Adopted Report

of the

Water Services Committee Meeting

held

Wednesday, 25 June 2014

at

02:00 pm

G6 Committee Room
Nerang Administration Centre
Nerang Southport Road Nerang
## Index

### Adopted Report 682

**Water Services Committee Meeting**  
**Wednesday, 25 June 2014**

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**N.B. Attachment 2 is Confidential** |
| 4    | GCW     | WSS72/1230(P1)     | 28   | GOLD COAST WATER DEMAND MANAGEMENT PROJECTS |
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### General Business

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<td>ODOUR COMPLAINTS FROM WETLAND AREAS</td>
</tr>
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### KEY:

- CEO - Office of the Chief Executive Officer
- CMS - Community Services
- EDMP - Economic Development & Major Projects
- ES - Engineering Services
- GCW - Gold Coast Water
- OS - Organisational Services
- PE - Planning & Environment
ADOPTION BY COUNCIL 27 JUNE 2014

RESOLUTION  G14.0627.020  Moved Cr Taylor  Seconded Cr Robbins

That the Report of the Water Services Committee Meeting held on Wednesday, 25 June 2014 covered by Recommendations numbered WS14.0625.001 to WS14.0625.006 be received.

CARRIED

ADOPTION OF WATER SERVICES COMMITTEE REPORT

RESOLUTION  G14.0627.021  Moved Cr Taylor  Seconded Cr Robbins


CARRIED

ATTENDANCE

Cr P A Taylor  Chairperson
Cr C L Robbins
Cr C M Caldwell
Cr M J Grummitt
Cr W Owen-Jones (Visitor)

Mr P Heaton  Director Gold Coast Water
Mr D Went  Manager Operational Strategy
Ms K Baker  Executive Coordinator Integrated Water Cycle Planning
Mr R Hallgath  Executive Coordinator Asset Renewals and Network Optimisation

APOLOGIES

PROCEDURAL MOTION
moved Cr Caldwell  seconded Cr Robbins

That the apology of Cr La Castra be received.

CARRIED
WATER SERVICES COMMITTEE 2014

<table>
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<tr>
<th>Item Number</th>
<th>Subject</th>
<th>Action Officers</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ✴</td>
<td>Action List and Forward Planning Schedule</td>
<td>Paul Heaton</td>
<td>Standing Item</td>
</tr>
<tr>
<td></td>
<td>Recommendation: WS12.0912.004 Resolution: G12.0914.028</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 ✴</td>
<td>Annual Register of Council Directions</td>
<td>Paul Heaton</td>
<td>Standing Item</td>
</tr>
</tbody>
</table>

686 Water Services Committee Meeting – 10 September 2014

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Subject</th>
<th>Action Officers</th>
<th>Action</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Recommendation: WS13.0424.001 Resolution: G13.0430.043</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recommendation: WS14.0528.007 Resolution: G14.0603.017</td>
<td>Brad Dowling</td>
<td>Part 1 - Gold Coast Water to provide an additional report on the strategy to achieve that within three months. Part 2 - That the Director GCW report back to Council in July 2015 on progress associated with the proposed implementation plan.</td>
</tr>
</tbody>
</table>
ITEM 1 (Continued)

ACTION LIST AND FORWARD PLANNING SCHEDULE (18 JUNE 2014)
CM787/788/06/01(P1)

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Subject</th>
<th>Action Officers</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Gold Coast Water 2013-15 QCA Price Monitoring Review</td>
<td>Karen O'Brien</td>
<td>That Gold Coast Water report back to the Water Services Committee within six months outlining actions taken to address the issues in need of improvement identified in the QCA Final Report.</td>
</tr>
<tr>
<td>5</td>
<td>Long Term Recycled Water Release Staging Options Update</td>
<td>Kathy Baker</td>
<td></td>
</tr>
</tbody>
</table>

RECOMMENDATION

It is recommended that Council resolve as follows:
That the Action List and Forward Planning Schedule for Water Services Committee be noted.

COMMITTEE RECOMMENDATION     WS14.0625.001
moved Cr Grummitt              seconded Cr Robbins

That the Action List and Forward Planning Schedule for Water Services Committee be noted.  
CARRIED
STANDING AGENDA ITEM:

Committee Recommendation:  WS14.0430.007
Council Resolution:  G14.0506.025

That Gold Coast Water establish a standing item on the Water Services Committee Agenda which is a register (and thus an agreed record) of any “directions” that Council gives Gold Coast Water for reporting in the annual operations report.

That is:

- a resolution that goes against or substantially modifies the recommendations of the Officers and;
- has a (or potential to have a) material/commercial impact on the business unit.

<table>
<thead>
<tr>
<th>Date</th>
<th>Item Number</th>
<th>Description</th>
<th>Council Resolution Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>There are currently no items to record in this Register.</td>
<td></td>
</tr>
</tbody>
</table>

RECOMMENDATION

It is recommended that Council resolve as follows:
That the Gold Coast Water Annual Register of Council Directions be noted.

COMMITTEE RECOMMENDATION  WS14.0625.002
moved Cr Grummitt  seconded Cr Robbins

That the Gold Coast Water Annual Register of Council Directions be noted.  CARRIED
ITEM 3
GOLD COAST WATER FINANCIAL PERFORMANCE AS AT 31 MAY 2014
FN334/252/14(P1)

Attachment 1 – Detailed Income Statement
Attachment 2 – Concealed Leakage Remissions > $10,000 - CONFIDENTIAL

1 BASIS FOR CONFIDENTIALITY
Not Applicable.

2 EXECUTIVE SUMMARY
Not Applicable.

3 PURPOSE OF REPORT
The purpose of this report is to provide the Water Services Committee with an update of Gold Coast Water’s financial performance as at 31 May 2014.

4 PREVIOUS RESOLUTIONS
Not Applicable.

5 DISCUSSION

5.1 High Level Financial Summary

<table>
<thead>
<tr>
<th>Act Initial Budget</th>
<th>Revised Budget</th>
<th>Var %</th>
<th>Initial Budget</th>
<th>Revised Budget</th>
<th>Var %</th>
<th>Initial Budget</th>
<th>Revised Budget</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000's</td>
<td>$000's</td>
<td></td>
<td>$000's</td>
<td>$000's</td>
<td></td>
<td>$000's</td>
<td>$000's</td>
<td></td>
</tr>
<tr>
<td>35,224</td>
<td>37,523</td>
<td>(2,299)</td>
<td>6 Operating Revenue</td>
<td>402,535</td>
<td>398,947</td>
<td>401,765</td>
<td>770 0</td>
<td>433,770</td>
</tr>
<tr>
<td>12,777</td>
<td>14,743</td>
<td>1,966</td>
<td>13 Flow - Dependant Expenditure</td>
<td>144,462</td>
<td>143,555</td>
<td>145,201</td>
<td>739 1</td>
<td>155,829</td>
</tr>
<tr>
<td>22,448</td>
<td>22,780</td>
<td>(332)</td>
<td>1 Dependant Expenditure</td>
<td>258,073</td>
<td>255,392</td>
<td>256,564</td>
<td>1,509 1</td>
<td>277,941</td>
</tr>
<tr>
<td>7,657</td>
<td>7,506</td>
<td>(151)</td>
<td>2 Gross Margin</td>
<td>90,854</td>
<td>84,813</td>
<td>91,179</td>
<td>325 0</td>
<td>92,523</td>
</tr>
<tr>
<td>14,781</td>
<td>14,849</td>
<td>(68)</td>
<td>5 Loss on Sale of Assets</td>
<td>166,483</td>
<td>165,990</td>
<td>160,796</td>
<td>5,687 4</td>
<td>180,419</td>
</tr>
<tr>
<td>2,390</td>
<td>2,933</td>
<td>(543)</td>
<td>8 Total Capital Revenue</td>
<td>41,728</td>
<td>38,064</td>
<td>37,504</td>
<td>4,224 11</td>
<td>41,665</td>
</tr>
<tr>
<td>17,171</td>
<td>17,782</td>
<td>(611)</td>
<td>9 EBITDA</td>
<td>208,211</td>
<td>204,054</td>
<td>198,300</td>
<td>9,911 5</td>
<td>222,084</td>
</tr>
</tbody>
</table>

Table 1 - Gold Coast Water's Year to Date Financial Summary

Table 1 above shows Gold Coast Water’s financial position as at 31 May 2014 is currently 5% or $9.91m ahead of forecast. The major contributing factors to this are favourable variances in:
- capital revenue $4.22m
- loss on asset disposals $3.85m
- operating revenue $0.77m.

Major variances will be discussed in the following paragraphs with further detail contained within Attachment 1 to the report.
5.2.1 Rates Revenue Forecast ($0.01m Unfavourable)

### Table 2 – Water and Sewer Rates Revenue Forecast

<table>
<thead>
<tr>
<th></th>
<th>Act Year to Date</th>
<th>Revised Budget</th>
<th>Var</th>
<th>Var</th>
<th>Gold Coast Water Rates Revenue Month ended 31 May 2014</th>
<th>Act Year to Date</th>
<th>Revised Budget</th>
<th>Var</th>
<th>Var</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000’s</td>
<td>$000’s</td>
<td>%</td>
<td></td>
<td>$000’s</td>
<td>$000’s</td>
<td>$000’s</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Service Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>5,208</td>
<td>5,122</td>
<td>86</td>
<td>2</td>
<td>5,208</td>
<td>5,122</td>
<td>86</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Sewerage</td>
<td>13,759</td>
<td>13,521</td>
<td>238</td>
<td>2</td>
<td>13,759</td>
<td>13,521</td>
<td>238</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Total Service Charges</td>
<td>18,967</td>
<td>18,643</td>
<td>324</td>
<td>2</td>
<td>18,967</td>
<td>18,643</td>
<td>324</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volumetric Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>13,228</td>
<td>12,327</td>
<td>901</td>
<td>7</td>
<td>13,228</td>
<td>12,327</td>
<td>901</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Sewerage</td>
<td>2,333</td>
<td>4,623</td>
<td>(2,290)</td>
<td>(50)</td>
<td>2,333</td>
<td>4,623</td>
<td>(2,290)</td>
<td>(50)</td>
<td></td>
</tr>
<tr>
<td>Recycled Class A</td>
<td>42</td>
<td>122</td>
<td>(80)</td>
<td>(66)</td>
<td>42</td>
<td>122</td>
<td>(80)</td>
<td>(66)</td>
<td></td>
</tr>
<tr>
<td>Total Volumetric Charges</td>
<td>15,603</td>
<td>17,072</td>
<td>(1,469)</td>
<td>(9)</td>
<td>15,603</td>
<td>17,072</td>
<td>(1,469)</td>
<td>(9)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>34,570</td>
<td>35,715</td>
<td>(1,145)</td>
<td>(3)</td>
<td>34,570</td>
<td>35,715</td>
<td>(1,145)</td>
<td>(3)</td>
<td></td>
</tr>
</tbody>
</table>

Total rates revenue is currently on target at only $0.01m below forecast, with service charges being above forecast by $0.43m and volumetric charges being below forecast by $0.44m.

**Service charges above forecast by $0.43m**

Total service charges revenue is currently $0.43m above budget. It is expected that actuals will be marginally higher than budget at year end.

**Volumetric charges below forecast by $0.44m**

**Water volumetric revenue ($2.84m) below forecast**

The unfavourable variance reported for water volumetric revenue is caused by a combination of the following factors:

- Decreased water consumption ($0.28 m)
- Concealed Leakage Remissions ($0.15 m)
- Volumetric charge rounding difference ($0.33 m)
- Unidentified variance ($2.08 m)

**Decreased Water Consumption – UNFAV $0.28m**: Bulk water purchases to May 2014 are 160 ML below the revised demand forecast. After allowing for a non-revenue water factor of approximately 11%, this equates to a decrease in volumetric revenue of approximately $0.28m.
Concealed Leakage Remissions – UNFAV $0.15m: The value of water remissions provided under the City’s Water and Sewerage Leakage Relief policy to May 2014 is $2.90m (refer to Section 5.7.2 of this report). In the March Budget Review these remissions were factored into the budget but remissions are tracking $0.15m higher than anticipated in the revised year to date budget.

Volumetric Charge Rounding Difference – UNFAV $0.33m: Volumetric charges per KL are published to four decimal places. The 2013-14 revenue budget was also calculated based upon four decimal places, however the billing system only allows two decimal places and prices are rounded down to accommodate this. The impact for 2013-14 is that 0.061c per KL revenue is forgone. The cumulative impact of this rounding is that the year to date budget is overstated by approximately $0.33m. This issue had not been identified at the time the March budget review was finalised, however the 2014-15 budget was able to be amended to take account of this rounding issue.

