WATER SERVICES

PERFORMANCE PLAN (2019-2024)

(Including the requirements for Annual Performance Plan (LG Act) and a Strategic Asset Management Plan (ISO55000)

July 2018

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1.0 Executive Summary

This performance plan provides an overview of the Water Services business, specifying the range of services it provides, identifying external and internal influences that the Water Industry is subject to and the activities necessary to ensure it delivers corporate objectives in a prudent and efficient way.

In developing the performance plan, external drivers such as legislation, economic, social and environmental and internal influences; such as Council's corporate plan, Water Services vision and mission statements, organisational structure, governance, risk management and resources are considered. Water Services has translated the principle drivers, into a series of seven key result areas and overarching objectives. The objectives provide the focus areas for Water Services to build strategic direction and identify the key initiatives that will be delivered over the course of the five-year business plan.

Water Services aims to ensure appropriate levels of service are maintained through prudent, effective and efficient management of water and sewerage assets and implementation of key business processes. This includes drinking water quality management, wastewater treatment and reuse management, maintenance management, planning and project development, infrastructure delivery and environmental monitoring and management. Water Services is committed to a continuous improvements approach and are constantly investigating opportunities to optimise operations and improve efficiencies while also manage risks.

An asset management framework has been developed to ensure that key objectives, quality standards and service level performance are achieved. A risk based approach has been embraced by Water Services in making asset management decisions, as well as understanding the service performance of the assets and whether to upgrade, renew or build new.

The performance plan recognises human resources as a fundamental component in delivery of its objectives. It provides an overall management structure and the strategic asset management responsibilities of the Water and Waste Services programs. Two initiatives identified in the plan are to align staff activities and the agreed organisational outcomes and understanding the changing nature of the future workforce and preparation of the workforce for change, while still aligning staff activities to organisational outcomes.

Financial objectives include driving down cost of delivering services by delivering operational efficiencies. The plan provides an overview of the business's financial management for the 2018/19 Financial Year, including projected pricing and revenue, capital outlays, budgeted operating performance and financial management ratios. On the basis of the initiatives and current activities it predicts Water Services will be in a position to return $22.90 million of operating surplus back to Mackay Regional Council as dividends whilst maintaining an acceptable asset sustainability ratio. It also includes the 2018/19 Capital Outlays, where capital works exceeding $25.84 million is planned, along with the 10-year capital investment program.

The The key initiatives that will be delivered over the course of the five-year business plan are detailed in Table 1. The key initiatives are aimed at ensuring that Water Services delivers on the corporate objectives into the future.

Table 1 : Key Initiatives

Mackay REGIONAL COUNCIL

BUSINESS PLAN 2018 - 2021

Water Services (ID-PS-WT-WN-WS)

OUR PURPOSE:

Water & Waste Services is committed to delivering sustainable water and waste services to the Mackay Region in an efficient and commercially responsible manner.

OUR VISION:

Water & Waste Services will be an innovative service provider which is recognised for its commercial performance, provides regional leadership, has the respect of its customers & industry regulators, and prides itself on its sustainability.

	Service Objective	Business Priorities	Yr 1	Yr 2	Yr 3	Measures of Success	Corporate Priority
Safety	To provide an environment and a culture with an aspiration to achieve zero harm to our employees and contractors.	1. Improve safety performance by developing a proactive safety culture 2. Reduce risks by implementing best practice safety management across all business areas	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	• Harm to our employees and contractors is reduced and we have a positive safety culture where all incidents are reported • Achieve 100% for the Safety Interactions target. • 100% reporting of all incidents within required timeframes • 5% improvement in reporting of near misses reported	Organisational performance
Customer satisfaction	To engage with our community and consistently meet our customer services standards.	3. Improve customer empowerment by enabling them to manage their water consumption 4. Keep our stakeholders engaged and informed through proactive communication 5. Optimise the cost of providing services through revising customer service standards 6. Contribute to wider MRC service delivery by streamlined internal stakeholder service provision	✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓ ✓	• Our community is engaged with the Water and Waste business and expectations are met. • Increase Owner/Occupier residential properties registrations of myh2o by 10% • Four Facebooks posts per month across water and waste • Review and update Customer Service Charter • Maintain Average residential daily per capita consumption 200 lpd +/- 10% • Undertake biannual recycling bin audit, internally and externally • Implement an agreed process for the coordination of planning inter departmental capital projects	
People & Culture	To create an engaged and high performing team culture with the aim to have the right people in the right roles with the right skills and knowledge to deliver on the vision.	7. Foster workforce with engaged culture; clear roles, responsibilities, accountabilities 8. Deliver appropriate resourcing levels to respond to business demands 9. Provide an environment where our people proactively contribute and desire to be part of a high performing team by enhancing employee performance through talent recruitment, development, retention and succession planning	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	• The right people are in the right roles with the right skills and knowledge. • 10% improvement in cultural attitudes MRC staff survey • 100% Completion of each programs People and Culture Initiatives in annual Action plan • Four staff updates for all Water and Waste staff per year • Develop a roadmap to implement Water Industry Operator and Water Industry Worker competency framework • 100% of performance appraisals completed within timeframe	
Finance	Manage the income and expenditure in a commercially sustainable way.	10. Improve asset utilisation by embedding prudent and efficient decision-making principles 11. Contribute to the Water and wastewater budget process and outcomes by improved delivery of services through operational efficiencies and optimisation 12. Increase revenue base through pursuing alternative sources of revenue	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓	• Planning optimisation used to devise capital program developed within Governance Framework in line with MRC budget schedule • Water and Waste Services have met all budget requirements. • Waste Services Full Price Cost Model development completed in 2018/19 • Increased revenue from alternative sources realised	

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BUSINESS PLAN 2018 - 2021
Water Services (ID-PS-WT-WN-WS)

Quality Systems and Continuous Improvement	To create systems and procedures that assure delivery, quality, speed of response, and management by fact.	13. Implement best practice Governance, the principles of ISO 55000 and QA frameworks to consistently and efficiently deliver on stakeholder outcomes	✓ ✓	✓ ✓	✓ ✓	• Products and services are delivered consistently, meeting customer and statutory and regulatory requirements. • Effective application of all systems, supporting an efficient and effective delivery of required services.	
		14. Increase efficiencies by maximising collaboration opportunities with neighbouring councils, CTM Alliance and WIM Alliance	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓	• No. of collaboration actions initiated >5 per Annum • Attendance of Officers at external 15 meetings ▪ CTM Alliance ▪ WIM Alliance ▪ LAWMAC ▪ Queensland Water Directorate • Two joint procurement activities to be completed between alliance partners	
		15. Maximise business efficiency by implementing effective knowledge management and information sharing processes to ensure appropriate information is collected, managed, analysed and shared	✓ ✓	✓ ✓ ✓	✓ ✓	• Regular meetings between Programs • Mapping of K drive to ECM • 100% use of ECM by managers and direct reports	
		16. Review existing internal processes and implement business improvements where appropriate	✓	✓ ✓	✓	• Process map key practices and where necessary, establish them in Assetic • Complete the implementation of MiLandfill	
Asset Management	To deliver the best whole of life outcome decisions for the regions assets to meet the customer service standards into the future.	17. Implement optimised maintenance, renewal and decommissioning strategies to ensure prudent and efficient operation in the long term	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓	• The Regions assets meet the requirements of our customers • Asset management practices are at an optimum • Monitor and review peak water consumption to ensure no more than 45 days above 240 lpd (Res) • Annually review the Hogan's Pocket Landfill airspace model	Infrastructure and transport
		18. Maximise asset life by improved asset management and maintenance practices	✓ ✓	✓ ✓	✓ ✓	• Successful roll out of Asset Management and Maintenance Management system • Successful rollout of mobile Asset Management tools	
		19. Support MRC's long-term growth objectives by providing required infrastructure, right time, right place	✓	✓ ✓	✓	• Understanding of asset renewals strategy for water and sewer mains • Understanding of asset renewals strategy for water and waste water treatment plants	
		20. Implement asset management decision making systems to deliver objectives at lowest whole of life cost	✓ ✓ ✓	✓ ✓ ✓		• Establishment of business rules for writing down of assets and abandonment of assets • Develop maintenance strategies and business rules for different asset maintenance classes • Review the asset management register for Waste Assets	
Regulatory Compliance	To ensure all operations and activities are undertaken in compliance with our regulatory obligations.	21. Meet all regulatory obligations	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓	• Nil regulatory enforcement notices • 99% regulatory compliance with Health Guidelines of ADWG • 95% regulatory compliance with licence requirements for treated sewerage	Organisational performance
		22. Influence regulatory framework to promote sustainable delivery of environmental outcomes	✓ ✓	✓ ✓	✓ ✓	• 100% completion of planned internal audits of licenced sites • Complete the strategic review of former landfills	

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2.0 Introduction

2.1 Purpose

This Performance Plan integrates the activities of water and sewerage service delivery to ensure Water Services delivers its business outcomes in a prudent and efficient way.

Water Services is recognised by the State as a Significant Business Activity under the Local Government Act. The business therefore must function in a manner that addresses the following regulatory requirements[1]:

- Clearly outline the nature, extent and the objectives of the business;
- Develop strategies to ensure the sustainable management of the businesses assets/infrastructure;
- Operate within a manner consistent with Council's long term financial forecast; and
- Develop an Annual Operations/Performance Plan

This Performance Plan is designed to address each of these legislative provisions. This document will contain both the longer-term strategy (five-year program) for business improvement as well as the more immediate (annual) goals for the business.

The Performance Plan has also been structured to define the elements of the businesses “Asset Management System” as identified in the (Draft) International Standard for Asset Management ISO 55000. This plan presents a 10-year view of Asset Management for water and sewerage assets in accordance with the requirements of the Local Government Act.

[1] Qld Local Government Regulation, 2012

3.0 Services Provided

3.1 Services Provided

Water Services provides a range of water and sewerage related services to internal and external customers. The scope of high level services provided to external customers is as follows:

- Water Treatment and Supply
- Sewage Collection, Treatment, Disposal and Reuse
- Plumbing Approvals
- Trade Waste Approvals
- Backflow Protection Licencing
- Recoverable Works for Water and Sewerage Activities
- Laboratory Services

The scope of services provided to internal customers is as follows:

- Development Approval Referrals

3.2 Customer Service Standards

Water Services is committed to providing high quality, safe and reliable water and sewerage services in an efficient and sustainable way. The commitment on the levels of services provided to our external clients is detailed in the Customer Charter. A copy of the recently updated (June 2018) Customer Charter is detailed in Appendix A. The Customer Charter applies to normal residential connections. Services standards may not apply for water and sewerage services that are not installed in accordance with Council's engineering design guidelines or for which a separate contract has been established.

Water Services aspires to continually improve the water quality targets to provide the safest possible water to the community. Other customer service standards will be periodically reviewed to ensure an appropriate balance between the levels of service provided and the cost of the service provision to the community.

4.0 Business Context

4.1 Introduction

Water Services operates within the Mackay Regional Council Local Government Area. The Region extends over an area of 7,621 square kilometres, from North of Bloomsbury to South of Koumala and extending past Eungella to the West. Mackay Regional Council employs approximately 1,100 staff.

The current population within the Council's region of estimated to be 117,797 as at June 30, 2017 and is expected to continue to grow steadily into the future. Water Services is responsible for the delivery of Water and Sewerage Services for this regional community.

Figure 1 : Map of Mackay Regional Council

4.2 Business Environment (External)

As an essential service, and one which is fundamental to economic, social and environmental development, the water industry is subject to a wide range of external influences which need to be accommodated in the development of the business strategy. Specific external drivers which shape the business and operating strategies adopted by Water Services are summarized in Table 2. These forces will continue to have an impact on the operations over the coming years.

Table 2: Business's External Environment

Issue	Description	Implications for Water Services
Fiscal Constraints	**Capital Funding:** Removal of the State Government subsidies through the Water and Sewerage Subsidy Program (WASP) and the Small Communities Assistance Program (SCAP) has impacted on the Water Services capital funding options Water Services actively pursues funding opportunities and has been successful in receiving a QLD Government grant through the 2017-2019 Local Governments Grants and Subsidies program supporting local government activities in the areas of Community Assets contributing $1,029,000 towards the Mirani effluent dam and transfer system. In 2017 State Government allocated $10.95M under the 2017-2019 Works for Queensland (W4Q) program. As part of this funding, Water Services has received approximately $1,059,750 to complete projects by 30 June 2019	Removal of a structured capital subsidies program continues to impact the water business in its ability to fund the forward capital program necessary to support future growth Ad hoc funding from other sources does not provide any certainty and cannot be relied upon This change is driving an increased focus on the delivery of non-capital solutions to ensure the continued delivery of services
	Pressure On Rates Mackay Regional Council Rates rank above the median for Councils in Queensland. The region has experienced a significant drop in economic activity over the last 4-5 years with the resources sector downturn and as a result, the ability for the community to absorb Rates increases is limited. In last 6 months there has been some uplift in economy with some positive signs in development activity and job creation.	Constrained Rate increases is driving a focus on reducing long term Capital expenditure and minimising service delivery costs in order to achieve dividend payments to Council
Socio-political Considerations	**Infrastructure Charging** On 1 July 2011 the State Government introduced a cap on the charges that can be levied on developers for the provision of trunk infrastructure to service new developments. As a result, infrastructure charges do not cover the full cost of infrastructure provision. In the absence of subsidies, the shortfall must be funded through rates and charges	MRC will not recover the full cost of providing trunk infrastructure under the current (or proposed) charging regime. This will place further pressure on Water Services financial position. Inputs into the LGIP have occurred with the LGIP being finalised with public notification completed.
	Cost of Living Historically the Mackay, Isaac and Whitsunday region has been one of the fastest growing economies in Queensland (with regional economic growth of 5.5% per annum over recent years, when compared with the State average of 2.3%). The rapid growth rate placed pressure on the general cost of living in the region and is considered to be well above the state average.	The downturn has placed pressure on the financials of council
	Socio-economic profile The socio-economic profile of the Mackay Community is one of contrast. The Region has historically had an average wage among the highest in Queensland Financial pressures within the community continue although there are positive signs with the unemployment rate being approximately 3.9% which across the state is one of the lowest.	Pricing signals are generally considered ineffective for the provision of water services, the market research shows that this is accentuated in Mackay for a segment of the community with high wages. Demand management programs need to consider multiple customer groups

Issue	Description	Implications for Water Services
Water Industry Reform	**Commercialisation** Commonwealth and State government policy require larger water businesses to operate on a commercial basis. This means that at a minimum, all operational costs need to be covered by water charges and that investments will need to be funded on a commercial basis National Reviews of the Australian Water Industry (undertaken by Infrastructure Australia, National Water Commission and Productivity Commission) have called for significant changes to the Queensland Water Industry.	Water Services is operating in accordance with the requirements for a "Commercialised Business Unit" of Council as specified in the Local Government Act and associated regulation Recognising the pressures for future reform, Water Services has formed an alliance with Isaac and Whitsunday Councils with the aim of improving the efficiency of service provision across the region Water Services is playing an active role in Queensland Water Directorate, which is a Water Industry representative body that engages with State and Federal Government Departments and national water industry associations
Legislation	**Water Supply** The Water Supply Services Amendment Bill 2014 passed in May 2014 makes a number of changes that impacts Water Services. The legislation clarifies the skill requirements for working on a water meter. Further the legislation removes the requirement to develop a Recycled Water Management Plan Further the legislation replaces the mandatory Strategic Asset Management Plans (SAMP) with a Key Performance Indicator framework for the monitoring of Service providers	Water Services will continue to maintain Recycled Water Management Plans for all recycled water schemes to manage the risks associated with the supply of recycled water Water Services has rewritten the legislative SAMP with a number of management plans that more closely align with the organisational context and facilitates transition to ISO 55000 compliance
	Environmental Legislation Compliance with legislation mandating environmental outcomes is a key driver for water businesses. Regulation governing the environmental aspects of the water businesses has increased significantly in recent years. This in turn impacts the cost of delivering water and sewerage services. A shift has occurred in how the regulatory environment licences and conditions water service providers with a greater understanding of the cost to serve while meeting regulatory requirements. With less prescription and more outcomes focused, conditioning the risk partially is transferred back to the service provider	Water Services has undertaken a review of legislative changes to date and has developed actions to ensure compliance with these changes. The business will continue to remain "in touch" with ongoing legislative change

4.3 Business Environment (Internal)

4.3.1. Corporate Drivers

Mackay Regional Council's Corporate Plan 2016-2021 sets out the strategic direction of the Council. The Corporate Plan is intended to unify and guide the decision-making processes of the different departments to ensure the common vision of the Council is delivered to its ratepayers. As such, the Corporate Plan defines the overall strategic direction for Water Services.

