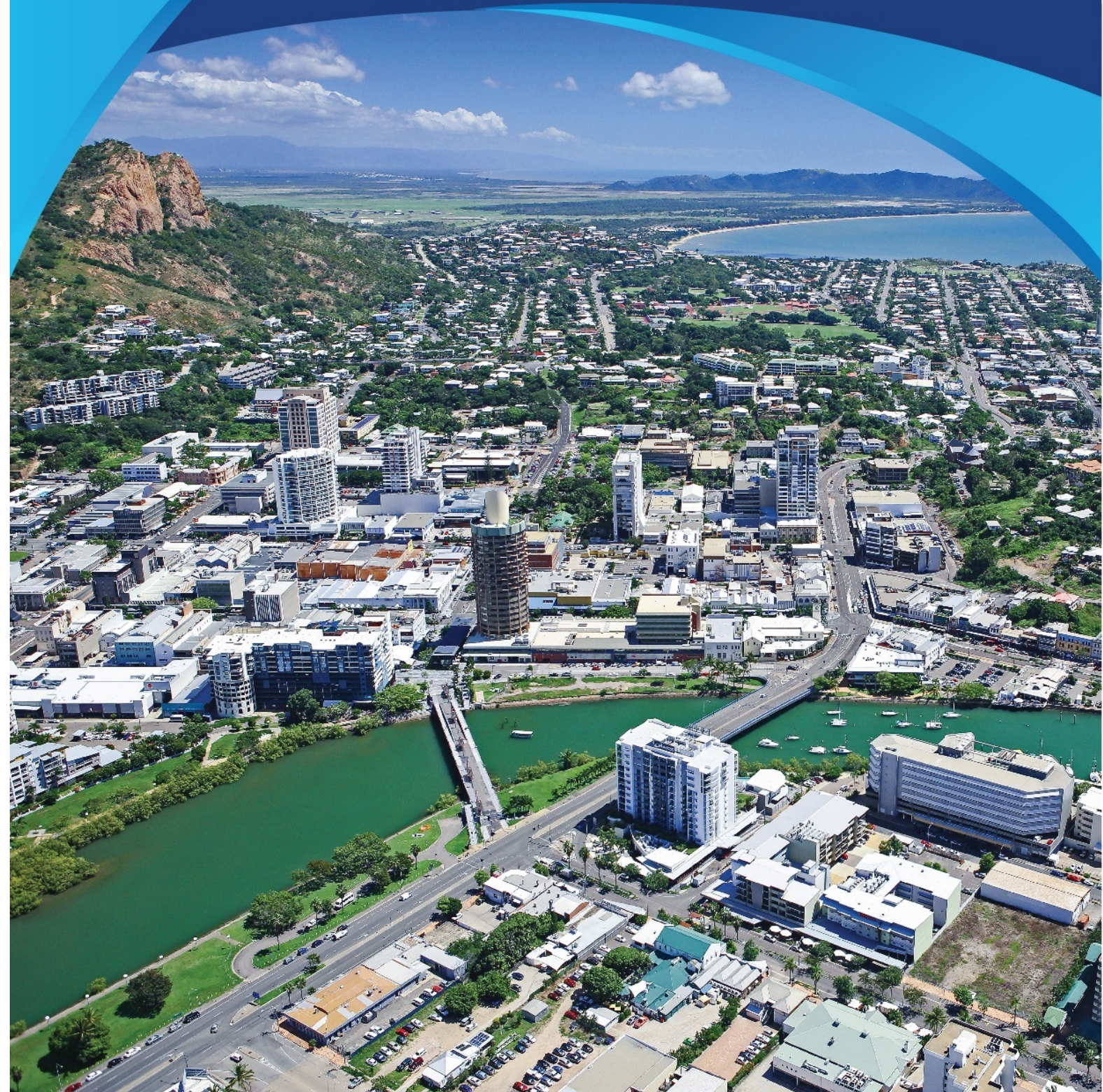





Townsville

# Operational Plan | 2017/18

A Simpler, Faster, Better Council





For further information contact:  
Business Transformation Team  
Townsville City Council  
P O Box 1268  
Townsville Q 4810  
1300 878 001

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## ABOUT THE OPERATIONAL PLAN

Our Operational Plan and Budget set the direction for the 2017/18 financial year and identify how we will measure our performance. The Operational Plan is a one-year plan that details the day-to-day operations of council to deliver its services to the community, building and delivering on the Corporate Plan. The development of council's Operational Plan is a legislative requirement of the *Local Government Act 2009* and Local Government Regulation 2012. Legislation requires that the annual Operational Plan and Budget be consistent.

Council's budget outlines the financial plan to deliver the services and activities in the corporate and operational plan. The budget is also informed by the council's long-term asset management plan and the long-term financial plan which guide council's financial sustainability for the next 10 years.

Council's Operational Plan and Budget have been developed consistent with the following local government principles prescribed in the *Local Government Act 2009* -

- ▶ transparent and effective processes and decision making in the public interest
- ▶ ethical and legal behaviour of councillors and local government employees
- ▶ sustainable development and management of assets and infrastructure, and delivery of effective services
- ▶ good governance of, and by, local government
- ▶ democratic representation, social inclusion and meaningful community engagement.

## ALIGNING THE OPERATIONAL PLAN TO THE BUDGET

The Operational Plan and Budget are structured in line with the services and projects delivered by council. Council has completed a significant transformational reform program to deliver a simpler, better and faster council. The new organisation structure will change the way services are managed and delivered to the community. The reframing of council's services and performance metrics is now aligned with the new structure and organisational priorities and has been reflected in this updated Operational Plan.