Unidentified Variance – UNFAV $2.08 m: The March Budget Review updated Volumetric Water revenue for revised water consumption estimates, a 2% increase in the non-revenue water factor and concealed leakage remissions. However, after accounting for the above items that are reasonably identifiable, there remains unidentified revenue shortfall of $2.08m.

Sewer volumetric revenue - $2.31m above forecast

This revenue stream, which is based upon non-residential water consumption, adjusted for relevant discharge factors, is currently 8% or $2.31m ahead of projections. January billing is now included in the accounts which indicates that the increased revenue is the result of a combination of the following:

Higher average discharge factor – Discharge factors are set, based upon the use of the property. Individual customers have the opportunity to request a review of the discharge factor applied to their property, in accordance with the City’s Sewage discharge factor variation standards. Initial budget projections were based upon an estimated average discharge factor of 58%. Subsequently, the average discharge factor now being registered is approximately 60%, which results in higher levels of sewer volumetric revenue being generated.

Volumetric Sewer Remissions – the above increases in revenue are offset by remissions provided under the City’s Water and Sewerage Leakage Relief policy. Remissions provided to May 2014 total $0.80m, as set out in Section 5.7.2 of this report. This is $0.11m higher than anticipated in the revised estimate included within the March Budget Review.
5.2.2 Other Operating Revenue ($0.78m Favourable)

Interest Revenue ($0.43m Favourable)

Interest Revenue is currently 21% or $0.43m ahead of forecast. This is largely due to higher than anticipated levels of outstanding rates. Council’s Debt Recovery Section is continuing their efforts to reduce outstanding debt levels. A non-recurrent adjustment was made to the budget for this revenue stream during the March 2014 Budget Review and this is now reflected in the reported revised budget.

With the introduction of quarterly billing in the 2014-15 year, it is expected that there will be a reduction in interest revenue earned on outstanding rates and charges in the new financial year.

Fees and Charges ($0.35m Favourable)

Fees and Charges revenue is currently 6% or $0.35m ahead of forecast predominantly due to private and recoverable works activity being higher than forecast.

Private works are generally prepaid, with revenue received in advance of works being undertaken. It is likely that the higher revenue recorded to date is the result of revenue being received, for which the relevant works have not yet been undertaken. Accounting adjustments to recognise this ‘unearned revenue’ are only undertaken at financial year end (30 June).

Private and recoverable works are undertaken on a cost-recovery basis, so any increased revenue for these works is offset by a corresponding increase in expenditure.

5.3 Flow Dependant Expenditure ($0.40m Favourable)

5.3.1 Bulk Water Purchases ($0.59m Favourable)
As reflected in Attachment 1, Bulk Water Purchases to May 2014 of $131.30m and bulk water consumption to May 2014 of 53,212 ML are within 1% of forecast. An increase of 1,023ML in 2013-14 demand projections is now reflected in the reported revised budget.

The above graphical representation depicts year-to-date water supplied and the 2013-14 demand forecast, as submitted to the State Government, compared with last year’s month-by-month water supplied. Total water supplied for May 2014 is 4,619 ML compared to forecast demand of 4,779 ML, approximately 3.3% lower than forecast. This decline in demand is the result of continuing cooler temperatures experienced throughout the month with the average maximum temperature reaching 24.1°C.

Rainfall in May 2014 was 39.8mm which is 31% lower than the long term average.

5.4 Loss on Sale of Assets ($3.85m Favourable)
Loss on Sale of assets is 84% or $3.85m below forecast. Project completion reports are virtually complete for the Allconnex Water WIP that was carried into GCW. It is expected that the favourable trend shall continue until year end.

5.5 Capital Revenue ($4.22m Favourable)
This favourable variance is predominantly due to Developer Contributions receipts being $9.45m ahead of forecast with over $2.3m received during May. This may be, at least in part, a flow-on impact of the Kickstart program, which was implemented to encourage development across the City. Whilst this program provided infrastructure charges ‘holidays’ for the other infrastructure networks, Water and Sewer infrastructure charges remained in place, due to regulatory impacts and the need for cross-subsidisation to not occur.

This favourable variance is partially offset by Contributed Assets being $5.3m below forecast. Gold Coast Water is yet to receive information around Gold Coast Light Rail assets to be handed over. It is anticipated there will be a substantial value of contributed assets from this source, but this is now not expected to be recognised in the current financial year.

5.6 Capital Program

5.6.1 Capital Expenditure
The 2013-14 Gold Coast Water original capital program consisted of 79 projects totalling $57.9m. As part of Gold Coast Water’s budget process, project managers forecast expenditure on a monthly basis, which is used to assess performance against actual expenditure. The forecast reported below was completed in March 2014, in conjunction with Council’s March 2014 budget review. The forecast resulted in a budget reduction of $3.9m from the December revised budget, an additional seven projects, and a total revised budget of $47.6m.
## Gold Coast Water Financial Performance as at 31 May 2014

### Item 3 (Continued)

#### Gold Coast Water Financial Performance as at 31 May 2014

<table>
<thead>
<tr>
<th>Product</th>
<th>Year to Date ($000's)</th>
<th>Full year ($000's)</th>
<th>Product</th>
<th>Year to Date ($000's)</th>
<th>Full year ($000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Forecast</td>
<td>Var $</td>
<td>Var %</td>
<td>Initial Budget</td>
</tr>
<tr>
<td>Water</td>
<td>11,914</td>
<td>12,488</td>
<td>574</td>
<td>5%</td>
<td>13,550</td>
</tr>
<tr>
<td>Sewerage</td>
<td>27,140</td>
<td>28,438</td>
<td>1,297</td>
<td>5%</td>
<td>38,964</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>80</td>
<td>88</td>
<td>8</td>
<td>9%</td>
<td>1,280</td>
</tr>
<tr>
<td>Noncore Water</td>
<td>3,105</td>
<td>2,681</td>
<td>(425)</td>
<td>(16%)</td>
<td>3,600</td>
</tr>
<tr>
<td>Noncore Sewerage</td>
<td>10</td>
<td>15</td>
<td>5</td>
<td>36%</td>
<td>315</td>
</tr>
<tr>
<td>Corporate</td>
<td>136</td>
<td>146</td>
<td>10</td>
<td>7%</td>
<td>236</td>
</tr>
<tr>
<td>Total Capital</td>
<td>42,385</td>
<td>43,855</td>
<td>1,470</td>
<td>3%</td>
<td>57,945</td>
</tr>
</tbody>
</table>

**Gold Coast Water Capital Expenditure as at 31 May 2014**

**Project Variances**

**Sewerage**

Sewerage is $1.3m (5%) below forecast. The main contributors to this variance are:

- **Long Term Seaway Release - $0.32m below forecast.** There has been a delay to the commencement of the baseline water quality monitoring contract and direct toxicity assessment. These will now start in June 2014, not March 2014 as anticipated due to delays in finalisation of safety management plans for offshore sampling. In addition, the staging solutions contract is now due for completion in August 2014, not June 2014 as a result of additional scope to provide more detailed works programs. The delays will not cause future years’ budget to change.

- **Merrimac West Sewerage Augmentation Stage 2 - $0.18m below forecast.** The major variation to the design contract for pump station configuration changes included an extension of time to October 2014. Variances in forecasts have resulted due to some final design deliverables now due in the 2014-15 financial year. The delays will not cause future years’ budget to change.

- **Coombabah Sewage Treatment Process Tank Refurbishment - $0.16m below forecast.** The forecast was based upon completion of Basin C by the end of May 2014; however it will now be achieved four weeks later due to delays in being able to make the structure available because of operational constraints. The project is still on track for completion in the 2013-14 financial year.

**Water**

The water program is currently $0.6m (5%) below forecast. The main contributor to this variance is;
View Street Water Main replacement - $0.48m below forecast. During construction of the new main there was a clash with an existing main that was not identified during investigative pot-holing. The clash of mains resulted in the new main having to be lowered and a section of the old Asbestos Cement (AC) main being replaced with ductile iron. This has delayed the overall construction works. This delay will result in works being completed at the end of August, not June as originally intended. Budget will be sought for the 2014-15 financial year at the September budget review.

Noncore Water

The noncore water program is currently 16% ($0.4m) above forecast. The program consists of two projects; the meter replacement project and the meter connections project. The meter replacement project is currently $0.37m ahead of forecast. This is due to a conservative approach taken by management to reduce the budget by $0.2m at the March budget review based on previous year performance for this program of work. However, the program is performing well under a new contractor and all works scheduled to be completed this financial year will be realised.
5.6.2 Status Update – Major Capital Projects

- **Burleigh Waters Rising and Gravity Main PS B47**

**Project scope and budget**

Historically, the B47 sewerage catchment has been part of the Elanora Sewage Treatment Plant (STP) catchment.

Rationalisation of the Elanora and Merrimac catchments, to reduce flows to the Elanora STP has been the subject of several internal and external reports and investigations. In lieu of upgrading the Elanora STP, these planning studies and detailed cost evaluations concluded that transfer of Elanora’s northern hydraulic sewage load to the Merrimac catchment was the preferred strategy.

The project involves the design and construction of approximately 1,058m of 600mm DICL rising mains and gravity mains and upsizing the impellers of the B47 pumps. This diversion is required to cater for projected growth in the Elanora catchment. Initial budget approved for the 2013-14 year was $3.5m. A budget increase of $0.65m was approved at the September budget review which increased the budget to $4.15m.

The budget remained unchanged at the December budget review. The budget then increased to $4.17m at the March budget review. The additional funding is required due to issues with the construction/removal of the vent stack and a new odour issue from the existing main.

**Achievements for May**

- Completion of defect list for the contract.
- Finalising air valve configuration.
- Organised second stage replacement trees with Council City Wide Greening (to be completed in June).
- Finalise as-constructed drawings.

**Major issues**

- A resident living adjacent to the canal crossing has endeavoured to have a key component of the infrastructure removed and has submitted a complaint to the Ombudsman.

**Financial Performance**

<table>
<thead>
<tr>
<th></th>
<th>Year to Date</th>
<th>Whole Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast ($)</td>
<td>4,127,138</td>
<td>7,714,413</td>
</tr>
<tr>
<td>Expenditure ($)</td>
<td>4,194,047</td>
<td>7,733,960</td>
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<tr>
<td>Variance ($)</td>
<td>(66,909)</td>
<td></td>
</tr>
<tr>
<td>Variance (%)</td>
<td>(2%)</td>
<td></td>
</tr>
<tr>
<td>ITD Expenditure ($)</td>
<td></td>
<td>7,733,960</td>
</tr>
<tr>
<td>Remaining ($)</td>
<td>-</td>
<td>19,547</td>
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<tr>
<td>Remaining (%)</td>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>
ITEM 3 (Continued)
GOLD COAST WATER FINANCIAL PERFORMANCE AS AT 31 MAY 2014
FN334/252/14(P1)

- **Merrimac West Wastewater Augmentation Stage 2**

**Project scope and budget**

By adopting a traditional approach of upgrading assets on a “just in time” basis, this project aims to upgrade the sewerage collection network in the Merrimac West catchment to cater for growth and replacement of ageing infrastructure. A detailed scoping study completed by consultants Aurecon Australia and Worley Parsons, included a catchment master plan and concept designs for the required infrastructure upgrades with a forecast project value of $33m over three years.

Initial budget approved for the 2013-14 year was $4.0m for design work and initial construction. A budget reduction to $3.2m was approved at the September 2013 budget review due to lower than expected tenders for the design of the major sewerage pump stations and pipelines.

A budget reduction to $1.7m was approved at the December 2013 budget review as the design of major works has been slower than expected due to investigations into pump station configurations at various sites. Investigations suggest a likely reduction in overall capital cost. As the design contract progress has been slower than expected, commencement of any construction works will not occur this financial year. Consequently, a further budget reduction to $1.2m was approved at the March 2014 budget review.

**Achievements for May**

Continuation of detailed design contract by Parsons Brinckerhoff including:

- completed preliminary designs of pump stations W58, W35 and W38
- held design and safety workshop regarding above pump stations with GCW stakeholders
- received report on odour assessment for the various pump stations.

**Major issues**

- Potential redesign required for part of W35 rising main route after consultation with Department of Transport and Main Roads and Queensland Rail.

