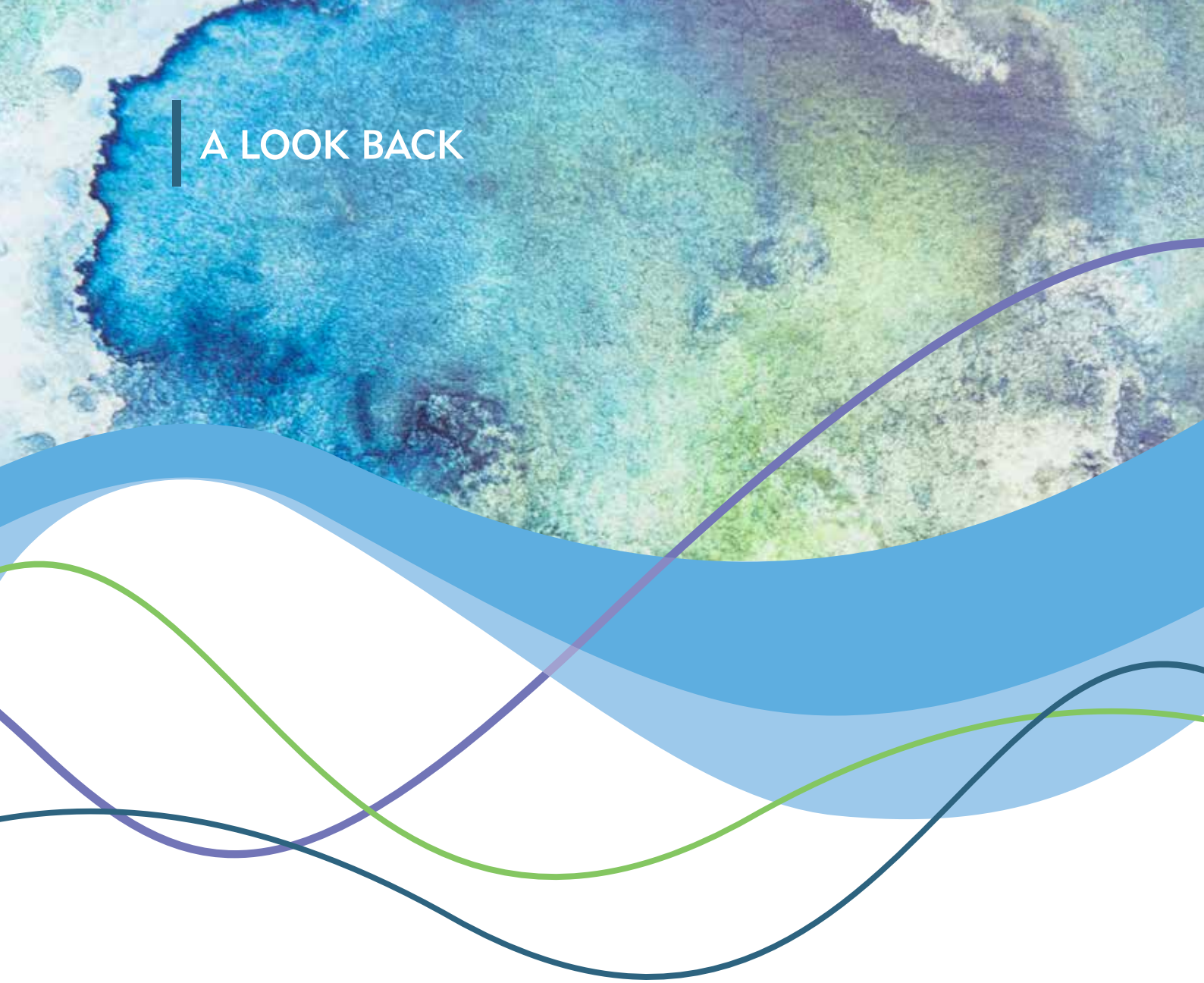


2018/19 ANNUAL OPERATIONS REPORT

WIDE BAY water

water today water tomorrow

CONTENTS

Lake Lenthall

OVERVIEW

Wide Bay Water (WBW) is a Commercial Business Unit of the Fraser Coast Regional Council (FCRC) providing water and sewerage services to the Fraser Coast.

This Annual Operations Report has been prepared in accordance with s190 of the *Local Government Regulation 2012*.

The report provides a summary of WBWs major activities over the 2018/19 reporting year, including an assessment of our performance against the financial and non-financial targets defined in the WBW Annual Performance Plan 2018/19.