Table 3 provides a high level summary of how the water business has translated the corporate plan objectives into objectives for the Water Business.

Councils Planning Scheme embodies the Vision for the Region including expectations for growth, levels of service and efficient land use. The Planning Scheme provides guidance to Water Services on the scope, scale, location and timing of growth anticipated and associated service requirements within the Mackay Region.

Council is actively pursuing alternative sources of revenue to expand the revenue base and strengthen its financial position. Water and Waste Services is embracing this concept where there are synergies with the existing business activities.

Table 3. Water Business Objectives to Support Corporate Plan

Corporate Plan Strategic priority	Corporate Plan Objective	Supporting Water Business Objectives
Economy	We will maintain a buoyant, diverse economy that creates opportunities and employment and builds on our strengths so that we are a key player in the global economy	• Water Services will deliver efficient service delivery that minimises the cost to provide services in the long run. This will directly increase the disposable income available in the community and strengthen the local economy • Where financially responsible Water Services will export skills developed • The Corporate Plan objective is delivered through the Water Services Key Result Area of Finance detailed in Table 6
Community Pride	Our sense of community enables us to come together to build a supportive environment for people of all cultures, beliefs and backgrounds	• Water Services will be an innovative water service provider which is recognised for its commercial performance, provides regional leadership, has the respect of its customers & industry regulators, and prides itself on its sustainability • Water Services will support the Mackay Pride campaign by promoting the services provided and the outcomes delivered • The Corporate Plan objective is delivered through the Water Services Key Result Area of Customer Satisfaction detailed in Table 6
Regional Identity	Develop a strong regional voice to promote and facilitate growth to become a leading community in Northern Australia	• Water Services will contribute to the strengthening of the Queensland and Australian Water Industry through its contribution to formal and informal Regional Water Alliances and inter utility collaboration • Water Services will deliver regional leadership through its involvement and leadership in industry groups • The Corporate Plan objective is delivered through the Water Services Key Result Area of Customer Satisfaction detailed in Table 6
Community health and wellbeing	Enjoy a safe, healthy and accessible community that celebrates a diverse range of services and facilities	• Water Services commit to provide safe, reliable and high quality water and sewerage services to the community • As a supporting service provider to the health and wellbeing of the community Water Services will deliver integrated planning for our services to ensure support the broader objectives of the region • Water Services will support community resilience through effective business continuity planning and preparedness • The Corporate Plan objective is delivered through the Water Services Key Result Area of Quality Systems and Continuous Improvement Detailed in Table 6

Corporate Plan Strategic priority	Corporate Plan Objective	Supporting Water Business Objectives
Environment	We treasure our natural environment and through care and resilience will protect it for future generations	• Water Services will minimise impact on the environment in a commercially sustainable way. Water Services recognises that this is achieved through a broad range of measures including optimised operations, effective asset planning and a coordinated approach to future planning of service delivery • The Corporate Plan objective is delivered through the Water Services Key Result Areas of Asset Management and Continuous Improvement Detailed in Table 6
Infrastructure and transport	We will implement an effective, well managed plan to deliver the right infrastructure at the right time to meet the needs and economic growth of our community	• Water Services will deliver the best whole of life outcome decisions for the regions assets to meet the customer service standards into the future • The Corporate Plan objective is delivered through the Water Services Key Result Area Asset Management detailed in Table 6
Lifelong learning	Build an informed, involved and digitally connected community that retains and attracts knowledge	• Water Services will deliver an empowerment to our customers in the management of the services that are provided. Empowering our customers involves an improved understanding of our customers' needs, delivering effective communication and providing self-service capabilities • The Corporate Plan objective is delivered through the Water Services Key Result Area of Customer Satisfaction detailed in Table 6
Organisational performance	We will be an innovative and responsive council that strives for excellence every day to achieve for our customers and the community	• Water Services will deliver best practice quality and management systems to consistently and efficiently deliver on the stakeholder outcomes • The Corporate Plan objective is delivered through the Water Services Key Result Area of Quality Systems and Continuous Improvement detailed in Table 6

4.3.2 Governance

Water Services is subject to the governance regulations applicable to local governments. This includes:

- *Capital Governance Framework.* As a capital intensive business, it is essential that prudent financial sustainability practices limit the level of debt funding. Community considerations and monopoly status also constrain operating margins. These dual requirements effectively "cap" the speed at which infrastructure can be provided

  In 2012 Council implemented a Capital Advisory Committee to oversee capital decision making in Water Services. The purpose of the Committee is to provide advice on the provision and enhancement of water and sewerage infrastructure to serve the Mackay Regional Council community in accordance with the Council's land use planning strategy. This Water and Waste Advisory Board continues to function and provide advice across planning, operational and capital areas of Water Services

- *Operating Governance Framework.* To ensure that the business is efficient and effective in delivering its outcomes, a clear governance framework has been developed across the business. This framework ensures that all personnel understand their roles/responsibilities and outcomes are managed using an appropriate performance framework. The management structure of Water Services is defined in Section 7 with the key functional elements of the business discussed in Section 8

4.3.3. Organisational Values

Mackay Regional Council is undertaking a cultural change program. The change program aims to implement a culture based on:

"Working as one team to achieve for our customers and our community"

The program is underpinned by five core values. These values are:

- Workplace Health and Safety
- Customer Satisfaction
- Respect
- Teamwork
- Accountability

4.4 Risk Management

Water Services works within Mackay Regional Council's Enterprise Risk Management Framework and applies a risk based approach to the management of the business. Risk registers are developed and maintained for the following areas:

- Drinking Water Management
- Recycled Water Management
- Sewerage Management
- Asset Management
- Individual projects as required.

A list of the top risks to the business is provided in Table 4.

Table 4: Key Business Risks

Category	Risk	Mitigating Measures
WHS	Accidents or incidents leading to injury of staff or others	• Safe Plan implementation • Safety culture initiatives • Providing Safety leadership
Public Health	Failure of equipment or breach of procedures resulting in poor drinking water quality Uncontrolled sewage overflows resulting in exposure to sewage	• Drinking water quality management plan • Capital upgrades to water treatment facilities • Sewage management plan • Asset management plans • Design standards • Real time monitoring • Water quality monitoring
Environmental	Incident causing release of unlicensed contaminants to receiving environment	• Sewage management plan • Recycled water management plan • Asset management plans • Site based management plans • Real time monitoring • Water quality monitoring
Service Standards	Insufficient information about assets to make asset life cycle decisions to maintain service standards and make optimised infrastructure decisions	• Asset management system improvements • Asset management plans • MonitorPro implementation • SCADA system upgrades
Growth	Unplanned growth or out of sequence growth resulting in misaligned capital investment	• Shaping Mackay Coordination Strategy • Master and local area plans
Resources and Skills	Inadequate resources to deliver on stakeholder requirements Aging workforce	• Human Resources Plan in conjunction with the People and Culture Team
Community	Community uninformed about Water Services activities leading to concern and mistrust	• Revised Customer Charter • Community reference group initiative • Continued Stakeholder engagement and education initiatives

Water Services has in place general commercial insurance policies to mitigate against key risks. These policies are managed by MRC's Organisational Services directorate.

4.5 Stakeholders

Table 5 details the key stakeholders relevant to Water Services. The table outlines the responsibilities and requirements of each of the major stakeholders. The principle stakeholder is Mackay Regional Council.

Table 5: Stakeholders & Interests

Stakeholder	Interest	Water Services Deliverables	Stakeholder Deliverables / Inputs
Council (MRC)	Business Owner	• Preserve Commercial Interests • Provide Value for Money • Contribute to Corporate Plans • Protect Assets	• Overall Strategic Direction • Governance • Delegated Authority • Appropriate Pricing • Facilitate Financing
	Customer Advocate	• Maintain Service Standards • Display Social Responsibility	• Fund Community Service Obligations
	Regulator	• Comply with Laws & Regulations • Promote Energy Efficiency • Promote Environmental Sustainability • Maintain Governance Standards	• Feedback on Expectations • Advice on Compliance • Provide Support Services
	Service Provider	• Establish Service Requirements	• Provide Support Services • Maintain Service Level Agreements
	Capital Works Directorate	• Engage to identify problem to be solved or opportunity to be realised. Investigate options, identify preferred option and whole of life costs • Provide detailed Business Cases, • Engage to inform operability of assets to be created	• Engage to inform the preliminary designs and constructability of projects • Deliver Capital projects on time and on budget • Ensure new assets compliance with quality and Levels of Service requirements
Customers	Customers	• Maintain Service Standards • Provide Value for Money • Engage in Consultations	• Timely Settlement of Dues • Respond to Community Initiatives
Suppliers	Supplier	• Uphold Contractual Obligations • Adopt a Partnership Approach	• Uphold Contractual Obligations • Adopt a Partnership Approach • Provide an Efficient & Reliable Service
Employees	Employee	• Ensure Safety • Create a Conducive Work Environment • Provide Job Security • Recognise & Reward	• Adopt & Maintain Professional Standards • Facilitate Safety • Promote Corporate Objectives
Govt. Agencies	Regulator	• Ensure Compliance with Legislative & Reporting Requirements • Engage relating to initiatives and issues • Incorporate Community Requirements	• Interpretation & Implementation Support • Adopt a Balanced Approach

5.0 Strategy

5.1 Vision

Water Services vision statement is an expression of the business's commitment to delivering quality water services into the future. The Vision statement defines where the business wants to be in 5 or 10 years' time. The Vision Statement for Water Services is:

"Water Services will be an innovative water service provider which is recognised for its commercial performance, provides regional leadership, has the respect of its customers & industry regulators, and prides itself on its sustainability."

5.2 Business Mission

Water Service's mission statement has been developed to reflect the business's current activities, outcomes and customers. The mission statement for Water Services is:

"Water Services is committed to delivering sustainable water services to the Mackay Region in an efficient and commercially responsible manner"

5.3 Key Objectives

Water Services has translated the principle drivers, the Vision and Mission into a series of seven key result areas and overarching objectives. The objectives provide the focus areas for Water Services to build the strategic direction in response to the key drivers influencing the business, as per Table 6.

Table 6: Key Results Areas for Water Services

KRA	Description of Objective
Safety	• Aims to provide an environment and a culture with an aspiration to achieve zero harm to our employees and contractors.
People and Culture	• Aspires to create an engaged and high performing team culture with the aim to have the right people in the right quantity with the right skills and knowledge to deliver on the mission.
Finance	• Will manage the income and expenditure in a commercially sustainable way.
Quality Systems / Continuous Improvement	• Aspires to create systems and procedures that assure delivery, quality, responsiveness, and management by data.
Customers Satisfaction	• Aspires to engage and empower with our community and consistently meet our customer services standards.
Asset Management	• Will deliver the best whole of life outcome decisions for the regions assets to meet the customer service standards into the future.
Regulatory Compliance	• Aims to ensure all operations and activities are undertaken in compliance with our regulatory obligations.

6.0 Demand Forecasting

6.1 Demand on Services into the Future

The demand for Water, Sewerage Services and Recycled Water Services is influenced by a range of factors including:

- Population and economic growth
- Weather and weather patterns
- Water use culture in the community including the extent of water saving devices
- Water restrictions

The impact of growth on the water and sewage infrastructure is detailed in the relevant water and sewage planning reports. Master infrastructure planning is current for the Water and Sewerage Services for Mackay, Sarina and Mirani / Marian centres. The investment required to maintain services is reflected in the long term financial plan.

6.1.1. Water Allocation and Demand

MRC's primary allocation is from the Pioneer Water supply scheme with extraction at Dumbleton and Marian Weirs. Generally, utilisation from this scheme increases in line with population growth. Peak water use is significantly impacted by rainfall. The demand management initiatives implemented over the recent years have successfully reduced peak demand. While there is a continued focus on reducing demand of water per capita in the long term, the forecast population growth over the next twenty years is anticipated to continue to increase the region's demand on raw water supplies. Forecast demand increases have been undertaken using the following assumptions:

- Medium rainfall
- Medium series population growth
- Demand management initiates achieve target of 10% reduction in peak consumption

A summary of the historic and forecast surface demand is detailed in Table 7.

Table 7: Historic and Forecast Uptake of Surface Water

Source	Entitlement 2017/2018 (ML)	PRODUCTION					
		13/14 (ML)	14/15 (ML)	15/16 (ML)	16/17 (ML)	17/18^ (ML)	18/19^ (ML)
Pioneer (Dumbleton)	16,000	12,899	13,527	11,835	10,500	11,505	12,000
Pioneer (Marian)	460	0	136	550	450	493	493
Plane Creek (Mt Blarney)	236	453	260	117	50	0	0
Cattle Creek (Gargett)	60	22	27	30	20	21	23
Cattle Creek (Finch Hatton)	75	0	0	0	0	0	0
Proserpine (Midge Point)	2,700	332	232	274	190	156	196

^ Forecast

Groundwater is the sole source of supply for many of the rural water supply schemes and is an alternate source of supply for the larger schemes. The historic and predicted groundwater use is detailed in Table 8.

Table 8: Historic and Forecast Groundwater Usage

Borefield	Entitlement 2017/2018 (ML)	PRODUCTION					
		13/14 (ML)	14/15 (ML)	15/16 (ML)	16/17 (ML)	17/18^ (ML)	18/19^ (ML)
Mackay	1,300	148	210	459	712	973	715
Eton	62	52	49	45	35	43	41
Mirani	100	140	89	8	0	1	3
Marian	95	374	336	28	26	17	24
Finch Hatton	46	36	31	31	22	23	25
Sarina	300	130	192	33	11	40	28
Marwood	490	377	269	49	7	0	0
Bally Keel	150	74	32	18	9	0	9
Armstrong Beach	230	11	69	0	0	0	0
Koumala	35	12	11	11	8	8	9
Calen	N/A	73	34	30	28	36	31
Bloomsbury	22	8	9	9	7	8	8

^ Forecast

MRC holds several raw water allocations from both surface and ground water sources as outlined in Table 7 and Table 8.

