

20150625 Item 5.4 Report Redland Water Annual Performance Plan 2015-2016

Objective Reference:	A170266 Reports and Attachments (Archives)
Attachment:	<u>Redland Water annual performance plan 2015-2016</u>
Authorising Officer:	Gary Soutar General Manager Infrastructure & Operations
Responsible Officer:	Gary Soutar General Manager Infrastructure & Operations
Report Author:	Shelley Thompson PA to General Manager Infrastructure & Operations

PURPOSE

The purpose of this report is for council to adopt Redland Water's annual performance plan (APP) for 2015-2016 to meet the requirement of the *Local Government Regulation 2012*.

BACKGROUND

Redland Water (RW) is a commercial business unit (CBU) of Redland City Council (RCC).

Section 175 of the *Local Government Regulation 2012* states the annual operational plan for a local government must:

1. be consistent with its annual budget, and
2. state how the local government will:
 - a) progress the implementation of the 5-year corporate plan during the period of the annual operational plan; and
 - b) manage operational risks; and
3. include an annual performance plan for each commercial business unit of the local government.

It also states that an APP for a CBU is a document containing the following for the financial year the:

- a) unit's objectives;
 - b) nature and extent of the significant business activity the unit is to conduct;
 - c) unit's financial and non-financial performance targets;
 - d) nature and extent of the community service obligations (CSOs) the unit must perform;
 - e) cost of, and funding for, the CSOs;
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- f) unit's notional capital structure, and treatment of surpluses;
- g) unit's proposed major investments;
- h) unit's outstanding and proposed borrowings;
- i) unit's policy on the level and quality of services consumers can expect;
- j) delegations necessary to allow the unit to exercise autonomy in its commercial activities;
- k) type of information that the unit's reports to the local government must contain.

ISSUES

RW has conducted a review of its APP for the 2015-2016 financial year and this is now presented for adoption.

STRATEGIC IMPLICATIONS

Legislative Requirements

The *Local Government Act 2009* (the *Act*) and the *Local Government Regulation 2012* (the *Regulation*) govern the operation of business units run by local governments.

Section 175 of the *Local Government Regulation 2012* states a local government's operational plan for the financial year must include an APP for each commercial unit.

Risk Management

Not applicable.

Financial

Not applicable.

People

Not applicable.

Environmental

Not applicable.

Social

Not applicable.

Alignment with Council's Policy and Plans

This report aligns with council's corporate plan ensuring council's existing infrastructure assets are managed to ensure current service standards are maintained or improved.

CONSULTATION

Consultation has occurred between the:

- General Manager Infrastructure & Operations;

- Group Manager Water & Waste Operations;
- Group Manager Water & Waste Infrastructure; and
- Business & Infrastructure Finance team.

OPTIONS

1. To adopt the Redland Water Annual Performance Plan for 2015-2016 as attached.
2. To adopt the Redland Water Annual Performance Plan for 2015-2016 with amendments.

OFFICER'S RECOMMENDATION

That Council resolves to adopt the Redland Water Annual Performance Plan for 2015-2016 as attached.

REDLAND WATER

A commercial business unit of Redland City Council

Water & wastewater services

Annual Performance Plan 2015-16

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1 Introduction

Redland Water is a commercial business unit (CBU) of Redland City Council (RCC).

The *Local Government Act 2009* (the *Act*) and the *Local Government Regulation 2012* (the *Regulation*) govern the operation of business units run by local governments.

In deciding whether an activity should be a significant business activity for the 2015-16 financial year, local governments must consider the operating expenditure for the 2014-15 financial year less any depreciation included therein and any expenditure included therein to achieve competitive neutrality which is not actually incurred by the local government plus any loan redemption payments in that year.

Section 19 of the *Local Government Regulation 2012* was recently amended to increase the thresholds. The thresholds for the 2015-16 financial year are therefore as follows:

- for water and sewerage combined activities - \$13.6m; and
- for any other business activity - \$9m.