ABOUT US

WBW's major operating assets include one dam and three weirs, four water treatment plants (WTP), eight sewage treatment plants (STP) and two integrated reuse schemes. At the end of the 2018/19 year, the extent of our asset base comprised 1132km of water mains, 783km of sewerage mains and 72km of effluent reuse mains.

Services provided include management of water storages including the safe operation of the regions referable dams, management of two bulk water supply schemes and their customers, water treatment and distribution, sewerage collection and treatment and effluent reuse. WBW remains a proactive member of the National Water Industry, contributing to research and innovation, improvements in service delivery, and partnership services with other water utilities.

WBW is governed by an Executive Management team, and Non-Executive Advisory Committee that consists of external members and Councillors and is appointed under s264 of the *Local Government Regulation 2012*. The organisation continues to adopt best-practice standards in service and performance delivery that support its operations and their compliance with the broad regulatory environment in which it operates. WBW hold third party accreditations in Quality (ISO 9001) and Food Safety (ISO 22001).

WBW's Scientific Services Laboratory is accredited by the National Association of Testing Authorities (NATA) to standard ISO 17025. The Laboratory continues to provide an extensive range of testing services for internal and external customers under the business name WaterOne Laboratory Services.

WBW's Engineering unit provides services to internal and external customers in the form of strategic planning, development services, design of pump stations and treatment plants, network modelling, delivery of capital development projects and operational technical support.

ANNUAL PERFORMANCE PLAN

The WBW Annual Performance Plan 2018/19 was resolved by Council at its Special Meeting No. 3 held on Wednesday 27 June 2018.

The Annual Performance Plan (the Plan) was established in accordance with the requirements of section 175 (2) of the *Local Government Regulation 2012*. The plan outlines, among other things, the nature and extent of WBW's operations, its vision and objectives, and the financial and non-financial performance targets that will guide its operations of the 2018/19 year.

No changes were made to the Performance Plan in 2018/19.

LOCAL GOVERNMENT DIRECTIONS

There were no local government directions issued to WBW during 2018/19.

OBJECTIVES

VISION

Our vision is to be an efficient customer-focused business developing and delivering sustainable water services for the benefit of the Fraser Coast Community.

BUSINESS OBJECTIVES

LIFESTYLE

A safe and vibrant community that promotes a preferred place to live.

GOVERNANCE

An effective organisation providing excellent service delivery through strong leadership, democratic principles and effective management of people, assets and finances.

Teddington WTP

BUILT ENVIRONMENT

Resilient regional infrastructure that will support and cater for future growth.

PROSPERITY

A strong, diversified and resilient economy that supports growth and long term employment.

NATURAL ENVIRONMENT

Minimise our environmental impact by preserving the unique natural environment the Fraser Coast has to offer.

GOVERNANCE STRUCTURE & COMMITTEE

CLIFF SEARLE
Chairman

Cliff was admitted as a Member of The Association of Hydraulic Services Consultants Australia (Qld) Inc. (AHSCA) in 1993 and in 2015 was awarded life membership of the AHSCA. In 1985, Cliff was elected as an Alderman for the Hervey Bay City Council and re-elected in 1989. During his six year period in Council his major focus was water and sewerage.

Cliff operated his own hydraulic design business, Water Wise Design Pty Ltd up until January 2015 at which time he decided it was time to retire.

Cliff is an avid golfer and President of the Hervey Bay Golf Club and spends many a day enjoying his favourite pastime.

LANCE STONE

Lance is a Graduate of the Australian Institute of Company Directors (GAICD). He is Managing Director of a group of Community Based Organisations, private companies and social enterprises.

Lance is currently the:

- Vice President – Maryborough Chamber of Commerce
- Deputy Chair – Wide Bay Water and Waste Services
- MD – Fraser Coast Training Employment Support Service Inc. (TESS) RTO #1826
- MD – Maisie Kaufmann Learning Centre Inc. RTO #5205
- MD – Coral Sea Training RTO #32221
- MD – Fraser Coast Palliative Care and Active Plus Life-Style Options
- MD – BAYS Inc.
- CEO – Australian Child Care Career Options Pty Ltd, RTO #5404
- Board Member Horizon Housing Limited

Lance's other community interests include; Family, Sport, Youth Mental Health, Life Long Learning, Homelessness, Social Justice and Social Inclusion.

PETER BORROWS

Peter is Director of Kedron Consulting Pty Ltd and Independent Director of Murrumbidgee Irrigation Ltd. Peter is Chairman of MI Board's Infrastructure Committee, and a member of the Remuneration and Nominations Committee. Peter is MI's alternate delegate for the National Irrigators' Council.

