



# Whitsunday Water

## Business Management Plan

April 2019

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## Executive summary

**Whitsunday Water** became a commercial business unit of the Whitsunday Regional Council on 1st July 2015. The business is responsible for providing water supply and waste water services to the Whitsunday Region, including the supply of potable water and the collection and treatment of sewage. Whitsunday Water aims to be responsive to customer's needs and to make a positive contribution to the social, economic and environmental sustainability of the Whitsunday Region.

As a **Significant Business Unit** under the Local Government Act, Whitsunday Water is required to operate in accordance with the States Code of Competitive Conduct. This will be achieved through delivering excellent customer service, environmental management and efficient operations while maximising the return to Council. The range of initiatives contained in this Business Management Plan (and supporting strategies) have been developed to ensure that these outcomes are delivered by the business

The purpose of this **Business Management Plan** is to outline the commercial objectives, financial capacity, levels of service, Councils expectations and strategic business activities of Whitsunday Water for the period 2019-2023. The Business Management Plan provides a direct "line of sight" between Councils Vision (as contained in its Corporate Plan) and Whitsunday Water activities.

The main challenges to be addressed by the business include:

- **Financial** – understanding the pricing (10-year price path) and costing (Op X and Cap X) of the business;
- **Commercialisation** – transition the business to a more commercial mode of operation;
- **Improved Customer Service** through providing real time information to stakeholders;
- **Asset Management:** implementation of long term strategies for managing assets in a manner that supports innovation and sustainability service delivery; and
- **Water Security and Quality:** implementing source water protection (including demand management) and development/implementation of the Drinking Water Quality Management System

Detailed strategies for delivering these outcomes are outlined in the **Strategic Action Plan** in Section 4.



# 1.0 Introduction

## 1.1 Purpose of this Document

The purpose of this Business Management Plan is to:

- Provide a succinct overview of Whitsunday Waters business;
- Establish a long term strategic direction for the business (including targeted outcomes);
- Highlight key challenges confronting the business;
- Summarise the strategies developed by the business to address those challenges and deliver the nominated outcomes; and
- Demonstrate a commercially viable future for the business.

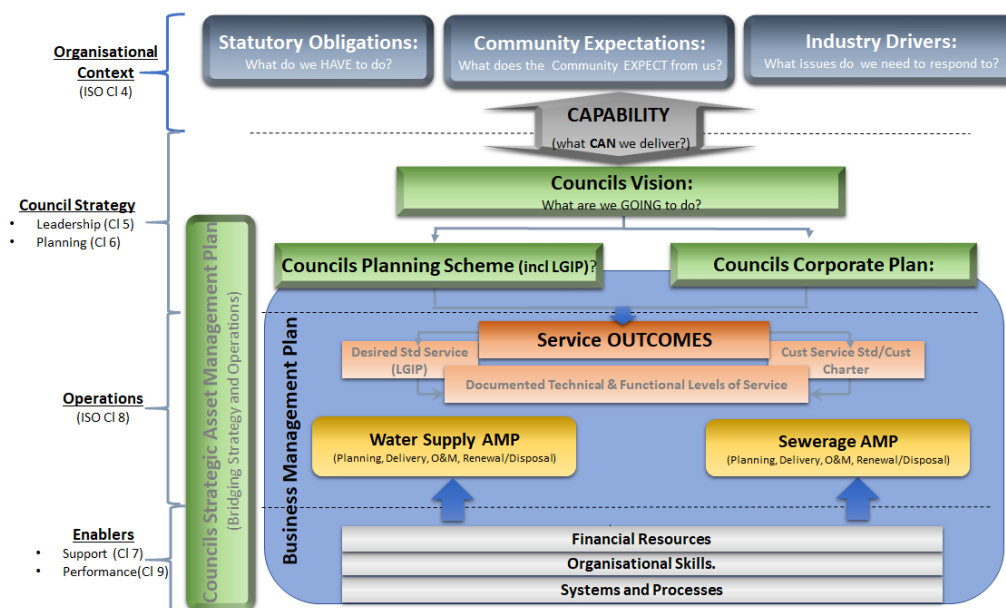
## 1.2 Plan Framework

Whitsunday Waters activities are aligned with Councils Corporate Vision. The Business Management Plan has been designed to reflect:

- Councils **Planning Scheme** as the document which defines Councils growth strategy for the Whitsunday region; and
- Councils **Community and Corporate Plans** which collectively summarise the service outcomes intended by Council.

To ensure that the strategies contained within this Business Management Plan are relevant to the overall corporate direction of Council, each proposed initiative has been linked (or “mapped”) to an equivalent driver in the Corporate Plan (refer Strategic Action Plan (Sect 4.1)). How these initiatives are implemented is then summarised in a series of operating strategies including the Water and Sewerage Asset Management Plans, the financial forecasts (Appendix A), and service strategy. A summarised version of the business then informs the Councils **Strategic Asset Management Plan (SAMP)** which has been structured to be consistent with the international standard for Asset Management (ISO 55000). The relationship between the Business Management Plan and Councils corporate documentation is illustrated schematically on Figure 1.1.

**Figure 1.1 -Integration of the Business Management Plan with Council corporate documents**



## 2.0 Strategic Objectives

### 2.1 Vision and Mission

The Vision and Mission statements are intended to succinctly define the ambition of Whitsunday Water to develop a more commercial approach to its business.

The **Mission Statement** for Whitsunday Water is:

#### Mission Statement

*Whitsunday Water will deliver Councils objectives through a change in business focus away from a technical emphasis to more commercial and customer-oriented mindset*

The **Vision Statement** for Whitsunday Water is:

#### Vision Statement

*Whitsunday Water will play a central role in ensuring that the Whitsundays reputation as a venue of internationally recognised natural beauty is enhanced through providing innovative solutions, improving service outcome and a commitment to the environment*

### 2.2 Our Values

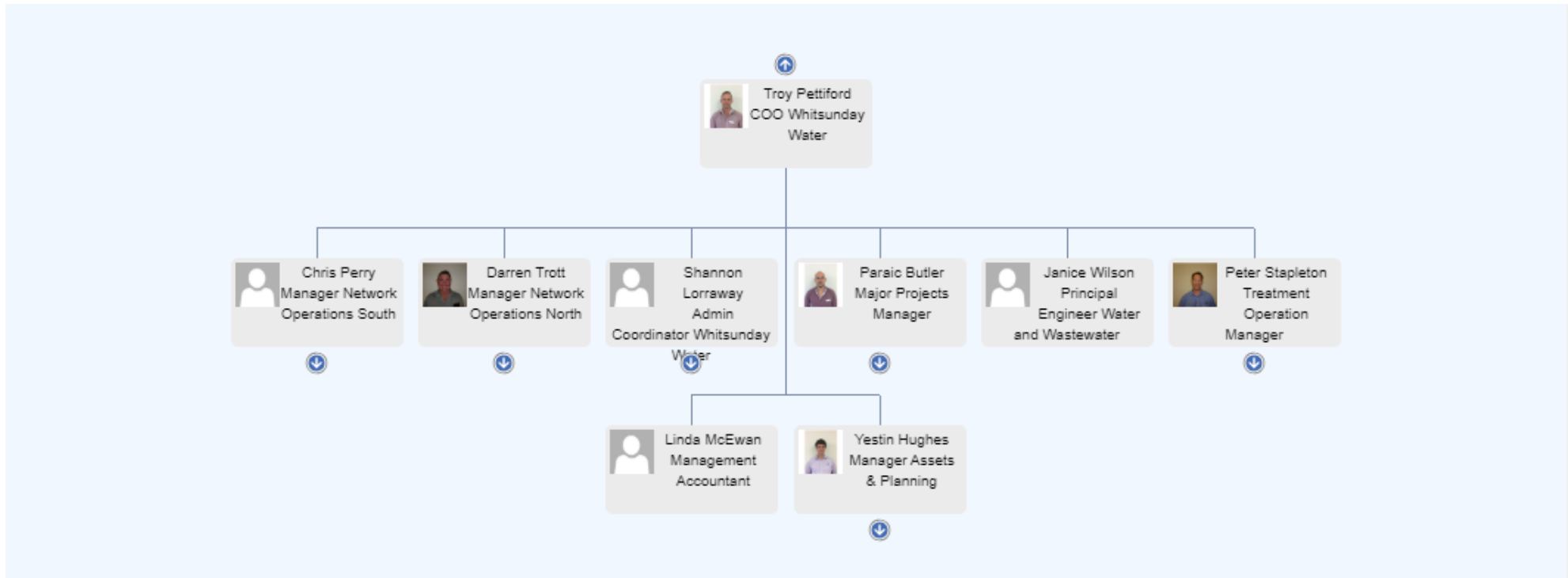
Whitsunday Water businesses functions in a way that supports the core Values of Council which are:

- **Accountability** – being open, diligent and ethical in our decisions and actions
- **Unity** – working together to get things done
- **Trust** – in our team mates, our service partners and our customers
- **Community** – building pride, strength and confidence amongst our region, residents and ratepayers; and
- **Continuous improvement** – always looking for solutions and ways to do things better.

