
New requests	0	3
Number declined	0	0
Number approved	0	12
Require more info	0	0
Total KI rebated	0	15,353
Total value approved	0	\$8,039.11

Table 5: Residential Rebates

	August	Total YTD Applications	Total YTD \$
Washing machines	10	28	\$2,800
Stand Alone tank	0	0	\$0
Integrated tank	0	0	\$0
Dual flush toilet	0	1	\$50
Shower rose	0	0	\$0
Other	0	0	\$0
Total	10	29	\$2,850

Currently there are three unapproved applications pending further advice from the applicants.

They relate to:

- Customer not enrolled on the Australian Electoral Commission at installation address (2)
- No receipt provided to council as proof of purchase (1)

There was also two declined application relating to:

- Customer not enrolled on the Australian Electoral Commission at installation address, no receipt provided to council as proof of purchase of Dual Flush Toilet and no plumbers statement for installation of Dual Flush Toilet (1)
- Customer not enrolled on the Australian Electoral Commission at installation address (1)

Water Meters

A total of 17,768 meters were read during the month of August and approximately 16,500 accounts were issued to customers. The difference in the reads compared to bills is due to two weeks lead time for bills to be processed and mailed to customers with there being overlaps from one month to the next. Bulk meter reads for the first quarter 2014/15 were finished on schedule. Second quarter reads commence 7 October 2014. Meter readers are completing project to identify meters that have not recorded consumption and have not been identified on Variance reports.

Sectors Read for August	6	7	8	9	10	17	18	Total
No. of meters in Sector	2592	2770	2191	2795	1997	3953	1470	17768
No-Reads	8	11	10	17	9	11	8	74
% Of No-Reads	0.3%	0.4%	0.4%	0.6%	0.4%	0.3%	0.5%	0.4%

Special Water Meter Reads

Reading Type	No. of Reads	\$ Value
Water Account Search - Averaged Readings \$28 per read	57	\$1,596.00
Water Account Search - On-Site Readings \$147.00 per read	29	\$4,263.00
Total \$ Value for August		\$5,859.00
Total \$ Value Year to Date		\$13,713.00

Customer Enquiries - Pathways

Request Type	No. of Requests	Requests Outstanding
NSWMRE - Network Services - Water Meter Reading Enquiry	7	0
NSSWMR - Network Services Special Water Meter Read Enquiry	1	0
FINIRR - Finance - Irrigators (Asset)	5	1

Building Over Sewers

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

Activity Summary

	August	YTD
General enquiries	40	651
Site investigations	15	228
Approval Permits issued	2	34
Permits closed	0	9
Total	57	922

Building Over Sewer Permits in Progress

There is one permit in progress.

ADMINISTRATION MATTERSDial Before You Dig (DBYD)

As of 25 March 2014, the Administration Team took over the responsibility of managing the DBYD requests. The average number of requests received per day for August was 8.39.

	June 2014	July 2014	August 2014	Yearly Total
Requests Processed	254	253	260	1235

Site Tours

There were three site tours held in August 2014. Three groups consisting of 36 students in total from the Rockhampton Special School toured the GWTP.

Communication and Education*Mount Morgan Sewerage Extension Project*

The letters and fact sheets were sent to Stage One properties of the Mount Morgan Sewerage Extension Project. Two target groups are those who now have the option to connect to the sewer, and those who must connect due to failing onsite septic systems.

Mount Morgan No. 7 Dam Emergency Notification List

Follow up phone calls continued to those residents surrounding the Dee River who have not yet provided their details for the Emergency Notification List.

News in Education – The Morning Bulletin

The monthly advertisement for August in the News in Education section of The Morning Bulletin was 'Don't spoil it at the toilet'.

Media Releases and Community Notices

No media releases were issued in August

INFRASTRUCTURE PLANNINGSewer Network Investigations*Allenstown Plaza – Sewer Easement*

Johnson Law are now waiting on a signed easement plan to be supplied in order to complete the registration of the sewer easement.

Bruce Highway Sewer Pump Station Wet Well

The developer proposing to build the trunk sewer, Korte Nominees Pty Ltd is now named K and T Holdings Pty Ltd. They have been advised by Planning that they need to apply to amend their Material Change of Use conditions before the sewer proposal provided in their Operation Works Application to be appropriately assessed.