Section 175 of the *Local Government Regulation 2012* states:

- 1) The annual operational plan for a local government must:
 - (a) be consistent with its annual budget; and
 - (b) state how the local government will:
 - (i) progress the implementation of the 5-year corporate plan during the period of the annual operational plan; and
 - (ii) manage operational risks; and
 - (c) include an annual performance plan for each commercial business unit of the local government.
- 2) An annual performance plan for a commercial business unit is a document stating the following for the financial year, the:
 - (a) unit's objectives;
 - (b) nature and extent of the significant business activity, the unit is to conduct;
 - (c) unit's financial and non-financial performance targets;
 - (d) nature and extent of the community service obligations the unit must perform;
 - (e) cost of, and funding for, the community service obligations;
 - (f) unit's notional capital structure, and treatment of surpluses;
 - (g) unit's proposed major investments;
 - (h) unit's outstanding, and proposed, borrowings;
 - (i) unit's policy on the level and quality of service consumers can expect;
 - (j) delegations necessary to allow the unit to exercise autonomy in its commercial activities;
 - (k) type of information that the unit's reports to the local government must contain.
- 3) A local government may omit information from the copies of the annual performance plan made available to the public if:
 - (a) the information is of a commercially sensitive nature to the commercial business unit; and
 - (b) the information is given to each of the local government's councillors.

Note – See also section 171 (Use of information by councillors) of the Act.
- 4) The local government may change an annual performance plan for a commercial business unit at any time before the end of the financial year.

The *Regulation* also requires the CBU's performance to be monitored by the local government against performance targets mentioned in the annual performance plan (APP).

2 Key principles of a commercial business unit

This APP supports the key principles of commercialisation as detailed in section 28 of the *Regulation*, which are:

- (a) clarity of objectives;
- (b) management autonomy and authority;
- (c) accountability for performance; and
- (d) competitive neutrality.

3 Redland City Council vision

“Forward thinking, engaged and focused on enriching community lifestyles”.

4 Redland Water vision, objectives and functions

4.1 **Business focus**

4.1.1 **Vision**

To be recognised as a professional water management business that continually improves and adapts our service to customers in support of Council’s vision and objectives for the city.

4.1.2 **Mission**

To meet or exceed agreed standards of water and wastewater services while managing the business for long-term success.

4.1.3 **Key drivers**

The key business drivers are:

- customer service;
- business efficiency;
- environmental sustainability;
- pricing arrangements that reflect true costs, full cost recovery and regulatory requirements;
- competitiveness; and
- the provision of a safe working environment.

5 Roles of each party

5.1 **Redland City Council’s role**

- Owner of business
- Specifies levels of service
- Customer of Redland Water

5.2 **Redland Water’s role**

- Service provider for planning and operation of assets
- Customer of Redland City Council
- Owner of water and wastewater assets

6 Undertakings by the parties

6.1 **Redland City Council**

RCC has delegated management autonomy to Redland Water's management team for:

- entering into contracts in the name of the business unit as a commercial business of Council in line with Council delegations;
- completing approved programs in accordance with Council's budget, operational and corporate plans as well as Redland Water's performance plan;
- promoting and presenting Redland Water to the community as a professional commercial business by undertaking educational, promotional and customer activities;
- developing and implementing budgets and long-term pricing models and financial plans.

RCC will compensate Redland Water the cost of providing any community service obligations (CSOs) in line with section 24 of the *Regulation*. These will be reviewed on an annual basis as part of the performance plan and the budget development process.

Council will buy water and wastewater services from Redland Water under the same terms and conditions as customers.

RCC will operate in accordance with various policies and the corporate plan.

6.2 **Redland Water**

Redland Water will:

- provide water and wastewater operations;
- conduct its business and operations in compliance with the requirements of the *Environmental Protection (Water) Policy 2009 of the Environmental Protection Act 1994*, the *South-East Queensland Water (Distribution and Retail Restructuring) Regulation 2010 of the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, the *Local Government Act 2009*, the *Water Act 2000*, the *Water Supply (Safety and Reliability) Regulation 2011 of the Water Supply (Safety and Reliability) Act 2008*, the *Local Government Regulation 2012* and other relevant acts and regulations;
- operate within National Competition Policy (NCP) guidelines and deliver an annual net return to Council as detailed in this plan;
- adopt the principles of ecologically sustainable development;
- plan for, build, operate and maintain assets to ensure nominated service levels are maintained;
- commit to the overall Council vision of operating within a best value framework - value for money will be superior to lowest pricing;
- use Council's full range of corporate services by entering into service level agreements (SLAs) with Council;
- implement the Netserv Plan
- provide monthly reports on its financial and non-financial performance;
- show due diligence in immediately reporting any serious non-compliances or incidents to Council;
- pursue and undertake private works on a full cost plus profit basis provided the works fall within the scope, skill and competencies of assigned staff and contractors. Financial risk of Council must be considered when undertaking significant private works projects;
- develop and action a strategic asset management plan (SAMP).