### 2.3 Organisational Structure

The organisational structure reflects the functional outcomes required from the business. The approach provides greater accountability for achievement of specific outcomes and focus on business priorities. Figure 2.1 provides a schematic summary of the organisational structure and Table 2.1 provides a succinct summary of responsibility across the business

Figure 2.1 – Whitsunday Water Business Organisational structure



**Table 2.1 - Management Responsibility**

<b>Role</b>	<b>Responsibility</b>	<b>Priorities</b>
<b>Director, Engineering Services</b>	Responsible for the development and implementation of a business strategy which delivers the Council strategic objectives (as outlined in its Planning Scheme and Corporate Plan)	<ul style="list-style-type: none"> <li>• Development of a Business Management Plan for Water Services</li> <li>• Overall responsibility for delivering the Water Services Business Plan</li> <li>• Manage the business to achieve the best interest of Council and the community</li> <li>• Delegate accountability to the Chief Operating Officer and allocate sufficient resources to ensure that the business can meet its obligations as defined in the Business Management Plan;</li> <li>• Bear ultimate financial responsibility for the Water Services Business; and</li> <li>• Report to Council against nominated performance targets</li> </ul>
<b>Chief Operating Officer, Whitsunday Water</b>	Responsible for all aspects of the “day to day” management of the Water Services business	<ul style="list-style-type: none"> <li>• Delivery of the Water Services Business Plan</li> <li>• Coordination of the water businesses strategic activities (both within the business and across the broader Council);</li> <li>• Delegate accountability to functional managers and staff;</li> <li>• Long term financial management</li> <li>• Allocate sufficient resources to ensure that the business can meet its obligations as defined in this Business Plan</li> <li>• Establish and maintain effective regional alliances</li> <li>• Report to the Director, Engineering Services against nominated operational performance targets</li> </ul>
<b>Manager, Assets and Planning</b>	Responsible for forecasting and planning to deliver sustainable water service outcomes that address current and future challenges	<ul style="list-style-type: none"> <li>• Strategic Asset Management</li> <li>• Criticality assessment</li> <li>• Strategic Infrastructure Planning (including growth and renewal planning)</li> <li>• Detailed Planning and design</li> <li>• Condition and Performance monitoring</li> <li>• Policy and standards</li> </ul>
<b>Manager Major Projects</b>	Responsible for the delivery of the capital works program (as defined by the Manager, Assets and Planning)	<ul style="list-style-type: none"> <li>• Asset delivery including procurement, Construction management, commissioning and handover</li> <li>• Project services</li> </ul>
<b>Manager, Network Operations (North)</b>	Responsible for operating and maintaining the water services assets to achieve the businesses service objectives and meet statutory obligations	<ul style="list-style-type: none"> <li>• Network operations</li> <li>• Planned and responsive maintenance</li> <li>• Risk management and contingency planning</li> </ul>
<b>Manager, Network Operations (South)</b>		
<b>Treatment Plant Manager</b>	Responsible for management of the businesses (water and wastewater) treatment and electrical activities	<ul style="list-style-type: none"> <li>• Treatment Services</li> <li>• Electrical Services</li> <li>• Laboratory</li> <li>• Environmental management</li> </ul>

## 3.0 Operating Environment

### 3.1 General

The objective of this section of the Business Management Plan is to provide a succinct summary of the context within which Whitsunday Water operates and the outcomes that the business is targeting. In effect this section seeks to align the demands of external stakeholders (what they want the business to do) with the business capacity (what we have the resources to deliver).

### 3.2 External Drivers

Management of Local Government owned Water Services Businesses has become progressively more challenging in recent decades. Increased regulation, changes in expectations, diminution in financial support from State and Commonwealth government and capacity constraints are factors for the business to address. Some of the main external drivers include:

#### Legislative Obligations

Whitsunday Water is subject to at least twelve different legislative Acts, which are administered by up to seven state agencies (Figure 3.1). Most of these regulations focus on the sustainable delivery of quality water services. However, as a Significant Business activity, there is also a statutory imperative for Whitsunday Water to structure its operations to meet the Code of Competitive Conduct.

#### Community Expectations

Trust in government institutions has been on the wane for several decades. The community expects public institutions to be transparent, accountable, efficient and effective. The public sector has tended to be slow to react to this change and, in some instances, we may have reached a point where the community neither understands nor values the services provided. Such a lack of understanding and engagement can prove a challenge for Council when difficult decisions need to be made.

#### The Growth Imperative

Councils play an essential role in facilitating the economic development of their region. The impact of Council activities in this regard are relevant at the state and national level. However, too strong an emphasis on growth can inadvertently create challenges for the business either directly (i.e. growth outstripping Councils capabilities) or indirectly (through capital expenditure to support growth “crowding out” investment in the existing assets). Councils Local Government Infrastructure Plan (LGIP) attempts to balance the growth and service outcomes for the region through aligning growth with Councils Strategic Asset Management Plan (SAMP) and Long Term Financial Forecasts (LTFF).

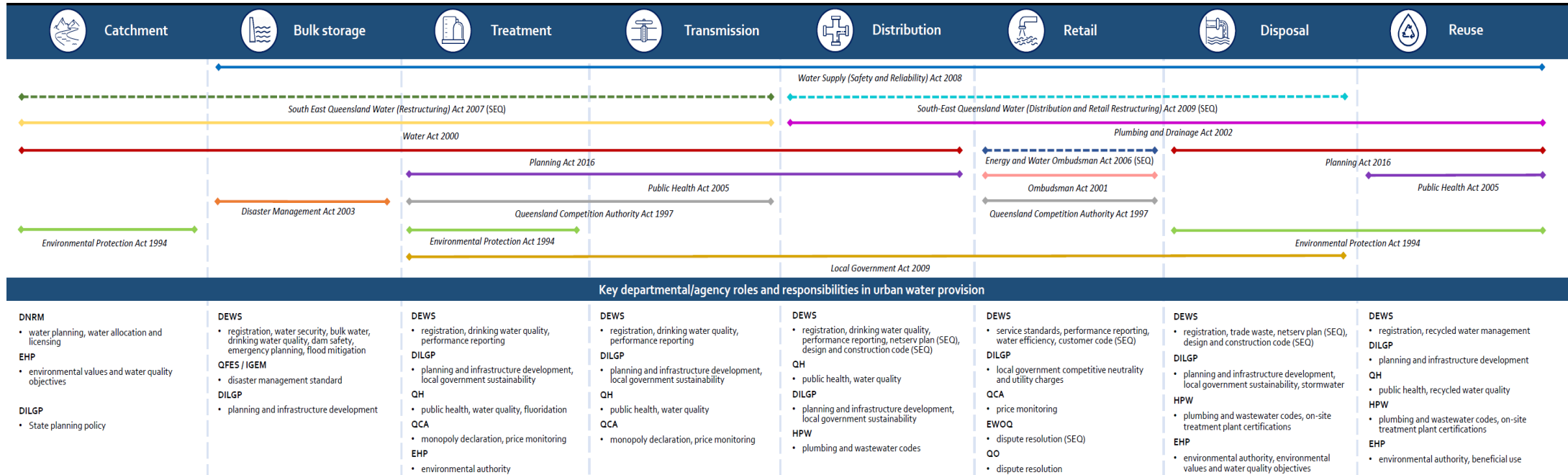
#### Service Reliability and Asset Management

The communities’ expectation is that services will remain sustainable over the long term. However, the water services business has experienced some unexpected challenges in managing its water service delivery to its customers. A key part of the solution to the issue of sustainable services is the establishment of an Asset Management Framework that develops and implements operational strategies which minimise the risk of disruption.

A key part of the pathway forward outlined below is to ensure that the water services and waste management strategies prescribe a sustainable service future and reflect the requirements of the International Standard for Asset Management (ISO 55000)



Figure 3.1 – Queensland Water Industry Regulatory Framework<sup>1</sup>



<sup>1</sup> Diagram provided by Department of Energy and Water Supply (2017)

### 3.3 Stakeholder Expectations

Table 3.1 provides a succinct summary of the expectations of key stakeholders on Whitsunday Waters business. The various roles of Council (i.e. as owner, community representative, service provider, regulator and planning authority) are discussed separately to identify the specific needs that Council may have in each of these roles.

**Table 3.1 – Stakeholder Expectations**

Stakeholder	Expectations
<b>Council as Owner</b>	Establishing the strategic direction for the business and setting performance targets which drive the realisation of the agreed strategy The primary role for “Council as owner” is to discharge its fiduciary duty by ensuring that the Water Services Business remains financially sustainable over the long term
<b>Council as Community Representative</b>	<ul style="list-style-type: none"> <li>As community representative, the council will be responsible for providing advice to the business on issues relevant to the community and advocating on their behalf</li> </ul>
<b>Council as provider of Services to Whitsunday Water</b>	<ul style="list-style-type: none"> <li>As a service provider to Whitsunday Water, Council will be responsible for delivering service outcomes required by the business</li> </ul>
<b>Council as regulator</b>	<ul style="list-style-type: none"> <li>As quasi regulator, the Council will be responsible for overseeing the environmental performance (esp. licence compliance) of the business</li> </ul>
<b>Council as the Planning Authority</b>	<ul style="list-style-type: none"> <li>Council will be responsible for the development of the Planning Scheme for the Whitsunday Region</li> <li>Engage with external parties Ergon, Main Roads and Sunwater in planning for future economic development of the region</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Act in good faith in providing efficient, reliable and quality services for the benefit of Whitsunday Waters business</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Be responsive to community-based strategies such as water conservation measures</li> <li>Minimise their impact on the water services networks (and resultant impact on the receiving environment)</li> </ul>
<b>Executive Management Team</b>	<ul style="list-style-type: none"> <li>Develop and implement the business strategy and provide the resources necessary for effective implementation</li> <li>Set high level priorities for asset management development in Council</li> <li>Raise awareness of the importance of Whitsunday Waters functions</li> <li>Ensure that the actions/strategies create a business which can deliver sustainable services, commercially sound and environmentally responsible outcomes.</li> </ul>
<b>State Government Agencies and Regulators</b> <ul style="list-style-type: none"> <li>Department of Natural Resources, Mines and Energy;</li> <li>Department of Environment &amp; Science</li> <li>Department of Local Government, Racing and Multicultural Affairs</li> <li>Great Barrier Reef Marine Park authority</li> <li>Local Government Agencies Queensland</li> </ul>	Provide advice and support in the interpretation and implementation of regulation Act professionally in managing regulatory matters
<b>Neighbouring Councils</b>	Active participation in alliances to engage effectively in building the capability of the regional water industry.