Concept sketches have been prepared for the proposed duplication of the Bruce Highway sewer pump station wet well to be constructed two meters deeper than the existing wet well. The concept sketch identifies the need to acquire an additional 200m² of land required for the construction of the well.

Parkhurst Sewerage Pump Station Implementation Strategy

A planning report is being developed to document the proposed sewerage pump station implementation strategy for the Parkhurst locality. The strategy identifies the seven sewerage pump stations required to effectively transfer all of the sewerage north of Boundary Road to the Norman Road trunk gravity sewer.

The development triggers for each stage of the proposed strategy are highlighted with indicative time frames given to assist with the preparation of future infrastructure agreements and capital works budgets.

The strategy is to be presented for further comment at the Fitzroy River Water Asset Steering Group Meeting.

Sewer and Water Network Analysis

A quotation for both sewer and water network analysis reports was prepared for a multi-unit and restaurant development proposed at 50, 52 and 58 Victoria Parade. The development is expected to require an extension of the existing water reticulation network in Victoria Parade and a diversion of the internal sewerage reticulation to Quay Lane.

Mt Morgan - Dee Street Sewerage Pump Station

An investigation into the Dee Street sewerage pump stations lack of performance was carried out. The investigation concluded that the pumps were operating within their expected parameters assuming the actual pumps are the same as those listed in Conquest. An assessment of the catchment area concluded that listed pumps appear to be undersized and larger pumps have been nominated subject to confirmation of the available power supply.

Gracemere – Fisher Street Sewerage Pump Station

An investigation into the capacity of the Fisher Street sewerage pump station has commenced following an adjustment to the wet well control volume implemented to reduce pump operation times. This investigation will reassess the validity of recent capital works proposals that included the interconnection of the existing rising mains and installing larger pumps.

Water Network Investigations*Rockhampton – Norman Road Water Pump Station*

An investigation was carried out into the development yield for the Norman Road Pump Station and the capacity of the existing pumps. It was concluded that the existing pumps have sufficient capacity to service the ultimate development horizon and a recommendation has been provided to consider operating both pump together over substantially shorter periods as a potentially more efficient means of utilising the Nagle Drive reservoir.

Sewer and Water Network Analysis

A quotation for both sewer and water network analysis reports was prepared for a multi-unit and restaurant development proposed at 50, 52 and 58 Victoria Parade. The development is expected to require an extension of the existing water reticulation network in Victoria Parade and a diversion of the internal sewerage reticulation to Quay Lane.

FINANCIAL MATTERSOperational

Revenue is currently 37.9% of the 2014/2015 Adopted budget. Water and sewerage utility charges are significantly higher than budget at 40.1% due to the impact of the advanced water and sewerage access charges issued for the first six months of the year.

Water and sewerage access charges are on target. Gross water consumption revenue is 13.6% of budget with Gracemere and Mt Morgan yet to be billed for the first quarter and 70% of Rockhampton consumption billed. Fees and charges slightly below expectation due to standpipe charges not meeting target. Private Works above target due to advanced portion of bulk water access charge. Rent/lease revenue is well below YTD budget due to the usual timing issues associated with the majority of the revenue for this function falling due in the latter half of the year.

Expenditure year to date is 14.6% of 2014/2015 Adopted budget. There are no stand-out exceptions in regard to expenditure at this early stage of the year.

There are no material exceptions to report.

Capital

Capital expenditure is below the percentage of year elapsed at 10.1% in comparison to the Adopted budget including carry forward expenditure. Capital expenditure has increased during August than that expended in the month of July. Increased expenditure is attributed to contractual payments for GWTP Highlift pump station upgrade and 300mm gravity water main in McLaughlin Street.

Water YTD 12.5% and Sewer YTD 5.0%.

Networks YTD 13.4% and Treatment YTD 6.1%.

The areas of prominent activity are the Gracemere effluent main expansion, sewer refurbishments, duplication of the 300mm water trunk main to Gracemere, new 300mm water main McLaughlin St, GWTP Highlift pump station upgrade and Water Main Replacement programs.