**Financial Performance:**

<table>
<thead>
<tr>
<th></th>
<th>Year to Date</th>
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</thead>
<tbody>
<tr>
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<td>Budget ($)</td>
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<td>Expenditure ($)</td>
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<tr>
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<td>184,386</td>
<td>ITD Expenditure ($)</td>
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<td></td>
<td></td>
<td>2,701,779</td>
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<td>Remaining ($)</td>
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<tr>
<td></td>
<td></td>
<td>27,572,713</td>
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<tr>
<td></td>
<td></td>
<td>Remaining (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>91%</td>
</tr>
</tbody>
</table>
Long Term Seaway Release

Project scope and budget

Gold Coast Water's existing excess recycled water release system is nearing capacity. A range of short term options to increase system capacity have been investigated and, where feasible, implemented. A long term solution is required to be operational by 2018 to support continued population growth within the City.

An options assessment process has been undertaken to identify and develop a long term recycled water release solution (in both average dry weather flow and peak wet weather flow conditions) for the City of Gold Coast until 2061. Environmental monitoring, marine modelling, the Coombabah to Seaway feasibility study, independent peer review of key project milestones and procurement planning are all required to commence in 2013-14 to support future stages of the long term release plan.

Initial budget approved for the 2013-14 year was $1.61m and was unchanged at the September budget review. At the December 2013 budget review the budget was decreased by $0.5m due to reduced scope and delayed start to the environmental monitoring program. A further budget reduction of $0.1m was approved in the March 2014 budget review due to a lower than expected cost of monitoring and commencement later than forecast, resulting in a final 2013-14 budget of $1.0m.

Achievements for May

Continuation of Staging Solutions Study by Hyder Consulting including:

- preparations and risk assessments associated with shutdown of existing pipeline for non-destructive testing
- held constructability workshop focussing on Broadwater and ocean release pipelines
- submission of safety plan by Griffith University for commencement of baseline water quality monitoring contract
- received final “Far Field Scenario Options” hydrodynamic modelling report from DHI Pty Ltd.

Major issues

Nil

Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>Year to Date</th>
<th>Whole Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast ($)</td>
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<td>173,567,278</td>
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<td>Expenditure ($)</td>
<td>586,512</td>
<td>586,512</td>
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<td>Variance ($)</td>
<td>319,201</td>
<td>172,980,766</td>
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<tr>
<td>Variance (%)</td>
<td>35%</td>
<td>100%</td>
</tr>
</tbody>
</table>
ITEM 3 (Continued)
GOLD COAST WATER FINANCIAL PERFORMANCE AS AT 31 MAY 2014
FN334/252/14(P1)

- **Maudsland Water Main Augmentation**

**Project scope and budget**

This project involves the construction of multiple new potable water mains (approximately 1000m x 375mm and 300m x 150mm), one new pump station and three pressure reducing valves (PRVs) to cater for future growth and fire fighting demand in the Maudsland area.

Initial budget approved for the 2013-14 year was $3.02m. A budget reduction of $0.65m to $2.37m was approved at the September 2013 budget review due to a significant change in project scope. The original scope involved the construction of a new reservoir, however further investigation during the concept design phase revealed that a more cost effective solution (outlined above) would achieve the desired outcome. The budget for this financial year was decreased at the December 2013 budget review to $1.8m as works will carry over to July / August 2014. At the March 2014 budget review, a further decrease of $1m was approved, resulting in a final 2013-14 budget of $0.75m. The budget decrease is a result of tenders received coming in $0.98m lower than the original estimate.

**Achievements for May**

- Preliminary design completed for the chlorine dosing facility, which is to be integrated into the new Maudsland inline water pump station.

**Major issues**

- Some time and cost implications due to conflicting stormwater pipes resulting in a redesign of the water main alignment across Binstead Way. The stormwater pipes were not located in the design as they were not on Council’s mapping system and the manholes were buried under the road and therefore could not be physically located.

**Financial Performance**

<table>
<thead>
<tr>
<th></th>
<th>Year to Date</th>
<th>Whole Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast ($)</td>
<td>426,170</td>
<td>1,832,541</td>
</tr>
<tr>
<td>Expenditure ($)</td>
<td>702,517</td>
<td>859,488</td>
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<tr>
<td>Variance ($)</td>
<td>(276,347)</td>
<td>973,053</td>
</tr>
<tr>
<td>Variance (%)</td>
<td>(65%)</td>
<td>53%</td>
</tr>
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</table>

- **Refurbishment of Process Tanks at Elanora and Coombabah Sewerage Treatment Plant**

**Project scope and budget**

This project involves the refurbishment of six process tanks at Elanora STP and Coombabah STP, including process tank structures, mechanical and electrical components.

The assets will be replaced/renewed to “as new” condition in order to comply with operational safety standards and Department of Environment and Heritage Protection (DEHP) licences. This project will be part of an ongoing program of refurbishments, based on findings from the annual condition inspection.
ITEM 3 (Continued)
GOLD COAST WATER FINANCIAL PERFORMANCE AS AT 31 MAY 2014
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Initial budget approved for the 2013-14 year was $2.0m and was unchanged at the September budget review. The budget was decreased to $1.2m at the December budget review due to delays in finalising the specification document with construction works now scheduled to commence next financial year. The 2013-14 FY budget was further reduced to $0.07m at the March budget review with the overall project budget remaining unchanged. This is due to a protracted specification process as explained below.

Achievements for May

- The tender was advertised on 29 March 2014 and closed on 14 May 2014 with two offers received. The tender assessment is currently taking place in coordination with CPO. It is anticipated the three year contract will be awarded in July 2014.

Major issues

- Due to the nature of the works, the specification document was relatively complex and capitalised on the lessons learned from previous like projects. In addition, since all the structures could not be drained at the time of the site inspection, a number of clarifications were submitted with the tenders which need to be resolved.

Financial Performance

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Whole Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast ($)</td>
<td>67,232</td>
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<td>Expenditure ($)</td>
<td>80,357</td>
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<td>Variance ($)</td>
<td>(13,125)</td>
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<tr>
<td>Variance (%)</td>
<td>(20%)</td>
</tr>
<tr>
<td>Budget ($)</td>
<td>1,200,000</td>
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<tr>
<td>ITD Expenditure ($)</td>
<td>80,357</td>
</tr>
<tr>
<td>Remaining ($)</td>
<td>1,119,643</td>
</tr>
<tr>
<td>Remaining (%)</td>
<td>93%</td>
</tr>
</tbody>
</table>

- Water Main Replacement Program

Project scope and budget

The water supply reticulation network consists of over 3000km of water pipe that range up to 60+ years of age. These pipes are primarily constructed of asbestos cement (AC), cast iron cement lined (CICL), unplasticized polyvinyl chloride (UPVC) and ductile iron cement lined (DICL). Despite the relatively young age of the water network across the City, there are water mains which experience frequent failures or are at risk of failure.

The aim of this project is to:

- minimise the number of water outages to customers
- minimise water loss from water main failures
- replace water mains with a history of failure or in a high risk category of failure; and
- decommission the unused main.

Initial budget approved for the 2013-14 year was $2.5m. A $0.1m reduction was approved at the September budget review, reducing the budget to $2.4m due to the reallocation of funds to the water services replacement program which had no initial budget allocation. The budget was increased to $2.9m at the December budget review due to the identification of additional scope. The budget was again increased by $0.3m in the March 2014 budget review to $3.2m as the contractor had spare capacity and was able to complete some design work in readiness to deliver next financial year’s scope.
GOLD COAST WATER FINANCIAL PERFORMANCE AS AT 31 MAY 2014
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Achievements for May

- There are 24 sub-projects in the current project scope, including works carried over from last year.
- All designs have been completed (100%).
- Construction of 22 sub-projects has been completed (91%).

Major issues

Nil

Financial Performance

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Whole Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast ($)</td>
<td>3,051,530</td>
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<tr>
<td>Budget ($)</td>
<td>3,251,530</td>
</tr>
<tr>
<td>Expenditure ($)</td>
<td>2,951,104</td>
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<tr>
<td>ITD Expenditure ($)</td>
<td>2,951,104</td>
</tr>
<tr>
<td>Variance ($)</td>
<td>100,426</td>
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<td>Remaining ($)</td>
<td>300,426</td>
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<tr>
<td>Variance (%)</td>
<td>3%</td>
</tr>
<tr>
<td>Remaining (%)</td>
<td>9%</td>
</tr>
</tbody>
</table>

- Replace Reservoir Ladders with Stairs and Landings

Project scope and budget

Some existing Gold Coast Water reservoir access ladders do not meet current Australian Safety Standards. The reservoirs were constructed over the years to different regulatory standards. Due to changed safety regulations in recent years, many of the access structure ladders have become non-compliant and have been issued with prohibition notices after independent field safety audits.

Completion of this project involves replacing existing ladders with stairs and landings for 22 reservoir sites. If stairs and landings do not fit in the existing access structure, a new access structure will be constructed.

Initial budget approved for the 2013-14 year was $1.52m. A budget increase of $0.28m was approved at the September budget review, increasing the current year budget to $1.8m largely to account for unexpended funding in the 2012-13 year following a later than anticipated contract award. The budget remained unchanged at the December budget review and increased slightly by $0.04m at the March budget review. This was required to fund a design change made to the ladders to ensure they weren’t attached to the reservoir wall.

Achievements for May

- Almost 85% of job has been completed.
- Three outstanding stairwells need to be installed on site.
- Some electrical light installations and minor connections need to be completed (almost 15 sites).

Major issues

Nil
ITEM 3 (Continued)
GOLD COAST WATER FINANCIAL PERFORMANCE AS AT 31 MAY 2014
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Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>Year to Date</th>
<th>Whole Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast ($)</td>
<td>1,426,270</td>
<td>1,841,099</td>
</tr>
<tr>
<td>Expenditure ($)</td>
<td>1,361,308</td>
<td>1,466,137</td>
</tr>
<tr>
<td>Variance ($)</td>
<td>64,962</td>
<td>374,962</td>
</tr>
<tr>
<td>Variance (%)</td>
<td>5%</td>
<td>20%</td>
</tr>
</tbody>
</table>

5.7 Other Financial Activities

5.7.1 Community Service Obligations

In accordance with Sections 23 and 24 of the *Local Government Regulation 2012*:

...The cost of carrying out community service obligations, less any revenue received from performing the obligations, must be treated as revenue for the significant business activity. *(Section 23)* and

...A community service obligation is an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do.

*Example of a community service obligation – giving a price concession to a particular group of customers, including pensioners, seniors and students (Section 24)*

To date, no Community Service Obligations have been recorded within Gold Coast Water’s accounts. $53k of Infrastructure Charges waivers have been approved under delegation as part of the Development Assessment process undertaken within the PE Directorate.

5.7.2 Water and Sewage Leakage Relief

Council’s Water and Sewage Leakage Relief Policy was transferred to Gold Coast Water’s ownership following Gold Coast Water’s return to Council.

The objective of this policy is to ensure a uniform/transparent application of relief from water consumption charges and sewage volumetric charges in cases of proven concealed leakage.

Revenue Services continues to administer the Policy. The table below provides summary level details of the Leakage Remissions approved for the period July 2013 to May 2014.

<table>
<thead>
<tr>
<th>Month</th>
<th>Number of approvals</th>
<th>Total Leak Volume</th>
<th>Average loss per account</th>
<th>Sum of Water Remission Volume</th>
<th>Sum of Water Remission</th>
<th>Sum of Sewer Remission</th>
<th>Sum of Total Remission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-2013</td>
<td>186</td>
<td>175,491</td>
<td>943.50</td>
<td>107,572</td>
<td>$339,984.76</td>
<td>$15,580.66</td>
<td>$355,565.42</td>
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<tr>
<td>Aug-2013</td>
<td>127</td>
<td>81,947</td>
<td>645.25</td>
<td>43,310</td>
<td>$156,605.69</td>
<td>$84,471.43</td>
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<td>Sep-2013</td>
<td>218</td>
<td>101,314</td>
<td>464.74</td>
<td>57,635</td>
<td>$202,605.97</td>
<td>$105,424.29</td>
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<tr>
<td>Oct-2013</td>
<td>246</td>
<td>106,617</td>
<td>434.22</td>
<td>61,362</td>
<td>$210,007.14</td>
<td>$64,906.04</td>
<td>$274,913.18</td>
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<tr>
<td>Nov-2013</td>
<td>391</td>
<td>173,529</td>
<td>443.81</td>
<td>105,717</td>
<td>$354,361.42</td>
<td>$77,608.19</td>
<td>$431,969.61</td>
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<tr>
<td>Dec-2013</td>
<td>392</td>
<td>212,038</td>
<td>540.91</td>
<td>125,679</td>
<td>$429,579.71</td>
<td>$68,248.34</td>
<td>$597,828.05</td>
</tr>
<tr>
<td>Jan-2014</td>
<td>165</td>
<td>83,977</td>
<td>508.95</td>
<td>46,810</td>
<td>$163,497.49</td>
<td>$58,787.20</td>
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<td>Feb-2014</td>
<td>135</td>
<td>45,848</td>
<td>339.61</td>
<td>27,892</td>
<td>$97,877.93</td>
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<td>$110,099.12</td>
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<td>Mar-2014</td>
<td>175</td>
<td>121,806</td>
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<td>Apr-2014</td>
<td>419</td>
<td>162,194</td>
<td>387.10</td>
<td>93,866</td>
<td>$329,577.95</td>
<td>$72,675.38</td>
<td>$402,253.33</td>
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<td>May-2014</td>
<td>415</td>
<td>201,179</td>
<td>484.77</td>
<td>126,955</td>
<td>$377,838.15</td>
<td>$209,685.77</td>
<td>$587,523.92</td>
</tr>
<tr>
<td>Total</td>
<td>2,869</td>
<td>1,466,140</td>
<td>511.03</td>
<td>$869,972.22</td>
<td>$2,902,529.50</td>
<td>$803,788.25</td>
<td>$3,706,317.75</td>
</tr>
</tbody>
</table>

Table 4 – Summary of Concealed Leakage Remissions
It is noted that of the 2,869 approvals year to date, 38 approvals received were in excess of $10,000 each in remissions. The total value of remissions provided to these properties was $1,273,578, or 34% of the total value of remissions provided to May 2014. All properties that have received remissions in excess of $10,000 are non-residential premises.