### 3.4 Our Customers and Service Outcomes

#### 3.4.1 Scope of Services

The scope of services proved by Whitsunday Water is summarised in Table 3.2.

**Table 3.2 – Scheme Overview<sup>2</sup>**

Schemes	No of Water Connections	No of Sewerage Connections
Cannonvale and Shute Harbour	6,700	6,297
Proserpine	1,894	1,654
Bowen	5,414	4,378
Collinsville	1,311	1,168
<b>TOTAL</b>	<b>15,319</b>	<b>13,497</b>

#### 3.4.2 Level of Service

As required under the Water Supply (Safety and Reliability) Act, Customer Service Standards are published on an annual basis. These include the following:

**Table 3.3 – Level of service - Sewerage**

Functional Levels of Service (how the end user may define its experience)			Technical Level of Service (Specific metrics that are driving the business)		
			SWIM Code	Performance Measure	Perf. Target (recommended)
			Effective	Supply Reliability	The water services network has the capacity to distribute sufficient supply to meet the needs of the region
AS39	Number of sewer main breaks per 100km sewer main	70			
CS28	Number of sewerage odour complaints	50			
Service Disruption	Minimum disruption to water supply and sewerage services to all ratepayers	AS41		Average frequency of unplanned interruptions per 1000 connected properties per year (No)	<10
		CS33		(Average) Response/reaction time for incidents (sewerage) (Mins)	540
		CS29		All sewerage service complaints (all aspects of sewerage business)	300
Sewerage Overflow	Overflows to private property occur very rarely.	CS44		Sewage overflow to customer property instances (no)	5
		AS36		Total number sewerage overflows (per 100km sewer main)	5
		CS59		Sewage overflows reported to environmental regulator (total, annual)	2
Sustainable	Wastewater Quality	The standard of effluent treatment does not have an adverse impact on the regional environment.		Licence compliance (mass load evaluation)	>=100%
Affordable	Value for money	The ratepayer is getting “value for money” for the water services it received (Customers inside Priority Infrastructure Area (PIA))		Pricing reflects efficient long run cost of production	90% Full Cost Recovery

<sup>2</sup> Statistics are as at 2017/18

**Table 3.4 – Level of Service - Water**

Functional Levels of Service (how the end user may define its experience)			Technical Level of Service (Specific metrics that are driving the business)			
			SWIM Code	Customer Group/s	Performance Measure	Perf. Target (Recom.d)
Effective	Supply Reliability	The water services network has the capacity to distribute sufficient supply to meet the needs of the region	AS14	Inside PIA and Critical Customers	Number of water main breaks (per 100km main)	40
			AS14	Outside PIA Customers	Number of water main breaks (per 100km main)	70
	Service Disruption	Minimum disruption to water supply and sewerage services to all ratepayers	CS42	Inside PIA and Critical Customers	Average frequency of unplanned interruptions per 1000 connected properties per year (No)	<10
			CS37	Inside PIA and Critical Customers	Response Time – Water Incidents (min)	45
			CS10	All (by Group, where possible)	Water service complaints per 1000 connections (No)	120
	(Water) Pressure	“Adequate pressure” may translate to the ability to have the shower and dishwasher going at the same time (with no noticeable loss of pressure)		Customers inside Priority Infrastructure Area (PIA)	% time DSS achieved	99%
Water Quality	The water agency must provide safe drinking water but there is still scope for complaints with regard to taste/smell and discolouration which may not be health related		All	Water quality compliance guidelines used/ required (%)	100%	
Sustainable	Water Security	Sufficient water is available (at the source)	AS10	All (by Group, where possible)	Real water losses (L/service conn/day)	100
			CS9	All (by Group, where possible)	Number water quality complaints (No)	100
			AS11	All (by Group, where possible)	Real water losses kL/km watermain/day	5
Affordable	Value for money	The ratepayer is getting “value for money” for the water services it received		Customers inside Priority Infrastructure Area (PIA)	Pricing reflects efficient long run cost of production	90% Full Cost Recovery

### 3.4.3 Community Service Obligations

Community Services Obligations (CSOs) are activities which the business is instructed to undertake on a non-commercial basis. Legislation requires the scope of CSOs to be identified by Whitsunday Water in its annual reporting. The scope of CSOs include:

#### Water Supply:

- Price concessions to select customer groups
- Access and water charges foregone
- Uneconomic network to communities
- Non-optimised water assets
- Costs associated with implementation of state policy; and/or
- Demand Management.

**Sewerage Services;**

- Access charges foregone
- Non-optimised Sewerage assets
- Support to community organisations, clubs and sporting associations
- Costs associated with implementation of state policy;
- Additional Future charges; and/or
- Non-implemented charges

Current Community Services Obligations for 2019/20 are estimated at \$ \$3,411,713.

## 4.0 Current Issues and Business Strategies

Whitsunday Water operates in a dynamic environment with numerous challenges including:

- Delivering service standards with an ageing infrastructure;
- Facilitating growth of the region;
- Managing changes in environmental considerations (including discharge to the reef and the effects of climate change);
- Remaining financially sustainable for the long term;
- Building the capacity of the business (i.e. getting the staff/skills needed and retaining knowledge through succession planning);
- Managing increasing regulation; and
- Keeping up with changes in the water industry.

Whitsunday Water recognises that, to be successful it needs to be flexible enough to adapt to these changes

**Table 4.1** provides a succinct summary of the strategies that have been developed by the business to address these challenges and how each action item, relates to the Council Corporate Objectives (and associated strategies)

Table 4.1 Strategic Action Plan

Strategy Corporate Plan		Direction Whitsunday Water									
Strat.	Strategy Statement	Strategy	Outcomes	Rel. Corp Strategy	Account.	Major Initiatives	18/19	19/20	20/21	21/22	22/23
Governance and Leadership	.. the Whitsunday region is united and our leadership delivers open, accountable and transparent local government. Our community is engaged, informed and actively involved in Council decision making. WRC is an innovative and financially sustainable organisation and our staff are skilled, valued and productive	Commercialisation of the Water Services Business	Move toward a fully commercial more of operation for the Water Business (as required under State regulation for Significant Business Activities)	1.1.1, 1.1.2		• Develop and get Council sign off of this (ISO 55000 compliant) Business Management Plan					
						• Sign off on Charter for Commercialisation;					
						• Implement monthly performance reports to include reporting of the commercial business unit's financial sustainability ratios. Comparison of actual reporting to consumption forecasts, non-revenue water mgt and reserve fund balances					
		Customer Service Standards	Investigate options to provide real time information to stakeholders	1.1.4		• Review information online and develop plan for revision of CSS					
						• Engage with the community on levels of Service (and water conservation o support growth at lower cost and manage water supply security (MAMP)					
		Financial Management	Demonstrate leadership in policy direction for commercialised business units	1.3.2		• Test the current LOS to determine a "confidence interval" for reasonableness and determine if the LOS are achievable under current budget allocation (AMP)					
						• Consider option for a variable LOS for different classification of customers and/or by region (AMP)					
						• Balance LOS with Willingness to pay (AMPs)					
						• Develop and maintain long term forecast financial model for the water and sewerage business streams					
						• Use the long term financial models to identify a pathway to full cost pricing – submit to council for adoption					
• Identification and realisation of all CSO's											
Asset Management	Develop and implement.... Long term asset management plans that support innovation and sustainability of service delivery	1.3.3, 1.3.6, 1.3.7, 3.4.1		• Develop water billing and debt recovery policies							
				• Introduce new policies and fees and charges for recoverable works and damage to council assets							
				• Introduce new work order costing system to capture cost by asset							
Information Management and IT integration	Improve understanding and mapping of assets			• Develop a strategy for minimum reserve fund balance and save to reinvestment fund to the value of depreciation each year. (Debt reduction and no new loans until financial sustainability ratio (DSCVR) meets statutory guidelines.							
				• Undertake a review of Asset Current Replacement Costs (AMP)							
Performance Assessment Strategy	Support council's decision to acquire the asset management program MYDATA			• Undertake review of 10 Yr. capital projects to breakdown into the categories of Capital Renewals, Replace and Upgrade, to ensure correct capturing for the Assessment of Asset Sustainability Ratio							
				• Develop ISO 55000 compliant AMPs for Water and Sewerage which provides the overarching summary of the water businesses' strategic and operational AM							
People	The Whitsunday Region jus an inviting and welcoming community with an envious lifestyle. Our region is active, healthy and inclusive and our residents enjoy access to a range of social, cultural and	Risk Management	Risk General	2.1.1		• Implement Source Water Protection					
						• Traffic management training					
		• Instigate regular condition ratings program to ensure up to date information in the event of insurance claim									
HRM Strategy	Business Contingency Planning	1.4.1		• Assessment of full compliance against the fire code for fire hydrant pressures etc.							
				• Develop contingency plans that support Councils emergency disaster management planning (PPRR) capabilities							
						• Utilise the PROMAP software to process map statutory and financial reporting for the department to ensure compliance reporting is uninterrupted by personnel absences.					
						• Review and rationalise statutory and internal reporting					
						• Implement Source Water Protection					
						• Traffic management training					
						• Instigate regular condition ratings program to ensure up to date information in the event of insurance claim					
						• Assessment of full compliance against the fire code for fire hydrant pressures etc.					
						• Develop contingency plans that support Councils emergency disaster management planning (PPRR) capabilities					
						• Review SOPs					
						• Review structure and role statement to provide clear accountabilities aligned to new operational efficiency systems and objectives					
						• Undertake review of resourcing requirements for STP and WTP and Network ops					