7 Redland City corporate plan objectives

To address key strategies within the RCC Corporate Plan 2015-2020, Redland Water will:

- supply healthy water in an ecologically sustainable manner by planning, designing, constructing, operating and maintaining a high quality water distribution system; and
- process wastewater in an ecologically sustainable manner by planning, designing, constructing, operating and maintaining a system for the collection, treatment and disposal of wastewater and biosolids.

8 Redland Water's strategies for achieving objectives

Redland Water will strive to show high levels of performance in the following areas in achieving the objectives:

- quality products and service;
- customer services including timely response to complaints and requests; and
- environmental and safety standards.

Other initiatives that will be undertaken to support the objectives are:

- improving the value of the business and meeting Council's capital structure and net return targets;
- managing costs to improve value to customers;
- strengthening demand management to meet the south-east Queensland (SEQ) regional targets for per capita water consumption;
- monitoring and reporting on key financial and non-financial performance indicators; and
- meeting the objectives of the Council of Australian Governments (COAG) and NCP reforms.

9 Redland Water services

Chapter 3A Part 2 of the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* states that, from the end of June 2012, Redland Water, as a commercialised business unit of RCC, will be a service provider subject to the *Water Supply (Safety and Reliability) Act 2008*.

Chapter 2 Part 3 Division 2 of the *Water Supply (Safety and Reliability) Act 2008* provides Redland Water with the general power of a service provider to operate water and wastewater services within the RCC area with current service delivery areas.

The nature and scope of Redland Water's main activities and undertakings are:

9.1 **Water supply service**

Redland Water's undertaking for water supply will include the planning, construction, operation and maintenance of the following assets:

- reticulation network;
- trunk mains;
- services;
- meters;
- hydrants;
- pump stations;
- reservoirs; and
- water boosters.

9.2 **Wastewater service**

Redland Water's undertaking for wastewater supply will include the planning, construction, operation and maintenance of the following assets:

- wastewater treatment plants (WWTPs);
- pump stations;
- pressure mains;
- reticulation network;
- manholes;
- effluent mains;
- developing recycled water opportunities;
- irrigation and reuse systems; and
- the provision of trade waste services.

10 Reporting

10.1 **Reporting structure**

In line with the key principles of commercialisation in section 28(b) of the Regulation, Redland Water has autonomy in its day-to-day operations.

The reporting structure is such that the General Manager Infrastructure & Operations reports to the Chief Executive Officer (CEO) of RCC regarding Redland Water.

10.2 **Reporting**

Redland Water will provide the following reports:

Monthly:

- monthly key performance indicators (KPIs) as shown in the attached Redland Water scorecard indicators – 2015/16;
- standard set of financial reports; and
- WWTP performance.

Yearly:

- yearly KPIs as shown in the attached Redland Water scorecard indicators – 2015-16;
- statement of financial performance;
- statement of financial position; and
- annual budget as part of corporate process.

11 Meeting our customers' needs

11.1 **Customer service standards**

Water and wastewater

Section 115 of the *Water Supply (Safety & Reliability) Act 2008* requires service providers to prepare a customer service standard (CSS) for its water and wastewater services. It also requires the service provider to clearly state the level of service to be provided to customers, the process for service connection, billing, metering, accounting, customer consulting, complaints and dispute resolution.

The CSS also contains any other matters as mentioned in guidelines issued by the Department of Environment & Water Supply (DEWS). It is reviewed annually and customers are advised of significant changes.

A copy of Redland Water's CSS is available online or from Council's customer service centres.

For 2015-16 CSS, Redland Water will make every effort to:

Water

- respond to discoloured water complaints within 4 hours;
- make sure at least 98% of properties, when tested, have a minimum 22 metres static head and flow to the atmosphere of at least 30 litres a minute at the meter;
- improve inadequate water pressure and flow within 28 working days of a test for water services otherwise we will advise of actions required;
- make sure there are no more than 12 water quality incidents per month caused by the distribution network;
- respond to general requests within 5 working days;
- respond to loss of supply within 1 hour on mainland;
- restore 97% of mainland interruptions caused by disruptions in the distribution network within 5 hours;
- make sure there are no more than 8 water main breaks and leaks per month for every 100 kilometres within the distribution network; and
- connect new water services for mainland standard connections within 15 working days of the request.