Due to increase in salinity in the groundwater in the coastal areas in the Central and Southern regions, groundwater allocations are subject to annual announced allocations.

A comparison to water demand predictions to water availability indicates that:

- In 2017 DEWS completed the Regional Water Security Assessment and the Water Strategy was adopted by Council August 9, 2017. While it is evident that Mackay region currently has sufficient raw water supplies, the demand for raw water will be continually reviewed to determine the timing and volume of any increase in allocation required to meet the community's needs. Unallocated high priority water is available within the Pioneer Water Supply scheme to meet future requirements. Funds have been allocated in the long term financial plan to purchase additional water, however the timing has been delayed to reflect the adopted water strategy.
- The Mackay Bores has seen increase usage FY17/18 due to poorer surface water quality in the Pioneer River.
- The water requirements from the Mirani and Marian Bores have reduced since the commissioning of the Marian Water Treatment Plant and a reduction in population within those centres. Marian Weir surface water demand is predicted to be slightly above current allocation. The shortfall is being addressed by transfer of allocation from the Dumbleton Weir. Additional surface water requirements for the Marian and Mirani townships will be required in approximately five to 10 years depending on growth and the impact of demand management initiatives.

- A reduction in allocation of raw water for Sarina is being addressed through the transfer of treated water via a water main from Mackay to meet the needs of Sarina Town.
- The future growth for the Midge Point area remains uncertain. There is sufficient capacity to meet future needs.

6.1.2. Sewerage

The forecasted sewage inflow volumes appear in Table 9. Water demand and sewage flows are linked to the weather. In 'large' wet seasons, there is an overall lower water demand due to less non-essential watering such as watering gardens and filling of swimming pools. There is also a corresponding increase in sewage flows which is linked to higher inflow and infiltration into the sewage network.

Table 9: Sewerage Inflow

STP	13/14 (ML)	14/15 (ML)	15/16 (ML)	16/17 (ML)	17/18^ (ML)	18/19^ (ML)
Mackay North	1,280	1,179	1,230	1,364	1,228	1,274
Mackay South	6,957	5,922	6,080	7,699	5,507	6,429
Sarina	482	312	359	473	292	375
Mirani	304	333	386	354	301	347

^ Forecast

6.1.3. Recycled Water

Recycled water is used solely for irrigation purposes of farming land through the Mackay Region. Demand for recycled water is closely linked to rainfall. The historic and forecast recycled water flows are as detailed in Table 10.

Table 10: Volume of Water Recycled

STP	13/14 (ML)	14/15 (ML)	15/16 (ML)	16/17 (ML)	17/18^ (ML)	18/19^ (ML)
Mackay South	5,384	4,986	5,608	5,207	4,695	5,170
Sarina	15	37	165	98	128	130
Mirani	193	234	275	302	260	279

^ Forecast

7.0 Business Structure

7.1 Nature of Business

Water Services is one of two commercial business units of Water and Waste Services (WWS) within the Engineering and Commercial Infrastructure (ECI) Directorate within Mackay Regional Council. The Directorate is one of five Directorates within MRC.

WWS is responsible for the provision of three primary services:

- Treatment and Supply of Potable Water
- Collection & Treatment of Wastewater
- Collection and Processing of Solid Waste

The ECI structure within which the Water Services business is organised is given in Figure 2.

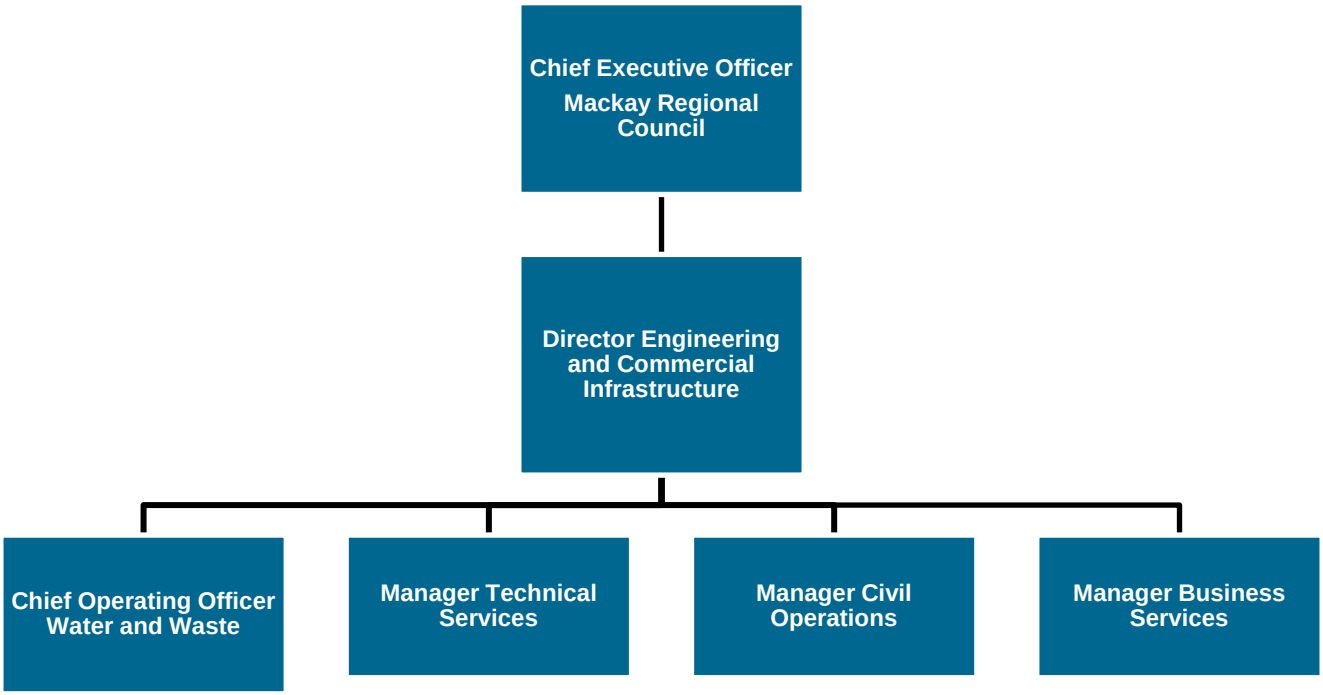


Figure 2 : Organisation Structure

Water Services is a significant business activity under the Local Government Act 2009 responsible for:

- Treatment and supply of potable water
- Collection, treatment, disposal and reuse of wastewater

In delivering water and sewerage services the following range of activities are undertaken:

- management of water sources
- water treatment
- water reticulation
- sewerage reticulation
- sewage treatment
- effluent disposal including management of wastewater recycling schemes

- trade waste
- plumbing inspections
- backflow protection
- recoverable works for water and wastewater plumbing activities
- asset management
- planning for future asset requirements
- capital project development and delivery

7.2 Management Structure

The management structure and associated business activities within Water Services are outlined in Figure 3.

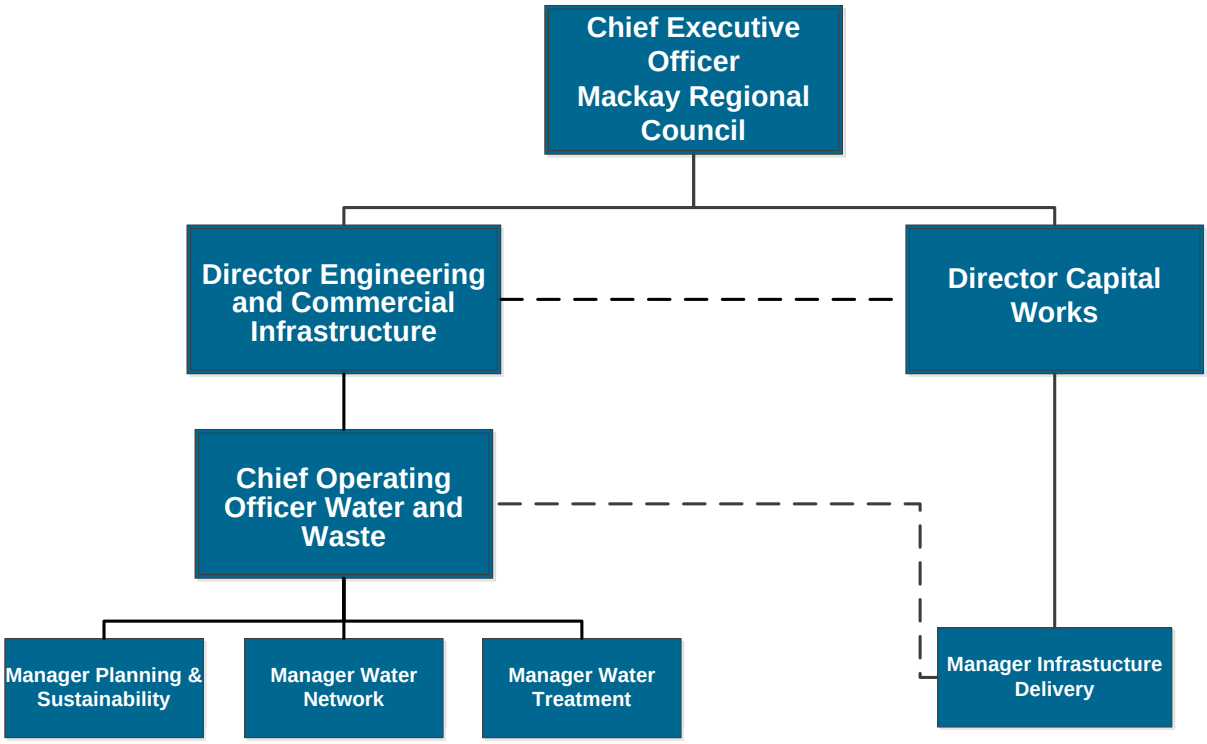


Figure 3 : Water Services Management Structure

The responsibilities of the Water and Waste Services Management Team are identified in Table 11 :

Table 11 : Management Responsibilities

Engineering & Commercial Infrastructure

Capital Works

ENGINEERING AND COMMERCIAL INFRASTRUCTURE – DIRECTOR

Water Services, Waste Services, Roads & Drainage

- Provide Strategic Direction & Leadership to Engineering & Commercial Infrastructure
- Monitor regulatory change and manage regulatory compliance
- Ensure businesses operate under commercialisation principles
- Provide advice to CEO & Councillors
- Establish and maintain relationships with industry stakeholders

CAPITAL WORKS - DIRECTOR

Responsible for the delivery of capital works across council

CHIEF OPERATING OFFICER – WATER AND WASTE

Planning & Sustainability, Treatment, Networks, Waste Services

- Manager the water and sewerage and waste programs to deliver sustainable water & waste services
- Establish and further industry alliances
- Identify and manage micro risks
- Establish and maintain strategic initiatives
- Implement continuous improvement within the business unit
- Deliver operational changes as required by legislation
- Manage the implementation of strategic initiatives for the business units
- Development of performance, policy and service standards

PLANNING & SUSTAINABILITY

Effectively manage the sustainable and coordinated provision of water and sewage assets to meet regulatory requirements and Customer Service Standards.

Strategic Asset Management

- Coordination of strategic asset management processes
- Develop and maintain hydraulic models
- Investigate and implement non infrastructure solutions to extend asset life and capacity
- Manage Asset Valuation Process

Infrastructure Planning

- Develop long term infrastructure forecasts
- Undertake feasibility investigations to implement asset solutions that minimise the cost of service provision in the long term
- Deliver capital delivery briefs to effectively transfer projects to the Infrastructure Delivery program.

Development Assessment

- Coordinate WWS input to the development assessment process
- Manage WWS specifications and standard drawings

TREATMENT

Deliver effective operation and maintenance of water and wastewater assets to ensure environmental compliance and protect public health.

Treatment

- Delivery of potable water
- Deliver wastewater treatment
- Manage effluent recycling
- Sustainably manage biosolids
- Investigate and manage incidents
- Provide maintenance planning / condition assessment
- Investigate and manage incidents Provide maintenance and condition data to the Planning & Sustainability program.

Scientific and Analytical Services

- Testing, investigation and analysis

Environment

- Coordination of environmental management services
- Regulatory monitoring and regulator liaison

NETWORKS

Deliver effective operation and maintenance of water and wastewater assets to ensure environmental compliance and protect public health.

Networks

- Investigate and manage incidents
- Sustainably manage water and wastewater network
- Provide maintenance planning
- / condition assessment
- Investigate and manage incidents Provide maintenance and condition data to the Planning & Sustainability program.

Maintenance

- Deliver preventative and reactive maintenance
- Undertake sewer overflow abatement investigations
- Undertake active water leak detection
- Undertake water meter replacement as required
- Manage telemetry and SCADA

WASTE SERVICES

Waste Services is responsible for forecasting and adequately planning short and long-term waste infrastructure solutions, designing and constructing against these plans, and managing operational and maintenance contracts for waste sites.

Strategic Asset Management

- Infrastructure & Asset Renewal (1-10-year capital renewal)
- Strategic asset maintenance planning

Strategic Infrastructure Planning

- Modelling
- Infrastructure Charging
- 10-year Capital Planning

Detailed Infrastructure Planning

- 1-year Capital Program Planning
- Project management (including asset delivery coordination

Waste Services

- Contract management
- Strategic procurement
- Project management (including asset delivery coordination)
- Site management
- Preventative & reactive maintenance
- Compliance monitoring

BUSINESS SERVICES

Delivery support services across Water & Waste Services.

Financial Management

- Undertake operational and capital budget planning, modelling, reporting and auditing

Governance and Regulation

- Coordination of environmental and management services
- Regulatory monitoring and regulator liaison
- Coordinate corporate and legislative reporting
- Coordination of WHS support

Business Support Services

- Provision of administration services
- Manage customer account queries
- Manage key customer accounts

Inspections

- Implement and manage trade waste licensing
- Undertake plumbing approvals and building over sewer assessment

ROADS & DRAINAGE

Civil Operations

- Maintain and conduct flood-damage restoration of: sealed & unsealed local roads, storm drainage, bridges, off-street carparks, walkways & cycleways, traffic signals and boat ramps
- Manage Pioneer River Improvement Trust infrastructure
- Manage quarry operations and gravel production for unsealed road maintenance

INFRASTRUCTURE DELIVERY

Provide value for money delivery of water and wastewater infrastructure projects.