Sundry Debtors

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

	Balance	0-30 Days	30-60 Days	60-90 Days	90+ Days
No. of Customers	124	34	91	6	30
Total Value	\$555,754.83	\$50,906.69	\$465,303.04	\$892.03	\$38,653.07

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

90+ days	Comments
\$7,070.30	Trade Waste debts - Collection attempts unsuccessful, other avenues to be investigated
\$11,137.85	Long Term Payment Plans - Mt Morgan Sewerage Connections - Recovery will occur
\$5,580.63	Other Payment Plans – Standpipes, Private Works and Irrigators
\$14,864.29	Other Overdue Debt with no fixed arrangements – Trade Waste, Irrigators, Standpipes – One irrigator has sold allocation recovery will occur if sale proceeds.
60-90 Days	Comments
\$687.01	Standpipe (\$321.07 from one debtor that has 90+ days)
\$205.02	Irrigator
30-60 Days	Comments
\$16,257.70	Standpipe Invoices (\$391.07 from two debtors that have 90+ days)
\$18,256.80	Irrigator - just gone past 30 days - overdue letters to be issued (\$3690.23 from eight debtors that have 90+ days)
\$305,109.84	Bulk Water Supply – Livingstone Shire Council
\$63,566.47	Trade Waste
\$61,368.42	Effluent Testing - contract
\$743.81	Emergency repairs

A summary of financial performance against budget is presented below:

	August 2014			YTD		
	Actual \$	Adopted Budget \$	Variance to Budget \$	Actual \$	Adopted Budget \$	Variance to Budget \$
Department Revenue						
Net rates and utility charges	(1,344,674)	(4,364,323)	3,019,649	(21,011,563)	(8,728,646)	(12,282,917)
Fees and Charges	(69,155)	(135,162)	66,006	(241,422)	(270,323)	28,901
Private and recoverable works	(614,655)	(367,759)	(246,896)	(943,861)	(735,519)	(208,342)
Rent/Lease Revenue	(4,465)	(8,428)	3,964	(5,565)	(16,857)	11,292
Grants Subsidies & Contributions	(1,364)	0	(1,364)	(5,366)	0	(5,366)
Interest revenue	(31,258)	(20,000)	(11,258)	(56,413)	(40,000)	(16,413)
Other income	(3,257)	(1,171)	(2,086)	(9,674)	(2,341)	(7,333)
Total Department Revenue	(2,068,828)	(4,364,323)	2,295,495	(22,273,863)	(8,728,646)	(13,545,218)
Expenses						
Employee costs	544,506	595,192	(50,686)	1,051,343	1,190,383	(139,041)
Contractors & Consultants	96,742	113,818	(17,076)	167,974	227,636	(59,662)
Materials & Plant	170,175	236,991	(66,816)	323,356	473,981	(150,625)
Asset Operational	253,938	235,302	18,636	254,673	470,604	(215,932)
Administrative expenses	10,670	23,739	(13,070)	27,959	47,479	(19,519)
Depreciation	982,903	982,903	0	1,965,806	1,965,806	0
Finance costs	0	232,635	(232,635)	0	465,269	(465,269)
Other Expenses	1,375	3,817	(2,441)	3,225	7,633	(4,408)
Total Expenses	2,060,309	595,192	1,465,117	3,794,337	1,190,383	2,603,953
Transfer / Overhead Allocation						
Transfer/Overhead Allocation	76,959	79,204	(2,245)	151,340	158,407	(7,067)
OH Allocation	200,139	193,654	6,485	387,309	387,309	0
Competitive Neutrality Adjustments	1,718,390	1,726,724	(8,333)	3,436,781	3,453,447	(16,667)
Total Transfer / Overhead Allocation	1,995,488	79,204	1,916,285	3,975,430	158,407	3,817,022
TOTAL OPERATING POSITION (SURPLUS)/DEFICIT	1,986,970	(3,689,928)	5,676,897	(14,504,097)	(7,379,855)	(7,124,242)

9.2 FRW ANNUAL PERFORMANCE PLAN - 2014/15

File No: 8409
Attachments: 1. FRW Annual Performance Plan - 2014/15
Authorising Officer: Robert Holmes - General Manager Regional Services
Author: Nimish Chand - Manager FRW

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 2014/15 Annual Performance Plan for Fitzroy River Water is submitted for consideration.