Wastewater

- restore service to customers within 5 hours following a mainland incident;
- respond to 90% of mainland wastewater blockages or overflows within 1 hour;
- make sure there are no more than 7 dry weather overflows each month;
- respond to reports of odour on the mainland within 5 hours;
- make sure there are no more than 3 odour complaints per month; and
- respond to general requests within 5 working days.

11.2 Customer advice

Redland Water will provide a range of information relating to service advice, accounts and charges on request.

Redland Water will make available information to customers through the use of fact sheets, Redland Water's internet pages, community education programs and so on.

The CSS for water and wastewater also contains useful advice on sustainable water supply and a complaints resolution process for dealing with customer requests and concerns.

11.3 Seeking feedback from our customers and community

Redland Water will collect community feedback information and participate in community consultations. Feedback from surveys and consultation will be used to gauge acceptance of service levels. This mechanism is seen by the CBU as a valuable input into improving services delivery.

Customer feedback may be collected through some or all of the following forms:

- recording unsolicited complaints and comments;
- management or staff attendance at community consultation sessions; and
- formal surveys by a third party consultant or formal surveys by in-house staff as part of Council process.

12 Planning for the future

12.1 *Financial planning*

- Redland Water will review its financial model on a yearly basis. The financial model will be for a period of no less than 10 years.
- The CBU's budget will be formulated on an annual basis and reviewed during the financial year in accordance with the timeframes set by Council, the anticipated capital structure and Council's net return expectations.

12.2 *Assets*

Redland Water will optimise assets and strive for best value of operations by:

- regularly assessing assets and development of planning reports;
- implementing and improving preventative maintenance programs;
- enhancing asset condition ratings and information;
- timely updating of asset databases;
- improving data for calculation of valuations;
- considering contemporary valuation methodologies in accordance with effective NCP pricing principles;
- prepare and action a SAMP; and
- considering the risk of possible obsolescence when evaluating use of advancing technology.

12.3 *Employment and training plan*

Redland Water will make sure the intellectual property of the CBU is retained and operational processes are maintained in perpetuity by implementing the corporate human resource plan which will:

- recognise the need for succession planning;
- adopt the staff performance appraisal process;
- adopt Council's policy on remuneration packages for staff; and
- undertake staff training programs based on legislative requirements and a skills gap analysis.

12.4 *Financial risk*

Redland Water will adopt strategies to minimise financial risk by:

- continually reviewing and refining the costing and quotation of jobs;
- following a structured but flexible process for quotation and tendering in line with corporate processes;
- maximising the use of grants and/or subsidies for works;
- ensuring appropriate levels of headworks payments are collected from developers and property owners where applicable;
- adopting Council's policies on funding, so that an appropriate level of depreciation ensures long-term cash flows are not jeopardised;
- ensuring developer contributions are transferred to reserves where appropriate;
- holding an appropriate level of insurance cover; and
- monitoring the sundry debtors to ensure revenues are maximised.

13 Revenue

Revenues are collected by Council and transferred to Redland Water for all services it provides.

13.1 *Collection of rates*

Redland Water's water and wastewater charges will be integrated on an RCC rate notice.

All outstanding rates will appear in Redland Water's balance sheets.

13.2 *Collection of fees, charges and miscellaneous incomes*

Revenues for fees and charges will be collected in the following manner:

- prepayment for works associated with developments, new properties or alterations to infrastructure; and
- revenue for other works including trade waste fees will be by invoice with a 30-day payment period.

13.3 *Community service obligations (CSOs)*

CSO payments will be made by Council for services supplied for less than full cost price in accordance with Council pricing, Council policy or Council operations. A summary of the CSOs will be provided in Council's annual report in accordance with the *Local Government Regulation 2012*.

CSOs may include:

- concessions provided to sporting bodies or clubs;
- concessions, remissions or rebates for specific persons stated in a policy;
- any non-commercially driven concession or remission provided by resolution of Council;
- community services; and
- special audits and assessments outside commercial requirements.