Project Management

- Maintain project management systems
- Deliver effective selection of project delivery mechanisms

Project Delivery

- Manage land acquisition to support infrastructure projects
- Acquire regulator and industry approvals
- Undertake design
- Deliver strategic procurement
- Provide construction / construction management
- Undertake asset commissioning
- As constructed drawings and project close out
- Handover of projects to operations

Safety	Team Culture	People	Finance	Quality Systems & Continuous Improvement	Customer Service	Asset Management	Regulatory Compliance
"Nothing is more important than our people's health or safety"	*"High performing cultures are an essential part of success"*	*"People, and their skills do our business"*	**"Money is hard to get, watch it carefully"**	*"Do the right thins once, do them well, find ways to do them better"*	*"We do what we say we're going to do"*	*"Make the best decisions about our assets for our community's future"*	*"Being a good Corporate Citizen and demonstrating Corporate diligence"*

7.3 Quality Management Structure to Support Council's Overall Vision

The Water Services Business Plan is integrated with Councils Corporate governance structure. The interrelationship between the key corporate requirements and the Water Services Quality Framework is detailed in Figure 4.

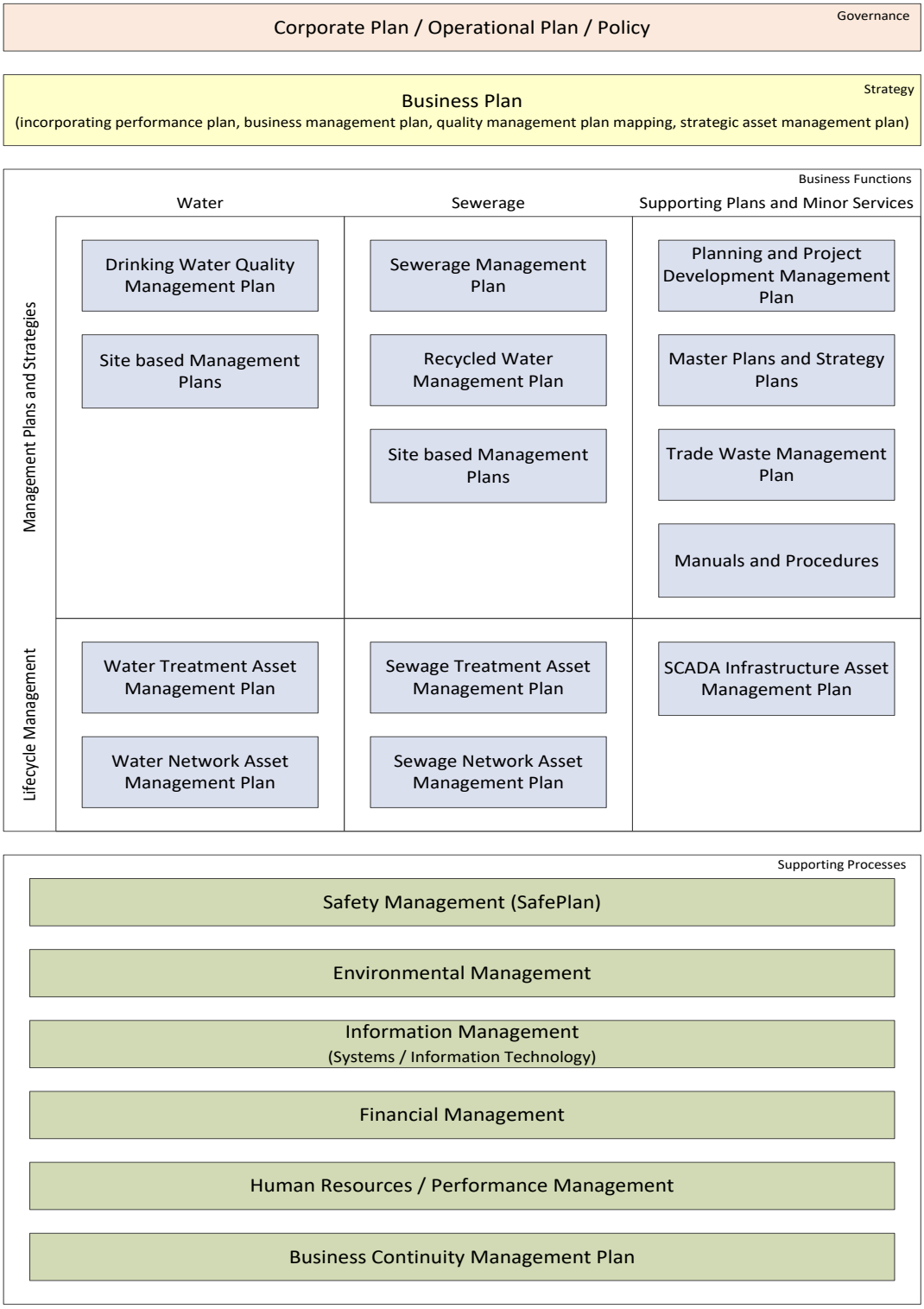


Figure 4 : Relationship between Key Documents

8.0 Key Business Processes

8.1 Drinking Water Quality Management

The Water Treatment Program is responsible for managing quality and continuity of water extracted and treated throughout the region. The key business processes are described in the Drinking Water Quality Management Plan (DWQMP) which is based on the Framework for Management of Drinking Water Quality in the Australian Drinking Water Guidelines. The distribution of the water from the treatment plant to the customer is managed by the Water Networks Program.

Opportunities exist to optimise the water extraction and treatment processes. These opportunities include:

- Making use of latest technology advances to continue to optimise and automate treatment operations and network monitoring
- Defer further treatment upgrades by maximising treatment plant throughput and reliability. This will involve identifying pinch points on major trunk infrastructure

A number of challenges and risks will be managed into the future. These include:

- There has been continual review and tightening of the Drinking Water Quality Standards. Further tightening of standards may trigger further upgrades to treatment facilities. For example, the design for the recent upgrade to the Marian Water Treatment Plant provided for future UV disinfection in the construction
- Nebo Rd Water Treatment Plant is the single point of supply for approximately 100,000 customers. As the treatment plant is pushed closer to its capacity the reliability of operations and the effectiveness of demand management practices will become more critical to maintaining supply in accordance with the Customer Charter

8.2 Sewerage Management

The following components make up the systems that manage sewerage:

- The Water Treatment Program is responsible for managing the treatment and disposal of sewage throughout the region. Sewage treatment is managed under individual site based management plans which are driven by the State Environmental Approval (EA) for each site.
- Recycled water is used at three of the four main sewage treatment plants. Recycled water is managed by individual recycled water management plans which are underpinned by Hazard Analysis and Critical Control Point (HACCP) principles
- The collection and transportation of the sewage to the treatment plants is managed by the Water Networks Program. The Sewage Management Plan is a risk based plan that describes the approach

Strong growth in the region has seen significant investment in sewage collection, treatment and disposal infrastructure over the last 10 years. Water Services has had some success in influencing regulation to move towards a more balanced approach to the regulation of sewerage services. There are currently no growth triggers to underpin a significant level of investment. Therefore, the capital program will continue to be generally focussed on renewals. The most significant growth/capacity driven project is the staged upgrades to the Mirani Sewage Treatment Plant. This project is currently at tender phase (June 2018) and will be complete by July 2020.

On March 28, 2018, Council resolved that the preferred option of delivery of Water and Wastewater Treatment Operations at the Mackay North and Mackay South Treatment Facilities was to be in sourced and that Downer Utilities contract would not be renewed as at June 30, 2019.

Additional opportunities exist to optimise the management of sewage collection, treatment and disposal. These opportunities include:

- Reform to legislation and the industry guidelines that are used to implement the legislation continue to be updated. Input into these changes will assist in delivering the best long-term outcomes for the community
- Improved data collection in the sewerage network over recent years has provided information that has enabled alternate approaches to the management of inflow and infiltration to be considered. Formalising revised operating arrangements will reduce the cost to serve, improve environmental performance and improve service outcomes for our customers
- Consistent operator training under the Water Industry Operator Framework to provide a competency based framework to guide operational staff.
- Investigate any possible synergies with the WIM alliance that can create treatment efficiencies such as common procurement of chemicals, equipment, relief operational coverage, and process specialists

A number of challenges and risks will be managed into the future. These include:

- The capacity of the Mackay North Treatment Plant is impacted by peak loads in the network. Managing these peaks is critical to extending the life of the treatment plant
- The treatment plant licences at the Mackay South are linked to the amount of effluent reused. In years of high rainfall demand for recycled water is low placing risks on the licence compliance. The way future discharge licences are negotiated will be critical in managing future risk

8.3 Maintenance Management

Delivery of maintenance activities for treatment and network assets is undertaken by the Water Networks program. Maintenance Management Strategies are detailed in the individual asset class asset management plans. The maintenance is managed through a combination of in house and contract resources to deliver preventative and responsive maintenance.

Recent implementation of a maintenance management system (Assetic) allowing for interactive dashboards and maintenance performance reporting has increased the availability of information to continually improve work practices.

Opportunities exist to optimise the management of maintenance. These opportunities include:

- Review the balance of contract resources used to best deliver maintenance management activities
- Optimise work allocation through improved work scheduling and maintenance planning systems and processes will assist in optimising operations
- One point of truth for asset conditioning rating, maintenance data collection and asset attribute information
- Implementation of planned asset maintenance and optimise scheduled routine inspections with the view to move into predictive maintenance

A number of challenges and risks will be managed into the future. These include:

- The lack of coordination of a corporate asset management system has left the organisation with limited maintenance management direction over recent years. The implementation of the corporate asset management strategy is critical to ongoing improvements in the business
- As the water business moves to maximise the capacity of existing assets more pressure will be placed on the effectiveness of maintenance planning, maintenance management and preventative maintenance to ensure service levels do not deteriorate

8.4 Planning and Project Development

The Planning and Sustainability Team is responsible for managing planning and project development in accordance with the Planning and Project Development Management Plan. The team are responsible for making asset owner decisions, taking inputs from the full range of relevant stakeholders.

The focus over the next five years will be to implement strategies to enhance the use of existing infrastructure to meet service standards as the region continues to grow and assets age.

Opportunities exist to optimise the planning and project development processes. These opportunities include:

- Optimise the forward capital investment program through the development of a five-year capital program supported by business cases
- Optimising the timing of investment decisions through improved understanding of current and future demand on infrastructure
- Implementing improved program and project management principles with the delivery of planning and project development projects. This includes a focus on cost estimation and rigour in delivery from budget and timing perspective
- Continued improved coordination with other infrastructure service providers to ensure optimum service delivery to the community

A number of challenges and risks will be managed into the future. These include:

- The lack of maturity of the asset management system and lack of data capture processes/systems limits the data availability to make asset investment decisions. Implementation of improved asset management and maintenance management systems is critical to good asset investment decisions into the future
- There is a risk that when growth occurs out of sequence with the planning scheme, additional investment in water and sewerage infrastructure will be required bringing forward capital investment. A coordinated approach to the development approval process is critical to ensure the best overall outcomes are achieved for the community

8.5 Environmental Monitoring & Management

Environmental Monitoring is primarily carried out by the Scientific and Analytical Services Laboratory within the Treatment Program. A small number of samples are sent out to external laboratories.

The laboratory collects and tests over 2,500 samples in 950 batches to ensure that treated water conforms to legislative requirements. Drinking water samples must meet Australian Drinking Water Guidelines. The laboratory also performs over 1,300 samples in 800 batches for other councils in the region. Testing is carried out on raw and treated water with treated water samples being drawn from the treatment plants as well as various points in the

reticulation system. The laboratory operates under NATA certification for a wide number of physical and biological tests.

Opportunities, challenges and risks exist to optimise the provision of environmental monitoring and management. These include:

- The laboratory is currently in the process of being relocated to a larger building, thereby increasing the capacity in the near future. The relocation will occur in the first quarter of 2018/19 financial year and the budget allocation has been included across the 2017/18 and into the 2018/19 financial years

8.6 Support Service Arrangements

8.6.1. Infrastructure Delivery (Capital Renewals & Enhancements)

The Infrastructure Delivery team is responsible for capital and major operational project delivery for Water Services. The team is responsible for detailed design, procurement, construction and commissioning activities. Projects are delivered through a combination of in house and external resources.

Opportunities exist to optimise the planning and project development processes. These opportunities include:

- Implementation of enterprise wide project management practices
- Coordinate the forward capital program with Planning and Sustainability and to manage the forward capital program to maximise the potential to package projects and realise any delivery efficiencies
- Management of the capital program with a consolidated risk pool

A number of challenges and risks will be managed into the future. These include:

- Maintaining communication and relationships across two separate Departments to ensure alignment between Water Services and the Capital Delivery program
- Ensuring resource levels are provided to manage the peaks and troughs in the forward capital program

8.6.2. Business Services

The major service provider for Water Services is the Business Services Program of the Engineering and Commercial Infrastructure Directorate. The following Services are provided by the Business Services Program:

- manage the finance & planning processes and support budgetary control
- provide management accounting services
- monitor governance and regulatory requirements and compliance with same
- coordinate business improvement initiatives
- coordinate the workplace health & safety initiatives
- coordinate systems support
- trade waste management services
- plumbing approval services

Opportunities, challenges and risks exist to optimise the provision of services by the Business Services team. These include:

- Changed business processes and customers engagement processes, resulting from the changed metering approach in the organisation

8.6.3. Mackay Regional Council Services

In accordance with the Mackay Regional Council Corporate Overheads Model, Water Services obtains services from providers internal to Mackay Regional Council. These services are:

- Corporate Communications
- Governance
- Plant and Procurement
- Financial Services
- Asset Management
- Enterprise Risk
- Property Services
- Economic Development
- Engineering Development Assessment
- Local Laws
- Strategic Planning
- Technical Services
- Human Resource Services

The risks and opportunities facing the service delivery from the Corporate Services teams include:

- Over the past five years the delivery of corporate asset management systems has been misaligned with the business requirements of Water Services However, recently there has been significant progress and improvement in the development of the asset management system
- The finalisation of the Shaping Mackay Coordination Strategy represents both a risk and an opportunity to optimise service levels and the forward capital investment program
- Aligning the corporate cultural change program with the Water Services business objectives provides a significant opportunity to improve the People and Culture Key Result Area

8.6.4. Shared Services Centre

Mackay Regional Council ("MRC") and Propel Partnerships ("Propel") have come together to create a 50/50 Partnership for the provision of a range of Council Services through the Shared Services Centre (previously known as Northern Australia Services “NAS”).

- Manage the administrative support services
- Customer Service
- Human Resources
- Information Services, including GIS
- Records Management
- Accounts payable/ accounts receivable

9.0 Asset Management Framework

9.1 Councils Corporate Asset Management Framework

The MRC Asset Management policy aims to ensure the effective and efficient management of the community's assets for present and future generations and reinforce the importance of asset management. The policy recognises that infrastructure assets are of critical importance to the Mackay region and are fundamental to Council's overall service delivery. The approaches to asset management as set out in the policy are summarised below:

- Align risk based decision making with the Enterprise Risk Management Framework
- Service outcomes are to be driven by the Corporate Plan, legislative requirements and Councils long term strategic intent
- Incorporate the wider social, environmental and economic considerations in the decision-making process
- The Asset Management Framework will apply across the Council yet recognise the need for flexibility in its application (i.e. a "one size fits all" approach may not always be appropriate)
- Develops our culture and strengthens our capability and resilience;
- Understands and anticipates changes in Councils operating environment (e.g. changes in demand for services or other outcomes)
- Uses performance indicators to link customer service standards to the cost of provision
- Develop cost effective systems, processes and technologies which enhance our operational efficiency, asset performance and reliability
- Employees and contractors who are aware of and be held accountable for their asset management responsibilities

Water Services responsibilities in delivering on these outcomes is to:

- Develop and implement improvement plans for individual asset groups
- Deliver levels of service to agreed risk and cost standards
- Manage infrastructure assets in consideration of long term sustainability

The Corporate Asset Management Policy has not yet been updated to incorporate progression towards delivering asset management practices in line with ISO 55000. Water Services is proceeding in this direction on the basis that this is the likely MRC direction.