## MANAGING OPERATIONAL RISKS

The operational planning process includes management of council's strategic and operational risks. Council's commitment to risk management is outlined in the Enterprise Wide Risk Management Policy and Enterprise Wide Risk Management Strategic Framework and Process and is based on International Standard ISO31000: 2009. Both these documents state that council will manage risk by integrating risk management practices into corporate and operational planning. In 2017/18, council will progress the implementation of its Corporate Plan 2014/2019 (March 2017 update) and risk assessments will be completed using a revised approach recommended during an independent organisational review by the Nous Group.

## MEASURING OUR PERFORMANCE

Performance measures will track progress of the Operational Plan commitments, including those highlighted in the Corporate Plan for City Deal, Nous and Policy Commitments. These measures will be based on progress against time, budget-based and other applicable milestones as outlined in reports to council that are linked to these various initiatives, and as may be developed through the course of the operational planning process, from time to time.

For ease of reference, a listing of the current Corporate Plan objectives appears as a schedule to this Operational Plan.

# DELIVERING SERVICES TO THE COMMUNITY

Townsville City Council provides a wide range of services to the community. To facilitate the delivery of services the council's organisation structure consists of the following divisions:

- ▶ Business Services
- ▶ Planning and Community Engagement
- ▶ Infrastructure and Operations

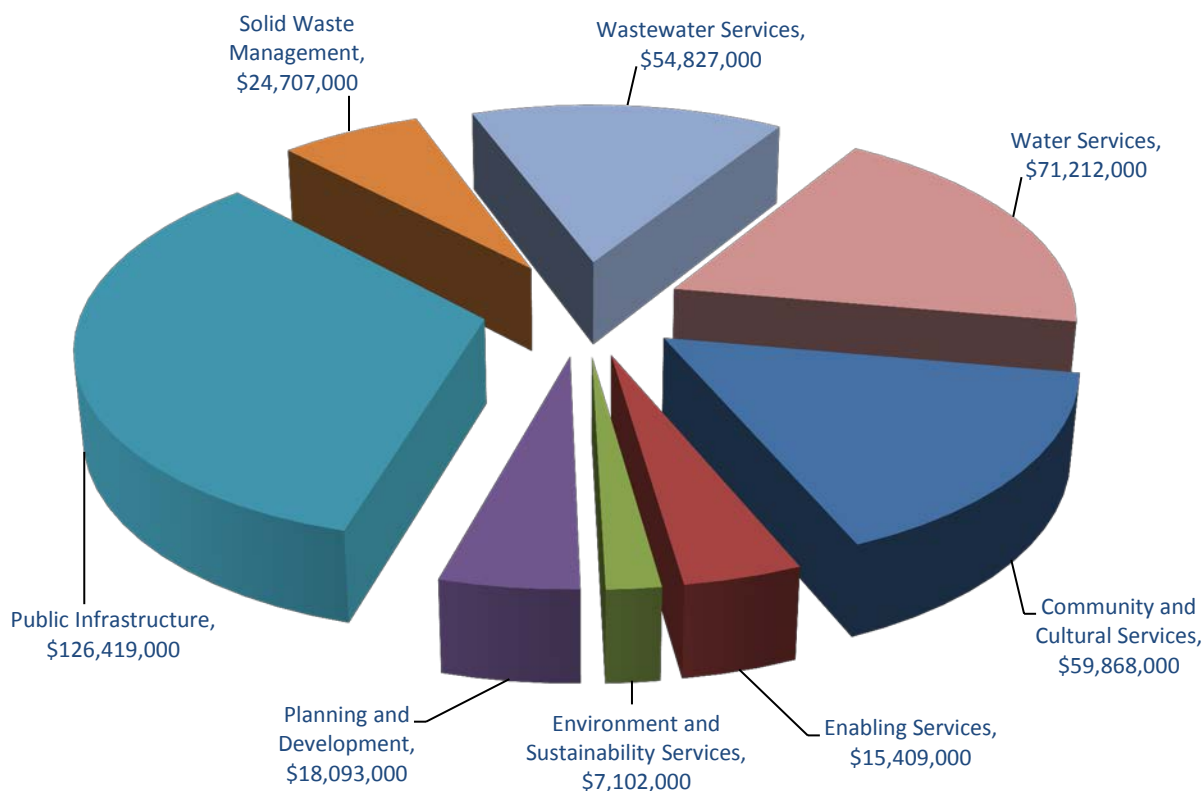
Furthermore, the Operational Plan and Budget can also be summarised by the following core services:

- ▶ Community and Cultural Services
- ▶ Environment and Sustainability Services
- ▶ Planning and Development
- ▶ Public Infrastructure
- ▶ Water Services
- ▶ Wastewater Services
- ▶ Solid Waste Management
- ▶ Enabling Services