OFFICER'S RECOMMENDATION

1. THAT the 2014/15 Annual Performance Plan for Fitzroy River Water as submitted be adopted; and
2. THAT the Community Service Obligations totalling \$474,552 as detailed in this report and identified in the 2014/15 Annual Performance Plan be received.

FRW ANNUAL PERFORMANCE PLAN - 2014/15

FRW Annual Performance Plan - 2014/15

Meeting Date: 1 October 2014

Attachment No: 1



**Performance Plan
2014/15 – 2018/19**

FRW-02-03-P01
Version No. 1
Date: 1 October 2014

Approval and Revision Control

Authorisation

Approved by	Title	Signature	Date
Nimish Chand	Manager Fitzroy River Water		19/09/2104
Bob Holmes	General Manager Regional Services		
Adopted			Date
Water Committee			
Council			

Revision

Revision No.	Revised By	Title	Signature	Date

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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 objectives, reporting requirements, environmental management objectives, asset management objectives and financial policies.

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

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

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

2. STRATEGIC DIRECTION

2.1. Vision, Mission, Values, Objectives

Vision

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

Mission

To efficiently and reliably provide both sustainable and 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 results 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 providing sustainable water, sewerage and environmental 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 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 \$828.17M.

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 2014 unless otherwise stated) is as follows:

Total Operational Revenue (estimated 2014/15)	\$ 59.3M
Total Operational Expenses (estimated 2014/15)	\$ 53.7M
Net Community Assets	\$499.9M
Number of staff (as at 31/08/14)	104.72
Properties served* – Water (as at 01/01/14)	36,734
Properties served* – Sewerage (as at 01/01/14)	44,117
Water Treated	21,441ML
Sewage Treated	9,032ML
Barrage	1
Dams	1
Water Treatment Plants (providing full treatment)	2
Sewage Treatment Plants	5
Water Mains (including common services)	815.7km
Potable Water Supply Reservoir	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;
- 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 2014/15 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;
- 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 required of 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;
- Council policies and procedures;
- licence conditions; 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 and commitment with customers in accordance with Customer Service Standards (CSS). Commercial customers will also have a formal contract with Council but the service will be provided by 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:

- 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 to manage and control the water and sewerage infrastructure that is in place from time to 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 responsible for driving performance improvements to ensure target dividends are returned. Should FRW consider that by realising the dividend service levels 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 program of works.

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

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 Development Approvals and preparing required reports.

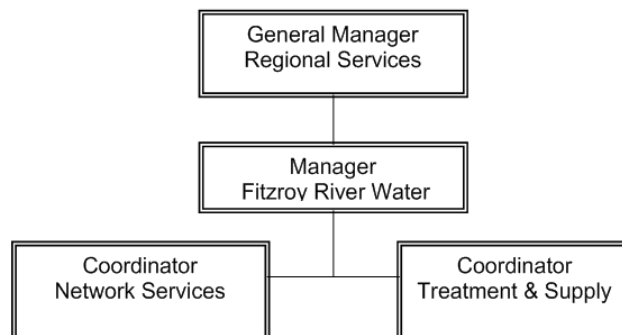
FRW is responsible for the development of regulatory reports and delivery on the outcomes of the final approved plans including associated reporting.

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 2014/15 financial year are set out in the Rockhampton Regional Council 2014/15 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 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	2014/15 Target
Operating surplus ratio	45.3%
Interest coverage ratio	4.3%
Asset consumption ratio	60.8%
Gross revenue	\$59,337,478
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$41,316,880
Competitive neutrality ratio (% of gross revenue)	35.3%
Depreciation ratio	19.9%
Total written down asset value	\$513,366,344
Return on assets	5.7%

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 60.8% 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, ie 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 5.7 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 protect and improve the urban, rural, coastal 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 water and sewerage. 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 under the licences.

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 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 a AMP in line with Council's Long Term Asset Management Plan and Long Term Financial Management 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 2011/12 to 2021/22.

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 Government grants and subsidies.

Loans

Current liability (forecast closing as at 30 June 2015)	\$3.9M
2014/15 (proposed new loans)	\$12.6M

<u>Grants & Subsidies</u>	\$1.72M
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Capital Expenditure for 2014/15 is approximately \$26.7M.