9.2 Water Services Asset Management Framework

The Water Services Asset Management Framework has been developed to deliver on the objectives of the corporate asset management policy and integrate into the Water Services Quality Management Structure Detailed in Figure 4.

The key documents describing the asset management methodologies to deliver the service outcomes are detailed in Table 12. The Water Services Framework has been mapped to the requirements of ISO 55000 and is detailed in Appendix B.

Table 12 : Asset Management Documentation

Asset Management Area	Water Service Documentation
Organisation Context and Leadership	• Performance Plan
Planning	• Enterprise Project management Framework (EPMF) • Project Planning and Development Plan • Project Prioritisation Guidelines • Cost Estimation Manual • Water System Asset Management Plan • Sewer System Asset Management Plan • AM document hierarchy identified Sub Asset Management Plans
Operations and Performance Evaluation	• Drinking Water Quality Management Plan • Sewer Management Plan • Site Based Management Plans • Recycled Water Management Plans

A summary of the key strategic asset management responsibilities as understood by Water Services is detailed in Appendix C. Figure 5 details how the Water Services Programs interrelate with regards to Asset Management Functions.

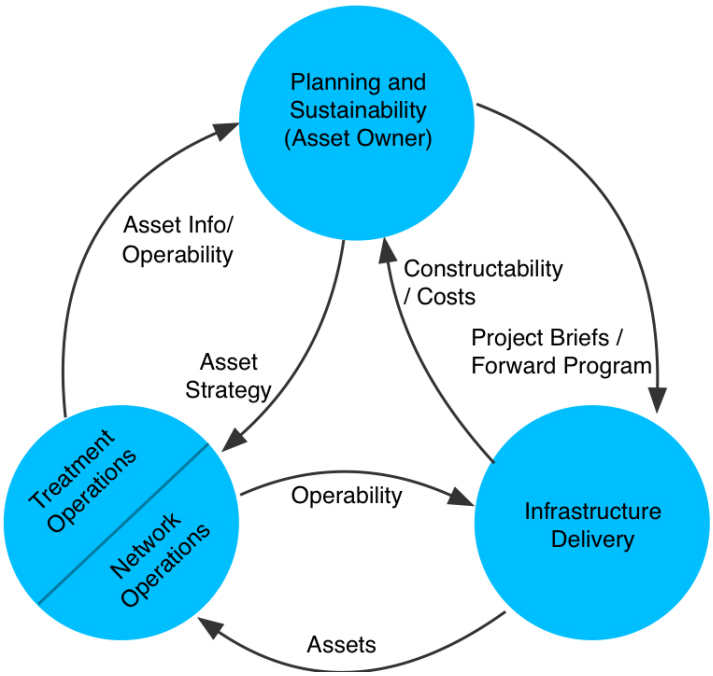


Figure 5: Water Services Asset Management Relationships Overview

A summary of the key maintenance management responsibilities that support the overarching delivery of asset management functions is detailed in Figure 6.

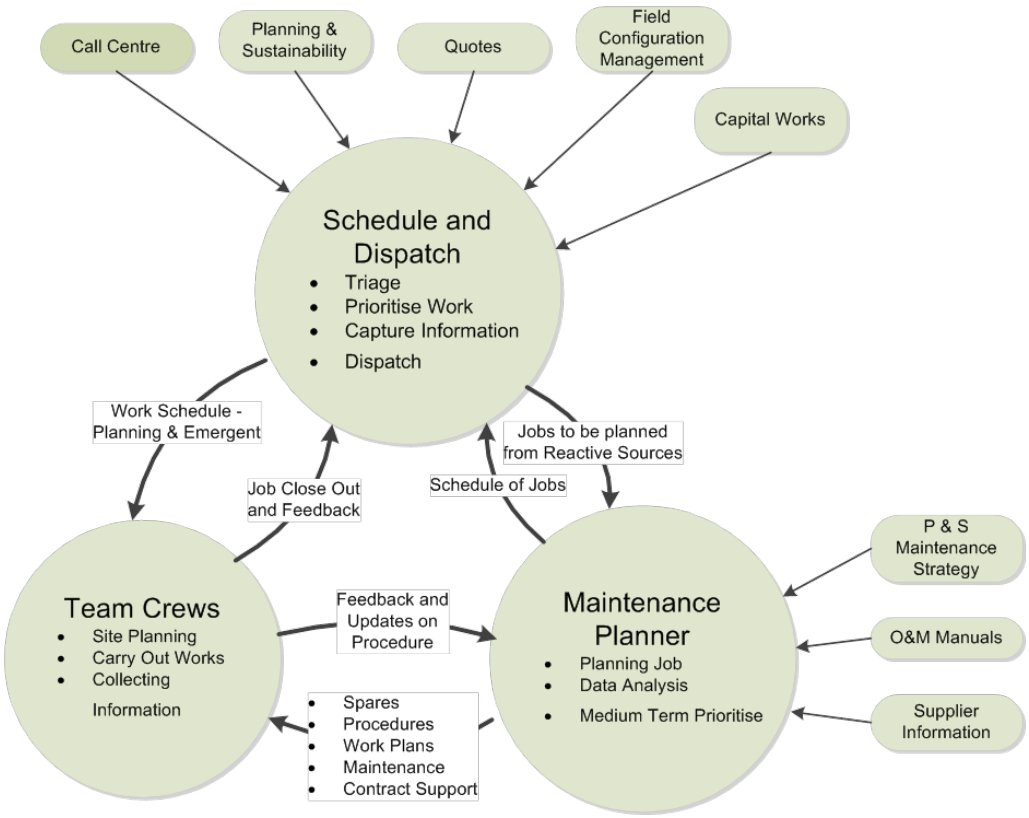


Figure 6: Water Services Maintenance Management Responsibilities

9.3 Criteria for Asset Management Decision Making

Water Services has adopted a risk based approach to the delivery of service outcomes. The risk based decision making criteria have been mapped to the corporate risk framework. Risks and opportunities are assessed under the criteria of:

- Provide Workplace Health and Safety
- Protect Public Health
- Protect the Environment
- Deliver the Customer Service Standards
- Deliver Services at the Lowest Whole of Life Cost
- Deliver Coordinated Services for Council

The risk based assessments are detailed in the risk registers associated with the relevant management plans. Specific risk based approaches are undertaken on an as required basis. These include:

- Hazard and Critical Control Point Analysis for Drinking and Recycled Water Management
- Hazard and Operability Studies associated with the implementation of infrastructure delivery projects on an as required basis
- A risk based approach to the development of project contingencies
- Individual project risk registers

The level of risk that Council is willing to accept is best represented in the Enterprise Risk Management Framework. There has been work completed in understanding council's strategic risks and the framework updated.

9.4 Service Performance

A key factor in the asset decision making process is performance against the Customer Charter. In addition to the commitments made to the customers through the Customer Charter, Water Services measures the quality of the services against internal targets. A summary of these standards and the service level performance in 2016/2017 is detailed in Table 13. Water Services continues to review the levels of services provided to ensure delivery in accordance with the corporate objectives, respond to changes in demand and meet changing legislative requirements.

Table 13 : Service Performance

Category	Service Standard	Measure	Indicator	Comments
Customer Response Times	Provide a new standard water connection per application within 15 working days.	8.33	🟡	Water Services aims to improve new service connections rate.
	Provide a plumbing approval following a compliant application in an average time of 5 working days.	2.25	🟢	
	Assess a Building Over and Adjacent to Sewer Application within 10 days.	4.3	🟢	
Water Service	Minimum pressure of 22m to be provided at the property boundary under normal operating periods (not peak).	>22m or 220kPA	🟡	Over 99% of connections have greater than 22m of water pressure
	Attend to reported water incidents within 2 hours of formal notification 95% of the time.	83.5%	🟡	Average response time is 4.5 hours
	Attend to reported unplanned interruptions within 5 hours of formal notification 90% of the time.	57.6%	🔴	Average response time of 15.24 hours
	Aim to have less than 75 unplanned interruptions per 1000 connections.	37.09	🟢	High number due to service leaks. Renewals program being reviewed
	Aim to provide 48 hours' notice before planned interruptions.	Yes	🟢	
	Keep a full record of dialysis patients and any other high priority patients identified.	Yes	🟢	
	Target set at less than 40 water main leaks or breaks per 100km of main	9.31	🟢	
Water Quality	Deliver high quality potable water as per the Australian Drinking Water Guidelines Health Guidelines.	Yes	🟢	
	Less than 5 drinking water quality complaints per 1000 connections.	1.54	🟢	
Sewer Response	Aim to respond to sewage incidents within 2 hours 90% of the time.	82.14%	🟡	Average response time is 5.72 hours
	Aim to have less than 10 sewage overflows per 100km of sewer main.	2.87	🟢	
	Aim to have less than 5 overflows to private property per 1000 connections.	0.16	🟢	
	Aim to have less than 6 odour complaints per 1000 connections.	1.15	🟢	
	Aim to have less than 30 sewer main chokes or blockages incidents per year	13	🟢	

🟢 Full compliance in all areas
🟡 General compliance with some exceptions
🔴 Significant non-conformances against standards

9.5 Scope of Existing Assets

Water Services manages a significant portfolio of water and sewerage assets, with a replacement value of $1,535 million, and a carrying value of $1,037 million as at 30 June 2017.

These assets are broadly categorised as follows in Table 14.

Table 14: Extent of Existing Assets

Asset Category		Qty	Unit
Raw Water	Dams/ Weirs	1/3	No
	Pump Stations	2	No
	Boreholes	27	No
Water Treatment	Water Treatment Plants	3	No
	Water Treatment Facilities	11	No
Water Distribution Network	Service Reservoirs	38	No
	Water Pump Stations	36	No
	Water Mains	1,232	km
Wastewater Collection Network	Wastewater Network	975	km
	Wastewater Manholes	16,600	No
	Sewage Pumping Stations	199	No
Wastewater Treatment	Sewage Treatment Plants	4	No
Recycled Water	Recycled Water Storages (Main)	4	No

9.6 Asset Performance Standards

Water Services sets design parameters and monitors the performance of assets with the aim of delivering on the customer service standards and managing the assets at the lowest whole of life cost. A summary of the performance of the assets is detailed in Table 15.

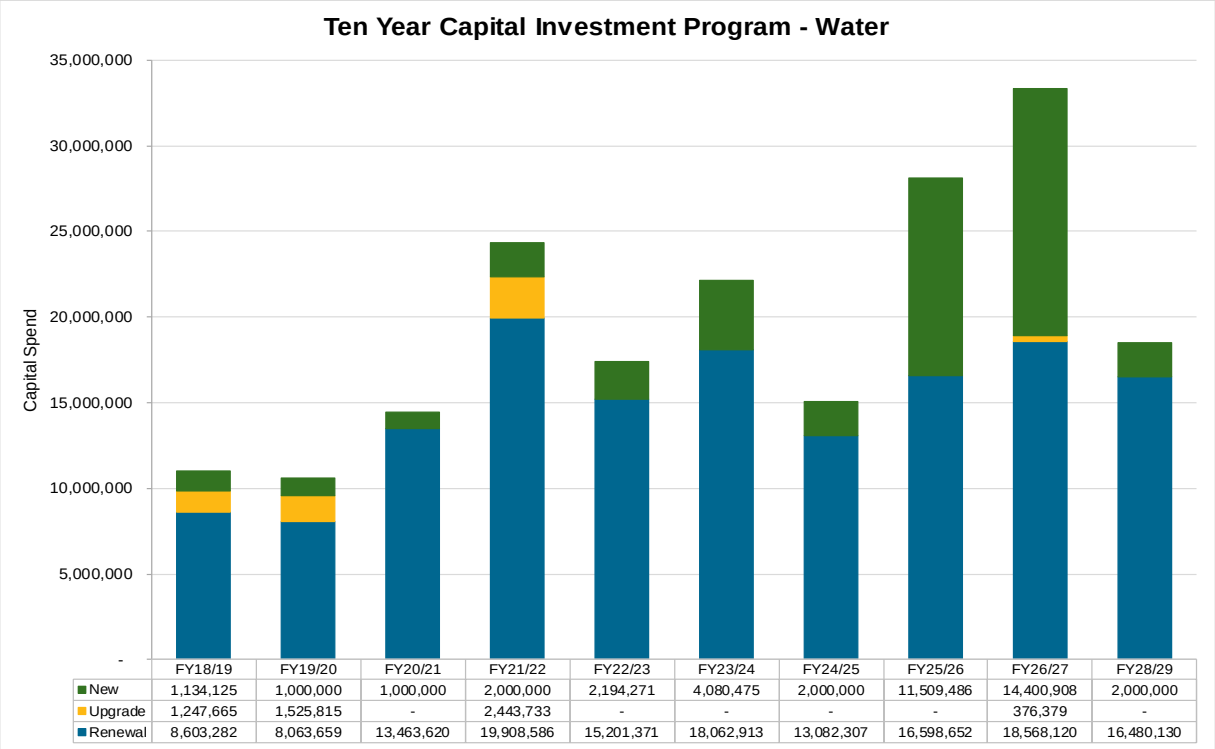
Table 15: Asset Service Standards

Asset Type	Indicator / Standard	Measure	Indicator	Comments
Water Supply Design Standards	Average Day Demand for residential, non-residential and system losses in master planning 300L/ep/day.	215 + 12% NRW	🟢	Variable between catchments. Planning demand assumption for major schemes
	Mean Day Max Month Peaking Factor is set in the design standards at 1.5 (MDMM:AD).	1.4-1.5	🟢	
	Maximum Day is currently modelled on 2 (MD:AD).	1.75	🟢	
	Peak hour flow is modelled on 4 (PH:AD).	4	🟢	
Water Treatment Performance	Bore Water Extracted Less than Allocation.	No	🟡	Nebo Rd Bores within Zone 12A exceeded allocation by 56ML
	River Water Extracted Less than Allocation.	Yes	🟢	
	Less than 10 drinking water incidents per year.	3	🟢	General compliance. Issues with water quality in rural schemes
	Critical control points at treatment facilities.	Compliant	🟢	
Water Network Performance	Provide reservoir levels to cater for (3 x maximum day demand less mean day maximum day demand) + emergency storage.	Compliant	🟢	
	Target set at less than 40 water main leaks or breaks per 100km of main.	9.31	🟢	
	15L/s for 2 hours to the property at 12m residual pressure for Firefighting residential.		🟡	
	30L/s for 4hours to the property at 12m Firefighting commercial.		🟡	
	Maximum Service Pressure of 80m.	<80	🟢	
	System water loss less than 14%	15%	🟡	Target to be reduced
Sewer Design Standards	Sewage Loading at Average Dry Weather Flow: 230L/ep/day.	230	🟢	Variable between catchments.
	Pipes sized to cater for wet weather flow.	Designed for 5x	🟡	High in some areas.
	Gravity Pipes shall be no more than 70% full at design flow.		🟢	
	Sewer Pump Stations Design Compliance in line with ERA 63(3).		🟡	General compliance reviews of older sites scheduled
Sewer Network Performance	Target set at less than 30 Sewer main breaks / chokes per 100km of sewer main. Sewer mains replaced on risk based assessment and run to fail.	13	🟢	
	Sewerage overflows reported to the environmental regulator.	1	🟡	There was 1 dry weather overflow from SPS. Large volumes and intense ran has identified issues within the network that are being reviewed / addressed
Sewage Discharge	Sewage discharged in accordance with Development Approval Requirements.	No	🟡	There have been some noncompliances, with full disclosure to the regulator
Recycled Water	Target to provide Class A water quality at the plant as per end user agreements. (Mackay).	Class A	🟡	Some schemes only meet Class B (as per RWSA)
	Critical control points at treatment facilities met.	Compliant	🟢	
	Target the delivery of the Annual Allocation to each farm as per end user agreement.	Allocation avaliable	🟢	