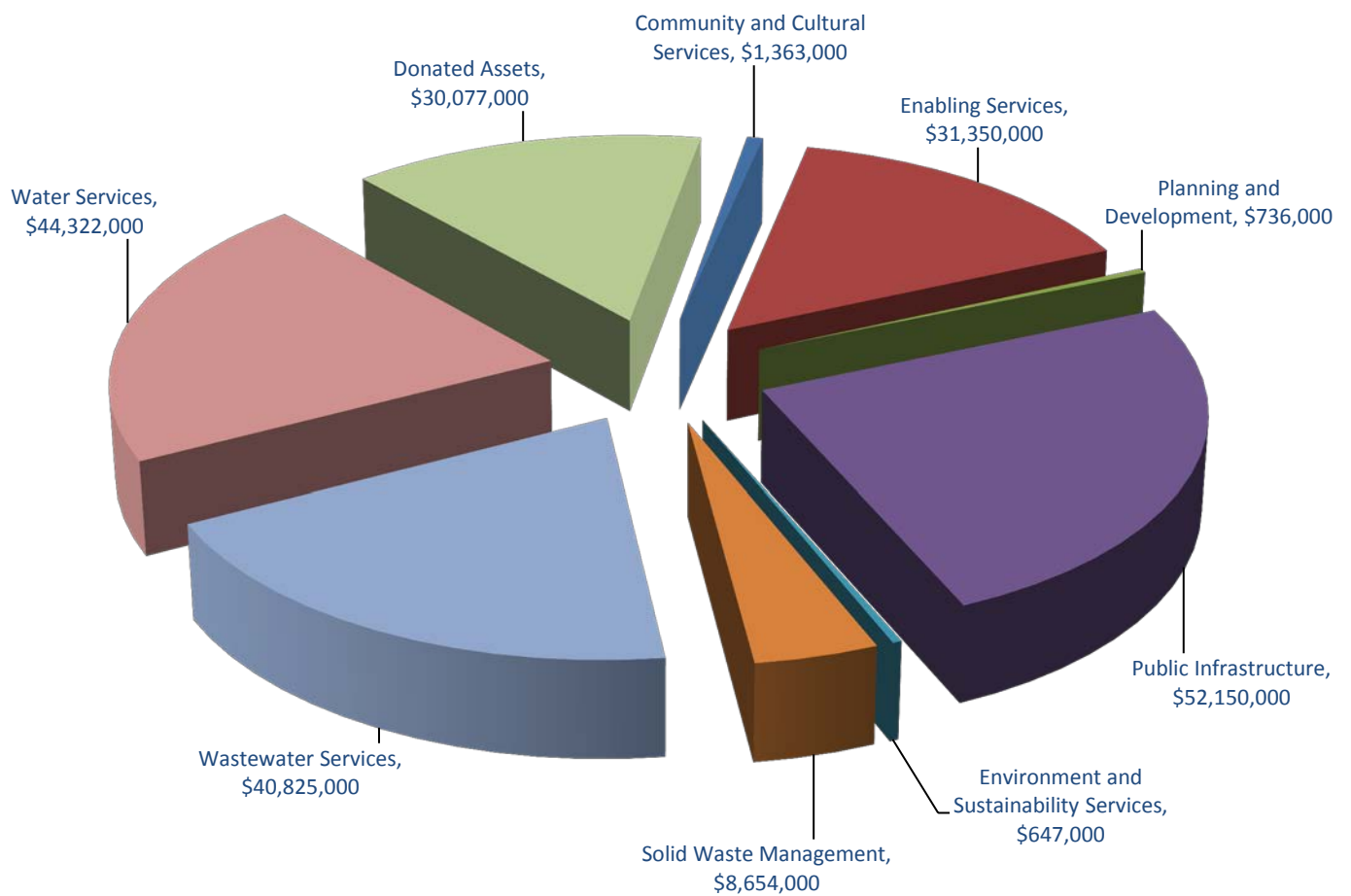
Each core service is defined by a range of services and programs that support or deliver services and projects to the community. As part of the significant transformational reform program recently undertaken, the objectives and performance measures for each service and program have been reviewed. The results of the review are reflected in this updated Operational Plan.

A summary of the operating and capital budget by core service is reflected below:

## 2017/18 Operating Expenses - Total \$377,638,000



## 2017/18 Total Capital Works Including Donated Assets – Total \$210,124,000



# PERFORMANCE PLAN – TOWNSVILLE WATER

## 1.0 Overview of the Business

The intention of this document is to meet the requirements of an Annual Performance Plan as set out in the Local Government Regulation 2012, in addition to providing a framework for the operation of the significant business activity of Townsville Water.

This document sets out the manner in which the business of Townsville Water will be carried out in the 2017/18 financial year, according to commercial principles. This Annual Performance Plan must be considered in conjunction with the unit's operational plan, which is embedded in the Townsville City Council Operational Plan.

## 1.2 Our Council

Townsville City Council is referred to as the "Capital" of Northern Australia and is the largest tropical city and one of largest regional cities in Australia. It is the region's main service centre and transport hub, located about halfway between the tip of Cape York and Brisbane.

As a major urban coastal city, Townsville's natural landscape is diverse, ranging from cool highland rainforests and the Great Barrier Reef, to the dry open outback, with the Townsville local government area extending across an area of 3,738 square kilometres, from the Paluma Rainforest in the north to the rural areas of Majors Creek and Woodstock in the south, and the grazing area of Hervey Range in the west.

The estimated resident population of Townsville is approximately 196,000 and is projected by the Queensland Treasury to continue to grow at an average rate of 1.9% during the next 20 years, resulting in an expected population of approximately 288,000 by 2036.<sup>1</sup> The mainstays of the local economy include health care and social assistance, public administration and safety, retail trade, construction, education and training, and manufacturing.

## 1.3 Our Business

Townsville Water is a commercial business unit of the Townsville City Council, responsible for supplying potable water, collecting and processing wastewater, and

supplying recycled water, within the Townsville local government area.