Current CSOs for Council 15/16 are:

Job Number	Annual Budget
52019 Water concession not for profit	\$ 110,000
53019 Wastewater concession not for profit	\$ 450,000
	<u>\$ 560,000</u>

13.4 *Measurement of water consumptions*

All water supplied will be measured through a water meter (including consumption through fire hydrants and water filling stations). Water meters will be read 4 times per annum and water meters upgraded as part of a progressive replacement program.

A permit will be required to take water from fire hydrants or tanker filling stations (Fire Services using hydrants for firefighting only exempted) and for recycled water drawn from Redland Water's recycled water filling facilities. Redland Water may issue a metered standpipe which will incur a bond and hire fee. The potable water or recycled water consumption as indicated on the standpipe will also be charged.

14 Financial Structure

Redland Water show as separate units within RCC's financial ledgers.

A separate accounts payable and receivable ledger will operate within RCC's financial system to allow for easy identification of payments.

14.1 Capital structure

The consolidated capital structure of the CBU will comprise community equity to the value of assets less liabilities.

The 10-year Debt to Debt + Equity level shall be in the range of 35-55%, currently the planned level for 2015/16 shall be 36% (this is the ratio of our internal debt \$247m).

14.2 Physical assets

In accordance with the initial CBU establishment plan, the capital structure of Redland Water will include all current and non-current assets and liabilities and equity shown in the financial statements.

14.3 Monetary assets

All current assets as recorded in Redland Water including reserves, debtors and prepayments are to be managed by the CBU.

14.4 Investment

RCC's financial services section will invest all excess cash held by Redland Water at the best possible interest rate.

14.5 Cash balances

The cash balances shall be held at a level that equates to 3-4 months annualised average operational costs.

Refer to attachment 3 – Cash Flows

14.6 Loans

The CBU will use debt to fund large infrastructure projects associated with the generation of revenue in line with corporate guidelines and Executive Leadership Team (ELT) direction.

14.7 Subsidy

Redland Water will optimise the use of available grants and subsidies by managing the forward planning of future works programs.

14.8 Recognition of assets

Assets will be recognised using industry standards and the methodologies developed through Council's asset valuation policy, the *Local Government Regulation 2012*, and the *Australian Accounting Standards*.

14.9 Depreciation

Redland Water will depreciate its assets in accordance with the *Australian Accounting Standards* having regard for contemporary depreciation methods.

14.10 Pricing policies

Redland Water will price its services in accordance with NCP methodologies while taking into account RCC policy. This may include introducing additional user pays type fees and charges.

Water charges are set as a 2-part tariff – an access charge and a consumption charge.

Wastewater charges are set as one tariff based on sewer units.

Commercial and industrial properties are charged on a per lot and/or per pedestal or equivalent pedestal (urinal) basis.

14.11 Net return to Council

Redland Water will provide to Council a surplus made up of dividend, income tax and internal debt finance structuring to the value of the following:

Tax on operating capability @ 30% - calculated for each individual product, i.e. water and wastewater.

Dividend: 75% on after tax operating surplus – calculated for each individual product, i.e. water and wastewater.

To achieve the surplus the following parameters will need to be considered:

Revenue: Water increased in line with long-term pricing and financial modeling of Maximum Allowable Revenue (MAR).

Revenues should be modeled to meet the requirements and commercial rates of return required by NCP reforms.

Expenses: Wages increases in line with enterprise bargaining agreement (EBA) and commercial activity needs.

Goods and services increased by no greater than CPI, growth and environmental or legislative influences.

Net Return to Council: The net return to Council is made up of the following:

- + Tax
- + Dividend
- + Internal expenses
- + Competitive neutrality expenses
- + Internal interest
- Internal revenues
- CSO recovery

14.12 Reserves

Constrained cash reserves (Redland Water 543 & Wastewater 544)

In late 2013/14 Redland Water established 2 constrained cash reserves on their balance sheet - one each for water and waste water. The purpose of these reserves is to capture any over and under recovery of maximum allowable revenue due to the price smoothing associated with the large increase in purchase price of bulk water, expected in 2017/18. This bulk water price was referred by the Queensland State Government for investigation by the QCA and a response is now pending from the State Government.

Constrained capital works reserves (Redland Water 5134 & Wastewater 5135)

Developer cash contributions received by Redland Water are transferred to constrained cash reserves. It is the purpose of this reserve to fund future capital works that relate to projects that are classified upgrade, expansion or new projects.