Strategy Corporate Plan		Direction Whitsunday Water												
Strat.	Strategy Statement	Strategy	Outcomes	Rel. Corp Strategy	Account.	Major Initiatives	18/19	19/20	20/21	21/22	22/23			
	recreational activities. We are a fair, equitable and affordable community and we respect our regions diversity		<ul style="list-style-type: none"> <li>Enhance employee performance through talent recruitment &amp; development and succession planning</li> </ul>			<ul style="list-style-type: none"> <li>Review workforce skills and ages and develop and implement a strategic succession plan.</li> <li>Establish gap analysis to reveals short term skills shortages and establish recruitment needs.</li> </ul>								
Place	The Whitsunday Region is thriving and sustainable. Our Regions infrastructure supports our growing population and our towns are well planned, with our unique heritage and character protected. We value our natural environment and work together to protect and enhance our regions natural assets	Facilitating Growth	Effective and efficient management of growth and development of the Whitsunday Region	3.1.1		<ul style="list-style-type: none"> <li>Work with Strategic Planning to ensure that all new development pays their appropriate charges and design infrastructure to avoid capital and operational costs (AMP)</li> <li>Work with Planning to improve handover of assets constructed to an acceptable standard (AMP)</li> <li>Upgrade Cannonvale Potable Water pipeline and Cannon Valley reservoir (AMP)</li> </ul>								
		Infrastructure Planning / Development Strategy	<ul style="list-style-type: none"> <li>Provide services and facilities that are consistent across region</li> <li>Ensure proposed capital works programs are achievable</li> </ul>	3.1.1		<ul style="list-style-type: none"> <li>Optimise the existing water and sewerage network model to inform future infrastructure need based on known (and projected) water demand for the region (AM)</li> <li>Improve scoping of Cap Works and business cases justification to the team.</li> </ul>								
						<ul style="list-style-type: none"> <li>Undertake targeted program of I/I identification and develop prioritised program for renewal/relining of network assets (AMP)</li> </ul>								
		Demand Management	<ul style="list-style-type: none"> <li>Improve customer empowerment by enabling them to manage their water consumption</li> <li>Promote water conservation</li> <li>Present options for billing reform to Council and implement if resolved</li> </ul>				Establish the framework for demand management including: <ul style="list-style-type: none"> <li>Assess a provider to implement customer portal</li> <li>Roll out installation of automatic read devices on water meters</li> <li>Water wise education program through schools</li> <li>Develop demand management strategy, table of regional triggers for Water Restrictions</li> <li>Review the manner in which water restrictions are applied to the different regions and establish a compliance framework for council adoption</li> <li>Pricing policy - council how pricing affects consumption, consumption affects, new asset investment</li> </ul>							
							Direct Demand Management and Leak reduction			<ul style="list-style-type: none"> <li>Engage with the community on water conservation to support growth at lower cost and manage water supply security (AMP)</li> <li>Targeted leakage reduction in Bowen and assess impact on proposed upgrade program. (AMP)</li> <li>Review demand management plan and incorporate into future revisions of the WAMP</li> </ul>				
							Reduce system losses and meet statutory obligation for development	3.4.2, 3.4.6			<ul style="list-style-type: none"> <li>Develop and incorporate new technologies and strategies that informs Council and the Community on Water usage (AMP)</li> <li>Implement district metering program and meter renewal/smart meter programs. (AMP)</li> <li>Determine impact on pricing if key trunk assets were deferred if demand management program were successful (AMP)</li> <li>Develop a "Leakage Policy"</li> <li>Implement District meter maintenance to reduce non – revenue water, to get consistent data that we can analyse water leakage and prevent future watermain breaks</li> </ul>			
		<ul style="list-style-type: none"> <li>Establish erosion control mechanisms in recurrent use and purchase systems for reuse and ensure adequate training of staff</li> <li>Recycled water license</li> </ul>												
		Environment Sustainability Strategy	Ensure environmental compliance in the business operations.	3.2.1 3.2.2			<ul style="list-style-type: none"> <li>Implement a uniform approach to scheduled maintenance programs updated by asset in management software (My data)</li> </ul>							
		Operations Management	Ensuring effective management in the delivery of water and sewerage services which meets our customer service standard KPIs	3.2.2? 3.4.2										
			Improve cost of delivering services through operational efficiencies				<ul style="list-style-type: none"> <li>Develop operational skills and capabilities for the takeover of the Cannonvale and Proserpine STP's and the rollout of SCADA systems</li> <li>Identify, evaluate and implement energy saving initiatives [Tariffs, Solar and Processes]. Program of identifying asset NMI's and ensure coding corrected for 17/18 financial year, for correct comparative data in 18/19.</li> <li>Review plant and fleet utilisation rates and rationalise where possible</li> <li>Review plant and fleet overheads and compare costs to external providers</li> </ul>							
Water Source and Quality Management	Develop effective, customer focussed water services that protect the public health	3.4.5			<ul style="list-style-type: none"> <li>Develop and maintain a Drinking Water Quality Management System</li> </ul>									



Strategy Corporate Plan		Direction Whitsunday Water									
Strat.	Strategy Statement	Strategy	Outcomes	Rel. Corp Strategy	Account.	Major Initiatives	18/19	19/20	20/21	21/22	22/23
		Maintenance Management Strategy	Develop a planned approach to securing the Whitsunday Regions water supply	3.4.6, 3.4.8		<ul style="list-style-type: none"> <li>Develop a succinct plan for managing raw water allocation (particularly from the Proserpine River Water Supply) which may be exceeded in 2036 if growth occurs as anticipated and consumption is not reduced (AMP)</li> <li>Develop Maintenance Strategy including (AMP):                             <ul style="list-style-type: none"> <li>Develop appropriate Cap X/OPx strategies based on asset function</li> <li>Review and formally document response levels of service for proactive and reactive maintenance</li> <li>Review and formally document the current proactive inspection regime for all water assets</li> </ul> </li> <li>Review and update maintenance documentation</li> <li>*Identify manufacturer manuals and warranty cards and create register</li> </ul>					
				3.4.7							
		Asset Renewal Strategy				<ul style="list-style-type: none"> <li>Implement district CCTV sewer pipeline and jump up investigation program, and manhole inspection program (AMP)</li> <li>Establish a cyclic testing regime to collect condition information for the entire water network which may assist in refining predictor models (AMP)</li> <li>Develop a program for assessing asset useful lives, prioritising renewals, incorporating new technologies (AMP)</li> </ul>					
		Waste Water Treatment & Effluent M.ment				<ul style="list-style-type: none"> <li>Aeration and Diffuser Technology – reduction of energy costs</li> <li>Upgrade Bowen WWTP (AMP)</li> </ul>					
		Infrastructure Delivery Strategy	Contribute to wider service delivery by streamlining internal stakeholder consultation			<ul style="list-style-type: none"> <li>Implement improve processes for aligning capital program between roads and water infrastructure planning teams</li> <li>Work with procurement teams to standardise/establish capital projects materials purchasing contracts and sub-contractors progress claims payments certificates</li> <li>WIM Alliance capital projects purchasing opportunities</li> <li>Standardise templates for progress claim, Payment certificate for major CAPWORKS projects.</li> <li>Programmed delivery – MS project work with Network managers m&amp;o programming and capital works programming</li> </ul>					
Prosperity	The Whitsunday Region is the economic hub of North Queensland and the states leading regional economy. The diversity of our agriculture, mining, small business and tourism sectors has allowed our region to prosper, with our residents enjoying access to strong education and employment pathways										



## 5.0 The Role of Assets in Service Delivery

### 5.1 Scope of Assets

Whitsunday Water manages a portfolio of water services assets that have a combined replacement value of \$486m and a written down value of \$293m<sup>3</sup>. The scope of key asset classes is summarised in Table 5.1

**Table 5.1 – Scope of Assets**

Assets Categories	Quantity / No.
<b>Potable Water Supply</b>	
Water Mains	471km
Water Treatment Plants (WTP)	4
Water Pump Stations	17
Water Reservoirs	16
Bores	14 (plus 7 contingency bores)
Chlorination Facilities	28
Balance Tank	2
Dams	1
Water Meter and Services	14,600
<b>Sewerage Assets</b>	
Sewer Mains (Gravity and Pressure Mains)	337km
Sewer Nodes (Manholes, Vent/lamp poles, inspection openings)	5717
Sewer Plant and Equipment	13
Sewage Pumps	256
Waste Water Treatment Plant (WWTP)	4
Sewer Jump ups and connections*	15,600

### 5.2 Projected Asset Replacement Profile

Studies undertaken to date suggest that:

- The replacement value of water services assets may be understated; and
- That key asset cohorts may be approaching the end of their useful lives. This specifically includes:
  - Sewerage Pipes (especially Asbestos Cement (AC), Cast Iron (CI) and Vitrified Clay (VC))
  - Watermains (specifically Asbestos Cement (AC), Cast Iron (CI) and Galvanised (GI) mains)

Both these asset classes represent a significant proportion of the businesses overall portfolio. In the case of water mains, an initial desk top review suggests that as much as 32% of the total water network may have exceeded their useful design life or are within the last ten (10) years of their asset useful life. For sewer mains, some elementary inflow/infiltration assessment has been undertaken which has identified specific catchments where gravity mains may be leaking (i.e. potentially suggesting that they are approaching the end of their economic life).