A listing of those properties that have received remissions in excess of $10,000 is provided at Confidential Attachment 2.

5.8 Procurement Savings

The table below reflects procurement savings that have been achieved by the Chief Procurement Office on behalf of Gold Coast Water.

<table>
<thead>
<tr>
<th>Procurement Savings ($ Million)</th>
<th>March 14 Review</th>
<th>Dec 13 Review</th>
<th>Sept 13 Review</th>
<th>Total 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Savings</td>
<td>0.2</td>
<td>1.1</td>
<td>1.0</td>
<td>2.2</td>
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<tr>
<td>Operational Savings</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Total Procurement Savings</td>
<td>0.3</td>
<td>1.2</td>
<td>1.0</td>
<td>2.5</td>
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</tbody>
</table>

Table 5 – Summary of Procurement Savings

Relevant budgets have been reduced to reflect the above savings. GCW’s budget process incorporates a total review of all capital works estimates, addressing actual contract costs. Accordingly, identified procurement savings are captured through this separate review process, rather than being specifically identified as procurement savings in the capital budget review. Capital procurement savings are recognised through the transfer to reserve.

5.9 Future Budgetary Trends

WIP write-offs have already exceeded the full year budget. An extra $0.27m is expected to be written off in June with potentially further write-offs occurring as part of the year end process.

An electricity payment of $0.23m in relation to former Allconnex invoices will be paid in June. This payment was not factored into the revised budget for 2013-14 which is already showing a small overspend against the year to date budget.

6 ALIGNMENT TO THE CORPORATE PLAN, CORPORATE STRATEGIES AND OPERATIONAL PLAN

Not Applicable.

7 FUNDING AND RESOURCING REQUIREMENTS

Not Applicable.
ITEM 3 (Continued)
GOLD COAST WATER FINANCIAL PERFORMANCE AS AT 31 MAY 2014
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8 RISK MANAGEMENT

The following risk assessment applies to this report:

<table>
<thead>
<tr>
<th>Risk Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO000435</td>
<td>Failure to achieve a sustainable long term financial position leading to negative impacts on Council’s ability to deliver on its key focus area commitments.</td>
</tr>
</tbody>
</table>

9 STATUTORY MATTERS

Not Applicable.

10 COUNCIL POLICIES

- Gold Coast Water Capital Structure and Community Returns Policy (DRAFT)
- Revenue Policy
- Gold Coast City Council Budget Review Policy

11 DELEGATIONS

Not Applicable.

12 COORDINATION AND CONSULTATION

<table>
<thead>
<tr>
<th>Name and/or Title of the Stakeholder Consulted</th>
<th>Directorate or Organisation</th>
<th>Is the Stakeholder Satisfied With Content of Report and Recommendations (Yes/No) (comment as appropriate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ian Lowdon</td>
<td>Executive Coordinator – Directorate Finances, Corporate Finance</td>
<td>Yes</td>
</tr>
<tr>
<td>Glen Potter</td>
<td>Director Organisational Services</td>
<td>Yes</td>
</tr>
</tbody>
</table>

13 STAKEHOLDER IMPACTS

Not Applicable.

14 TIMING

Not Applicable.
15 CONCLUSION

Gold Coast Water’s Earnings Before Interest and Tax (EBIT) for the period to 31 May 2014 is currently 7% or $7.55m ahead of forecast.

Major factors contributing to this result are:

- higher than forecast capital revenue - $4.22m
- loss on asset disposals - $3.85m
- higher than forecast depreciation – ($2.37m)

Gold Coast Water continues to monitor performance and ensure controllable expenditure is minimised. This is achieved through rigorous internal processes which include detailed review of all projects to ensure only prudent and efficient expenditure is incurred.

16 RECOMMENDATION

It is recommended that Council resolves as follows:


Author: Marilyn Hildebrandt

Authorised by: Paul Heaton

Acting Manager Commercial Performance Director Gold Coast Water

19 June 2014

COMMITTEE RECOMMENDATION WS14.0625.003

moved Cr Robbins seconded Cr Caldwell


CARRIED
### Attachment 1 – Detailed Income Statement

<table>
<thead>
<tr>
<th>Act</th>
<th>Revised Budget</th>
<th>Var</th>
<th>Var Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000's</td>
<td>$000's</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
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### Gold Coast Water Income Statement

**Month ended 31 May 2014**

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<th>Revised Budget</th>
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Income Statement Notes:

1. Electricity is currently 2% or $0.15m above forecast. This increase is a combination of expenditure for contestable sites in the second half of the financial year being higher than anticipated and prior period invoices being receipted into the accounts. This variance is expected to increase by the end of financial year as a result of an additional $0.23m electricity payment to be made in relation to outstanding Allconnex electricity accounts.

2. Biosolids Disposal is 2% or $0.05m below forecast. Due to the continuing dry weather, biosolids removed have a lower moisture content resulting in reduced weight and hence lower cost. As a result of the dry weather Coombabah has been able to better dry the biosolids on the sludge beds. A budget reduction of $0.44m was included in the March 2014 budget review and is now reflected in the revised budget.

3. Chemicals are 9% or $0.25m below forecast. This budget was adjusted in the March Budget Review to reinstate an allocation for magnesium hydroxide usage across the network. Chemical usage at the treatment plants remains lower than projected due to ongoing monitoring and management of chemical dosing requirements.

4. Employee costs are 4% or $1.52m below forecast. This is due to a combination of several factors including:
   - overtime – currently $0.23m below year to date projections
   - excess leave taken – a concerted effort has been made to reduce the level of "excess leave" across the Directorate. Whilst staff are on annual leave, their salaries are paid out of liability accounts, rather than GCW’s operating budgets
   - vacancies – there is generally a time lapse to recruit vacant positions, thus some reduced labour costs are reflected. Where vacancies are "backfilled" by agency staff, these costs are categorised as “Services” within GCW’s accounts.

5. Services are 3% or $0.58m above forecast. $0.13m of this variation is due to Internal Rates payment for the full year showing in the accounts and this will variation disappear by the end of the financial year. Expenditure is also above forecast due to higher than budgeted levels of agency hire primarily as a consequence of reduced employee costs due to vacancies (see above).

6. Consultants are 23% or $0.41m below forecast. Although currently underspent, it is expected that this budget will be mostly expensed by the end of the financial year. Expenditure in this area is based upon the timing of consultancy contracts which does not necessarily align with the profiled budget.

7. Materials are 2% or $0.13m below forecast. This budget was increased by $0.42m as part of the March Budget Review due to a large number of maintenance activities on sewer mains which were in excess to standard maintenance activities.

8. Other expenditure is 30% or $0.97m above forecast. An allocation of $2.00m for WIP write-offs is now included in the reported Revised Budget. To date, $2.69m in write-offs of prior year costs have been processed, resulting in WIP write-offs currently being $0.86m above the revised full year estimate. Further WIP write-offs will be processed towards the end of financial year with $0.27m anticipated for June. The remaining variance in this item relates to the whole year’s Land Tax liability having been paid, whereas budget is scheduled evenly across the year.

9. Income Tax Equivalents is 27% or $3.66m below forecast. In compliance with the Local Government Tax Equivalents Regime (LGTER), GCW prepares quarterly PAYG Instalment Activity Statements and pays a quarterly tax amount to Council, based on its notified instalment rate of 3.41%. At year end a company tax return is completed and a final tax adjustment is processed.
ITEM 4 GOLD COAST WATER DEMAND MANAGEMENT PROJECTS WSS72/1230(P1)

1 BASIS FOR CONFIDENTIALITY
Not Applicable.

2 EXECUTIVE SUMMARY
Not Applicable.

3 PURPOSE OF REPORT
The purpose of the report is to provide Council an update for noting in the planned study partnership for the South East Queensland Water Service Provider End Use Study and also highlight a number of key initiatives undertaken under the Demand Management Plan.

4 PREVIOUS RESOLUTIONS
Not Applicable.

5 DISCUSSION
Background
Demand Management continues to be a key element for the City of Gold Coast in the delivery of sustainable, efficient and well managed water and sewerage services to its growing population.

Past droughts accelerated the need for a wide range of innovative demand management initiatives with the city taking the lead in many initiatives. These initiatives resulted in positive outcomes with businesses and households dramatically reducing consumption over recent years.

Improvements in water security within the region have now shifted the focus of Demand Management away from drought management and restriction regimes. The key drivers are the understanding of customer demand, efficiency improvements, increased customer engagement opportunities, supporting prudent financial planning and recognition of the economic benefit of deferring infrastructure expenditure.

Demand Management Plan
The City of Gold Coast Demand Management Plan is part of the Netserv Plan requirements with the stated objectives being:

- improving Council’s understanding and confidence in our product’s supply and consumption data
- increasing knowledge of both average and peak demands
- reducing water leakage and loss
- better informed and educated customers
- reducing sewage flows and maximising cost effective and efficient use of recycled water
- delivery of water efficiency projects at an efficient cost
- supporting optimal decision making in the sizing of new infrastructure and prompting opportunities for the deferral or postponement of future capital works
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
WSS72/1230(P1)

- improved data knowledge supporting performance reporting and management of systems and processes
- improved system performance through:
  - encouraging customer behaviour (such as saving water and not putting harmful items down the drains and toilets) which will reduce the cost of infrastructure investment
  - reduced operational costs, and
  - cost reflective pricing.

To facilitate the stated objectives a number of key projects have been ongoing during 2013-14 delivering significant improvements in baseline data and knowledge of the service the City of Gold Coast provides and providing opportunities for business improvement.

Water Accounting and Data Improvement Program

High levels of confidence in the base data associated with the provision of water and sewer services are of critical importance to the city. Ensuring as an organisation the information that is utilised in managing day to day services is correct is fundamental to business critical decisions. To increase the confidence in base data and support fit for purpose evidence based planning the Gold Coast Water directorate commenced a review of many key elements of our core data.

Key outcomes to date include:

- **Property Connection data**
  
  Historical reporting practices were reviewed resulting in a re-assessment of property connection data. The result of this was a reduction of serviced properties by 8,000 and increased data on specific customer types and uses. This critical information supports key demand and financial forecasting elements.

- **Property Land Use Code**
  
  The review of residential property land use codes highlighted approximately 20,000 Residential Units that should be classed as Single Dwelling Properties rather than Residential Units. Single Dwelling properties within gated communities and community titled schemes were incorrectly classified as units. Property types are of major importance for water use planning and incorrect property classifications can result in significant flow on impacts when planning future infrastructure. A new Land Use Code specifically for Single Dwelling properties within these arrangements has been created. A complete review is almost complete with the outcome the appropriate apportionment of water uses and property types providing significant benefits to current and future water and infrastructure planning.

- **Vacant Land**
  
  The review of approximately 1800 properties within the area that had recorded water consumption but classified as vacant land is near completion. The review and correct apportionment of water use has increased revenue with initial estimates in excess of $100,000.

- **Meter GPS Location and Base Property Data Audit**
  
  The City currently has over 148,000 revenue water meters recording customer consumption at over 230,000 properties.