🟢 Full compliance in all areas
🟡 General compliance with some exceptions
🔴 Significant non-conformances against standards

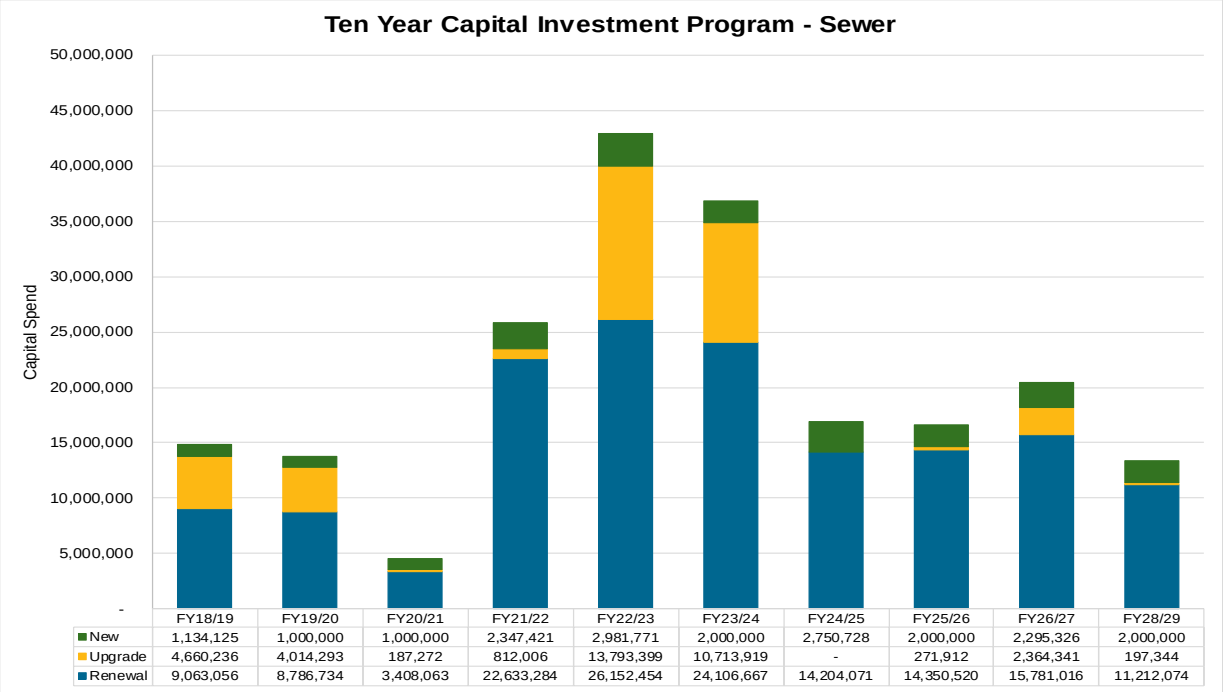
9.7 Asset Investment Profile

The asset investment profile to maintain the service standards and deliver against the corporate requirements is detailed in Figure 7 to Figure 10. The asset investment profile has been developed in accordance with the criteria for asset decision making.



	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY28/29
New	1,134,125	1,000,000	1,000,000	2,000,000	2,194,271	4,080,475	2,000,000	11,509,486	14,400,908	2,000,000
Upgrade	1,247,665	1,525,815	-	2,443,733	-	-	-	-	376,379	-
Renewal	8,603,282	8,063,659	13,463,620	19,908,586	15,201,371	18,062,913	13,082,307	16,598,652	18,568,120	16,480,130

Figure 7: Ten Year Capital Investment Program – Water



	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY28/29
New	1,134,125	1,000,000	1,000,000	2,347,421	2,981,771	2,000,000	2,750,728	2,000,000	2,295,326	2,000,000
Upgrade	4,660,236	4,014,293	187,272	812,006	13,793,399	10,713,919	-	271,912	2,364,341	197,344
Renewal	9,063,056	8,786,734	3,408,063	22,633,284	26,152,454	24,106,667	14,204,071	14,350,520	15,781,016	11,212,074

Figure 8: Ten Year Capital Investment Program - Sewer

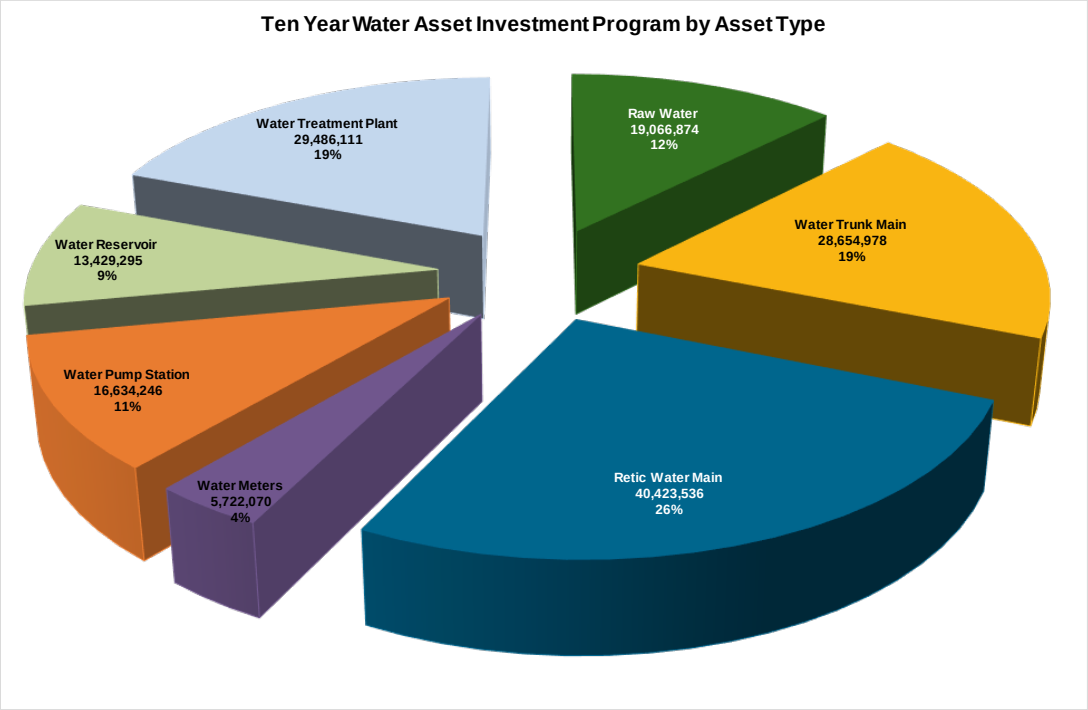


Figure 9: Ten Year Water Asset Investment Program by Asset Type

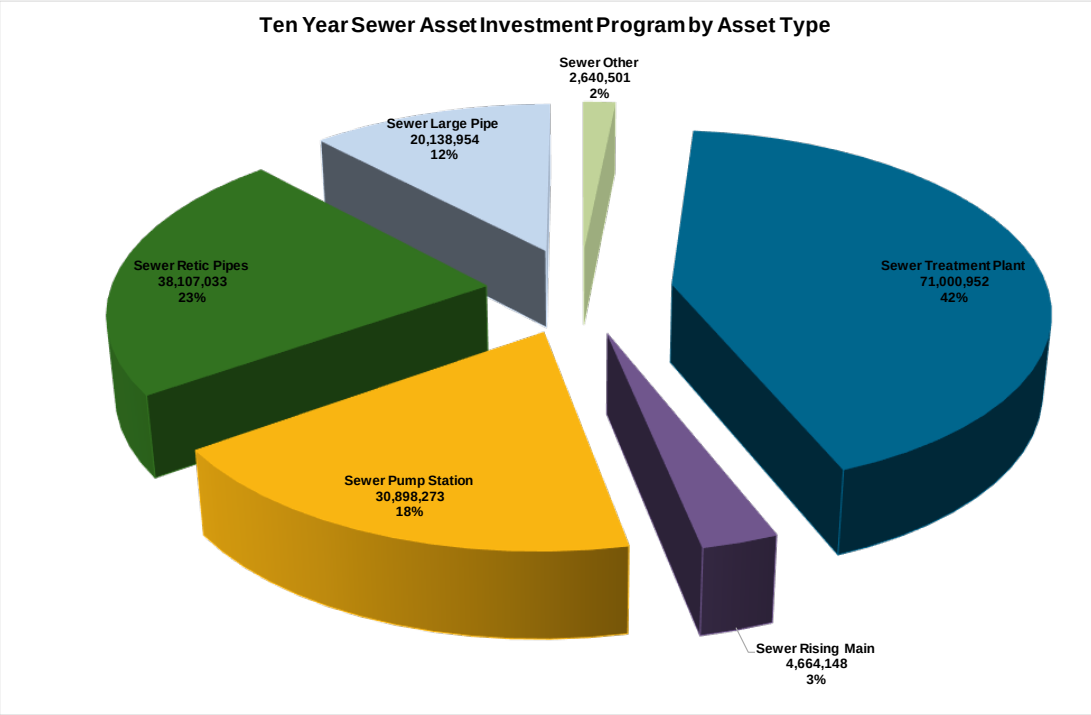


Figure 10: Ten Year Sewerage Asset Investment Program by Asset Type

10.0 Human Resources

10.1 General

Staffing costs are the single largest operational cost element for the Water Services business. At $15.08 million, staff costs account for approximately 15.7% of the total costs. The projected number of staff for Water Services for 2018/19 and its costs together with the comparative figures for 2017/18 are analysed in Table 16.

Table 16 : Staffing Analysis by Programme

Category	2018/19 Budget ($K)				2017/18 Budget ($K)		
	No	Op Cost	Cap Cost	Total	Op Cost	Cap Cost	Total
Water Services	136.3	10,379	2,832	13,212	10,322	2,401	12,723
Director's Office	2.8	432	-	432	439	-	439
Business Services	15.55	1,435	-	1,435	1,555	-	1,555
Total	**154.7**	**12,246**	**2,832**	**15,079**	**12,316**	**2,401**	**14,716**

The costs attributed to Director's Office and Business Services represent the common services of the Directorate consumed by the Water Services business.

10.2 Skill Base

Despite the easing of the resources sector there continues to be positions which are difficult to find suitable skill set. There are a number of driving forces that are impacting on the current and future skill set requirements within Water Services. These include:

- Changes to Water Services Systems and Process
  - Increased focus on quality systems and risk based decision making
  - Reduction in the capital program
  - Productivity and efficiency improvements
- The rate of change of technology and its application in the Water Industry.
  - Increased reliance on real-time information systems
  - Digitisation of telemetry
  - Systems integration and analytics
- The changing Queensland and Australian Water Industry
  - Increases in environmental performance
  - Increases in drinking water quality performance
  - Increased regional collaboration
- Introduction of competency based frameworks for treatment (Water Industry Operator) and network (Water Industry Worker) operations. Both frameworks:
  - Provide growth and development opportunities to allow staff to acquire new skills and undertake different tasks within an industry recognised framework
  - Provides formal recognition of the unique skills and expertise of the teams who perform an essential service for customers
  - Both are industry-wide nationally recognised and provide mobility for staff
  - Both provide a competency based progression framework, clearly defined career pathways with set requirements for each role, and industry-leading skills development delivered through individual training plans

A forward human resources management plan that integrates the business strategies with the skill requirements is important moving forward.

10.3 Alignment of Performance with Business Objectives

Delivery on the organisational objectives requires alignment between the staff activities and the agreed organisational outcomes. This alignment is created through the Water and Waste Performance Framework.

11.0 Financial Management

11.1 Pricing & Revenue

The existing charges for Water Services within MRC for 2017/18 and the proposed charges for 2018/19 are detailed in Table 17.

In addition to the primary services, Water Services also offer a range of other services for both residential and commercial customers on a fee for service basis. These fees are detailed in Mackay Regional Council's adopted Fees and Charges Schedule.

The budgeted revenue resulting from the set charges are detailed in Table 18.

11.2 Operating Performance

The budgeted total excess of revenue over operating expenditure for the financial year is approximately $22.6 million, resulting from total budgeted operating revenue of $92.68 million and operating expenditure of $70.08 million.

A total of $22.90 million is budgeted to be paid out as dividends to the General Fund

The summary Operating Financial Budget for 2018/19 in comparison to the forecast Operating Financial Performance for 2017/18 (based on May 2018 YTD figures) and the Operating Financial Budget for 2017/18 for the Water and Sewerage businesses appear in Table 19 and Table 20 respectively.

The Asset Sustainability ratio percentage as per Table 21 (based on budget) indicate that the water and wastewater operations are being managed within acceptable limits.