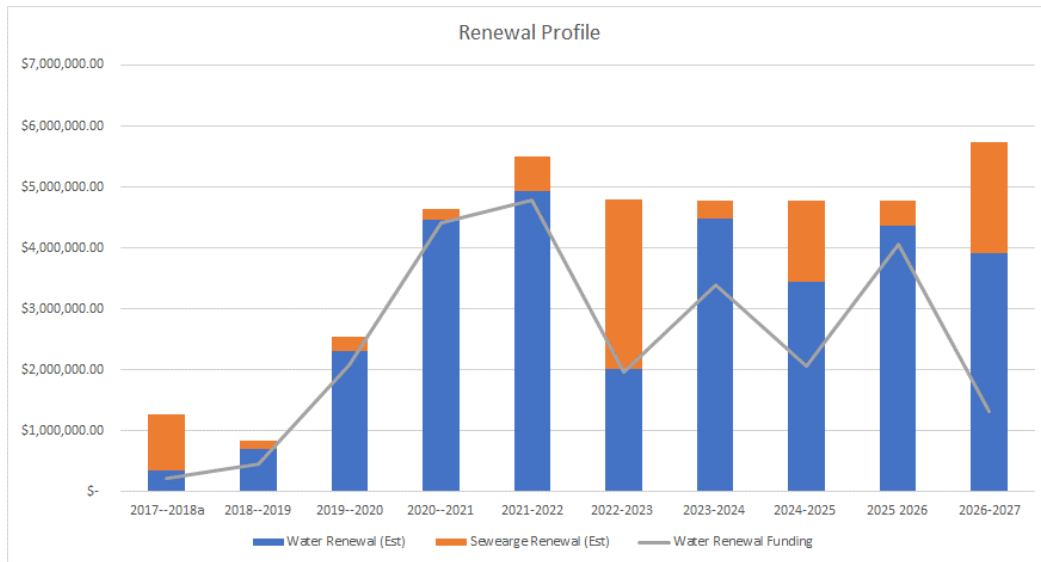
At this stage, the business has limited data on the condition (and performance) of much of its passive asset portfolio. This limits the businesses ability to understand the actual

<sup>3</sup> Source: 2016/17 annual report, note 15 to the financial report

performance of assets from which it could provide a more accurate forecast of the potential renewal liabilities.

The current forecast asset renewal liability for water and sewerage is summarised in Figure 5.1. All illustrated, the current short term (5year) funding (water only) should be sufficient to accommodate the businesses renewal needs. However, the funding for sewerage assets is uncertain

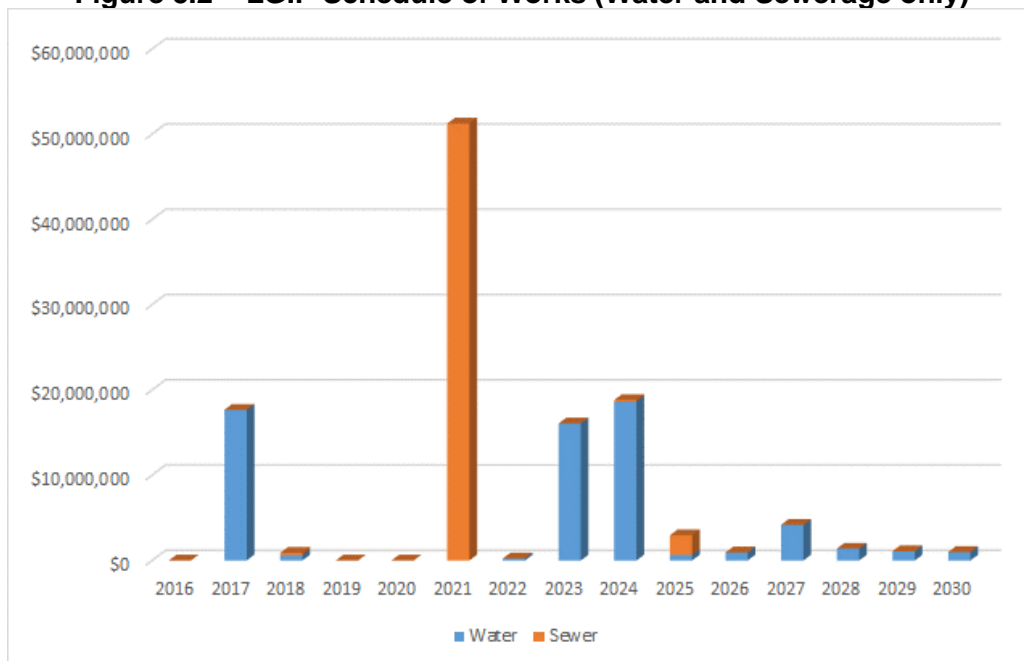
**Figure 5.1 – Asset Renewal and Funding**



**5.3 Projected (Growth) Capital Works Program**

Recent studies (undertaken by Norlings) suggest that the Whitsunday Region will continue to grow consistently in the coming years. The Council Local Government Infrastructure Plan (LGIP) identifies the scope of trunk infrastructure necessary to accommodate this growth (refer Appendix B for detail). A graph of the proposed New Cap X is provided in Figure 5.2

**Figure 5.2 – LGIP Schedule of Works (Water and Sewerage only)**



## 6.0 Financial Capabilities

### 6.1 Overview of Financial Forecasting

Whitsunday Water has developed a long term financial forecast for both its water and sewerage service activities. These models provide a detailed analysis of the projected financial performance of the business over a ten (10-year period. The key inputs into these models are the estimates of growth, demand for water services, pricing and revenue forecasts and the businesses capital investment program. The key outcomes from this modelling are forecast Statement of Cashflow, Operating Statement and Balance Sheet

The detailed financial modelling is provided in Appendix A with key financial performance indicators summarised in table 6.1

**Table 6.1 – Key Financial Performance Indicators**

Indicator	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Operating profit (before tax and abnormal)</b>	\$2,073,388	\$2,261,448	\$2,177,940	\$2,812,264	\$3,254,720
<b>Total Return to Council (Dividend and Tax equivalence)</b>	\$202,326	\$678,434	\$653,382	\$843,679	\$976,416
<b>Return on Assets (before tax)</b>	0.7%	0.5%	0.5%	0.7%	0.8%
<b>Debt/Equity Ratio (Capital Structure)</b>	15.3%	17.9%	16.5%	16.3%	18.4%
<b>Debt Affordability (I&amp;R/Rates)</b>	13.6%	15.3%	14.7%	14.8%	16.2%

### 6.2 Key Assumptions Used in the assessment

In any financial model, it's essential that the key assumption underpinning the assessment are made clear. In the case of Whitsunday Water, these include:

#### Pricing Strategy:

- Applying **full cost recovery** to ALL services (water and sewerage);
- Earning a **positive rate of return** on the assets; and
- Growth is supported through the application of **Infrastructure Charges**, (while noting that the revenue from infrastructure charges falls well short of the Councils capital investment commitments)

#### Capital Structure:

Over the next five (5) years, the businesses capital structure will grow slightly to 18% debt (vs equity). After the five (5) year period, the debt is forecast to fall back to single figures by 2028/29. This level of debt is well below commercial capital structures of between 40% and 60% debt. However, a lower capital structure allows the business greater financial flexibility in responding to unexpected events.

#### Demand and Growth Assumptions

Regional growth (population and industry) provides higher numbers of users which has an impact on the businesses capital and operational expenditure. The business is also

forces on the case where growth/contraction of demand per capita could have a significant impact on the water businesses financial projections (with overall growth notionally increasing revenues) and demand reduction constraining revenues but may also defer capital costs (and associated downstream Op X)

### **Returns to Council:**

Whitsunday Water provides returns to Council including:

- Council applies a service charge to the business in the order of \$3.6m;
- The business has historically provided a dividend to Council however the increase in service charge limits the businesses capability to provide a dividend to Council
- Tax equivalence (TER) payments (including payroll tax and stamp duty) of between \$670k and \$1.1m per annum) will be paid to Council over the next five (5) years.

### **Capital Investment:**

The key criteria that drive the businesses Capital investment decisions are

- Making a positive rate of return;
- Managing risk; and
- A proactive bias toward managing critical infrastructure

The forecast scope of capital investment (renewal and growth infrastructure) is summarised on Figures 5.1 and 5.2.

## **6.3 Financial Accountability**

**Whitsunday Water is responsible for:**

- Maintaining its long term financial forecasts (and providing the outcomes of which into the Council broader LTFF);
- Providing information to Council systems to facilitate effective financial management; and
- Responding to the needs of Council in a timely manner.

**Council is responsible for** providing the following financial services

- Providing and maintaining the systems that support Councils financial accountability;
- Managing the program of audit for Council;
- Providing financial advice and support to Whitsunday business as a commercialised entity; and
- Council will be responsible for final decisions on operational and capital funding allocations.

## 7.0 Risk Management

An assessment of risks associated with service delivery from water assets has identified critical risks to Council.

The Councils risk assessment process identifies credible risks with regards to, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High (VH)' - requiring immediate corrective action; 'High (H)' – requiring corrective action in the near future and 'Medium (M)'. These require action at sometime within the following three years and are summarised in Table 7.1. below.