14.13 Developer contributions

Redland Water will appropriate developer contributions to the capital works reserve less a portion to be recorded as operating revenue that equates to the interest on Queensland Treasury Corporation (QTC) loans for that year.

Donated assets will be recorded as revenue and the value recorded to the balance sheet as a non-current asset. Donated assets will be recorded in the electronic asset register and as constructed data recorded in the GIS system.

ATTACHMENTS

ATTACHMENT 1 – OPERATIONAL BUDGET 2015/16 – 3 YEARS

	Budget Year 1 2015/16 \$'000s	Estimate Year 2 2016/17 \$'000s	Estimate Year 3 2017/18 \$'000s
<i>Operating Revenue</i>			
Rates and Utility Charges	95,689	99,668	103,343
Less: Discounts & Pensioner Remissions	(670)	(224)	(229)
Fees and Charges	325	325	325
Operating Grants and Subsidies	0	0	0
Operating Contributions and Donations	0	0	0
Interest External	953	953	953
Community Service Obligation	560	560	560
Other Revenue	1,362	1,362	1,362
<i>Total Operating Revenue</i>	98,219	102,644	106,314
<i>Operating Expenditure</i>			
Employee Costs	7,972	8,172	8,376
Goods and Services	43,255	51,115	54,541
Finance Costs Other	0	(0)	(0)
Other Expenditure	0	0	0
Net Internal costs	3,315	3,468	3,625
<i>Total Operating Expenditure</i>	54,542	62,754	66,542
<i>Earnings before Interest, tax and depreciation (EBITD)</i>	43,677	39,889	39,772
Interest expense	0	0	0
Internal Interest	21,215	17,483	17,483
Depreciation	17,081	18,592	19,093
<i>Operating Surplus/(Deficit)</i>	5,381	3,814	3,196
Income Tax	3,564	3,140	3,002
Dividend	1,907	506	260
<i>Net Increase in Operating Capacity</i>	(90)	168	(66)

ATTACHMENT 2 – CAPITAL FUNDING 2015/2016 – 3 YEARS

	Budget Year 1 2015/16 \$'000s	Estimate Year 2 2016/17 \$'000s	Estimate Year 3 2017/18 \$'000s
<i>Proposed Sources of Capital Funding</i>			
Capital Contributions and Donations	3,500	3,582	3,666
Capital Grants and Subsidies	0	0	0
Proceeds on Disposal of Non-Current Assets	0	0	0
Net Transfer (to)from Constrained Capital Reserves	(2,714)	(2,107)	4,499
Non Cash Contributions	3,000	3,071	3,143
New Loans	0	0	0
Funding from Utility Revenue	17,680	7,529	8,482
<i>Total Sources of Capital Funding</i>	21,466	12,075	19,790
<i>Proposed Application of Capital Funds</i>			
Contributed Assets	3,000	3,071	3,143
Capitalised Goods & Services	18,217	8,749	16,388
Capitalised Employee Costs	249	255	260
Loan Redemption	0	0	0
<i>Total Application of Capital Funds</i>	21,466	12,075	19,790
<i>Other Budgeted Items</i>			
Transfer to Operating Reserve	0	0	0
Transfer from Operating Reserve	0	0	0
WDV of Assets Disposed	0	0	0
Internal Capital Structure Financing	(21,215)	(17,483)	(17,483)