As a significant business activity of the Townsville City Council, the business was commercialised in 2008, to apply the competitive neutrality principle under the *Local Government Act 2009*.

Townsville Water's business is articulated in its mission and vision statements:

*Vision:* To be the best regional water service provider in Australia.

*Mission:* To provide safe, reliable, value for money water and wastewater services for the Townsville community.

## 1.4 Our Key Business Metrics

### Water Operations

- ▶ Expected provision of in excess of 46,000 megalitres of potable water to more than 84,000 customer connections in the Townsville region
- ▶ Management of three treatment plants, 24 pump stations, 18 chlorinators, 41 reservoirs/tanks and in excess of 2,500km of water mains
- ▶ Almost \$47 million of capital projects to be planned and delivered

### Wastewater Operations

- ▶ Expected provision of wastewater services to more than 72,000 customers, including approximately 1,000 trade waste customers
- ▶ Services delivered using almost to \$1 billion worth of assets, including six sewerage treatment plants, 186 sewerage pump stations and more than 1,300km of sewer mains
- ▶ Between 16,000 to 20,000 megalitres of sewage is collected and treated per annum with up to 15% of this volume reused (depending on weather conditions)
- ▶ More than \$40 million of capital works to be planned and delivered

## 1.5 Our Objectives

Townsville Water will focus on a number of key areas in the 2017/18 financial year.

<sup>1</sup> This information was obtained from the Queensland Government Statistician's Office, Queensland Treasury for the Townsville City Local Government Area on 15 May 2017.

### 1.5.1 Our Customers

#### **Customer Service Standards**

Townsville Water is committed to meeting its quality and service performance targets as outlined in its Customer Service Standards. Quarterly reporting of its performance against its performance targets was implemented in 2015/16, and Townsville Water will continue to focus on reporting to the community against its key performance targets during 2017/18. During 2017/18, Townsville Water will review its Customer Service Standards to ensure the service standards remain appropriate.

#### **Customer Feedback**

Townsville Water will continue to routinely monitor feedback from residents and business to ensure that the services it provides meet the needs of its customers. In 2017/18 it will conduct Voice of the Customer surveys where a selection of customers, who have contacted Townsville Water requesting a service within a given month, are randomly selected and are contacted to participate in a short, over-the-phone survey.

#### **Education Programs**

Townsville Water will continue to provide community and school education programs in 2017/18, including offering school groups an opportunity to participate in Eco-catchment Education Tours to enable students to follow the water cycle from catchment to reef, and to integrate essential infrastructure with the local natural environment. School groups will participate in guided tours of "Learnsapes" such as the Mount Saint John Wastewater Treatment Plant and the Ross River Dam Spillway, where connections are made between the built environment and surrounding natural habitats.

Community members can learn about how to keep their lawns and gardens healthy while using less water through our new Lawn Tamer campaign which can be found on council's website. This initiative is built on local research and industry experts.

Community members can also learn about council's sewage treatment processes and the many items that, if flushed, can cause blockages and overflows, or are a danger to workers or impact the sewage treatment process. The aim of the residential wastewater education program is to reduce the costs of sewerage and to reduce environmental and health impacts from overflows.

#### **Water Restrictions**

In August 2016, Townsville moved to Level 3 water restrictions after the volume of the Ross River Dam dropped below 20%. In order to reduce water consumption and to preserve the water supply to last until significant rainfalls occur, it is likely that Level 3 water restrictions will continue in place for a significant portion of the 2017/18 financial year. The council's trigger point for pumping water from the Burdekin Dam is 15% and it is expected that the Ross River Dam will fall below the 15% trigger point during the financial year. It is expected that pumping will be required for an estimated five-month period, unless significant rainfalls occur to replenish the Ross River Dam.

Council implements an education and communication program to encourage voluntary compliance with water restrictions. As part of council's Water Restrictions Policy, council will carry out the necessary enforcement activities to ensure that residents of Townsville are complying with the restrictions.

Dependent upon the extent of water consumption across the community, if the Ross River Dam level falls below 10% during the year, council may need to apply more significant levels of restrictions in accordance with its Water Restrictions Policy.

#### **Water Opt-In Period for Residential Properties**

Council offers a choice between the Standard Plan and the Water Watchers Plan for residential properties. During the Opt-in Period, customers can decide which water plan works best for their household. Council sets a Water Opt-In period each year, usually during the month of August, where customers can notify of their intention to change water plans.

### 1.5.2 Our Infrastructure

#### **Asset Management**

Townsville Water has extensive and valuable water assets including dams, weirs, treatment plants, pump stations, reservoirs, thousands of kilometres of water and sewer mains, and tens of thousands of water meters. In 2017/18, Townsville Water will finalise the development of a risk-based asset management system, and will undertake a number of planned maintenance, capital upgrades and renewals to its infrastructure.

Townsville Water will continue to apply effective control and governance of assets to realise value through managing risk and opportunity, in order to achieve the



desired balance of cost, risk and performance. This will assist the business to appropriately prioritise how to allocate time, money and materials focusing on the most critical problems, providing the framework for continuous improvement and to meet organisational objectives, including regulatory compliance. The focus on continuous improvement will increase overall asset effectiveness while lowering life-cycle costs.