**Table 7.1 – Key Risks**

Business Element	Risk	Risk Rating	Actions
<b>Potable Water</b>			
<b>LGIP Funding for infrastructure</b>	Funding for infrastructure and programs under LGIP is not awarded leaving a significant shortfall in funding for critical infrastructure	<b>Very High</b>	<p>Implementation of LGIP and abide by listed project delivery program.</p> <p>Acknowledge of growth contributions for existing trunk assets (allocations, plants and trunk networks), even if only against debt to Council</p> <p>Lowering of KPIs to allow for more efficient Renewals Spend</p> <p>Mandatory on call for maintenance and operations staff to support strategy</p>
<b>Limited Communication and co-operation with other works departments</b>	<p>Bringing forward of Water network upgrades that are not budgeted for (or vice versa).</p> <p>Redoing of works after completed to accommodate other external works. (e.g. resealing of roadway to accommodate water main renewal</p>	<b>Medium</b>	Review process of other department's programs and all grant applications that may be relevant
<b>Allocation Tariff exceeds design daily</b>	Encourage over usage of water resulting in additional strain on network / bring forward of upgrades that are not necessary	<b>Medium</b>	Careful setting of allocation levels, careful communication on demand management
<b>Continued High water usage</b>	<p>additional strain on network</p> <p>bring forward of upgrades that are not necessary</p> <p>Reservoir upgrades</p>	<b>High</b>	<p>Implement district metering program and meter renewal / smart meter programs,</p> <p>Targeted leakage reduction in Bowen and target projects where upgrades are more likely not be used by high growth rates</p>

<b>Underuse of new technology / procedures / materials</b>	Under or overuse of technology inefficiently	<b>Medium</b>	Work with WIM alliance partners and industry participants (other operators) and collaborate on trials
<b>Water network hydraulic model</b>	Model does not represent current and future demands resulting in erroneous expenditure in infrastructure that may or may not be required.  Level of Service not appropriately captured in design	<b>Medium</b>	In house modelling capacity and clear modelling parameters and levels of service.  In house review of developer contributed modelling
<b>Accepting inadequate designs and poorly constructed infrastructure from land developers</b>	Undersized infrastructure provided	<b>High</b>	Clear and firm view on developer contributions and in particular outside PIA contributions, supported by Council
<b>Sewer</b>			
<b>LGIP Funding for infrastructure</b>	Funding for infrastructure and programs under LGIP is not awarded leaving a significant shortfall in funding for critical infrastructure	<b>Very High</b>	Implementation of LGIP and abide by listed project delivery program.  Acknowledge of growth contributions for existing trunk assets (allocations, plants and trunk networks), even if only against debt to Council  Lowering of KPIs to allow for more efficient Renewals Spend  Mandatory on call for maintenance and operations staff to support strategy
<b>Limited Communication and co-operation with other works departments</b>	Bringing forward of sewer network upgrades that are not budgeted for (or vice versa).  Redoing of works after completed to accommodate other external works. (e.g. resealing of roadway to accommodate sewer main renewal	<b>Medium</b>	Review process of other department's programs and all grant applications that may be relevant
<b>Continued high volume of waste water treatment due to inflow and infiltration</b>	additional strain on network bring forward of upgrades that are not necessary  Treatment Plant and/or pump station upgrades	<b>High</b>	Implement district CCTV sewer pipeline and jump up investigation program. Implement manhole inspections programs.  Targeted leakage reduction in Bowen and target projects where upgrades are more likely not be used by high growth rates
<b>Use of new technology / procedures / materials</b>	Under or overuse of technology inefficiently	<b>Medium</b>	Work with Government partners and industry participants (other operators) and collaborate on trials

<p><b>Sewer network hydraulic model</b></p>	<p>Model does not represent current and future demands resulting in erroneous expenditure in infrastructure that may or may not be required.</p> <p>Level of Service not appropriately captured in design</p>	<p><b>Medium</b></p>	<p>In house modelling capacity and clear modelling parameters and levels of service.</p> <p>In house review of developer contributed modelling</p>
<p><b>Accepting inadequate designs and poorly constructed infrastructure from land developers</b></p>	<p>Undersized infrastructure provided</p>	<p><b>High</b></p>	<p>Clear and firm view on developer contributions and in particular outside PIA contributions, supported by Council</p>



## 8.0 Enablers

### 8.1 *Support Services*

HR, and IT services will still be provided by Council but the water business will first define its requirements. Day to day management of HR/IT will be a corporate services responsibility while usage of the services/systems will be the responsibility of the Water Business. The Water business is responsible for the data generated by the business and following the processes established by the Council

### 8.2 *Safety:*

Safety is everyone's responsibility. The Council provides the overall OH&S framework while the business itself is responsible for executing appropriate safety processes on a day to day basis

## Appendix A – Outcomes from Financial Modelling

A.1 - 10 yr. forecast Operating Statement

<b>Whitsunday Water - Water Services</b>													
<b>Profit and Loss (Operating) Statement</b>													
<a href="#">Return to Start</a>													
Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	
<b>Operating Revenues/Expenses</b>	<b>REVENUE</b>												
	Water Rates and Charges	\$ 30,524,299	\$ 31,913,704	\$ 33,105,043	\$ 34,340,854	\$ 35,622,798	\$ 36,952,597	\$ 38,332,037	\$ 39,762,972	\$ 41,247,324	\$ 42,787,087	\$ 44,384,329	\$ 46,041,196
	Other Commercial Services	\$ 771,462	\$ 224,204	\$ 229,136	\$ 234,177	\$ 239,329	\$ 244,595	\$ 249,976	\$ 255,475	\$ 261,096	\$ 266,840	\$ 272,710	\$ 278,710
	Interest Revenue	\$ 201,409	\$ 216,850	\$ 795,044	\$ 532,144	\$ 576,029	\$ 734,584	\$ 753,917	\$ 780,446	\$ 796,955	\$ 828,081	\$ 857,496	\$ 952,289
	Community Service Obligations	\$ 1,526,000	\$ 2,958,170	\$ 2,958,170	\$ 2,958,170	\$ 2,958,170	\$ 2,958,170	\$ 2,958,170	\$ 2,958,170	\$ 2,958,170	\$ 2,958,170	\$ 2,958,170	\$ 2,958,170
	Non-Capital Grants and Subsidies	\$ 37,500	\$ 4,545	\$ 4,545	\$ 4,545	\$ 4,545	\$ 4,545	\$ 4,545	\$ 4,545	\$ 4,545	\$ 4,545	\$ 4,545	\$ 4,545
	Other Revenue	\$ 655,776	\$ 574,361	\$ 580,105	\$ 585,906	\$ 591,765	\$ 597,682	\$ 603,659	\$ 609,696	\$ 615,793	\$ 621,951	\$ 628,170	\$ 634,452
	<b>Total Operating Revenue</b>	\$ 33,716,446	\$ 35,891,834	\$ 37,672,042	\$ 38,655,796	\$ 39,992,636	\$ 41,492,173	\$ 42,902,305	\$ 44,371,304	\$ 45,883,882	\$ 47,466,674	\$ 49,105,420	\$ 50,869,361
	<b>EXPENDITURE</b>												
	Operations & Maintenance Expense	\$ 16,386,272	\$ 17,441,095	\$ 17,879,739	\$ 18,329,414	\$ 18,790,399	\$ 19,262,977	\$ 19,747,441	\$ 20,244,089	\$ 20,753,228	\$ 21,275,172	\$ 21,810,242	\$ 22,358,770
	Management and Administration	\$ 1,343,811	\$ 4,993,145	\$ 5,202,857	\$ 5,421,377	\$ 5,649,075	\$ 5,886,336	\$ 6,133,562	\$ 6,391,172	\$ 6,659,601	\$ 6,939,304	\$ 7,230,755	\$ 7,534,447
	Depreciation	\$ 9,334,817	\$ 9,240,207	\$ 9,932,449	\$ 10,461,122	\$ 10,505,241	\$ 10,622,429	\$ 10,832,936	\$ 10,903,595	\$ 10,924,848	\$ 10,934,489	\$ 10,948,363	\$ 10,970,227
	Expenditure - Non-Recurring	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Other operating expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expenditure</b>	\$ 27,064,900	\$ 31,674,447	\$ 33,015,045	\$ 34,211,913	\$ 34,944,715	\$ 35,771,742	\$ 36,713,939	\$ 37,538,856	\$ 38,337,677	\$ 39,148,965	\$ 39,989,361	\$ 40,863,444	
<b>EBIT (Excl Capital adj)</b>	\$ 6,651,546	\$ 4,217,387	\$ 4,656,998	\$ 4,443,882	\$ 5,047,921	\$ 5,720,431	\$ 6,188,365	\$ 6,832,448	\$ 7,546,205	\$ 8,317,709	\$ 9,116,059	\$ 10,005,917	
Interest Expense	\$ 1,815,760	\$ 2,143,999	\$ 2,395,550	\$ 2,265,942	\$ 2,235,657	\$ 2,465,711	\$ 2,345,215	\$ 2,169,156	\$ 1,984,536	\$ 1,790,929	\$ 1,732,838	\$ 1,672,614	
<b>Net Operating Profit (Loss)</b>	\$ 4,835,786	\$ 2,073,388	\$ 2,261,448	\$ 2,177,940	\$ 2,812,264	\$ 3,254,720	\$ 3,843,150	\$ 4,663,292	\$ 5,561,669	\$ 6,526,780	\$ 7,383,221	\$ 8,333,303	
<b>Abnormal (Capital) Adjustments</b>	<b>ABNORMAL/CAPITAL RELATED REVENUE</b>												
	Capital Grants and Subsidies	\$ 3,978,826	\$ 3,363,269	\$ 4,534,032	\$ 4,151,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Infrastructure Charges (Headworks)	\$ 864,474	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
	Donated Assets	\$ 430,829	\$ 52,004	\$ 52,524	\$ 53,049	\$ 53,580	\$ 54,116	\$ 54,657	\$ 55,203	\$ 55,755	\$ 56,313	\$ 56,876	\$ 57,445
	Funds from Disposal of Non current assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Total Abnormal/Capital related Revenue</b>	\$ 5,274,129	\$ 4,215,273	\$ 5,386,556	\$ 5,004,521	\$ 853,580	\$ 854,116	\$ 854,657	\$ 855,203	\$ 855,755	\$ 856,313	\$ 856,876	\$ 857,445
	<b>ABNORMAL/CAPITAL RELATED EXPENSE</b>												
	Abnormal and Extraordinary Items	\$ 808,613	\$ 2,799,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Total Abnormal/Capital Related Expense</b>	\$ 808,613	\$ 2,799,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>PROFIT</b>	<b>Total Operating Profit (EBIT)</b>	\$ 6,651,546	\$ 4,217,387	\$ 4,656,998	\$ 4,443,882	\$ 5,047,921	\$ 5,720,431	\$ 6,188,365	\$ 6,832,448	\$ 7,546,205	\$ 8,317,709	\$ 9,116,059
<b>Gross Profit (EBIT- Abnormals)</b>		\$ 5,644,399	\$ 4,872,909	\$ 2,261,448	\$ 2,177,940	\$ 2,812,264	\$ 3,254,720	\$ 3,843,150	\$ 4,663,292	\$ 5,561,669	\$ 6,526,780	\$ 7,383,221	\$ 8,333,303
<b>Taxable Income</b>		\$ 10,487,699	\$ 9,036,178	\$ 7,595,480	\$ 7,129,412	\$ 3,612,264	\$ 4,054,720	\$ 4,643,150	\$ 5,463,292	\$ 6,361,669	\$ 7,326,780	\$ 8,183,221	\$ 9,133,303
Income Tax Payable		\$ 2,332,591	\$ 202,326	\$ 678,434	\$ 653,382	\$ 843,679	\$ 976,416	\$ 1,152,945	\$ 1,398,988	\$ 1,668,501	\$ 1,958,034	\$ 2,214,966	\$ 2,499,991
<b>Operating Profit (After Tax, before abnormals)</b>		\$ 2,503,195	\$ 1,871,062	\$ 1,583,014	\$ 1,524,558	\$ 1,968,585	\$ 2,278,304	\$ 2,690,205	\$ 3,264,305	\$ 3,893,168	\$ 4,568,746	\$ 5,168,255	\$ 5,833,312
<b>Profit (Loss) after tax and incl. abnorm</b>		\$ 8,585,937	\$ 8,885,856	\$ 6,969,570	\$ 6,529,080	\$ 2,822,165	\$ 3,132,420	\$ 3,544,862	\$ 4,119,508	\$ 4,748,924	\$ 5,425,059	\$ 6,025,131	\$ 6,690,757
Distributed Profit (Dividend Paid from Operating Prof		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Payment to Council</b>	\$ 2,332,591	\$ 202,326	\$ 678,434	\$ 653,382	\$ 843,679	\$ 976,416	\$ 1,152,945	\$ 1,398,988	\$ 1,668,501	\$ 1,958,034	\$ 2,214,966	\$ 2,499,991	