Peter's qualifications include – Graduate Diploma in Business Administration and Bachelor of Engineering. Peter is also a Fellow with Australian Institute of Company Directors and a Fellow with the Institution of Engineers.

Peter was appointed to the Wide Bay Water and Waste Services Advisory Committee in January 2019.

ANNE MADDERN

Anne is a long-term resident of Maryborough and former local small business owner. Anne's many years working in the real estate industry as a property valuer has given her a broad understanding of accounting, economics, land law, building construction, surveying and town planning as well as skills in operating a business.

Anne also previously held the position of Member for Maryborough in the State Parliament. Her focus is on working collaboratively to build a better community.

RANDAL MCLELLAN

Dr McLellan has held and still holds a number of Board positions in various capacities and has a particular interest in good corporate governance while maintaining an efficiency and outcome focus.

Randal served two terms as a Councillor for the Hervey Bay City Council from 1997 to 2004. Randal is also a Graduate of the Australian Institute of Company Directors (GAICD).

DARREN EVERARD

Darren Everard was elected to FCRC in April 2012 and is presently the Deputy Mayor FCRC. Darren has past business experience in retail and has had international business experience in the areas of retail, training, marketing and business development in key Australian export markets.

Darren holds a Masters of Professional Studies (USQ) and is also the President of the Hervey Bay Surf Life Saving Club. Darren has been a member of the Wide Bay Water and Waste Services Advisory Committee since May 2018; he also sits on the Planning and Development and Economy Round Tables.

COMMITTEE MEETINGS

Members attendance at Committee meetings	
Cliff Searle	8
Lance Stone	7
Peter Borrows*	4
Anne Maddern	7
Randal McLellan	7
Darren Everard	8

*19 December 2018 Peter Borrows letter of appointment.

Committee meeting dates 01/07/2018 – 30/06/2019
7 August
21 September
23 October
4 December
29 January
5 March
3 May
4 June

EXECUTIVE TEAM

MARK VANNER

Director

Mark was appointed to the position of Director in January 2019 to provide leadership, strategic direction and management of Council's water, wastewater and waste functions.

He commenced his professional career in fields of biotechnology and medical device manufacturing before joining WBW in 2006 in the area of Catchment and Bulk Water Management. Mark has been a member of the Wide Bay Water and Waste Executive Team since 2012 where he has led the compliance and regulation function to support the water business in the area of bulk water operations, drinking water quality, dam safety, environmental compliance, work health and safety, scientific services, and quality management. He has also led Waste Operations since 2016 to provide planning and management of the Fraser Coast's resource recovery and waste management services.

Mark holds a Bachelor degree in Aquatic Resource Management, Master of Environmental Management, and Post Graduate Certificate in Professional Legal Studies. Mark is a Graduate of the Australian Institute of Company Directors (GAICD) and is a current Director of Football Queensland Wide Bay.

DENIS HERON

Executive Manager Process Operations

Denis started his career with WBW in 1993 as the architect of Hervey Bay's award winning water recycling scheme.

During his 26 year career with Council and WBW, Denis has undertaken a number of roles from project concept through to the planning, design, construction, operation and maintenance. As part of a team, he has made major contributions to developing and delivering improved services through water demand management, sewer rehabilitation and water recycling on the Fraser Coast.

As Executive Manager Process Operations, Denis is responsible for Water Treatment including the management of the water supply dams, Sewage Treatment and Reuse of wastewater including the management of the effluent storages. Water One Laboratory and Operations Technology also falls under Denis's remit. Denis leads a team of 46 with a focus of delivering high quality water and sewerage services to the Fraser Coast Community.

Denis is also a Graduate of the Australian Institute of Company Directors (GAICD).

DARREN SMITH

Executive Manager Network Operations and Maintenance

Darren commenced his career with BHP in 1986 as a Mechanical Engineer predominantly undertaking roles in asset maintenance management, during this time he also had responsibility for large industrial Wastewater Treatment Plants. Darren has 16 years' experience in the Australian water industry and joined WBW in 2006 in the position of Operations Manager.

Darren has recently completed a Diploma in Leadership and Management with the AIM and been appointed to the role of Executive Manager Network Operations and Maintenance where he is responsible for managing the teams who deliver water and wastewater customer service and the maintenance of WBW assets.

TREVOR DEAN

Executive Manager Engineering and Technical Services

Trevor has worked for Council since 1995 and has held management roles since 2005. Trevor leads the Engineering and Technical Services team that predominately works in the planning and project delivery aspects of the water business; he has had experience in Asset Management Systems, Process Engineering, Electrical Engineering and Environmental aspects having managed teams responsible for these functions.