Table 17: Pricing

Rate Category	2017/18 Actual	2018/19 Proposed	Unit	% Inc.	2019/20 Projected	2020/21 Projected	2021/22 Projected	2022/23 Projected
Water - Access Charge	$357.10	$364.24	/factor	2.0%	$371.53	$378.96	$388.43	$398.14
Water - Consumption								
- 0 – 150 kl per ½ year	$1.75	$1.79	/kl	2.0%	$1.82	$1.86	$1.90	$1.95
- over 150 kl per ½ year	$2.62	$2.67	/kl	2.0%	$2.73	$2.78	$2.85	$2.92
Wastewater - Access	$863.50	$880.77	/pedestal	2.0%	$898.39	$916.35	$939.26	$962.74
Wastewater - Access North Eton Biocycle	$734.90	$749.60	/pedestal	2.0%	$764.59	$779.88	$799.38	$819.36

Table 18: Budgeted and Projected Revenue

Revenue Category	2018/19		2019/20		2020/21		2021/22		2022/23	
	Water ($ K)	Sewerage ($ K)	Water ($ K)	Sewerage ($ K)	Water ($ K)	Sewerage ($ K)	Water ($ K)	Sewerage ($ K)	Water ($ K)	Sewerage ($ K)
Fixed Charge	21,116	48,285	21,645	49,493	22,186	50,731	22,964	52,507	23,768	54,346
Usage Charge	21,533	1,009	21,964	1,029	22,403	1,050	22,963	1,076	23,537	1,103
Discounts & Refunds	- 1,907	-4,398	- 1,955	-4,508	- 2,004	-4,620	- 2,073	-4,782	- 2,146	-4,950
Other Fees & Charges	1,594	1,644	1,626	1,677	1,658	1,711	1,699	1,753	1,742	1,797
Rental Income	170	26	173	26	177	27	181	28	186	28
Interest Earned	920	1,145	924	1,148	929	1,151	935	1,155	940	1,158
Recoverable Works (^)	805	715	821	729	838	744	858	762	880	782
Other Operating Revenue	11	10	11	11	11	11	11	11	11	11
Operating grants, subsidies										
TOTAL	**44,242**	**48,436**	**45,209**	**49,605**	**46,198**	**50,805**	**47,538**	**52,510**	**48,918**	**54,275**

Notes:^ Recoverable Works revenue has an associated direct cost

Table 19 : Operating Performance – Water

(in $ M)	18/19 Budget	17/18 Forecast	17/18 Budget	(a) % Change	(b) % Change	19/20 Budget	20/21 Budget	21/22 Budget	22/23 Budget
Operating Statement									
Operating Revenue	44.24	43.45	42.67	2%	4%	45.21	46.20	47.54	48.92
Operating Expenses	34.91	34.48	35.22	1%	-1%	35.07	35.38	35.72	36.06
Operating Surplus	**9.34**	**8.98**	**7.45**	**4%**	**25%**	**10.14**	**10.82**	**11.82**	**12.86**
Capital Revenue & Expenses									
Grants & Subsidies	-	-	-	N/A	N/A	-	-	-	-
Contributions	0.20	0.70	0.45	-71%	-56%	-	-	-	-
Donations	1.00	4.14	1.00	-76%	0%	1.00	1.00	2.00	2.00
Other Capital Income		-	-	N/A	N/A	0.20	0.20	0.35	0.35
Profit / (Loss) on Disposal of assets	-	- 3.50	-	-100%	N/A	-	-	-	-
Total Capital Revenue & Expenses	**1.20**	**1.33**	**1.45**	**-10%**	**-17%**	**1.20**	**1.20**	**2.35**	**2.35**
Net Result	**10.54**	**10.31**	**8.90**	2%	18%	**11.34**	**12.02**	**14.17**	**15.21**
Tax Equivalents									
Tax Equivalents Payable	3.16	3.32	2.67	-5%	18%	3.40	3.61	4.25	4.56
Dividend	5.48	5.15	5.80	6%	-6%	6.61	6.74	6.91	7.08
Net result after Dividend & Tax Eqiuvalents	**1.90**	**1.84**	**0.43**	3%	339%	**1.34**	**1.68**	**3.01**	**3.57**

(a) 18/19 Budget over 17/18 Forecast, (b) 18/19 Budget over 17/18 Budget

Table 20 : Operating Performance - Sewerage

(in $ M)	18/19 Budget	17/18 Forecast	17/18 Budget	(a) % Change	(b) % Change	19/20 Budget	20/21 Budget	21/22 Budget	22/23 Budget
Operating Statement									
Operating Revenue	48.44	47.48	46.88	2%	3%	49.61	50.80	52.51	54.28
Operating Expenses	35.18	35.37	35.41	-1%	-1%	34.96	35.25	35.60	35.93
Operating Surplus	**13.26**	**12.11**	**11.47**	**9%**	**16%**	**14.64**	**15.56**	**16.91**	**18.34**
Capital Revenue & Expenses									
Grants & Subsidies	-	0.32	0.24	-100%	-100%	-	-	-	-
Contributions	0.40	0.66	0.45	-39%	-11%	0.40	0.40	0.70	0.70
Donations	1.00	0.79	1.00	26%	0%	1.00	1.00	2.00	2.00
Other Capital Income	-	0.01	-	-100%	N/A	-	-	-	-
Profit / (Loss) on Disposal of assets	-	- 0.97	-	-100%	N/A	-	-	-	-
Total Capital Revenue & Expenses	**1.40**	**0.80**	**1.69**	**74%**	**-17%**	**1.40**	**1.40**	**2.70**	**2.70**
Net Result	**14.66**	**12.91**	**13.15**	14%	11%	**16.04**	**16.96**	**19.61**	**21.04**
Tax Equivalents									
Tax Equivalents Payable	4.40	3.24	3.95	36%	11%	4.81	5.09	5.88	6.31
Dividend	9.86	10.74	10.03	-8%	-2%	9.04	9.22	9.45	9.69
Net result after Dividend & Tax Eqiuvalents	**0.40**	**- 1.07**	**- 0.83**	-138%	-148%	**2.19**	**2.65**	**4.28**	**5.04**

(a) 18/19 Budget over 17/18 Forecast, (b) 18/19 Budget over 17/18 Budget

Table 21 : Sustainability Ratios

Ratio	Water	Sewerage
Asset Sustainability	64%	73%
Interest Cover	12.60	9.34
Operating Surplus	21%	27%

11.3 Capital Outlays & Funding

Capital works of approximately $25.84 million is planned for 2018/19.

Table 22 : Capital Outlay & Funding – Water

(in $ M)	18/19 Budget	17/18 Forecast	17/18 Budget	(a) % Change	(b) % Change
Capital funding sources					
Working Capital	12.57	11.33	11.42	11%	10%
New loan borrowings	-	-	-	N/A	N/A
Constrained grants and developer contributions	1.20	0.70	1.45	73%	-17%
Other capital contributions	-	-	-	N/A	N/A
Total capital funding sources	**13.77**	**12.03**	**12.87**	14%	7%
Capital funding applications					
Capital expenditure	10.99	9.39	9.78	17%	12%
Principle loan repayments	2.78	2.64	2.64	5%	5%
Total capital funding applications	**13.77**	**12.03**	**12.42**	14%	11%

(a) 18/19 Budget over 17/18 Forecast, (b) 18/19 Budget over 17/18 Budget

Table 23 : Capital Outlay & Funding - Sewerage

(in $ M)	18/19 Budget	17/18 Forecast	17/18 Budget	(a) % Change	(b) % Change
Capital funding sources					
Working Capital	16.40	5.13	9.18	220%	79%
New loan borrowings	-	-	-	N/A	N/A
Constrained grants and developer contributions	1.40	0.97	1.69	44%	-17%
Other capital contributions	-	0.01	-	-100%	N/A
Total capital funding sources	**17.80**	**6.12**	**10.87**	191%	64%
Capital funding applications					
Capital expenditure	14.86	3.36	8.10	342%	83%
Principle loan repayments	2.95	2.75	2.77	7%	7%
Total capital funding applications	**17.80**	**6.12**	**10.87**	191%	64%

(a) 18/19 Budget over 17/18 Forecast, (b) 18/19 Budget over 17/18 Budget

The long-term capital program envisages a total investment of $195 million for Water and $206 million for Wastewater over the next 10 years as detailed in Table 24.

Table 24: 10 Yr. Capital Investment Programme

Year	Water $ M	Sewerage $ M	Year	Water $ M	Sewerage $ M
2018/19	10.99	14.86	2023/24	22.14	36.82
2019/20	10.59	13.80	2024/25	15.08	16.96
2020/21	14.46	4.60	2025/26	28.11	16.62
2021/22	24.35	25.79	2026/27	33.35	20.44
2022/23	17.40	42.93	2027/28	18.48	13.41

Note: 2019/20 to 2027/28 are in future dollars

11.4 Loans

The Loan balances for the end of 2016/17 through 2018/19 appear in Table 25 below.

Table 25 : Loan Balances

(in $ M)	Water Loans	Sewerage Loans
Balance as at 30/6/17 (Actual)	38.34	51.40
Balance as at 30/6/18 (Forecast)	35.55	48.64
Balance as at 30/6/19 (Budget)	32.76	45.70

11.5 Community Service Obligations

The services provided by Water Services, for which a Community Service Obligations (CSO) credit is provided by MRC for Water Supply to Community Sporting Organisations.

Council will be charged on actual avoidable costs incurred by Water Services, where applicable.

Historically Community Service Obligations associated with capital infrastructure installation has not been captured effectively. No Capital CSO's have been identified for the 2018/19 financial year.

12.0 Reporting

12.1 Council (Internal) Reporting

Water Services will routinely report to Council on the performance of the business unit. This will take a variety of forms including:

- Monthly Review
- Monthly Capital Briefing
- Operational Plan Report
- Annual Report
- Ad hoc Council reports and briefings

The performance criteria reported to MRC together with its frequency is detailed in Table 26

Table 26: Internal Reporting

Key Performance Indicators	Reporting Frequency		
	Monthly	Quarterly	Annually
Financial			
Financial Performance			✓
Return on Regulated Asset Base			✓
Cash Flow from operating activities			✓
Net Cash Flow			✓
Financial Position			✓
Balance Sheet			✓
Income Statement			✓
Management Report on Financial Position	✓		
Return on Regulated Asset Base	✓		
Non-Financial Indicators			
Performance against Operational Plan		✓	
Safety Performance	✓		
Performance against Environmental Licences	✓		
Water Quality Regulatory Performance	✓		
Performance against Customer Service Standards	✓		
Infrastructure Delivery Performance and Progress	✓		
Planning Activity Performance and Progress	✓		

12.2 External Reporting Requirements

In addition to the reporting to Mackay Regional Council, Water Services report to various State and Federal agencies in accordance with legislative requirements. Such key reporting requirements are identified in Table 27.

Table 27 : External Reporting

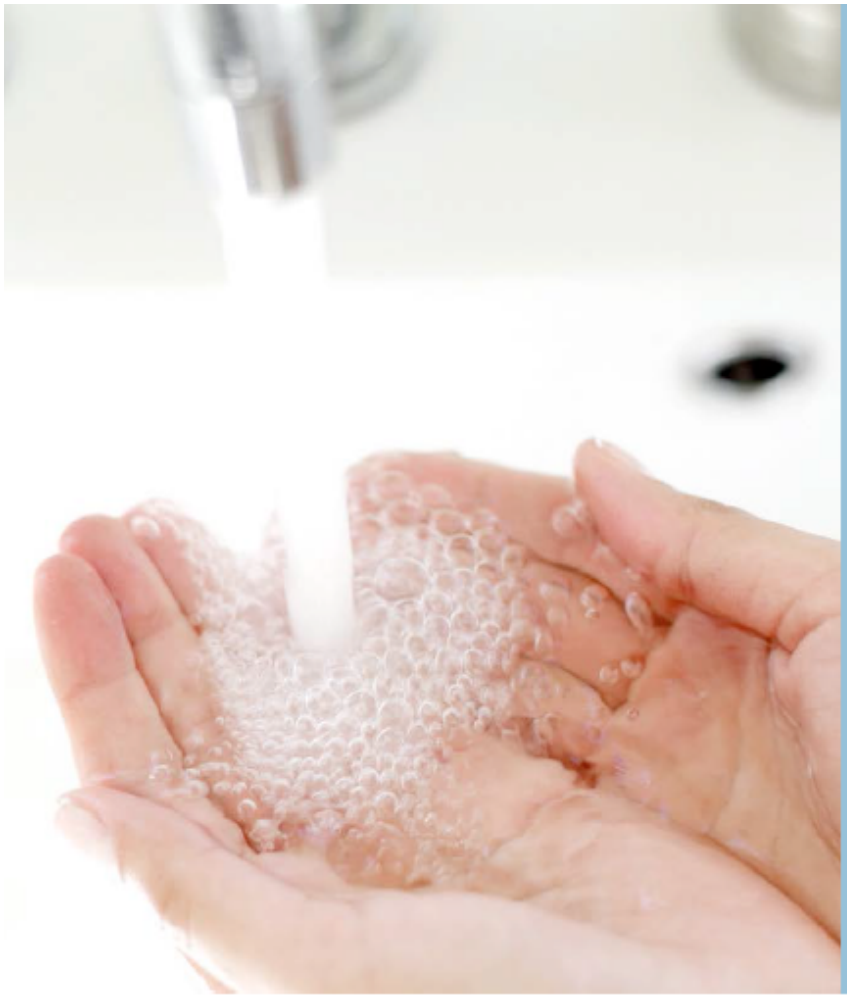
Report	To	Frequency
Drinking Water Quality Management Plan (DWQMP)	DNRME	Annually
Drinking Water Quality Incident Reporting in accordance with Water Supply (Safety and Reliability) Act 2008	DNRME	As required
National Performance Indicators (NPI)	DNMRE/NWC	Annually
Annual Performance Plan in accordance with Local Government Regulation 2012	Adopted by Council	Annually
Wastewater Treatment EPBC Approval Annual Return	Department of Environment (Federal)	Annually
Wastewater Treatment Environmental Authority Annual Return	DES	Annually
Environmental Incident Reporting associated with Wastewater Treatment Environmental Authority	DES	As required
State Key Performance Indicators	DNRME	Annually
Customer Service Standards (CSS) in accordance with the Water Supply (Safety and Reliability) Act 2008	Water and Sewerage Service Customers/DNRME	Every five years
Fluoride Dosing issues in Accordance Water Fluoride Regulation 2008 and the Public Health Regulation 2005	Qld Health	As required
Fluoride Concentration Reporting	Qld Health	Quarterly
WaTERS Reporting for Wastewater (Water Tracking and Electronic Reporting System)	DES	Quarterly
BoM National Water Accounting Data	BoM	Not required at present
National Pollutant Inventory (NPi)	Department of Environment (Federal)	Annually

Appendix A: Customer Charter

MACKAY REGIONAL COUNCIL
WATER SERVICES

CUSTOMER CHARTER


"Our commitment is to deliver affordable, quality water & sewage services to our customers"



Mackay Regional Council is an innovative provider of water and sewerage services that supplies quality potable water, sewage collection and treatment, and non-potable recycled water to over 100,000 customers.

The vision of Mackay Regional Council (Council) is to be an innovative water service provider that is recognised for its commercial performance, provides regional leadership, has the respect of its customers and industry regulators, and prides itself on sustainability.

In order to achieve this, we are committed to engaging with our customers through open two-way communication to deliver quality water and sewerage services to enhance our community.

The Customer Charter forms part of our commitment by outlining the acceptable guidelines for the delivery of services within our community. Specifically, it documents the level of service that is provided to customers, and the processes for interacting with customers.

This Charter applies to normal residential water and sewerage connections. It does not apply to services that are not installed in accordance with council's engineering design guidelines or for which a separate contract has been established.