A.2 - 10 yr. forecast **Statement of Cashflow**

<b>Whitsunday Water - Water Services</b>												
<b>Cashflow Statement</b>												
Return												
Cash Flow												
Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
<b>Opening Balance</b>	\$15,657,629	\$23,522,754	\$16,229,428	\$10,377,764	\$18,423,683	\$18,305,524	\$19,390,343	\$19,631,941	\$20,215,807	\$21,188,264	\$21,686,545	\$25,927,890
<b>Operating Revenue</b>												
Water Rates and Charges	\$30,524,299	\$31,913,704	\$33,105,043	\$34,340,854	\$35,622,798	\$36,952,597	\$38,332,037	\$39,762,972	\$41,247,324	\$42,787,087	\$44,384,329	\$46,041,196
Other Commercial Services	\$771,462	\$224,204	\$229,136	\$234,177	\$239,329	\$244,595	\$249,976	\$255,475	\$261,096	\$266,840	\$272,710	\$278,710
Interest Revenue	\$201,409	\$216,850	\$795,044	\$532,144	\$576,029	\$734,584	\$753,917	\$780,446	\$796,955	\$828,081	\$857,496	\$952,289
Community Service Obligations	\$1,526,000	\$2,958,170	\$2,958,170	\$2,958,170	\$2,958,170	\$2,958,170	\$2,958,170	\$2,958,170	\$2,958,170	\$2,958,170	\$2,958,170	\$2,958,170
Non-Capital Grants and Subsidies	\$37,500	\$4,545	\$4,545	\$4,545	\$4,545	\$4,545	\$4,545	\$4,545	\$4,545	\$4,545	\$4,545	\$4,545
Other Revenue	\$655,776	\$574,361	\$580,105	\$585,906	\$591,765	\$597,682	\$603,659	\$609,696	\$615,793	\$621,951	\$628,170	\$634,452
<b>Total Operating Revenue</b>	\$33,716,446	\$35,891,834	\$37,672,042	\$38,655,796	\$39,992,636	\$41,492,173	\$42,902,305	\$44,371,304	\$45,883,882	\$47,466,674	\$49,105,420	\$50,869,361
<b>Operating Expenses:</b>												
Operations & Maintenance Expense	\$16,386,272	\$17,441,095	\$17,879,739	\$18,329,414	\$18,790,399	\$19,262,977	\$19,747,441	\$20,244,089	\$20,753,228	\$21,275,172	\$21,810,242	\$22,358,770
Management and Administration	\$1,343,811	\$4,993,145	\$5,202,857	\$5,421,377	\$5,649,075	\$5,886,336	\$6,133,562	\$6,391,172	\$6,659,601	\$6,939,304	\$7,230,755	\$7,534,447
Interest Expense	\$1,815,760	\$2,143,999	\$2,395,550	\$2,265,942	\$2,235,657	\$2,465,711	\$2,345,215	\$2,169,156	\$1,984,536	\$1,790,929	\$1,732,838	\$1,672,614
Expenditure - Non-Recurring	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other operating expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Tax Payable	\$2,332,591	\$202,326	\$678,434	\$653,382	\$843,679	\$976,416	\$1,152,945	\$1,398,988	\$1,668,501	\$1,958,034	\$2,214,966	\$2,499,991
Distributed Profit (Dividend Paid from Operating Profit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Cost</b>	\$21,878,434	\$24,780,565	\$26,156,580	\$26,670,115	\$27,518,810	\$28,591,440	\$29,379,163	\$30,203,405	\$31,065,866	\$31,963,439	\$32,988,802	\$34,065,822
<b>Operating Cash Surplus/Deficiency</b>	\$11,838,012	\$11,111,269	\$11,515,463	\$11,985,681	\$12,473,826	\$12,900,733	\$13,523,141	\$14,167,899	\$14,818,016	\$15,503,235	\$16,116,618	\$16,803,539
<b>Capital Revenue:</b>												
Funds from Disposal of Non current assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Funds from Infrastructure Charges (Headworks)	\$864,474	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Loans for Capital Expenditure (incl Internal and External Loans)	\$0	\$11,888,788	\$11,093,212	\$0	\$2,880,000	\$10,250,000	\$1,250,000	\$0	\$0	\$0	\$0	\$0
Capital Subsidies/Grants	\$0	\$3,720,701	\$4,534,032	\$4,151,472	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Capital Revenue</b>	\$864,474	\$16,409,489	\$16,427,244	\$4,951,472	\$3,680,000	\$11,050,000	\$2,050,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
<b>Capital Expenses</b>												
New Capital Works Expenditure	\$4,146,064	\$25,315,489	\$26,433,663	\$2,272,129	\$6,216,204	\$11,501,346	\$3,976,353	\$1,231,940	\$575,557	\$853,211	\$1,000,411	\$0
Replacement Capital Works Expenditure	\$2,363,626	\$7,317,497	\$4,694,770	\$3,823,560	\$7,026,902	\$7,843,084	\$7,625,082	\$9,245,926	\$9,979,216	\$10,667,348	\$7,332,377	\$0
Redemption on Loans	\$1,688,995	\$2,181,098	\$2,665,938	\$2,795,545	\$3,028,880	\$3,521,483	\$3,730,108	\$3,906,167	\$4,090,787	\$4,284,395	\$4,342,485	\$4,402,709
<b>Total Capital Expense</b>	\$8,198,685	\$34,814,084	\$33,794,371	\$8,891,234	\$16,271,985	\$22,865,914	\$15,331,543	\$14,384,033	\$14,645,560	\$15,804,954	\$12,675,273	\$4,402,709
<b>Cash Movement in year</b>	\$4,503,801	-\$7,293,326	-\$5,851,664	\$8,045,919	-\$118,159	\$1,084,819	\$241,598	\$583,866	\$972,457	\$498,281	\$4,241,346	\$13,200,830
<b>Closing Balance</b>	\$23,522,754	\$16,229,428	\$10,377,764	\$18,423,683	\$18,305,524	\$19,390,343	\$19,631,941	\$20,215,807	\$21,188,264	\$21,686,545	\$25,927,890	\$39,128,721