#### ***Water Security Task Force***

As part of the Townsville City Deal agreement with Australian and Queensland Governments, an intergovernmental taskforce has been established to investigate short, medium and long-term solutions to water security for Townsville. The Taskforce will independently review water supply options to support the city's future growth, considering investment in water supply infrastructure and management of demand. The final report of the Taskforce will be delivered to the Prime Minister and Premier of Queensland by the end of September 2017, and will inform them of the direction of council moving forward in terms of securing necessary ongoing supply of water.

#### ***Demand Management Planning***

The Townsville City Council Water Demand Management Strategy 2015 – 2025 was adopted by council in July 2015. The Strategy provides the vision and framework for water demand management into the future. Drivers for effective water demand management in Townsville include opportunities for deferral of significant water infrastructure capital investments, which could lead to savings for the Townsville community, improved water security and the ability to cope with drought. In the 2017/18 financial year, Townsville Water will focus on investigating and implementing Fit-for-Purpose Water opportunities, and undertaking projects which will meet the objectives of the Strategy and the Townsville Water Security Taskforce.

#### ***Smart Water Meter Trial***

Townsville Water has secured funding through the Queensland Government's Works for Queensland program to undertake a Smart Water Meter trial during the 2017/18 financial year. Smart Water Meters will be trialled in five suburbs - Burdell, Kirwan, Wulguru, Gulliver and Currajong. Completion of the trial is expected by June 2018.

#### ***Water Treatment and Bulk Supply Renewals***

Townsville Water will invest approximately \$4 million in the 2017/18 financial year into renewals projects for critical water supply infrastructure including dams, weirs, water treatment plants, reservoirs and pump stations.

#### ***Water Pipes and Services Replacement Program***

Townsville Water will carry out its annual Water Pipes and Services Replacement programs in 2017/18, with approximately \$7 million allocated to replace pipes and services of priority to ensure that Townsville Water can provide a sufficient, safe and reliable water supply to its customers into the future.

#### ***Townsville Airport Water Main***

During the 2017/18 financial year, works will begin on the construction of a new trunk water main along John Melton Black Drive to the Townsville Airport. The new water main will supply future developments along John Melton Black Drive and provide a more reliable primary water supply to the Townsville Airport. It is expected that construction will be completed by June 2018.

#### ***CBD and Stadium Utilities Upgrade Projects***

Works will continue on the CBD Utilities Upgrade Project in the 2017/18 financial year. The purpose of the project is to upgrade the water and sewerage networks in the CBD. The overall project will include the construction of a new water storage reservoir at Echlin Street, replacement of aged cast iron water mains in the CBD area, and the upgrade of The Strand sewer pressure main and various other sewerage upgrades. The works will address water quality and pressure issues due to age and reduced capacity of water mains servicing the CBD and will ensure that council is able to meet the likely future demands on the water network in the City.

In 2017/18, the program of works will include the construction of water mains and sewerage rising main along The Strand, the continuation of the upgrade to reticulation mains in footpaths across the CBD and completion of trunk water and sewer mains in Stanley Street. Ancillary road works, stormwater drainage works and footpath upgrades will also be undertaken in conjunction with the services works in key locations.

To prepare for the construction of North Queensland Stadium in the CBD commencing in 2018, water upgrade works will also be undertaken at, and around the earmarked site to ensure sufficient water supply will be available to the Stadium.

### ***Cleveland Bay Purification Plant Capacity Upgrade***

Townsville Water will continue to progress the capacity upgrade of the Cleveland Bay Purification Plant in the 2017/18 financial year to ensure compliance with its environmental licence. Construction is expected to commence on site in June 2017. Works will continue throughout the 2017/18 financial year, with completion of the upgrade expected by the end of 2019. In August 2015, the Queensland Department of State Development advised council of a funding approval of \$20 million under the Royalties for Regions Strategic Projects Fund, to assist with the capacity upgrade.

### ***Castellana Street Parkland Pump Station (L1C) and Rising Main***

Construction of a new pump station L1C in council owned parkland on Castellana Street, Cranbrook, including gravity sewer and rising main, will begin in the 2017/18 financial year. The new pump station will cater for future development in the area and overcome capacity issues within the catchment area at times of peak flows. Construction of the pump station is scheduled to begin in October 2017 and is expected to be completed by June 2018.

### ***Sewer Pipe Relining and Manhole Rehabilitation***

Townsville Water will carry out its annual Sewer Pipe Relining and Manhole Rehabilitation programs in 2017/18. Funds of \$4 million have been allocated to line pipes and rehabilitate manholes of priority to lengthen the life of assets in order to ensure that Townsville Water can continue to collect and transport wastewater safely and efficiently into the future.

### **1.5.3 Our Environmental Management**

Addressing environmental impacts is a key driver for Townsville Water. There are environmental implications of sourcing, storing and supplying water, as well as from the collection, treatment and disposal of wastewater, and the supply of recycled water. To ensure sound environmental management, Townsville Water maintains an Environmental Management System in accordance with the International Standard *ISO14001 – Environmental Management Systems*, and is accredited in this respect.

### ***Licensing of Water and Sewage Treatment Activities***

The water and wastewater treatment and sewage reticulation operations carried out by Townsville Water have the potential to impact on the environment and accordingly, Townsville Water must be licensed under the *Environmental Protection Act 1994* to conduct its water treatment and wastewater operations.

Negotiations will continue in the 2017/18 financial year for the environmental licence for Magnetic Island Water Recycling Facility. As a result of ongoing insufficient demand for recycled water, Townsville Water is investigating options for additional recycled water use on the Island and seeking an amendment to their current licence to vary discharge nutrient targets in line with current industry standards.