  Meter reading, billing, management of the meter fleet and the geographic location of water consumption can be hindered through incorrect meter location and property supplied data.
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
WSS72/1230(P1)

From a planning perspective, flaws in this data impacts on revenues, meter management strategies and future infrastructure expenditure. For example, for ease of billing many Gold Coast Water Sewer Pump Station meters were assigned to single accounts with many assigned to the Bundall office complex despite the use being across the whole of the city. Utilisation of the billing data for the Bundall area for water planning is therefore flawed as large consumption levels are assigned to Bundall. This impacts on both the Bundall area, in the belief it is using more water than it actually is, and also the areas where the water meters are actually located therefore increasing the risk of unnecessary infrastructure expenditure.

Gold Coast Water is currently investigating a project to undertake a GPS location to identify and position the water meter through the GIS system at its actual location. In addition, in support of this activity baseline data associated with each property supplied and the specific meter attributes will be confirmed to create a new baseline of customer data quality for the City.

This activity will result is the GIS mapping of all revenue meters and support cost effective evidence based water and sewer planning initiatives.

- **Water Efficiency Data**

During the millennium drought the City of Gold Coast and the Queensland State Government provided many thousands of rebates for a range of devices including rainwater tanks, dual flush toilets and water efficient taps and showers.

Management of the data associated with these programs was not comprehensively captured by the organisation, and no links were established to property or consumption data.

The result of this is that Gold Coast Water does not have a suite of data that supports the understanding of the different water efficiency of customer properties with no alignment with the existing billing and planning systems.

- **Smart Metering**

Customer water use behaviours across the city and within South East Queensland have changed over the last decade due to influences such as restrictions, customer education, rebate programs and changes in building codes.

As a result of the many initiatives reducing customer demand a major challenge for all South East Queensland (SEQ) Water Service Providers is to understand what normal and future demand patterns will be. Estimating “bounceback” is a critical element of water demand and revenue projections for the City.

Opportunities for smart metering are being investigated, providing water service providers with the opportunity to gather real time data on water use to support and deliver efficiencies through demand planning, network management, infrastructure planning, reduced customer leakage and increase customer engagement opportunities.

- **Riverstone Crossing**

As part of the Development Approvals for the Riverstone Crossing development a number of water efficiency programs were required to be funded by Stockland Developments.

One of the key outcomes from this requirement has been the development of smart metering and customer information technology in a number of properties across the development.

It is anticipated that 35 houses within the development have home monitoring systems installed providing individual property owners data on their water and energy use through an internal display system.
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
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In support of this activity Gold Coast Water will be provided with access to this data, at no cost, with the aim of utilising this data in increasing the understanding of our customer water use behaviours and patterns.

- **Seqwater Demand Validation Study**

  The South East Queensland Water Demand Network is chaired by Seqwater and its members are all the Water Service Providers for SEQ including City of Gold Coast, Queensland Urban Utilities, Unity Water, Redland City Council, Logan City Council and Toowoomba City Council.

  Seqwater are required to create a Regional Water Security Program for South East Queensland detailing how they will continue to manage the water requirements of the region. As the chair of the South East Queensland Water Demand Network, Seqwater acknowledge the varying levels of water use data across the region and limited ability of Water Service Providers to proactively predict future consumption growth.

  To support long-term water planning Seqwater has proposed a project to permanently log 280 Residential properties across the South East Queensland region.

  Seqwater intend to provide each Water Service Provider a number of advanced water meter loggers and requested each provider nominate a range of Residential property types within their own specific region to be permanently logged. For the Gold Coast region they have proposed 52 out of the 280 loggers with Seqwater requesting that, not only do each Water Service Provider nominate their own property types of interest, but liaise with the partner entities to try and arrange coverage of a range of property types across South East Queensland.

  Seqwater are providing funding of $140,000 for the three year project with each Water Service Provider required to fund the cost of the data management and transfer. The contribution by the City of Gold Coast is only $2,371 per annum.

  This shared approach between all of the SEQ Water Service Providers will support water security and planning processes for all the entities, not only providing valuable data but also demonstrating a collaborative approach to water security within the South East Queensland region.

  The data management system utilised in the project is multi-layered customer solution providing a range of outputs to each Water Service Provider but also contains the ability to configure individual customer access portals. These individual customer portals are becoming commonplace in the telecommunications and energy industry and this project provides the City with the facility to trial these portals with our customers at minimal cost.

  During June and July 2014, Griffith University will be seeking volunteers across the whole of the South East Queensland region to participate in this study.

- **Demand monitoring for key installations – Metricon/Cbus Stadiums**

  Gold Coast Water have recognised that the platform to be provided for the Seqwater demand validation study has the potential to be beneficial in a range of other scenarios and specific customer situations.

  A proposal to utilise the platform and data management approach to target a number of critical installations across the City is currently being investigated.

  As a result of historical arrangements, the water and sewer costs associated with the Cbus and Metricon Stadium facilities is the responsibility of the City of Gold Coast despite being managed and operated by the Queensland State Government. Council therefore is also responsible for the bulk water costs associated with any water leakage at these facilities.
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
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It is envisaged that smart meter information available for both sites will empower the site operators to manage their water use more effectively and allow Council to independently monitor usage closely to ensure it is efficient. Furthermore, data specific to the stadiums will help support fit for purpose infrastructure planning requirements for the use of these and other facilities as part of the 2018 Commonwealth Games.

Demand Forecasting Model

As a result of a range of projects detailed within the Demand Management Plan, improved data quality and quantity supports the move towards the development of an accurate Demand Forecast Model. Location specific demand forecasting will take into a range of factors:

- improved customer consumption behaviours and property/sector data
- existing climate data
- demand management area and flow meter data availability
- main repair and leakage detection activities
- large customer data
- smart meter data from automatic meter reading (AMR) properties across the city
- seasonal (public holidays, school holidays).

The outcome will be increased accuracy and reliability of the current demand forecasting requirements whilst also providing opportunities for the continual optimisation of water network delivery, improved financial forecasting and support water planning decision making processes.

Risk management and the facilitation of system outages on planned or unplanned shutdowns can also be improved by having a understanding of the network demands over a short period of time.

Investigation into models available in the marketplace highlighted that many utilities undertook this level of planning at a very high level therefore existing models were not suited to the lower level range of demand forecasting that can provide real benefits to the organisation.

However, through the relationship developed between Seqwater and Gold Coast Water it has become clear that Seqwater have developed an application which effectively undertakes all of the required parameters that we require.

The solution has been developed by Seqwater at their cost with functionality far exceeding what Seqwater require with many functions of the model suited to Water Service Providers.

Discussions with Seqwater have taken place and they are extremely supportive of Gold Coast Water utilising their modelling solution at a significantly lower cost than having a new modelling solution constructed. An agreement between the two parties is in final draft stage and in line with the proposed Seqwater study. This approach demonstrates Gold Coast Water developing the working relationship with Seqwater for cost effective solutions for its customers.

Water Efficiency

The City of Gold Coast is aware that, primarily through higher bulk water supply costs, the cost of water and sewer services to its residents is increasing. Therefore, as a Water Service Provider we continue to promote the efficient use of water.
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
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Awareness of their water use and cutting down on wastage provides customers the opportunity to manage their water bills.

Gold Coast Water is focusing on a number of areas under water efficiency to attempt to reduce water use and cost to the City of Gold Coast and its individual residents.

- **City of Gold Coast Water Consumption**

Over the past twelve months Gold Coast Water has worked with a number of stakeholders to capture data and raise awareness of water use across Council.

This included a review of all Gold Coast Water assets to ensure appropriate water metering. This involved the creation of hundreds of individual accounts in the Grange system and installation of a number of meters to facilitate individual site billing with the aim of capturing water use and raising awareness with the operators of the asset of their cost of operation.

This project has been rolled over into the remaining City of Gold Coast areas with increases in water accounting and data availability providing real supporting data on the cost of operation and efficiency of our own water consuming assets.

To date multiple leaks, incorrect metering arrangements and missing meters have all been identified with financial water accounting improvements in the region of $1m.

- **Customer Leakage**

The City of Gold Coast has for many years provided a concealed leak remission write-off for customers experiencing leaks on their property.

The result of a leak on a customer property can cause thousands of dollars of damage and generate large water bills. The City currently provides a remission of 50% of the lost water with the remaining component of the bill generally being a considerable cost to customer resulting in potentially severe financial difficulties for customers.

Despite provision of leak remissions very little data was ever captured on the locations of customer leaks, reason for leak, value of leak remission and volume of lost water. Reporting on leakage volumes and financial writ-offs within the existing Grange Billing System is not readily possible.

Without capture and analysis of this data it is not possible to undertake positive action. Gold Coast Water worked with Revenue Services to put in processes to capture and report on this information with 2013-14 being the first year a full set of data will be available. This dataset will also be GIS mapped to support location specific water management.

Analysis of available data aligned with an assessment of industry standard leak remission approaches prompted a review of the existing Concealed Leak Remission Policy. This proposed an immediate reduction from 60% to 50% of the remission volume with estimated savings in excess of $300,000.

Concealed Leak data is now provided to Water Committee on a monthly basis and as this dataset develops the next steps in tackling this issue are aimed specifically targeting customer leakage areas. Examples of this include a planned review of the effectiveness of the high user communications to customers.
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
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- Monthly Meter Reading

Due to the age of water infrastructure within the area the Southport suburb has the highest level of water main and water service connection failures in the city. In addition through the new collection of customer leakage data it is apparent that Southport has the fourth highest number of customer leak failures.

<table>
<thead>
<tr>
<th>Suburb</th>
<th>Water Main Failures</th>
<th>Service Failures</th>
<th>Customer Leaks</th>
<th>Total Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southport</td>
<td>28</td>
<td>450</td>
<td>113</td>
<td>591</td>
</tr>
<tr>
<td>Palm Beach</td>
<td>13</td>
<td>308</td>
<td>147</td>
<td>468</td>
</tr>
<tr>
<td>Surfers Paradise</td>
<td>23</td>
<td>255</td>
<td>79</td>
<td>357</td>
</tr>
<tr>
<td>Ashmore</td>
<td>5</td>
<td>235</td>
<td>107</td>
<td>347</td>
</tr>
<tr>
<td>Burleigh Waters</td>
<td>11</td>
<td>200</td>
<td>134</td>
<td>345</td>
</tr>
</tbody>
</table>

The result of these multiple water loss events highlights that a significant proportion of the water supplied into the Southport area could be wastage.

From a customer perspective very little is known about the customer use and behaviours with meter reading across the region currently undertaken on a quarterly basis.

Under the Southport Priority Development Area (PDA) the suburb is forecast to grow significantly with major investments required in water and sewer infrastructure required to support the growth.

With effect from June 2014 approximately 5,000 accounts within the area will have their water meters read on a monthly basis. The overall objectives are to support evidence based planning, targeted reduction in customer leakage and provide opportunities for capital infrastructure deferrals.

Customer Engagement

- Large Customer Workshop

Following the removal of Water Efficiency Management Plans in 2012 the City of Gold Coast has targeted positive engagement with many of our large water consumers.

Through the course of their business activities our large customers have a major impact on both our water and sewer networks. Understanding their activities enables us to promote efficiencies within our day to day operations and also long term planning of our networks. Combined with being a significant revenue stream and providers of economic activity and growth within the city we continue to seek opportunities to engage with and support our large customers.

In July 2013 a customer workshop with the largest water consumers in the city was undertaken. Prior to this workshop the Smart Water Research Centre undertook an extensive survey on a range of large customer issues in relation to the service they received. The workshop itself was then tailored around key outcomes from the surveys.

The workshop with the large customers was very well received as it provided our large customers with the opportunity to meet key stakeholders from Council, discuss issues, understand the services we offer and build and develop relationships. Proposals are being developed to make this customer engagement activity an annual event.
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
WSS72/1230(P1)

- **Smart Approved WaterMark**
  In support of continual improvement in providing customers with opportunities for water efficiency the City of Gold Coast has been invited by the Water Services Association of Australia to join the Smart Approved WaterMark project.

  This project is a partnership between a number of major water utilities across Australia in providing access to a range of services and tools that promote water efficiency. This includes certification of products, supporting industry groups in improving their water efficiency and investigating future technological opportunities.

  As a future key partner within the Smart Approved WaterMark project the City of Gold Coast will benefit from a shared resources and collaboration with many of the largest water utilities in Australia whilst providing our customers with access to a range of new tools and water efficiency opportunities at minimal cost.

- **Investigations into Business Water Efficiency (NBweb)**
  In early 2014 major water utilities from across Australia went live with a project titled NBweb.

  The NBweb project is a National Business Water Efficiency Benchmarking system providing non-residential customers a range of benchmarking tools to assess their own water use and identify opportunities for efficiencies.