He was awarded an Associate Degree in Civil Engineering in 2001 and a Bachelor of Engineering (Civil) in 2006, both from the University of Southern Queensland. He is both a Registered Professional Engineer Queensland (RPEQ) and a Registered Professional Engineer (RPEng). In addition, he is a member of the Australian Institute of Company Directors, Chairman of Queensland Water Directorate Technical Reference Group, a member of the WBBROC Urban Water Technical Committee and a PRINCE2 Practitioner.

As Executive Manager of Engineering and Technical Service, Trevor is responsible for managing an interdisciplinary team that facilitate WBW's interaction with private developers, undertake short and long term planning, deliver infrastructure projects and provide guidance on environmental licencing and compliance matters.

GRAHAM COLE

Acting Executive Manager Waste Services

Graham has been with WBW since 2001 except for a two year break in 2012-2013 when he was the Water and Sewer Coordinator at North Burnett Regional Council. He has gained a broad depth of water industry experience across various positions at WBW including Technical Officer Operations, Continuous Improvement Officer, Training and Research Coordinator and Quality, Data and Risk Coordinator. For the past year Graham has been Acting Executive Manager Regulation and Waste Services.

Graham holds a Bachelor of Social Science Degree from Deakin University and a Master of Philosophy (Smart Metering and Water Pricing) from Griffith University. He was also seconded to the National Water Commission in 2010-2011 for a research study into time-of-use tariffs subsequently published in a National Waterlines Report.

Graham has also had research papers published in various international water industry publications including the Urban Water Journal and Water, Science and Technology.

PERFORMANCE SUMMARY

KEY FINANCIAL PERFORMANCE

2018/19 Annual Financial Performance Indicators and Targets

Indicator	Frequency	Unit	Target	Actual	Explanation	Calculation
Operating Surplus Ratio	Annual	%	20	**22.1**	Indicates the extent to which revenues (utility charges, fees and charges etc.) raised cover operational expenses (employee, materials and services, depreciation and loan interest payments) which is then available for capital funding or other purposes. It represents % of profit each $ of revenue generates.	Net Result (excluding Capital Items) divided by Total Operating Revenue (excluding Capital Items)
Dividend Ratio	Annual	%	20	**47.5**	The dividend payout ratio is the amount of dividends paid to owners (FCRC) relative to the amount of total net income of the entity. The amount that is not paid out in dividends is held to fund growth. The amount that is kept is called retained earnings and, while the end of year position is higher than the 18/19 target, the variance is not anticipated to have an impact on the long term financial plan. Council is currently reviewing the WBW distribution policy.	Dividend / Net Profit After Tax
Debt Servicing Ratio (I&R / Revenue)	Annual	%	<30	**14.0**	The debt service coverage ratio, also known as "debt coverage ratio", is the ratio of cash available to debt servicing for loan interest and principal payments. It is used as a measurement of an entity's ability to produce enough cash to cover its debt repayments. It is the % of revenue used to repay debt.	Interest and Redemption Payments / Revenue
Interest Cover (EBITDA / Interest Expense)	Annual	Times	>8	**10.9**	Times interest coverage ratio is a measure of an entities ability to honor its debt payments. It may be calculated as either EBIT or EBITDA divided by the total interest payable.	EBITDA (earnings before interest, tax, depreciation and amortisation) / Interest Expense
Total Distribution to FCRC	Annual	$m	$11.35			
- Dividends				**4,113,876**	Paid to owner (FCRC) from after tax profits	Refer "Dividend Ratio" above
- Tax				**8,536,737**	Paid to owner (FCRC)	In accordance with LGTER regime legislation
- Competitive Neutrality				**1,006,134**	In accordance with the Competitive Neutrality principles contained in *Local Govt. Act 2009* and *Local Govt. Regulation 2012*	Based on calculated five year average debt margin on QTC borrowing rate