ATTACHMENT 3 – CASH FLOW PROJECTIONS 2015/16 – 3 YEARS

	Budget 2015/16 \$'000	Year 1 2016/17 \$'000	Year 2 2017/18 \$'000
Receipts			
Rates & utilities	95,019	99,444	103,114
Fees & charges	325	325	325
Interest	953	953	953
Grants and subsidies	0	0	0
Contributions	0	0	0
Other revenue	1,359	1,359	1,359
Total Receipts	97,657	102,081	105,752
Payments			
Employee costs	(6,285)	(6,442)	(6,603)
Materials & services	(42,773)	(50,618)	(54,029)
Total Payments	(49,058)	(57,061)	(60,633)
NET CASH FLOW - OPERATIONS	48,599	45,020	45,119
Investing Activities			
Proceeds - disposal on-current assets	0	0	0
Proceeds - Capital subsidies and grants	3,500	3,582	3,666
Payments - Property, Plant & Equipment	(18,465)	(9,004)	(16,648)
Finance costs	0	0	0
NET CASH FLOW - INVESTING ACTIVITIES	(14,965)	(5,422)	(12,981)
Proceeds from borrowing - QTC	0	0	0
Repayment of borrowing - QTC	0	0	0
NET CASH FLOW - FINANCING ACTIVITIES	0	0	0
Return to Council			
Dividend	(1,908)	(506)	(260)
Tax	(3,564)	(3,140)	(3,002)
Special Dividend - internal debt RSC	(21,215)	(17,483)	(17,483)
Transfers to/from reserves	(2,714)	(2,107)	4,499
Net Internals Other	(4,922)	(5,131)	(5,346)
NET INCREASE (DECREASE) IN CASH HELD	(689)	11,232	10,546
Cash at the start of the financial year.	22,164	21,474	32,706
CASH AT END OF FINANCIAL YEAR	21,474	32,706	43,252

ATTACHMENT 4 – PROJECTED BALANCE SHEET 2015/16 – 3 YEARS

	Budget 2015/16 \$'000	Year 1 2016/17 \$'000	Year 2 2017/18 \$'000
<i>CURRENT ASSETS</i>			
Cash	0	0	0
Receivables – rates	23,072	23,072	23,072
Prepayments	29	29	29
Investments	21,474	32,706	43,252
Total Current Assets	44,575	55,807	66,353
<i>NON-CURRENT ASSETS</i>			
Property, plant, and equipment	643,104	636,586	637,284
Total Non-Current Assets	643,104	636,586	637,284
TOTAL ASSETS	687,679	692,394	703,637
<i>CURRENT LIABILITIES</i>			
Creditors and Accruals	2,496	2,496	2,496
Debt RCC	247,000	247,000	247,000
Employee Provisions	646	646	646
Total Current Liabilities	250,142	250,142	250,142
<i>NON-CURRENT LIABILITIES</i>			
Creditors and Accrual	9,322	9,322	9,322
Employee Provisions	1,148	1,148	1,148
Total Non-Current Liabilities	10,470	10,470	10,470
TOTAL LIABILITIES	260,612	260,612	260,612
NET BUSINESS UNIT ASSETS	427,067	431,781	443,025
TOTAL COMMUNITY EQUITY	427,067	431,781	443,025

ATTACHMENT 5 – KEY PERFORMANCE INDICATORS 2015-16

Water:
 = 1266km mains
 No. active meters (incl multiple meters/prop) = 54,265
 No connected props (incl CTS – no children) = 53,092
 Total no connected props (include child props and not including MPPM) = 58,945
 MPPM = 621
 Child properties = 6,474

Wastewater:
 = 1150km mains
 No. of active wastewater services = 48,756 (non vacant)
 Total no. wastewater services = 49,929 (vacant & non vacant)

KRA and Goals	REDLAND WATER SCORECARD WATER & WASTEWATER INDICATORS – 2015-16	Monthly Target	Unit	Reporting Frequency	Annual Target
Financial management Ensure the long term financial viability of the city and provide public accountability in financial management.	Operating revenue (actual to budget)	+/- 5%	%	Monthly	=/-5%
	Operating goods and services expenditure (actual to budget)	+/- 5%	%	Monthly	=/-5%
	Capital expenditure (actual to budget)	+/- 5%	%	Monthly	=/-5%
	Treatment costs per property serviced (wastewater)	\$12.73	\$	Monthly	\$152.71
	Maintenance costs per property serviced (water)	\$4.23	\$	Monthly	\$50.80
	Maintenance costs per property serviced (wastewater)	\$8.22	\$	Monthly	\$98.61
Deliver essential services Provide and maintain water, waste services, roads, drainage and support the provision of transport and waterways infrastructure to sustain our community.	Number WWTP non conformances with EPA licence over compliance year	max 0.5	#	Monthly	max 6
	% compliance with Australian Drinking Water Guidelines (ADWG) within distribution system. Does not include non-compliant water received at the point of transfer to the distribution system, i.e. from the bulk water authority or the bulk transport authority.	min 98	%	Monthly	min 98
People management Development of organisational cultural values and people behaviours in order to meet agreed community expectations.	LTIFR	NA	Lost time injury frequency rate	Annually	max 20