Townsville Water will monitor and measure its compliance against its licence conditions during the financial year and will ensure that all routine and event-specific reporting requirements are met, including preparing annual returns for its environmental licences where required by licence conditions.

Townsville Water will maintain a Transitional Environmental Program for its Cleveland Bay Purification Plant during the financial year, as a temporary measure while the Cleveland Bay plant undergoes an upgrade to bring its performance in to line with its licence requirements. This will ensure that Townsville Water minimises any environmental harm and complies with the *Environmental Protection Act 1994*.

### ***Increased Focus on Compliance***

With the implementation of a new Regulatory Strategy, the Queensland Department of Environment and Heritage Protection has announced a significant change in the way it undertakes its assessment and compliance functions with a shift in focus from setting and applying standards, to monitoring and responding to performance. As a result, there will be an increased focus for the foreseeable future on compliance, to ensure that possible harms to the environment from sewage treatment and collection activities are mitigated. Townsville Water is likely to see the impact of this focus on their operations during the financial year with increased presence and scrutiny by the department.

#### 1.5.4 Our Governance

As a commercial business unit and water service provider, Townsville Water is subject to specific governance requirements under the *Local Government Act 2009* and the *Water Supply (Safety and Reliability) Act 2008*.

##### **Financial Sustainability**

Townsville Water is responsible for directly providing essential water and wastewater utility services to the Townsville community. To enable the provision of these services, Townsville Water owns, operates and maintains a significant asset base which requires substantial investment and continued expenditure to maintain and renew assets during the course of their respective useful lives.

To ensure financial sustainability, long term financial and asset management planning is in place to ensure Townsville Water can continue to provide the desired level of water and wastewater services to the Townsville community now, and into the future.

In conjunction with the Financial Services department of council, Townsville Water will develop a commercial business specific capital structure and dividend policy in order to clearly define expectations about the financial structure of Townsville Water and the expected return to the business unit's shareholder i.e. council.

##### **Quality Assurance**

To ensure quality services are provided, Townsville Water will continue to develop and maintain systems and processes that support quality assurance in relation to its services. In this respect, Townsville Water will carry out the necessary steps in order to maintain its quality management system and its certification with International Standard *ISO9001 – Quality management systems*.

##### **Water Service Provider Regulatory Framework**

As a supplier of water and sewerage services, Townsville Water is required to be registered as a service provider under the *Water Supply (Safety and Reliability) Act 2008* (the Water Supply Act). Townsville Water must adhere to the regulatory framework provided by the Water Supply Act, which is designed to ensure the reliability and safety of the water supply it provides.

##### **Performance Reporting**

Townsville Water will undertake performance reporting by 1 October 2017, reporting on its performance in 2016/17, as required by the Water Supply Act. This will include reporting against performance measures related to a number of aspects including infrastructure, financial sustainability, customer service, water security and availability. The performance reporting by water service providers allows the Department of Energy and Water Supply to monitor performance of water and sewerage service providers, and to promote transparency and accountability for customers of water and sewerage services through the publication of the performance results. Townsville Water will publish its performance results on the council's website.

##### **Drinking Water Quality Management Plan**

Townsville Water will maintain and comply with its Drinking Water Quality Management Plan during the 2017/18 financial year to ensure the effective management of its drinking water supply.

By December 2017, Townsville Water will deliver to the Regulator, an annual report about compliance with its Drinking Water Quality Management Plan during the 2016/2017 financial year. The report will be made available on council's website.

## 2.0 Our Performance Targets

GOAL 1 ECONOMIC SUSTAINABILITY		
Performance Measure	Description	Target
Revenue – Budget to Actual	Comparison of the actual revenue received with the budgeted revenue	Within 5% of revised budget
Operating Expenditure – Budget to Actual	Comparison of the actual operating expenditure with the budgeted operating expenditure	Within 5% of revised budget
Capital Expenditure – Budget to Actual	Comparison of the actual capital expenditure with the budgeted capital expenditure	Within 5% of revised budget
Net Operating Result – Budget to Actual	Comparison of the actual net operating result with the budgeted net operating result	Within 5% of revised budget
Five-Year Price Path	Approved price path derived from QTC model	Information only
Return on Assets	Net income / NBV of non-current assets	Within 5% of revised budget
Asset Renewal	Rehabilitation capital works / Depreciation charges	Minimum 90%
Interest Coverage Ratio	Total operating revenue / Net interest expense	Information only
Asset Consumption Ratio	Weighted average measure of consumption of non-current assets	Information only
Debt to Equity Ratio	This ratio identifies the portion of debt compared to the business' equity	<0.5
Annual Dividend	The portion of earnings distributed to council (our shareholder) from the operation of the Townsville Water commercial business unit	>90% of budgeted amount

## GOAL 2 SOCIAL RESPONSIBILITY

Performance Measure	Description	Target
Customer Satisfaction	Percentage of results of “good” and “excellent” recorded by the Customer Service Department monthly survey	90%
Drinking Water Quality Compliance	Percentage of compliance with all drinking water quality requirements in accordance with Townsville Water’s Drinking Water Quality Management Plan	100%

## GOAL 3 ENVIRONMENTAL SUSTAINABILITY

Performance Measure	Description	Target
Penalty Infringement Notices or Legal Action for Non-Compliance	Number of penalty infringement notices issued or instances of legal action initiated by the Regulator for non-compliance with respect to sewerage treatment or reticulation activities	Zero

## GOAL 4 RESPONSIBLE GOVERNANCE

Performance Measure	Description	Target
Number of Process Improvements outstanding – Water Operations	Total number of outstanding Process Improvements at the end of the month for Water Operations	50
Number of Process Improvements outstanding – Wastewater Operations	Total number of outstanding Process Improvements at the end of the month for Wastewater Operations	40

### 3.0 Our Community Service Obligations

Community service obligations are defined under the Local Government Regulation 2012 as:

*“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.”*

An example of a community service obligation is where the local government gives a price concession to a particular group of customers, such as pensioners, seniors or students.