  The collaborative approach between the large water users across Australia is a first for the Australian water industry. Unfortunately no Water Service Providers from Queensland were involved in the project.

  The project requires each Water Service Provider to provide water consumption and business activity units into the NBweb portal. Individual businesses can then enter their own data and receive specific benchmarking outputs related to their type of business in comparison with businesses of that type across Australia, therefore raising awareness for a business of their water efficiency performance level. Specific supporting information for each individual business type is also provided within the portal.

  Gold Coast Water is currently in discussions with the other Water Service Providers in developing an understanding in whether the tool would be beneficial to our customers.

**Billing System**

Despite significant investigation and audit to date, limitations exist in the management and analysis of data associated with the current Grange Water billing system. The realisation of the full benefits of improved baseline customer information, GPS location of water meters and capture of smart meter data cannot be fully realised within the current water billing regime.

The Grange Water Billing system and Citipac property/land management system are both approaching the end of their useful lives and are planned for replacement. The existing billing solution is very much a billing system for sending bills and collecting revenues. There is limited functionality to support customer management, meter performance and alignment with water network based planning information. Reporting tools are based around the Business Intelligence tool with no links between Geographic Information Systems and Asset Management Systems. Specific limitations include the current inability to provide customer specific water use information as part of the existing water bills, and the inability to capture and manage customer leakage data. As part of the activities of the Demand Management Plan, Service Sustainability is pursuing opportunities to work with key stakeholders across the City of Gold Coast in understanding business wide needs. However to deliver enhanced savings and business improvements it is imperative that data management and planning activities are aligned with Demand Management objectives as part of any future system.
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
WSS72/1230(P1)

6 ALIGNMENT TO THE CORPORATE PLAN, CORPORATE STRATEGIES AND OPERATIONAL PLAN

The City of Gold Coast Water and Sewerage Network Services Plan was adopted in July 2013.

A key component underlying the NetServ Plan is Demand Management. The individual Demand Management is contained in Part B of the NetServ Plan and consists of key requirements that this project will support including improved water accounting, demand planning forecasting practices, leakage reduction and continuation of mutually beneficial industry partnerships.

7 FUNDING AND RESOURCING REQUIREMENTS

Budget/Funding Considerations

Not Applicable.

People and Culture

Not Applicable.

8 RISK MANAGEMENT

Not Applicable.

9 STATUTORY MATTERS

Not Applicable.

10 COUNCIL POLICIES

Not Applicable.

11 DELEGATIONS

Not Applicable.

12 COORDINATION & CONSULTATION

The table below identifies internal stakeholders that have been involved in the review of the project proposal.
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
WSS72/1230(P1)

<table>
<thead>
<tr>
<th>Name and/or Title of the Stakeholder Consulted</th>
<th>Directorate or Organisation</th>
<th>Is the Stakeholder Satisfied With Content of Report and Recommendations (Yes/No) (comment as appropriate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Heaton Director</td>
<td>Gold Coast Water</td>
<td>Yes</td>
</tr>
<tr>
<td>Bill Capati Manager Service Sustainability</td>
<td>Gold Coast Water</td>
<td>Yes</td>
</tr>
<tr>
<td>Scott Emmonds Coordinator Demand Planning</td>
<td>Gold Coast Water</td>
<td>Yes</td>
</tr>
</tbody>
</table>

13  STAKEHOLDER IMPACTS

Not Applicable.

14  TIMING

Not Applicable.

15  CONCLUSION

Despite increased water security within South East Queensland the activities related to Demand Management continues to play a major part in organisation improvement for the City of Gold Coast.

Demand Management initiatives have directly saved and supported business decisions savings in excess of $1m in the last eighteen months.

Through the Demand Management Plan a range of studies, data improvement initiatives, proactive action and engagement both internally and externally the City of Gold Coast continues to strive to be an industry leader in water management.
ITEM 4 (Continued)
GOLD COAST WATER DEMAND MANAGEMENT PROJECTS
WSS72/1230(P1)

16 RECOMMENDATION

It is recommended that Council notes as follows:

1. That Council note the participation in the South East Queensland Demand Validation Study which Griffith University will be seeking customer volunteers in July 2014.

2. That Council acknowledges the significant benefits delivered to date through Demand Management activities and the continued commitment of the City of Gold Coast in undertaking a number of projects aimed at delivering sustainable benefits to our customers.

Author: Scott Emmonds
Coordinator Demand Planning
12 June 2014

Authorised by: Paul Heaton
Director
Gold Coast Water

COMMITTEE RECOMMENDATION
WS14.0625.004
moved Cr Robbins seconded Cr Grummitt

1. That Council note the participation in the South East Queensland Demand Validation Study which Griffith University will be seeking customer volunteers in July 2014.

2. That Council acknowledges the significant benefits delivered to date through Demand Management activities and the continued commitment of the City of Gold Coast in undertaking a number of projects aimed at delivering sustainable benefits to our customers.

CARRIED
ITEM 5  GOLD COAST WATER
VISY EXTERNAL WORKS SCHEME
PN133729/01/DA7 and WSS1125/301/02
Refer 7 page attachment

1 BASIS FOR CONFIDENTIALITY

Not Applicable.

2 EXECUTIVE SUMMARY

Not Applicable.

3 PURPOSE OF REPORT

The purpose of the report is to gain Council’s approval to finalise payments to Visy Packaging Pty Ltd in respect of the Visy External Work Scheme (VEW Scheme).

4 PREVIOUS RESOLUTIONS

The City of Gold Coast, at its ordinary meeting of 14 August 2006, resolved in part (WS06.0807.004 / G06.0814.020):

2 That Council agrees in principle with the creation of a Category 3 External Works Scheme under Policy 3A and Policy 3B to service 100 hectares of industrial land within Precinct 4 of the Yatala Enterprise Area LAP being around 1,000 ET (Equivalent Tenements):

(i) That Council notes that Visy Packaging Properties Pty Ltd are proposing to act as “banker” providing the upfront finance for the Category 3 External Works Scheme;

(ii) That Visy Packaging Properties Pty Ltd be reimbursed by other development as it proceeds within the External Works Scheme area;

(iii) That Visy Packaging Properties Pty Ltd be reimbursed on a pro rata basis. That is, Visy Packaging Properties Pty Ltd requires around 35% of the capacity of the proposed systems and accordingly will only be seeking reimbursement for 65% of the Scheme costs (value of spare capacity) from other developments in the area that wish to proceed and use this spare capacity;

(iv) That the Chief Executive Officer be granted delegated authority to prepare and enter into an IPA compliant Infrastructure Agreement with Visy Packaging Properties Pty Ltd for the upfront financing of this Category 3 External Works Scheme and subsequent reimbursement by other developers as development proceeds;

(v) That the Visy Infrastructure Agreement include the payment or formal issue of “headworks credits” for the civil component of works associated with the proposed pump station;

(vi) That bring forward penalties do not apply to those headworks items associated with the new pump station on Woolshed Road; and
ITEM 5 (Continued)
VISY EXTERNAL WORKS SCHEME
PN13329/01/DA7 and WSS1125/301/02

(vii) That a further report be brought forward to formally amend Policy 3A – Policy for Infrastructure Water Supply network Developer Contributions and Policy 3B – Policy for Infrastructure Sewerage Network Developer Contributions to allow Visy Packaging Properties Pty Ltd to be reimbursed under a Category 3 External Works Scheme developer contribution charge.

3. That the Chief Executive Officer commence negotiations with the “Trust – Salmon” for the acquisition of a regional pump station site of approximately 600m2 (subject to survey) and associated easement on either Lot 11 RP184230 or Lot 12 RP183506 Woolshed Road:

(i) That Council meet all reasonable legal and conveyancing costs associated with the acquisitions including consultant fees in respect of valuations and the revision of drainage flood calculations;

(ii) That payment be either by way of cash/cheque or the formal issue of “headworks credits”; and

(iii) That the pump station be secured by way of agreement with the owner and if necessary, an agreement under s.15 of the Acquisition of Land Act 1967.

5 DISCUSSION

5.1 Visy Development

On 29 December 2005 Visy Industries Pty Ltd made a development application to commence a state-of-the-art cardboard and packaging facility at Yatala. More particularly, Visy lodged a development application for a Material Change of Use for Industry (Cardboard Box Manufacture) and Environmentally Relevant Activity 26 (Metal Forming) over land at 298 Stapylton-Jacobs Well Road, Yatala (Lot 2 on SP189558) (the Application).

At the time, water supply and sewerage services were approximately two kilometres away from the subject land. Consequently, the proposed development required an extension of services to the site. In addition, augmentations of existing infrastructure were required.

The City supported Visy by approving their development with conditions to establish the activity in Precinct 4 of the Yatala Enterprise Area Local Area Plan on Quinns Hill Road East (Ex.Min.No:CP06.0418.004 / G06.0424.008). Properties of sufficient size were limited in Yatala. Precinct 4 was identified as “Future Business and Industry”; basically land stock to service the City’s medium to long term industry needs.

The development application was the subject of a “Ministerial call in” and on 4 August 2006, the Premier of Queensland, the Honourable Mr Peter Beattie MP approved the development application subject to conditions (the Ministerial Approval).

Under the conditions of approval, Visy could either construct water supply and sewerage infrastructure that serviced its own development or, alternatively, provide the upfront funding for the construction of the services under an external works scheme that would provide services for Visy’s development as well as servicing future development of adjoining properties. Visy elected to provide the upfront funding under the scheme.
At its ordinary meeting of 14 August 2006, Council passed resolution WS06.0807.004 (G06.0814.020) as to the creation of the Category 3 External Works Scheme under Policy 3A and Policy 3B (the resolution set out in Section 4 above).

As indicated in Item 2(vii) of the resolution, the process for implementing an External Works Scheme under Policy 3A: Policy for infrastructure (Water Supply Network Developer Contributions) and Policy 3B: Policy for infrastructure (Sewerage Network Developer Contributions) (the Policies) was for Council to consider passing a further resolution amending the Policies to allow Visy to be reimbursed under a Category 3 External Works Scheme developer contribution charge.

As the delivery of the VEW Scheme coincided with the phasing out of the Policies and the introduction of Council’s Priority Infrastructure Plan (PIP), it became unnecessary for a report to be commissioned under Item 2(vii) of the resolution and the VEW Scheme was included in Council’s PIP as a “Category 3 Charge”. (See Attachment 5.1 as to a brief overview of external works schemes generally and the subsequent charging regimes).

5.2 Visy External Works (VEW) Scheme Works

The VEW Scheme involved the construction of a sewerage pump station at Woolshed Road and a rising main from the pump station to the Motorway traversing along Woolshed Road, Quinns Hill Road East and Stapylton – Jacobs Well Road (refer Attachment 5.2). The Works were to be funded by a combination of the VEW Scheme and infrastructure charges levied under Conditions 2 and 4 of the Ministerial Approval. The VEW Scheme also included an extension of the water supply from Quarry Road to the proposed development area (the Works) (refer Attachment 5.3). A trunk augmentation of existing infrastructure between Quarry Road and the Motorway was also planned.

To facilitate the VEW Scheme, Council purchased a 447 m² site from the ‘Trustee – Salmon, the Salmon family’ on 22 April 2008 for the Woolshed Road Sewerage Pump Station. This fulfilled Item 3 of Council’s resolution WS06.0807.004 (G06.0814.020) set out in Section 4 above.

5.3 Temporary services

The Works under the VEW Scheme had not been completed by Visy by late 2008, at which time Visy had commenced the use of its land (purportedly) under the Ministerial Approval. In the interest of generating employment and economic growth, the City approved a temporary private pump station to be owned and operated by Visy to allow the use to lawfully commence. They had already constructed sufficient water supply works to service their operations.

A further temporary private pump station approval was granted to Visy on the 13 July 2012 (iSpot #36126209) to facilitate its additional “canning” activities. In the interim, adjoining developments along Quinns Hill Road East were permitted to connect to the VEW Scheme works.

5.4 Uncompleted work

Visy had constructed water supply mains, sewerage rising mains and the sewerage pump station well (civil works) for the Woolshed Road Sewerage Pump Station. However, Visy’s contractor went into liquidation before all the Works could be completed.
ITEM 5 (Continued)
VISY EXTERNAL WORKS SCHEME
PN133729/01/DA7 and WSS1125/301/02

Visy completed the sewerage rising main and water supply mains assigned it in the amount of $991,081 (refer Table 1 at paragraph 5.6.1 below). The first item in Table 1, sewerage pumps to the value of $294,955, was not completed by Visy. Visy only completed approximately 77% of the Works.