10.4. Operational Budget

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

Fitzroy River Water

2014/15-2018/19 Performance Plan

Operating Revenue for 2014/15 is estimated to be \$59.3M (inc CSOs) comprising:

Water and Sewerage Rates and Charges	88.3%
Bulk Water Sales	5.9%
Fees and Charges	2.7%
Private & Recoverable Works	1.6%
Community Services Obligations & CNA's	1.0%
Interest Received from Investments	0.4%
Other sources	0.1%

Operating expenditure for 2014/15 is estimated to be \$53.7M, comprising:

Management & Administration	6.0%
Operations & Maintenance Expense	22.8%
Corporate Overheads	4.3%
Depreciation	22.0%
Loan Interest	5.2%
Tax Equivalents and Dividends	39.7%

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:

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- 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 SAMP 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 inline 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 a 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 \$474,552 as CSOs during the 2014/15 financial year.

Water	
Sporting Bodies Water Access and Consumption	\$20,610
Sewerage	
Combined Line Charges (expenses)	\$112,916
Combined Lines & Raising Access Chambers – Capital	\$250,000
Sporting Bodies Sewerage Access	\$91,026
TOTAL (proposed in 2014/15)	\$474,552

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%

Fitzroy River Water

2014/15-2018/19 Performance Plan

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) ⁸	> 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%

⁸ 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

Fitzroy River Water

2014/15-2018/19 Performance Plan

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 sewerage 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 2012 to 2022 (\$000,s)

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
REVENUE											
Water Rates and Charges	57,080	62,664	67,363	71,854	75,650	78,901	81,892	85,013	87,765	92,153	98,298
Income from other commercial services	1,839	3,056	3,209	3,370	3,538	3,715	3,901	4,096	4,301	4,516	4,741
Interest Revenue	420	360	319	313	327	399	461	485	535	757	902
Community Service Obligations & Competitive Neutrality	1,060	1,270	1,344	413	433	455	478	502	527	553	581
Non-Capital Grants and Subsidies	4	1	1	1	1	1	1	1	1	1	1
Other Revenue	248	104	109	114	120	126	132	139	146	153	161
Total Operating Revenue	60,651	67,455	72,345	76,065	80,070	83,597	86,866	90,236	93,274	98,133	104,685
EXPENDITURE											
Operations Expense	13,825	15,812	16,761	17,767	18,833	19,963	21,161	22,430	23,776	25,203	26,715
Maintenance Cost	0	0	0	0	0	0	0	0	0	0	0
Management and Administration	6,896	7,795	8,263	8,758	9,284	9,841	10,431	11,057	11,721	12,424	13,169
Depreciation	16,666	17,566	18,430	19,579	20,602	21,653	22,462	23,312	24,186	24,878	26,296
Total Operating Expenditure	37,387	41,173	43,454	46,104	48,719	51,457	54,054	56,800	59,683	62,504	66,180
EBIT (Excl Capital adj)	23,264	26,281	28,891	29,961	31,351	32,140	32,811	33,436	33,591	35,629	38,505
Interest Expense	4,078	3,915	4,480	5,625	6,272	6,922	6,404	5,819	5,324	4,760	5,857
Net Operating Profit (Loss)	19,187	22,366	24,411	24,336	25,079	25,218	26,407	27,617	28,267	30,868	32,648
ABNORMAL/CAPITAL RELATED REVENUE											
Capital Grants and Subsidies	0	0	0	0	0	0	0	0	0	0	0
Developer Contributions (Infrastructure charges)	2,031	2,096	2,163	2,232	2,304	2,377	2,454	2,532	2,613	2,697	2,783
Donated assets	1,137	1,173	1,211	1,249	1,289	1,330	1,373	1,417	1,462	1,509	1,557
Funds from Disposal of Non current assets	0	0	0	0	0	0	0	0	0	0	0
Total Abnormal/Capital related Revenue	3,168	3,269	3,374	3,482	3,593	3,708	3,827	3,949	4,075	4,206	4,340
Total Operating Profit (EBIT + Inf Charges)	25,295	28,377	31,054	32,193	33,655	34,518	35,265	35,968	36,204	38,326	41,288
Taxable Income(excl abnormals)	19,187	22,366	24,411	24,336	25,079	25,218	26,407	27,617	28,267	30,868	32,648
Income Tax Payable	5,858	6,710	7,323	7,301	7,524	7,565	7,922	8,285	8,480	9,261	9,794
Operating Profit (After Tax, before abnormals)	13,329	15,656	17,088	17,035	17,555	17,653	18,485	19,332	19,787	21,608	22,854
Profit (Loss) after tax and incl. abnormals	16,496	18,925	20,461	20,516	21,148	21,360	22,311	23,281	23,862	25,814	27,194
Distributed Profit (Dividend Paid from Operating Profit)	12,569	14,649	15,943	15,908	16,395	16,497	17,269	18,055	18,484	20,171	21,277