KEY NON-FINANCIAL PERFORMANCE

2018/19 Annual Non-Financial Performance Indicators and Targets

Hervey Bay and Maryborough	Unit	Target	Actual
Water			
Continuity and reliability of water supply			
Time for restoration of service within five hours – percentage of unplanned incidents	%	95%	**99.3%**
Minimum water pressure at the property boundary for 99% of connected properties (on enquiry or complaint)	kPa	200	**>200**
Minimum flow at the property boundary for 90% of connected properties (on enquiry or complaint)	L/min	>20	**>20**
System water loss	ILI	1.5	**1.02**
Water quality			
Water at the point of delivery will meet National Health and Medical Research Council Health Guidelines for Australian Drinking Water	%	100%	**99.6%#1**
Water quality at point of delivery (physical and chemical parameters) will meet National Health and Medical Research Council Aesthetic Drinking Water Guidelines	%	>95%	**99.6%**
New service connections – water			
Installation of all 20mm and 25mm diameter service connections (average time from receipt of application and payment fee)	Working days	20	**8**
Service connections greater than 25mm diameter:			
(a) Design and notification of construction price (average time from completed application)	Working days	10	**6**
(b) Construction time (average time from payment of fees) subject to building and development regulations being met	Working days	20	**16**
Sewerage			
Effective transport of waste effluent			
Total sewage overflows per 100km main	Number	<10	**0.4**
Sewage overflows on to customer property per 1,000 connections	Number	<5	**0.2**
Sewer odour complaints per 1,000 connections	Number	<10	**0.7**
Effluent complies to Environmental Licence	%	100%	**98.9%#2**
Sewerage reuse on land for 90% of the year	%	100%	**100%**
New service connections – sewer			
Completion of new sewer connections:			
(a) Design and notification of construction price (average time from completed application)	Working days	10	**7**
(b) Construction time (average time from payment of fees) subject to building and development regulations being met	Working days	20	**12**
Queensland Government – Reportable indicators			
QG 4.5 Total water main breaks per 100km of water main	Number	<20	**6.8**
QG 4.6 Total sewerage main breaks and chokes per 100km sewerage main	Number	<60	**7.9**
QG 4.7 Incidence of unplanned interruptions to supply per 1000 connected properties	Number	<100	**50.2**
QG 4.8 Average response time for incidents causing an interruption to supply	Minutes	<60	**45**
QG 4.9 Average response time for incidents causing an interruption to sewerage collection	Minutes	<60	**30**
QG 4.10 Drinking water quality complaints per 1000 connected properties	Number	<5	**1.4**
QG 4.11 Total water and sewerage complaints per 1000 connected properties	Number	<40	**10**

#1 – Multiple THM guideline value exceedances
#2 – 28 license exceedances across 5 of 8 STPs

Further information can be located in the WBW Annual Drinking Water Quality Management Plan Report.

OPERATIONAL SUMMARY

WATER

1,132KMS
total water mains.

12.6KM
of new distributon network water mains construction.

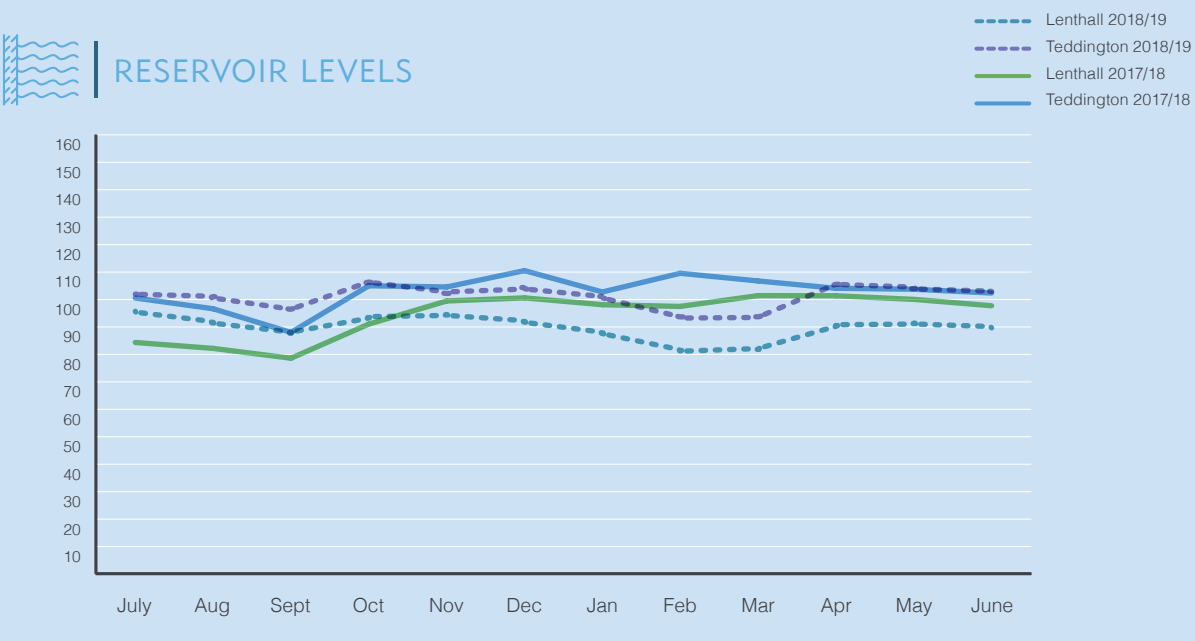
9647ML
potable water treated and delivered to customers.