In addition, Visy was to complete trunk infrastructure augmentation works to the value of $921,130 and receive credits against infrastructure charges imposed under Conditions 2 and 4 of the Ministerial Approval. The amount of work completed by Visy was valued at $430,223; leaving uncompleted works valued at $488,907 (refer Attachment 5.6).

Council granted approval of Visy’s latest temporary private pump station on 13 July 2012 (iSpot #36126209), mentioned above in Section 5.3, subject to a number of requirements. Visy was to:

- construct a sewerage gravity main between its property and the new Woolshed Road Sewerage Pump Station. (This work was not included in the VEW Scheme Works as it was not for the benefit of all landowners under the VEW Scheme. This work remains outstanding.)
- decommission the temporary private pump station within three months of the Woolshed Road Sewerage Pump Station becoming operational.

5.5 Completion of work

Council has since completed the works, with the Woolshed Road Sewerage Pump Station becoming operational on 2 April 2014 (refer Figure 1).

Figure 1 – Woolshed Road Sewerage Pump Station

(Source: File PN303766/16, iSpot#43786475,16 April 2014)
5.6 Finalise arrangements with Visy

The Sustainable Planning (Housing Affordability and Infrastructure Charges Reform) Amendment Act 2011 amended the infrastructure charging regime under the Sustainable Planning Act 2009 by introducing the Adopted Infrastructure Charges regime.

As a consequence of these reforms, Council commenced negotiations with Visy to finalise its involvement in the VEW Scheme. Factors relevant to Council’s consideration of what would constitute a reasonable offer of settlement to Visy included:

- the need for Council to complete the outstanding Works, which were by this time holding up further development in the Woolshed Road area
- the total value of the infrastructure delivered under the VEW Scheme Works
- the value of the VEW Scheme Works completed by Visy.
- the expected demand on the infrastructure delivered under the VEW Scheme by Visy’s development (as well as Skopp’s land - see paragraph 5.6.2 below).

5.6.1 Valuation of VEW Scheme

Table 1 outlines the estimated value of the Works under the VEW Scheme. A fully notarised version of Table 1 is included in Attachment 5.4.

<table>
<thead>
<tr>
<th>Item</th>
<th>Work</th>
<th>Description</th>
<th>Value of work constructed by Visy</th>
<th>Value of work not completed by Visy</th>
<th>Work by others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pumps</td>
<td>Mechanical / Electrical</td>
<td>--</td>
<td>$294,955</td>
<td>--</td>
</tr>
<tr>
<td>2</td>
<td>Rising Main</td>
<td>2,295 metres of DN200 pipe</td>
<td>$696,668</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>3</td>
<td>Water Main</td>
<td>1,625 metres of DN250/200</td>
<td>$294,413</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>4</td>
<td>Water Main</td>
<td>2,170 metres of DN200 / DN150</td>
<td>--</td>
<td>--</td>
<td>$660,000</td>
</tr>
</tbody>
</table>

Sub-total $991,081 $294,955 $660,000

Grand Total $1,946,036

Costs spread over 1,000 Equivalent Tenement (ET) $1,946.04 per ET (rounded)

As illustrated by Table 1, Visy completed $991,081 of the VEW Scheme Works, with $294,955 of the Works outstanding.
5.6.2 Visy’s share of the VEW Scheme

Visy’s share of the VEW Scheme is calculated as follows (refer Attachment 5.5):

- demand for the land the subject of the Application (16.05 hectares)
- demand for Lot 10 on SP233781 (Skopp’s land of 4.34 hectares requested by Visy).

From Table 1, the cost of the VEW Scheme to local landowners equates to $1,946 / ET (2007 dollars) or approximately $20,000 per hectare based upon a nominal 10 ET per net developable hectare, which fairly represents industry demand (refer to SG04.0420.006). By way of comparison, land was priced at around the $500,000 dollars per hectare (refer to sales in October 2012 and December 2012).

Including Skopp’s land, Visy’s total contribution under the VEW Scheme is calculated at $396,991, being 204 ETs @ $1,946.0362 per ET, assessed at 10 ET per net developable hectare. This demand equates to Visy’s expected water consumption into the future.

5.6.3 Offer to Visy

The offer of settlement to Visy was calculated by:

- establishing the value of works constructed by Visy
- deducting the value of Visy’s own contribution to the VEW Scheme
- recalculating the value of credits applied for “creditable works” to reflect the creditable works actually completed by Visy. (The trunk infrastructure credits are set out in Attachment 5.6.)

Table 2 below set out this approach:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Amounts</th>
<th>Reference</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works constructed by Visy.</td>
<td>$ 991,081</td>
<td>Table 1</td>
<td></td>
</tr>
<tr>
<td>Less Visy’s contribution (ie. demand on) to the Scheme.</td>
<td>$ 396,991</td>
<td>Section 5.6 and Attachment x.5</td>
<td>204 ET</td>
</tr>
<tr>
<td>Less value of credits not constructed by Visy but instead constructed by Council.</td>
<td>$ 488,907</td>
<td>Section 5.4 and Attachment x.6</td>
<td>Visy did not complete all the creditable works, therefore ‘owed’ Council.</td>
</tr>
<tr>
<td>Payment to Visy Packaging Pty Ltd.</td>
<td>$ 105,183</td>
<td>iSpot #43911982</td>
<td>Copy of letter on file.</td>
</tr>
</tbody>
</table>

5.7 Negotiations

On 21 December 2011 Council made a without prejudice offer to settle the VEW Scheme to Visy in the amount of $105,183.
ITEM 5 (Continued)
VISY EXTERNAL WORKS SCHEME
PN133729/01/DA7 and WSS1125/301/02

In response, Visy made a counter claim to Council on 4 May 2012. In summary, Visy’s counter claim proposed that Visy would accept Council’s offer of $105,183 provided that Council would not levy any infrastructure charges, fees or require works with respect to its current development approvals and any approvals granted by Council with respect to Visy’s future development of “any of its sites”.

This was not acceptable to Council.

On 10 October 2013, Council instructed Corrs Chambers Westgarth to review the file, the calculations and assist with the preparation of a letter of response.

The letter of response was provided to Visy on 10 October 2013 (iSpot#:42730217) and reaffirmed Council’s initial position in its letter of 21 December 2011.

We understand that Visy is currently making arrangements to finalise the connection of its property to the new Woolshed Road Sewerage Pump Station, and that it wishes to conclude the matter expeditiously.

6 ALIGNMENT TO THE CORPORATE PLAN, CORPORATE STRATEGIES AND OPERATIONAL PLAN

The recommendations of this report align with the City of Gold Coast corporate plan, the Corporate Plan Gold Coast 2020:

- Prosperity – 2.1 Our city is innovative and grows successful businesses.
  - 2.3 We have infrastructure that supports productivity and growth.
- People – 3.2 We are proud of our City.

7 FUNDING AND RESOURCING REQUIREMENTS

Sufficient funding is available in Gold Coast Water’s account in the 2013-14 financial year. If the matter cannot be finalised prior to 30 June 2014 (considered unlikely). There is sufficient funding in the 2014-15 year to finalise the payment to Visy.

8 RISK MANAGEMENT

Not Applicable.

9 STATUTORY MATTERS

The Sustainable Planning Act 2009 was considered in the preparation of this report.

10 COUNCIL POLICIES

Council’s former infrastructure charges policies are applicable (Attachment 5.1):

- Policy 3A – Policy for Infrastructure Water Supply Network Developer Contributions.
- Policy 3B – Policy for Infrastructure Sewerage Supply Network Developer Contribution.

The Application was assessed against these Council policies.
ITEM 5 (Continued)
VISY EXTERNAL WORKS SCHEME
PN133729/01/DA7 and WSS1125/301/02

11 DELEGATIONS

This report recommends that the Chief Executive Officer be delegated authority to finalise negotiations with Visy, including the finalisation of any payments to Visy and Deed of Settlement.

12 COORDINATION & CONSULTATION

<table>
<thead>
<tr>
<th>Name and/or Title of the Stakeholder Consulted</th>
<th>Directorate or Organisation</th>
<th>Is the Stakeholder Satisfied With Content of Report and Recommendations (Yes/No) (comment as appropriate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marilyn Hildebrandt</td>
<td>Acting Manager Commercial Performance</td>
<td>Yes</td>
</tr>
<tr>
<td>Kathy Baker</td>
<td>Executive Coordinator Integrated Water Cycle Planning</td>
<td>Yes</td>
</tr>
<tr>
<td>David Montgomery</td>
<td>City Solicitor</td>
<td>Yes</td>
</tr>
</tbody>
</table>

13 STAKEHOLDER IMPACTS

Not Applicable.

14 TIMING

The payment to Visy is expected to be made in 2014-15.

15 CONCLUSION

This report considers that a payment of around $105,183 to Visy Packaging Pty Ltd is appropriate as full and complete reconciliation of the Visy External (water and sewerage) Works scheme.
16 RECOMMENDATION

It is recommended that Council resolves as follows:

1 That Council acknowledges that Visy has made a contribution to the Visy External Works Scheme on behalf of Lot 10 on SP233781 (previously Lot 10 on RP184230).

2 That the Chief Executive Officer be delegated authority to finalise negotiations with Visy including the finalisation of any payments to Visy and Deed of Settlement.

Author: Ray Hallgath
Executive Coordinator
3 June 2014

Authorised by: Paul Heaton
Director Gold Coast Water

COMMITTEE RECOMMENDATION WS14.0625.005
moved Cr Grummitt seconded Cr Robbins

1 That Council acknowledges that Visy has made a contribution to the Visy External Works Scheme on behalf of Lot 10 on SP233781 (previously Lot 10 on RP184230).

2 That the Chief Executive Officer be delegated authority to finalise negotiations with Visy including the finalisation of any payments to Visy and Deed of Settlement.

CARRIED
External Works Schemes

Prior to the application of Council’s Priority Infrastructure Plan (PIP), Council levied developer contributions for water supply and sewerage network infrastructure under Policy 3A: Policy for infrastructure (Water Supply Network Developer Contributions) and Policy 3B: Policy for infrastructure (Sewerage Network Developer Contributions) (the Policies). Under sections 12.4 of the Policies, Council could elect to undertake the construction of ‘Local Area Works’ and recover the cost of the trunk infrastructure from developers under a Category 3 External Works Scheme.

Under the Policies, ‘Local Area Works’ is trunk infrastructure to be funded by the developer. Historically, the external works schemes have been applied so as to:

- Distribute the cost of non-trunk infrastructure works where the non-trunk works will benefit many land owners. The distribution of the cost of the non-trunk infrastructure works under the scheme is based on the demand placed on the infrastructure by a land owner’s development.

- Fund temporary works that will ultimately be replaced with trunk infrastructure funded by infrastructure charges imposed by Council on developers of land within the relevant scheme area.

- Facilitate the construction of trunk infrastructure earlier than planned for under Council’s PIP by enabling the ‘bring forward costs’ of the works to be distributed across all benefiting land owners.

Under sections 12.4 of the Policies, Council had the discretion to enter into an external works scheme to:

- Reimburse the developer funding the local area works, for up to five years after agreement, with funds that become available from other developers who gain benefit from the works, or

- Council may meet the difference between the cost of the works and the contribution required to be made by the developer.

External Works Schemes generally required the developer funding the local area works, to make a pro-rata contribution for its fair share of the new infrastructure and then recover contributions from other local developers benefitting from the works. On occasion Council may construct the works and be reimbursed by development as it proceeds.
Relevance to the Visy External Works Scheme

Due to the phasing out of Policy 3A and 3B, and the limited opportunity to amend these documents at the time, and the late delivery of VEW Scheme, it was not possible for Council to amend Policy 3A and 3B. Policy 3A – Policy for Infrastructure Water Supply Network Developer Contributions and Policy 3B – Policy for Infrastructure Sewerage Supply Network Developer Contributions preceded Council’s PIP.

The PIP included the VEW Scheme as a “Category 3 Charge”. The water supply and sewerage components of Council’s PIP and the infrastructure charges schedule became effective on 25 January 2010.

Adopted Infrastructure Charges Notice Regime

The infrastructure charging framework under the PIP was superseded by the introduction by the State Government of the Draft State Planning Regulatory Provision (adopted charges) in the Sustainable Planning (Housing Affordability and Infrastructure Charges Reform) Amendment Act 2011 on 1 July 2011. The adopted infrastructure charges regime established a maximum adopted charge for trunk infrastructure. Local government PIPs remain relevant for the purposes of identifying priority infrastructure.