#### 3.1 Nature and Extent of Community Service Obligations for 2017/18

The following price concessions will be available to particular customers on water and wastewater charges in recognition of the activity’s contribution to the social and cultural welfare of the community during the 2017/18 financial year:

Category	Water Remission As a % of Non-Residential Volumetric Charge	Sewerage Remission as a % of the Non-Residential Charge
Commercial Irrigation	15%	n/a
Caravan Parks	30%	30%
Retirement/lifestyle villages	55%	Nil
Boarding and lodging houses	20%	20%
Charitable and non-profit aged care facilities	55%	Nil
Churches, church halls, clubhouses and halls - Charitable and non-profit organisations	15%	15%
Sporting field irrigation - restricted public access (not including schools, tertiary institutions and other educational facilities)	73% (\$100,000 per annum cap)	Nil
Sporting field - no public access restrictions (not including schools, tertiary institutions and other educational facilities)	95% (\$100,000 per annum cap)	Nil
War Graves	5%	Nil
Approved transitional sewerage price plans	n/a	62%

The following works are to be completed by Townsville Water as community service obligations in 2017/18:

Category	Value \$
Arcadia Surf Life Saving Club (Sewerage Pump Out)	\$11,600

### **3.2 Cost of and Funding for Community Service Obligations**

The community service obligations listed in Section 3.1 are funded by Townsville City Council. It is anticipated that the cost of these identified community service obligations for 2017/18 will be approximately \$2,043,000.

Additional community service obligations may be identified during the financial year.

All community service obligations must be described and costed in council's Annual Report.

### **4.0 Our Capital Structure, Investment and Borrowing**

#### **4.1 Our Notional Capital Structure**

The notional capital structure for Townsville Water is 50% debt / 50% equity for pricing purposes. The capital structure and the anticipated rate of return to Townsville City Council as dividends are determined by council.

The capital structure will be reviewed annually, taking into consideration the financial performance, financial risk and sustainability of the business during the short and long term and may result in changes to forecasted debt levels and future capital structures.

#### **4.2 Our Pricing**

Townsville Water utilises a Long Term Financial Plan to ensure a financially sustainable outlook for the current year and each of the forecasted years.

Townsville Water utilises a Full Cost Water and Wastewater Pricing Model which has been developed by the Queensland Treasury Corporation to provide guidance on the prices Townsville Water is permitted to charge for the provision of water and sewerage services under a regulatory pricing framework compliant with the Queensland Competition Authority guidelines. This model calculates the return that council can expect to receive and distributes this revenue across the forecasted user base. When applying the full cost pricing regime, council covers its capital and operating costs as well as obtaining a return on its investments. The Pricing Model together with the Long Term Financial Plan facilitates the development of a five year price path for the provision of water and sewerage services.

Townsville Water will review its commercial sewerage and trade waste pricing scheme during the financial year to ensure that pricing is fair and equitable for customers and is in line with contemporary practice.

### **4.3 Our Dividend Policy**

All dividends arising out of Townsville Water operations will be returned to Townsville City Council. Annually, as part of budget processes, a determination will be made regarding the treatment of surpluses, where consideration will be given to maximising investment and/or the distribution of residual funds.

#### 4.4 Our Proposed Major Investments 2017/18

Initiative/Project	Capital/Operating	Completion Date	Net Cost \$000
<b>Water</b>			
CBD Utility Upgrade Project - Water and Sewerage (Construction Year 2)	Capital	30 June 2018	\$17,000
Houghton Pipeline Duplication to Ross River Dam (Approvals and Purchases Year 2)	Capital	30 June 2018	\$7,472
City Deals Stadium Upgrade Project - Water - Ross Creek Crossing	Capital	30 June 2018	\$5,000
Water Pipes Replacement	Capital	30 June 2018	\$4,000
Water Services Replacement	Capital	30 June 2018	\$2,500
Townsville Airport Industrial Area Water Main (Construction)	Capital	30 June 2018	\$2,085
Trility renewals	Capital	30 June 2018	\$1,684
Dams and weirs renewals	Capital	30 June 2018	\$1,130
Reservoir renewals	Capital	30 June 2018	\$1,034
City Deals Stadium Upgrade Project - Water - Trunk Main around Stadium	Capital	30 June 2018	\$800
New Meters and Services	Capital	30 June 2018	\$616
Mt Low Parkway Water Main along Northshore Boulevard (Construction)	Capital	30 June 2018	\$610
Water Meter Replacement	Capital	30 June 2018	\$600
Stanley Street (Toorak to Kennedy Street) Replacement Water Main (Construction)	Capital	30 June 2018	\$600
Paluma Township Water Treatment	Capital	30 June 2018	\$500
<b>Wastewater</b>			
Cleveland Bay Purification Plant Upgrade - Construction Year 1	Capital	30 June 2018	\$26,900
Sewer Pipe Rehabilitation	Capital	30 June 2018	\$3,000
Treatment Plant Renewals/Upgrades	Capital	30 June 2018	\$2,652
Castellana Street Parkland Pump Station (L1C) and Rising Main - Construction	Capital	30 June 2018	\$2,000
Sewer Manhole Rehabilitation	Capital	30 June 2018	\$1,000
Sewerage Pump Station Renewals/Upgrades	Capital	30 June 2018	\$872
The Village Pump Station 5A6F and Discharge Sewer - Construction	Capital	30 June 2018	\$740
Mount Low Pump Station ML14 and Rising Main - Construction	Capital	30 June 2018	\$650
Pressure Mains	Capital	30 June 2018	\$500