39,534
connected water services.

599
new service connections completed.

5769
water meters replaced.

RESERVOIR LEVELS



OPERATIONAL SUMMARY

SEWERAGE

783KM
total sewerage mains.

16.6KM
total gravity sewer mains relined.

12.12KM
new gravity collection sewers constructed by developers.

94.2KM
sewer network cleaned and CCTV inspected.

6,199ML
sewerage collected from customers across FCRC.

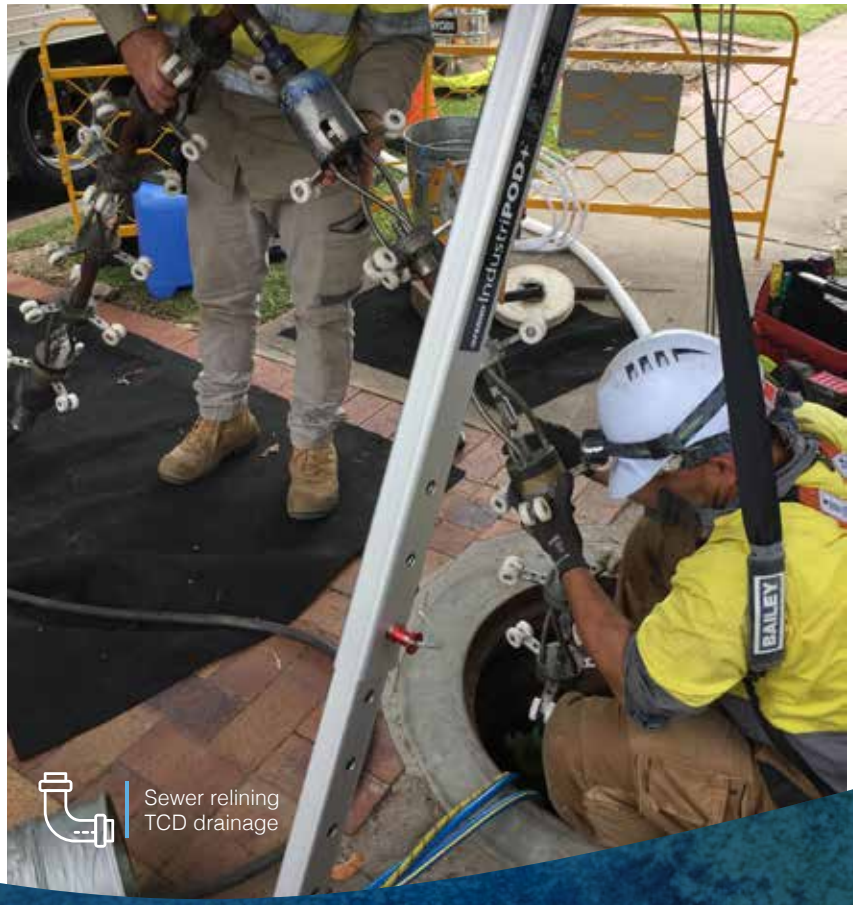
32,542
connected sewage services.

593
new properties connected.

All sewerage works were undertaken internally by WBW's fitters.

OPERATIONAL SUMMARY

ENGINEERING



Sewer relining
TCD drainage

$22.6M

capital investment into the Fraser Coast's water and sewerage infrastructure.

St Helens

Sewer relining
Albergerdie

MAJOR RENEWAL PROJECTS

- March Street Water Main Replacement.
- Sewer relining Ann St (Hervey Bay) and Neptune St (Maryborough).
- Bazaar St Water Main (Maryborough).
- Walker St Water Main (Pallas to John Street, Maryborough).
- Tiaro Reservoir replacement.

MAJOR IMPROVEMENT PROJECTS

- Minor Sewage Pumping Station Upgrade Project.
- Aubinville STP Control Building.
- Eli-Dundowran Trunk Sewerage (continuing).
- Major STP upgrade for Hervey Bay (continuing).

MAJOR GROWTH PROJECTS

- Nil.

Aubinville STP Control Building

OPERATIONAL SUMMARY
ENVIRONMENT

1
outstanding matters from eight compliance inspections.

11TH ANNUAL
School Water and Waste Wise Competition was hosted.

10,955
3223 (direct) and 7732 (indirect) community members educated on the importance of waste minimisation and water conservation.