The amendments made to the Sustainable Planning Act 2009 by the Sustainable Planning (Housing Affordability and Infrastructure Charges Reform) Amendment Act 2011, and those amendments proposed to be implemented on 1 July 2014 by the Sustainable Planning (Infrastructure Charges) and Other Legislation Amendment Bill 2014, in effect require Council to fund that portion of the works constructed by a developer that can be reasonably apportioned to other properties in a catchment. The ramification of these changes will be raised with Council in due course.

What has happened since the conception of the VEW Scheme?

The Visy development and the infrastructure constructed under the VEW Scheme triggered significant industrial development in the Stapylton / Alberton area, particularly along Quinns Hill Road East. Some examples include the Mushroom Farm, Stapylton Road Developments and the Jobema Investments Constructions (Zacpac). Indeed Visy has expanded their operations since.
800 metres of DN250 water supply main along Stapylton - Jacobs Well Road; constructed by Visy.

**Reason:** The main will be buried and replaced on its correct alignment by the Council when the Department of Main Roads widens the main road.

335 metres of DN200 water supply main along Quinns Hill Road East; by others.

**Reason:** The work is non-trunk.

1,835 metres of DN150 / DN200 water supply main along Stapylton - Jacobs Well Road and Woolshed Road; by others

**Reason:** The work is non-trunk.

825 metres of DN200 water supply main along Quinns Hill Road East; constructed by Visy.

Part of the water main will be re-laid when the road is formed because of the vertical road alignment.

**Reason:** The work is non-trunk.
Sewerage Works

885 metres of DN200 rising main along Stapylton - Jacobs Well Road; constructed by Visy.

**Reason:** The main will be buried and replaced on its correct alignment by the Council when the Department of Main Roads widens the main road.

PS GN1; mechanical / electrical work by Council

**Reason:** The work is non-trunk; bring forward cost. Council will install final pump set at around 2031.

Trunk work included wet well constructed by Visy; civil works completed by Council; funded by infrastructure charges.

1,410 metres of DN200 rising main along Quinns Hill Road East; constructed by Visy.

**Reason:**
1) About a third of the main will be re-laid because of the vertical alignment.
2) Subject to bring forward costs, recognise only 41.7% of the cost.
3) Requires second main at ultimate demand.
The valuation of the works is based upon the actual cost, which was lower than Council’s Unit Cost Reports. This is not unusual in these circumstances since external works schemes only attempt to recover and reimburse costs to the “banker”.

Table A provides the costs of the work undertaken by Visy and the cost to complete the work based upon the actual construction costs:

### Table A – Costs of the Visy External Works Scheme

<table>
<thead>
<tr>
<th>Item</th>
<th>Description of work delivered</th>
<th>Value of work constructed by Visy</th>
<th>Value of uncompleted work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pumps</td>
<td>Mechanical / Electrical</td>
<td>--</td>
<td>$294,955&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Rising Main</td>
<td>2,295 metres of DN200 pipe</td>
<td>$696,668&lt;sup&gt;2&lt;/sup&gt;</td>
<td>--</td>
</tr>
<tr>
<td>Water Main</td>
<td>1,625 metres of DN250/200</td>
<td>$294,413&lt;sup&gt;2&lt;/sup&gt;</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>2,170 metres of DN200 / DN150 ($305 per metre&lt;sup&gt;3&lt;/sup&gt;)</td>
<td>--</td>
<td>$660,000&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td>$991,081</td>
<td>$954,955</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td>$1,946,036</td>
<td></td>
</tr>
<tr>
<td>Costs spread over 1,000 Equivalent Tenement (ET)</td>
<td></td>
<td>$1,946.04 per ET</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

1. The correspondence with Visy showed this item to be $282,623. This was increased by $12,332 to $294,955 and the cost of completion of water supply works reduced by $12,332 to $660,000. It was considered that $660,000 was sufficient to complete the water supply works in the Scheme and that $282,623 was not sufficient to complete the mechanical and electrical works.

2. The water supply and rising main works were constructed by the same contractor. Costs may not have been separately accounted; for example, the pipes were laid in the same trench reducing installation costs ~ average cost calculates to $253 / metre.

3. At the time, KBR (2005) Unit Costs Report estimate DN200 water main at $307 / metre for a rural area. A competitive rate of $305 / metre was used. Indexed to today’s rates, this is equivalent to $405 /metre:

      - Includes 20% Overheads.
      - Includes adjustment factor of 1.05 (rural / soft rock)
      - Includes a scale factor (Table 3-1) for size of work of 1.17. These can range from 1.00 (500 metres) to 2.45 (50 metres) ~ thus final costs will depend on how the work will be delivered; “lot sizes”.

   b) Contract rates for DN200 are $320 / metre and $275 / metre for DN150 excluding fittings and valves in the rural areas (source: Assessment Management).

   c) On balance, $660,000 is assessed as a reasonable estimate for the remaining water main work, which may involve either DN200 or DN150 water supply main or combination of both.
Attachment 5.5

Visy’s contribution to the VEW Scheme

Visy’s contribution to the VEW Scheme is calculated as follows:

- 204 ET @ $1,946.0362 / ET = $396,991

Notes:

1. The Visy’s site is 16.05 hectares.

2. Visy instructed Council that it would pay the Visy External Works Scheme liabilities for Lot 10 on SP233781, which has an area of 4.34 hectares (also see letter iSpot #43457080), totalling 20.4 hectares.

3. Demand calculated at 10 ET per hectare, which is a fair planning estimate of industrial demands (refer to SG04.0420.008). The amount corresponds to Visy’s own water consumption projections.
Table B demonstrates that Visy did not complete $488,907 of the work it had agreed to build and receive infrastructure charges credits.

Visy were to have built trunk infrastructure works and received credits against its infrastructure charges in accordance with Council policy and practice: some of the “creditable works” were not delivered:

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Total credit granted</th>
<th>Amount of credit built</th>
<th>Value of credit not built</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply</td>
<td>Proposed DN300 trunk water main in Stapylton-Jacobs Well Road</td>
<td>$ 516,570</td>
<td>$ 133,600</td>
<td>$ 382,970</td>
</tr>
<tr>
<td>Sewerage works</td>
<td>Civil works at the pump station (pump station well)</td>
<td>$ 404,560</td>
<td>$ 298,623</td>
<td>$ 105,937</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$ 921,130</td>
<td>$ 430,223</td>
<td>$ 488,907</td>
</tr>
</tbody>
</table>

Visy was granted credits in the amount of $921,130 but only built $430,223; thus owing Council $488,907.

Notes:

1. Credits issued on 23 June 2009 (iSpot #25635261).

2. For value of credit work built see spread sheet ‘credits’ in Excel file iSpot #43912010; based upon costs supplied by Visy ~ assessed as being reasonable compared to GCW’s Unit Cost Reports. That is, actual costs were lower.
ITEM 6
ODOUR COMPLAINTS FROM WETLAND AREAS
WSS1125/1252

Refer 6 page attachment

COMMITTEE RECOMMENDATION  WS14.0625.006
moved Cr Caldwell    seconded Cr Taylor

The Director Gold Coast Water briefed the Committee on a fact sheet titled “Living with mangrove odours” which will be distributed to approximately 6,000 properties within Coombabah, Arundel and Hope Island areas. The mail out is anticipated to occur by the end of the first week in July.

That Council note the proactive community engagement to minimise odour complaints from customers living around wetland areas.

CARRIED
Briefing notes

To: Paul Heaton
Copy: Paul Gear
From: Shelley Innes
Action by: Proactive community engagement to minimise odour complaints from customers living around wetland areas

Subject: Proactive community engagement to minimise odour complaints from customers living around the mangrove areas

Date: 23 June 2014
File no: WSS1125/1252 Doc #: 44142289

Proactive community engagement to minimise odour complaints from customers living around the mangrove areas

On the 8 April 2014, the OIC approved the following actions:

1. GCW to take the lead in updating the “Living with mangrove odours” fact sheets and preparation of the letter to be mailed to odour and algae impacted residents. The other three fact sheets are to be reviewed by Catchment Management and Environmental Health branches of Community Services. All four fact sheets to be graphically designed through Corporate Communications. As there is a financial benefit to GCW from minimising complaints, GCW should fund the design and printing of the “Living with mangrove odours” fact sheet.

2. GCW deliver letters and the “Living with mangrove odours” fact sheet to inform and educate the residents that specifically live around mangrove wetlands of Coombabah, Elanora, Currumbin and Tallebudgera. Residents that live in or near to the Monterey Keys Lake will be provided with a letter and a suite of fact sheets by Community Services.

3. GCW to facilitate on-going communications with residents including social media messaging and web banner advertising each time there is a predicted king tide that may result in increased odour generation.

Update on progress:

The “Living with mangrove odours” fact sheet has been updated and printed. GCW is coordinating the delivery of the “Living with mangrove odours” fact sheet to selected properties (maximum 6000) within Coombabah, Arundel and Hope Island (see attached map). Mail out is anticipated to occur by the end of the first week in July.

Environmental Assets branch of Engineering Services is coordinating the delivery of the “Living with mangrove odours” facts sheet and three other fact sheets related to living near wetlands for the residents of Monterey Keys. This has been requested by Cr Owen-Jones. Mail out is anticipated to occur by the end of the first week in July.
Subject: Proactive community engagement to minimise odour complaints from customers living around the mangrove areas
File/No WSS1125/1252

A script for king tide events is being prepared for use on social media.
The new “Living with mangrove odours” fact sheet will be available to the community via the City of Gold Coast web site and the Customer Contact Centre by the 27 June 2014.

☐ For Action  ☑ For Noting  ☐ For Approval

Shelley Innes
COORDINATOR MANAGEMENT SYSTEMS
Living with mangrove odours

Mangroves grow in various wetlands and swamps across our city and are protected under the State Government’s Fisheries Act 1994.

If you live close to mangroves you may notice a pungent rotten egg-like odour, usually from May to November. An increase in residential development in coastal regions has led to a rise in inquiries and complaints regarding the odours associated with mangrove wetlands.

The importance of mangroves in our coastal environment

Mangrove wetlands and swamps are an important part of our environment as they assist in nutrient cycling and the lifecycle of many plants and animals. Mangrove plants can produce up to one kilogram of organic material (leaves, twigs, seeds etc) per square metre per year.

During spring, when mangroves produce seeds, the amount of organic material increases. The majority of this material needs to be broken down so nutrients are available through the food chain. This is an important process for estuarine ecosystem functioning and why mangrove wetlands are important nursery grounds for fish and crustaceans such as prawns and crabs.

Many mangrove wetlands are nationally and internationally recognised as an important resting and feeding area for migratory bird species. They also help stabilise and maintain the coastline and reduce erosion from rough seas, currents, waves and tides.

How mangrove odours occur

The odours are a result of a complex chemical process that occurs during the breakdown of organic matter. Bacteria facilitate the breakdown or decay of organic material by consuming oxygen from the water, creating a sulphur reaction. This reaction produces hydrogen sulphide gas known as ‘rotten egg gas’.

Several factors influence the intensity of the hydrogen sulphide gas including:

• Proximity to mangroves
• Time of year (usually May to November when seed production is greatest)
• Wind speed (influences the rate of odour dispersion and dilution)
• Seasonal factors, such as rainfall and tides (high tides distribute organic matter upstream and closer to houses)
• Yield of mangrove seeds (more seeds result in more organic matter breaking down)
• Air temperature (cooler temperatures disperse less rotten egg gas).
Ways to manage mangrove odours

Because the odour is the result of a natural process, there is very little that can be done to reduce it. However, closing your windows and doors and/or planting outdoor perfumed flowering plants that thrive in winter such as Jasmine, Brown Boronia, Gardenia Florida or various types of Tea Tree can help manage these odours.

Are there any health risks associated with mangrove odour exposure?

Queensland Health advise there are no long-term health impacts associated with exposure to hydrogen sulfide odours, as they are at very low levels, well below those known to cause health effects.

In the short-term the smell can cause worry, anxiety and resentment and repeated odour events may culminate in real symptoms such as headaches, fatigue and nausea. Although these are not direct health effects, medical advice states this is a normal reaction from the body when exposed to strong odours and symptoms should subside rapidly when exposure to the odour is minimised.

What should I do if I become sick?

If you suspect you are suffering any symptoms, contact your doctor or call Queensland Health (24 hours-a-day, seven days-a-week) on 13 HEALTH (13 452 554).

For more information

P. 1300 GOLDCOAST (1300 465 526)
W. cityofgoldcoast.com.au
There being no further business the meeting closed at 2.22pm.
These Pages

Numbered 1 to 62

Constitute The Adopted Report Of The Meeting

Of The Water Services Committee

Held Wednesday, 25 June 2014