FRW - Capital Funding Decisions												
	Year	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
New Works												
New capital works constructed		12,718,163	15,641,002	23,052,222	15,499,584	19,657,257	2,593,544	2,168,120	0	2,066,736	42,863,170	72,815,195
Donated assets		1,136,612	1,172,984	1,210,519	1,249,256	1,289,232	1,330,487	1,373,063	1,417,001	1,462,345	1,509,140	1,557,432
Total		13,854,775	16,813,986	24,262,741	16,748,840	20,946,489	3,924,031	3,541,183	1,417,001	3,529,081	44,372,310	74,372,627
Funded by:												
1. Subsidies & grants in relation to these works		0	0	0	0	0	0	0	0	0	0	0
2. Constrained Works Reserve		6,361,267	1,700,000	3,356,714	1,734,576	2,504,889	2,417,116	2,168,120	0	2,066,736	5,784,279	1,772,110
3. Donated assets		1,136,612	1,172,984	1,210,519	1,249,256	1,289,232	1,330,487	1,373,063	1,417,001	1,462,345	1,509,140	1,557,432
4. Other reserves for the purpose		2,124,207	0	0	0	0	0	0	0	0	0	0
5. Loans raised		3,459,355	9,777,910	19,695,508	13,765,008	17,152,368	176,428	0	0	0	20,005,218	59,835,831
6. Internal loans		0	0	0	0	0	0	0	0	0	0	0
7. Revenue from current year used for capital purposes		773,334	4,163,092	0	0	0	0	0	0	0	17,073,673	11,207,254
8. Shareholder equity/Contributions		0	0	0	0	0	0	0	0	0	0	0
TOTAL		13,854,775	16,813,986	24,262,741	16,748,840	20,946,489	3,924,031	3,541,183	1,417,001	3,529,081	44,372,310	74,372,627
Balance Check (Check = 0)		0	0	0	0	0	0	0	0	0	0	0
Replacement Works												
Replacement capital works.		16,977,372	10,837,724	17,443,436	15,392,345	11,902,261	13,259,153	14,849,503	16,485,420	2,924,934	4,779,045	2,249,496
Loan redemption's		5,627,235	6,134,896	6,861,826	7,938,408	8,915,299	9,981,911	10,682,716	11,420,355	12,260,738	3,139,288	3,858,604
Total		22,604,607	16,972,620	24,305,263	23,330,754	20,817,560	23,241,064	25,532,219	27,905,775	15,185,672	7,918,333	6,108,100
Funded by:												
1. Subsidies & grants in relation to these works		0	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	0
3. Depreciation funds from current & previous years		15,845,070	13,209,525	18,670,950	19,201,404	19,057,458	21,399,303	23,852,543	24,098,572	15,185,672	7,918,333	6,108,100
4. Constrained Works Reserve		3,909,957	0	0	0	0	0	0	0	0	0	0
5. Loans raised		2,049,580	2,963,095	4,786,313	4,129,350	1,760,102	1,841,761	1,679,676	3,807,203	0	0	0
6. Revenue from current year used for capital purposes		800,000	800,000	848,000	0	0	0	0	0	0	0	0
7. Shareholder equity/Contributions		0	0	0	0	0	0	0	0	0	0	0
TOTAL		22,604,607	16,972,620	24,305,263	23,330,754	20,817,560	23,241,064	25,532,219	27,905,775	15,185,672	7,918,333	6,108,100
Balance Check (Check = 0)		0	0	0	0	0	0	0	0	(0)	(0)	(0)

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