53
Statutory Environmental Reports prepared and submitted within statutory timeframes to the Department of Environment and Science.

9
Statutory Environmental Reports prepared and submitted within statutory timeframes to the Department of Natural Resources and Mines.

OPERATIONAL SUMMARY

QUALITY

ISO 9001

Quality Management Certification.

ISO 22000

Food Safety Management Certification.

ISO 17025

Laboratory Management Certification.

ISO 14001

Environmental Management System preliminary work for accreditation.

CORPORATE CALENDAR

improvement initiative implemented.

DOCUMENT MANAGEMENT REPORTING

improvement initiative implemented.

OPERATIONAL SUMMARY

REUSE

100%

Achieved combined reuse percentage on the Fraser Coast of 100% of Average Dry Weather Flow received at the regions STPs.

63%

Effluent reuse continues to support the local economy with third party customers reusing 63% of the total volume reused in the financial year.

4142m³

biosolids were beneficially reused and applied to WBW Plantations and approved Third Party Land.

33% INCREASE

Third Party Usage made up the largest proportion over the reporting period at 63% of total reuse volume. All third party usage demand was met which corresponded to a 33% increase from the previous financial year.

Hebblewhite Plantation

POSITIVE RESULTS

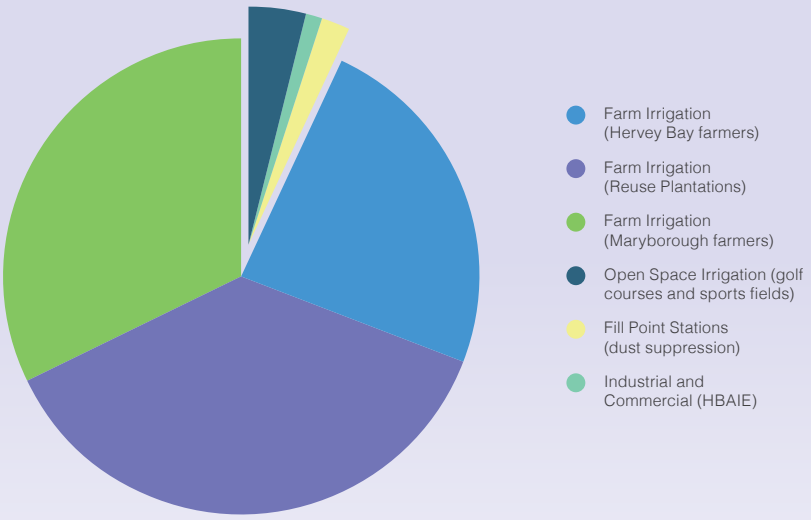
The Hervey Bay Reuse Scheme in the last 12 months has avoided 41,648 kg of Nitrogen and 19,345 kg of Phosphorus from entering receiving waters from the discharge pipes at Pulgul and Eli Creeks.

The Maryborough Reuse Scheme has avoided 31,535 kg of Nitrogen and 7,830 of Phosphorus from entering receiving waters in the Mary River Catchment.

This is a positive result for the local environment, with Hervey Bay waters having significant areas of seagrass beds which have ecological significance, due to them being recognised as both dugong feeding grounds, and nursery grounds for juvenile prawns and fish species.