A.3 - 10 yr. forecast **Balance Sheet**

<b>Whitsunday Water - Water Services</b>														
<b>Balance Sheet</b>														
<a href="#">Return to Start</a>		Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
<b>Current Assets</b>		Cash & investments	\$23,522,754	\$16,229,428	\$10,377,764	\$18,423,683	\$18,305,524	\$19,390,343	\$19,631,941	\$20,215,807	\$21,188,264	\$21,686,545	\$25,927,890	\$39,128,721
<b>Non-Current Assets</b>		Non-current assets at current replacement	\$ 501,004,501	\$ 526,371,994	\$ 552,858,181	\$ 555,184,950	\$ 561,457,997	\$ 573,018,476	\$ 577,056,346	\$ 578,352,281	\$ 578,994,413	\$ 579,916,882	\$ 580,969,343	\$ 581,021,913
		Accumulated depreciation	\$ 199,549,040	\$ 201,471,750	\$ 206,709,429	\$ 213,346,991	\$ 216,825,331	\$ 219,604,675	\$ 222,812,529	\$ 224,470,197	\$ 225,415,830	\$ 225,682,971	\$ 229,298,957	\$ 240,269,184
		Net book value	\$ 301,455,461	\$ 324,900,244	\$ 346,148,752	\$ 341,837,959	\$ 344,632,666	\$ 353,413,801	\$ 354,243,817	\$ 353,882,084	\$ 353,578,583	\$ 354,233,912	\$ 351,670,385	\$ 340,752,728
<b>TOTAL ASSETS</b>			\$ 324,978,215	\$ 341,129,672	\$ 356,526,516	\$ 360,261,642	\$ 362,938,190	\$ 372,804,144	\$ 373,875,758	\$ 374,097,891	\$ 374,766,847	\$ 375,920,456	\$ 377,598,276	\$ 379,881,449
<b>Current Liabilities</b>		Accounts Payable	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861	\$ 24,598,861
		Employee Entitlements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Non-Current Liabilities</b>		Long Term Loans	\$ 32,259,195	\$ 41,966,885	\$ 50,394,160	\$ 47,598,614	\$ 47,449,735	\$ 54,178,251	\$ 51,698,143	\$ 47,791,976	\$ 43,701,189	\$ 39,416,794	\$ 35,074,309	\$ 30,671,600
<b>TOTAL LIABILITIES</b>			\$ 56,858,056	\$ 66,565,746	\$ 74,993,021	\$ 72,197,475	\$ 72,048,596	\$ 78,777,112	\$ 76,297,004	\$ 72,390,837	\$ 68,300,050	\$ 64,015,655	\$ 59,673,170	\$ 55,270,461
<b>Net Assets</b>			\$ 268,120,159	\$ 274,563,926	\$ 281,533,495	\$ 288,064,167	\$ 290,889,594	\$ 294,027,032	\$ 297,578,754	\$ 301,707,054	\$ 306,466,797	\$ 311,904,801	\$ 317,925,105	\$ 324,610,988
<b>Shareholder Equity:</b>		Capital account	\$ 220,558,253	\$ 233,035,343	\$ 246,110,717	\$ 251,141,266	\$ 259,681,567	\$ 268,110,445	\$ 276,176,591	\$ 285,384,148	\$ 294,317,140	\$ 303,777,086	\$ 312,219,782	\$ 312,219,782
		Constrained Works Reserves	\$ 36,600,327	\$32,290,173	\$26,415,326	\$26,261,553	\$25,642,122	\$26,442,122	\$25,807,129	\$26,607,129	\$27,407,129	\$28,140,334	\$28,370,334	\$29,170,334
		Other reserves	\$10,961,579	\$4,570,824	-\$1,534,980	-\$36,450	-\$5,754,586	-\$11,051,044	-\$15,572,328	-\$20,660,377	-\$24,844,446	-\$28,879,333	-\$31,296,898	-\$24,606,141
<b>TOTAL EQUITY</b>			\$ 268,120,159	\$ 269,896,340	\$ 270,991,062	\$ 277,366,369	\$ 279,569,103	\$ 283,501,522	\$ 286,411,392	\$ 291,330,900	\$ 296,879,823	\$ 303,038,087	\$ 309,293,218	\$ 316,783,974

## Appendix B – LGIP Schedule of Works for Water and Wastewater assets

**Table 5.2 – LGIP SOW**

Column 1 Map reference	Column 2	Column 3 Estimated timing	Column 4 Establishment cost <sup>7</sup>
	Trunk infrastructure		
<b>Water</b>			
W1	New DN500 Main 9050m long from Lot 104 N25576 Proserpine Water Treatment Plant to Lot 22 RP882994 Coastal Water Treatment Plant, Proserpine to Mount Marlow	2017	\$15,542,325
W2	Upgrade DN450 Main 333m long from Proserpine high level tank to existing DN250 in Faust St, Proserpine (replacing WM_P_964; WM_P_981; WM_P_1078; WM_P_971; & WM_P_852)	2017	\$408,156
W3	New DN250 Main 130m long from Faust Street to Ann Street, Proserpine (joining WM_P_971 to WM_P_837)	2017	\$111,644
W4	New Water Intake System for Bowen Water Treatment Plant at Proserpine River - Up River Road, Crystal Brook	2017	\$1,130,000
W5	Upgrade Booster Pump Station No.2 capacity to 200L/s at Lot 1 RP739344 Coastal Water Treatment Plant, Mount Marlow (WCGR20)	2017/2018	\$581,950
W6	New DN200 Main 100m long connecting Anzac Road to Hinschen Street (joining WM_P_844 to WM_P_1346 under railway line), Proserpine	2022-2026	\$200,688
W7	One new 12ML Reservoir including two new DN500 Mains 790m long each from new Reservoir to existing trunk Main at Shute Harbour Road and 60mx100m Land (6000m <sup>2</sup> ) on Lot 9 SP218209, Cannonvale	2022-2026	\$13,288,800
W8	One new 12ML Reservoirs including two new DN500 Mains 1050m long from new Reservoirs to existing trunk Main at Bruce Highway and 60mx100m Land (6000m <sup>2</sup> ) on Lot 900 SP225370 Mount Bramston, Bowen	2022-2026	\$14,684,350
W9a	Upgrade DN200 Main 164m long in Bruce Highway from Main Street to Fuljames Street, Proserpine (replacing WM_P_925)	2022-2026	\$151,951
W9b	New DN200 Main 186m long from Bruce Highway to Horsford Place, Proserpine (joining WM_P_925 to WM_P_1048)	2022-2026	\$160,889
W10	Upgrade DN200 Main 190m long in Stanbury Street from Holmes Street to Ruge Street, Proserpine (replacing WM_P_872; & WM_P_874)	2022-2026	\$171,331
W11	Upgrade DN200 Main 368m long in Ridge View Road, Cannonvale (replacing WM_P_346; WM_P_487; & WM_P_504 - first 42m only)	2022-2026	\$331,840
W12	Upgrade Reservoir capacity to 90kL at Pepperberry Lane, Lot 990 SP178725, Cannon Valley (WCGR14)	2022-2026	\$714,725
W13	Two new Bores including associated new DN300 Main 157m long at Foxdale Road, Foxdale and new DN300 Main 10m long at Bruce Highway, Foxdale	2027-2031	\$655,400
W14	Two new Bores including two associated new DN300 Mains 100m long each at Proserpine Water Treatment Plant Crystalbrook Road, Proserpine	2027-2031	\$655,400
W15	Upgrade DN250 Main 1124m long in Jubilee Pocket Road, Jubilee Pocket (replacing WM_P_616; WM_P_726; WM_P_727; WM_P_729; & WM_P_730)	2027-2031	\$1,115,753
W16	Upgrade DN200 Main 731m long in Erromango Drive, Jubilee Pocket (replacing WM_P_668; WM_P_748; WM_P_707; WM_P_710; WM_P_712; & WM_P_714)	2027-2031	\$669,819
W17	Upgrade Reservoir capacity to 100kL at Lot 94 RP748476 Moonlight Drive, Jubilee Pocket (WCGR01)	2027-2031	\$991,575
W18	Upgrade Reservoir capacity to 160kL at Lot 103 RP743876 Macona Crescent, Cannonvale (WCGR07)	2027-2031	\$413,354

W19	Upgrade Reservoir capacity to 110kL at Lot 163 HR1525 Parkwood Terrace, Cannonvale (WCGR06)	2027-2031	\$346,684
W20	Upgrade Booster Pump Station No.2 capacity to 260L/s at Lot 1 RP739344 Coastal Water Treatment Plant, Mount Marlow (WCGR20)	2027-2031	\$1,115,753
<b>TOTAL – Water</b>			<b>\$52,998,984</b>
<b>Sewer</b>			
S1	Upgrade Sewer Pump Station 1 capacity to 88L/s@ 62m at Lot 1 RP742660 Shute Harbour Road, Jubilee Pocket (JUB11-PS1), including bypass of Cannonvale Sewer Pump Station 6	2018	\$151,307
S2	Upgrade Sewer Pump Station 12 capacity to 64L/s @ 24m at Lot 61 RP800716 Carlo Drive, Cannonvale (CANN12-PS12)	2018	\$104,751
S3	Upgrade Bowen Sewer Treatment Plant capacity at Lot 207 RP800719 Elphinstone Street, Bowen, inclusive of a recycled local water system	2021	\$44,748,000
S4	Upgrade Sewer Pump Station 3 capacity to 62L/s @ 57m at Lot 1 RP725974 Dalrymple Street, Bowen (PS3)	2022-2026	\$140,459
S5	Upgrade DN225 Rising Main 925m long from Cannonvale Pump Station 12 (CANN12-PS12) to Cannonvale Sewer Treatment Plant (CANN1-STP at Lot 164 HR1551), Cannonvale (replacing SM_P_3076)	2022-2026	\$778,717
S6	New DN375 Combined Rising Main 870m long from SM_P_3428 at Edwards Street to Proserpine Sewer Treatment Plant Lot 1 SP241784 Bruce Highway, Proserpine, incorporating an aerial crossing at Proserpine River and a DN200 Main 40m long micro-tunnelled under Bruce Highway	2022-2026	\$908,915
S7	Upgrade Sewer Pump Station Z capacity to 92L/s@ 21m (Bowen Z)	2022-2026	\$115,938
<b>TOTAL - Sewer</b>			<b>\$46,984,087</b>
<b>Combined Total</b>			<b>\$99,983,071</b>