OUR COMMITMENT TO YOU:	
Customer Rights and Responsibility	
Service connections	New water and sewerage connections can be applied for by filling out and submitting the relevant form to Council. Approval of service connections is conditional on the availability of the appropriate working drains and main supplies to the property, in compliance with the *Plumbing and Drainage Act 2002* (Qld). When an application is approved, Mackay Regional Council aims to provide the connection within 15 workings days of receipt, 90 percent of the time. Disconnection from the water supply requires prior approval from Council. On receiving approval, it is the responsibility of owners to arrange for proper disconnection from the supply pipe.
Consultation	Mackay Regional Council will keep customers informed on relevant matters through active two-way communication. General information and notices may be provided by brochure, media bulletins (printed and radio), or online at www.mackay.qld.gov.au. For those directly affected by a planned interruption, Council will provide a minimum of 48 hours' notice by letter to the premises. Requests for information from Council may be directed in writing or by telephone to the relevant department – see the Contact section for details.
Complaints	Customers can contact the council to register a complaint by telephone, email, or in writing. See the Contact section for details. When a complaint is registered, Mackay Regional Council will record the complaint on the Council's Customer Portal, appoint a staff member to investigate the complaint, and then advise you of the outcome. Mackay Regional Council will respond to 90% of customer complaints within five (5) working days of lodgement.
Interference with Infrastructure	Connecting to or disconnecting from Council's infrastructure without approval is an offence under the *Water Supply (Safety and Reliability) Act 2008*
Water Restrictions	It is the responsibility of the customer to be aware of and abide by any water restrictions that are in place. Refer to Council's policy for further information, at http://www.mackay.qld.gov.au/services/water/water_restrictions
Dispute resolution	If you have tried to resolve the matter and are still dissatisfied, you can lodge an Administrative Action Complaint using the Complaint Lodgement Form on Council's website. (http://www.mackay.qld.gov.au/contact/feedback/administrative_action_complaints) Customers that are still not satisfied with the outcome have the right to take the issue to the Queensland Ombudsman Office.

Water Supply Services	
Water Pressure	During normal operating periods, water will be provided to the meter at a pressure of 22 m of head (220 kPA), and at rate of 20 L/min. Properties that are part of a Tank Replenishment Scheme are subject to different water service conditions, particularly pressure of supply. These different conditions apply to: • Cape Hillsborough Road, Cape Hillsborough • Wainai Road, Farleigh • Palm Ridge Drive, Richmond • Ian Reddacliff Drive, The Leap • Droughtmaster Drive, Hay Point • Austin Drive, Eton • Rural View Drive, Nindaroo • Mooreland Street, Bakers Creek Further information on the service conditions for the Tank Replenishment Scheme can be provided on request – see the Contact section for details.
Reliability	Mackay Regional Council aims to ensure water supply continuity through the following performance targets each financial year: • Less than 40 water main breaks per 100 km • Less than 100 unplanned interruptions per 1000 connections, and • Minimum notice for all planned interruptions of 48 hours In the event where an unplanned interruption does occur, the Council will endeavour to respond within five (5) hours of being notified for 90% of cases per financial year.
Incidents	A water supply incident is any event affecting Mackay Regional Council water infrastructure which adversely affects the service provided to customers, and to which service complaints can be attributed. Mackay Regional Council will respond to reported water incidents within two (2) hours of formal notification, 95% of the time across each financial year.
Water Quality	Mackay Regional Council commits to the effective and safe management of the water supply in order to provide a safe, high quality drinking water that complies with the physical, chemical, and microbiological health limits of the Australian Drinking Water Guidelines (ADWG).
Complaints	Complaints can be made to the Customer Service Centre listed in the Contact section. Council aims for an incidence of less than 5 water quality complaints (discolouration or staining, taste, odour, illness, or cloudy water), and less than 50 water service complaints per 1000 connections per financial year.
Fire Services	Water drawn from a firefighting system or hydrant is strictly for firefighting purposes only and is not charged. Misuse of firefighting water is an offence. After such use, the property owner must notify Council of this use within 7 working days. If this water comes from the general metered supply to the property, a meter reading will be performed as soon as possible, to determine the usage for firefighting purposes.

	Queensland Fire and Emergency Service may take water for fire-fighting from any source.
Dialysis and Life Support Machines	Customers who have an increased consumption of water due to its use in home haemodialysis may be eligible for concession water rates from Mackay Regional Council. To apply, send a written request to the address in the Contact section, along with the appropriate medical certificate. If you are registered with Mackay Water Services as having a life-support machine requiring water, we will endeavour to advise of planning interruptions and emergency situations. For further details, contact the Council via the details in the Contact section. Dialysis requires water quality beyond that which is prescribed for normal drinking water. Setting up for home dialysis usually involves its own water filtration equipment. For information on this, customers should consult Kidney Health Australia at kidney.org.au, or call them on 1800 454 363.
Sewer Services	
Reliability	Mackay Regional Council will endeavour to provide reliable sewerage services, with less than 30 sewer main chokes or blockages per financial year.
Incidents	A sewer service incident is any event affecting Mackay Regional Council sewerage infrastructure which adversely affects the services provided to customers, and to which service complaints can be attributed. The response time to 90% of sewerage incidents will be two (2) hours or less per financial year.
Maintenance	Mackay Regional Council will maintain all sewerage infrastructure up to the sewerage point of connection (jump-up). All plumbing works on the household side of the jump-up are the responsibility of the property owner. It is the responsibility of property owners to not cause stormwater flow to infiltrate the sewerage system, such as through illegal rainwater connections or changes to landscaping that diverts stormwater into sewer access holes.
Odours	Complaints about odours caused by sewage can be made to the Council Customer Contact Centre (see Contact section). Mackay Regional Council will maintain sewerage infrastructure in order to limit odour complaints to six (6) per 1000 customers per financial year.
Overflows and blockages	In the case of a blocked or overflowing sewer, customers should advise Mackay Regional Council by phone as soon as possible. The call centre will send field staff out to investigate the problem and locate its source. The location of the blockage will determine who is responsible for its repair. Sewer blockages and overflows that are found to originate in Council's sewerage infrastructure must be cleared only by the Council's arrangement. Private contractors hired by property owners are not permitted to carry out works on Council infrastructure. If the problem is located within the plumbing or house drain of the property, then the property owner is responsible for arranging and paying for repair.

Meters and Infrastructure	
Water meters & Automated Meter Reading Devices	A water meter and an Automatic Meter Reader (AMR) Device is installed and located on the property boundary as part of each water service connection. The water meter and AMR device is the property of Council.
Access	Property owners are responsible for providing unhindered access to the water meter (and AMR device). This includes ensuring the area is clear of vegetation and other obstructions such as fences and concreting. Any cost for restoring access will be charged to the property owner. Mackay Regional Council staff or their contractors may require entry to your land to: • carry out connection work • read or test meters, or • to inspect, maintain, repair, or replace MRC property. Staff will have Council photo identification, and you are entitled to ask to see this identification before answering questions or allowing work to be carried out.
Estimated Readings	Under some circumstances, a meter reading may not be available and an estimated value of water consumption may be used for billing, based on previous use.
Accuracy	Council will test the accuracy of a water meter at the property owner's request. A pre-paid fee applies for this service. However, the fee will be refunded if the water meter is found to be inaccurate. Meter testing will be done by an independent accredited testing agency.
Maintenance	Mackay Regional Council will replace water meters in accordance with council's meter replacement program. Council will maintain all water infrastructure up to and including the water meter. All plumbing works after the meter is the responsibility of the property owner. For all billable sub-metered properties, council will maintain the sub-meter. The infrastructure between the master meter and the sub-meter is the property owner's responsibility. For further information refer to Mackay Regional Council's Sub-Metering Policy. (http://www.mackay.qld.gov.au/__data/assets/pdf_file/0011/192548/055_-_Sub-Metering_Policy.pdf)
Damage to Infrastructure	Damage to Council infrastructure should be reported by phone (see the Contact section). Intentional damage is an offence. Council will charge the owner of the property with the reasonable cost of repair, unless the damage was caused by Council staff or Council contractors.

	The safekeeping of meters and AMRs is the responsibility of the owner of the property on which they are located.

Fees and Charges

Billing	Billing will occur at least every six (6) months. All water registered on the meter will be deemed to have been delivered to the customer, unless meter error can be established. Both water and sewage access charges are reviewed and set annually by Council resolution. Water usage is charged on a per kilolitre basis as per Council's Revenue Statement.
Payment	Payment of all water and sewerage related charges must be made by the due date. Additional charges may be incurred for late payment. Payment can be made: • online • by telephone • via BPay • by mail • in person at your local Client Service Centre, or • at the Post Office. Overdue accounts incur a monthly compounded interest rate of 11% per annum, calculated from the end of the financial half-year in which they were due. Special financial arrangement may be available in the instance of proven hardship. Council will offer property owners financial concession when they have received an unusually high Water Notice, resulting from a concealed leak. Refer to Council's Concessions for Concealed Leaks Policy for further information. (http://www.mackay.qld.gov.au/__data/assets/pdf_file/0010/110143/Concessions_for_Concealed_Leaks_-_No_048.pdf)
Disputed charges	If you believe you have been overcharged, it is recommended that you pay the amount in full and raise the matter with us. If you have been overcharged due to a meter misread, Council will promptly credit the overpayment to your account.

Contact Us	
Emergency Assistance	For any immediate danger to people or property, call 000. For assistance outside of Council's regular hours, the Customer Service Centre is available 24 hours a day on 1300 522 529 More emergency contacts can be found at www.mackay.qld.gov.au/services/emergency_management/contacts
Enquiries, faults, and billing enquiries	24-hour Customer Service Centre: 1300 MACKAY (1300 622 529)
Email	council@mackay.qld.gov.au
Online	www.mackay.qld.gov.au

Appendix B: Matching the ISO Framework with Water Services QMS

ISO Ref	ISO Scope	Status	QMS Element
CI4 - Org. Context	• *4.1 ….**external and internal issues** that are relevant to its purpose and that affect* (the businesses) *ability to achieve the **intended outcomes** …..* • *4.2 …determine… the* (relevant) *stakeholders* (and) ***the requirements of those stakeholders,*** • *Determine…the criteria for asset management decision making.*	✓ ✓ ✓	• Water Services **Performance Plan** identifies the businesses key stakeholders, the needs of those stakeholders and capability from which is derived the businesses purpose and intended outcomes • Outlined in capital prioritization guidelines
CI5 - Leadership	• *5.1 **leadership and commitment** with respect to the AMS* • *5.2 top management <u>shall</u> **establish an AM Policy*** • *5.3 ……..the **responsibilities and authorities** for relevant roles are assigned and communicated within the organisation.*	✓ ~	• The **QMS** itself provides the governance framework for Mackay Water. HOW this integration occurs needs to be developed in the **SAMP** (S4) . • **Councils AM Policy** to be updated for ISO55000 • Roles and responsibilities are broadly outlined in various **role statements**
CI6 - Planning	• *6.1.1 When planning for the AMS the organisation <u>shall</u>…. **determine the risks** (and, CI 6.1.2) <u>shall</u> establish, implement and maintain processes for the ongoing determination, **analysis and evaluation of asset related risks**…..* • *6.2.1 …..establish **AM objectives** at relevant functions and levels* • *6.2.2 ….establish, document and maintain **asset management plan (s)** to achieve the organisational objectives.*	✓ ✓ ✓	• The **Business Continuity Management Plan** outlines the businesses Risk Management Procedures and process for analysis and evaluation of these risks • The **draft AMP** establish and document how the business will achieve the organisational objectives
CI7 - Support	• *7.1 ……**provide the resources** needed* • *7.2 <u>I</u>…. determine the necessary **competence of persons (s)*** • *7.3 …. (staff) **<u>shall</u> be aware** of …(their role in delivering key aspects of the AMS).* • *7.4 …..internal and external **communications** relevant to the asset, asset management and AMS….* • *7.5 …. determine its **information requirements** to support its asset, AM and the AMS……*	✓ ~ ~ ✓	• The **Human Resources Management Plan** will identify the skills/capabilities of key staff, skills gaps and training needs analysis which ensures that staff are (and remain) their competence • The businesses **Information Management Strategy** outlines system support requirements and document management • The Councils **Performance Management framework** provides a mechanism for communication of key operational outcomes on a regular basis
CI8 - Operation	• *8.1 …. plan, implement and control the **processes** needed to meet requirements...* • *8.2 ….<u>shall</u> **assess the associated risks** (of change) before the arrangements are implemented*	✓ ~	• The business **Operational Management Plan** (and the subordinate DWQM Plan, WWT Management Plan, Sewerage Management plan and RW Management Plans) clearly outline how the business will deliver the nominated outcomes • The **Project Development and Delivery Plan** outlines the processes required to be undertaken to ensure that the business can meet its overall objectives • The **Business Continuity Management Plan** outlines the businesses Risk Management Procedures and process for analysis and evaluation of these risks

ISO Ref	ISO Scope	Status	QMS Element
			• The **Asset Management Plans** assess the risks associated with each of the asset areas.
CI9 - Perform Eval.	• *9.1 determine… (a process **for monitoring, measurement , analysis and evaluation)***	✓	• The **Performance Plan** reflects Council broader performance management framework which define the businesses efficiencies in delivering nominated outcomes • The **Information Management Strategy** outlines a series of detailed management reporting protocols which ensure that specific processes within the business are delivering their intended outcomes • The proposed SAMP/AMPs should include consideration of performance metrics for monitoring, evaluation and evaluation of asset class/network performance
CI10 - Improvement	• *10.2 …. **continually improve** the suitability, adequacy and effectiveness of the AMS* • *10.3 ….. identify **potential non conformities** and evaluate the need for preventative and predictive action to prevent their occurrence*	✓	• Mackay Waters QMS has been developed in accordance with Council overall QA system. This QAS provides the framework for management of continuous improvement, non-conformances and preventative action

Appendix C: Overview of Asset Management Responsibility

(Red cells indicates "lead" agency; Blue indicates key "support" functions)

Required skill set		Mackay Water				Develop. Services	Corporate Services		
		Planning & Sustain.	Infr. Delivery	Ops	Business Services		CAMS	HRM	Corporate Finance
Overall AM Strategy	Establish the "Council wide" SAM framework								
	Develop SAM/TAM/OAM at the business level								
	Establishing Service Levels (based on Statutory obligations, stakeholder requirements, business capability etc.)								
	Negotiation/Reporting with regulatory stakeholders								
Corporate Policy	Develop/Maintain Asset Register – Operations								
	Develop/Maintain Asset Register – Finance								
	Provide a Framework for Risk Management								
	Develop the Businesses RM capability								
	Provide Systems to facilitate Financial Management at the Asset Level (e.g. asset valuation, opx at asset level etc.)								
	Undertake Asset Level Financial Analysis								
	HR Management (Skills assessment, gap analysis, recruitment, retention, succession planning etc.)								
Asset Planning	Identification of the growth needs								
	Assessment of future demand and service standards								
	Network Optimisation (incl. modelling)								
	Development of Cap X approval process								
	Identification of the renewals program								
	Project Definition								
Asset Design	Detailed design								
	Development of asset standards								
Asset Delivery	Development of Corporate "Value for Money" (VFM) Procurement framework								
	Development of business based VFM processes								
	Delivery of the agreed CIP program								
	Development of Asset Acceptance Procedures								
	Implementation of Asset Acceptance Procedures								
Asset Operations	Development of an Operational Strategy								
	Development of a (risk based) Maintenance Strategy								
	Efficient management of service delivery								
	Data gathering on asset performance								
	Asset condition/performance/risk evaluation								
	Asset Operations Monitoring (SCADA etc.)								
	Asset configuration management systems/processes								
	Work Practices, OH&S, IR etc.								
System Integration	Integration of systems/processes								