DISTRIBUTION OF RECYCLED WATER THROUGHOUT THE ENTIRE FRASER COAST REUSE SCHEME

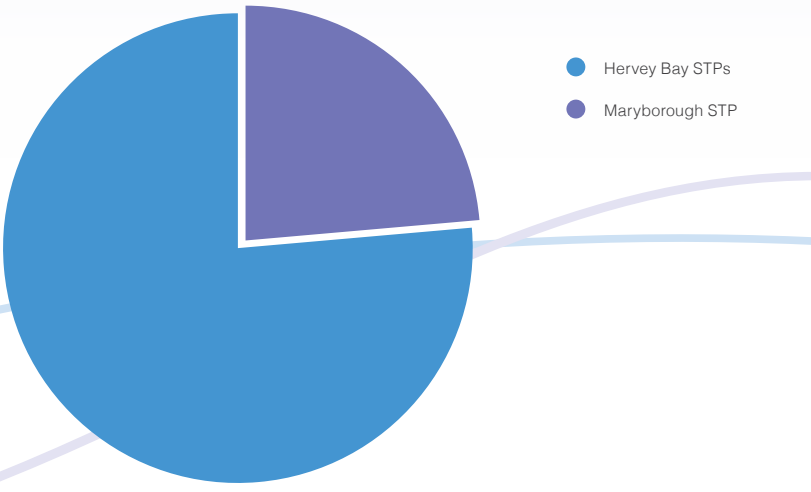
Total recycled water used 2018/19



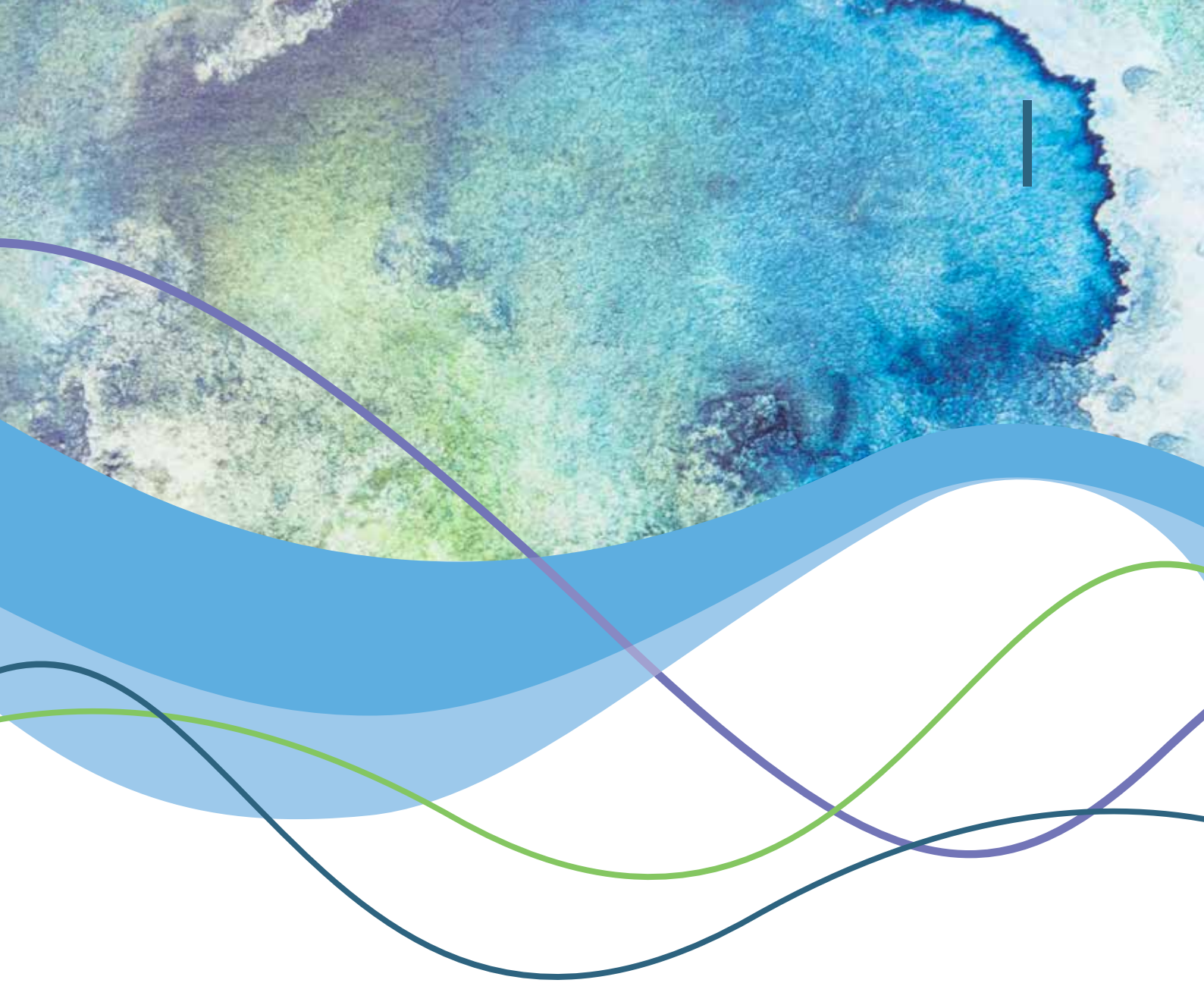
- A total of 5590 mega litres of recycled water was reused on land for the 2018/19 financial year.
- The total amount of recycled water used by WBW Plantations was 2098 mega litres (37%), which equates to an average of 4 mega litres/hectare/annum.
- The total amount of recycled water used by all Third Party Users was 3492 mega litres (63%).

BIOSOLIDS DISTRIBUTION

Total biosolids reused from approved FCRC sites



- 4,115 cubic meters of biosolids were applied to WBW approved Third Party Sites in the last 12 months.



WIDE BAY water

water today water tomorrow

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