#### 4.5 Our Outstanding and Proposed Borrowings

Townsville City Council will operate a Central Treasury function. It will provide working capital as required, as well as providing loans through Queensland Treasury Corporation.

#### 5.0 Our Customer Service

Townsville Water uses a variety of methods to evaluate customer needs and analyse customer satisfaction, including but not limited to:

- ▶ monthly customer satisfaction surveys;
- ▶ councillor requests;
- ▶ customer feedback; and
- ▶ benchmarking against other water service providers in regional Queensland.

Townsville Water recognises that customers are entitled to be guaranteed of a certain level of service and has developed a Customer Service Standard to meet its obligations under the *Water Supply (Safety and Reliability) Act 2008*. The Customer Service Standard sets out service standard performance targets which are based on an assessment of the levels of service that can be realistically achieved and consistently maintained, taking into account data collection and reporting systems, infrastructure standards, and operating systems.

Reporting is undertaken on a quarterly basis to measure Townsville Water's performance against the quality and service reliability targets through its Customer Service Standard Report Card, which is available to the public on council's website. Annual reporting to the Office of the Water Supply Regulator is undertaken annually to meet the requirements of the *Water Supply (Safety and Reliability) Act 2008*.

#### 6.0 Delegations

Townsville City Council's delegated authorities relevant to Townsville Water are made in accordance with the requirements of the *Local Government Act 2009*. Delegated authorities are recorded in Townsville City Council's Register of Delegations and each relevant Instrument of Delegation.

#### 7.0 Reporting to Townsville City Council

Townsville Water reports against the financial and non-financial targets contained in this Performance Plan through a number of different mechanisms:

- ▶ On a quarterly basis, Townsville Water reports to council's Townsville Water and Waste standing committee.
- ▶ On a quarterly basis, Townsville Water reports to the community, via council's Quarterly Performance Reports, about the performance targets that are included in its Operational Plan.
- ▶ On a quarterly basis, Townsville Water reports to the community about its performance against its Customer Service Standard performance targets.
- ▶ Townsville Water publishes an Annual Operations Report for the Townsville City Council on its performance against the Performance Plan. This report will be complete within four calendar months from the end of the financial year.

The business will prepare all management plans as required by Townsville City Council, which shall include, but is not limited to, an Operational Plan, Business Plan, Asset Management Plan, and Emergency Response Plan.

#### 8.0 Review and Amendment of the Annual Performance Plan

The Local Government Regulation 2012 allows for an Annual Performance Plan to be amended at any time before the end of the financial year for which it is prepared.

# PERFORMANCE PLAN – TOWNSVILLE WASTE SERVICES

## 1.0 Overview of the Business

### 1.1 Introduction

The intention of this document is to meet the requirements of an Annual Performance Plan as set out in the Local Government Regulation 2012, in addition to providing a framework for the operation of the significant business activity of Townsville Waste Services.

This document sets out the manner in which the business of Townsville Waste Services will be carried out in the 2017/18 financial year, according to commercial principles. This Annual Performance Plan must be considered in conjunction with the unit's operational plan, which is embedded in the Townsville City Council Operational Plan.

### 1.2 Our Council

Townsville City Council is referred to as the “Capital” of Northern Australia and is the largest tropical city and one of the largest regional cities in Australia. It is the region's main service centre and transport hub, located about halfway between the tip of Cape York and Brisbane.

As a major urban coastal city, Townsville's natural landscape is diverse, ranging from cool highland rainforests and the Great Barrier Reef, to the dry open outback, with the Townsville local government area extending over an area of 3,738 square kilometres, from the Paluma Rainforest in the north to the rural areas of Majors Creek and Woodstock in the south, and the grazing area of Hervey Range in the west.

The estimated resident population of Townsville is approximately 196,000 and is projected by the Queensland Treasury to continue to grow at an average rate of 1.9% each year over the next 20 years, resulting in an expected population of approximately 288,000 by 2036.<sup>2</sup> The mainstays of the local economy include health care and social assistance, public administration and safety, retail trade, construction, education and training, and manufacturing.

## 1.3 Our Business

Townsville Waste Services is a commercial business unit of the Townsville City Council, responsible for the collection and processing of solid waste and recyclables.

As a significant business activity of the Townsville City Council, the business was commercialised in 2008 to apply the competitive neutrality principle under the *Local Government Act 2009*.

Townsville Waste Services' business is articulated in its vision and mission statements:

*Vision:* To be North Queensland's best waste managers.

*Mission:* To deliver excellent customer service, environmental management and efficient operations while maximising the return to council.

Townsville Waste Services actively competes in the commercial waste collection sector, providing services to a range of business types and sizes, and pursuing long term contractual arrangements with large-scale customers.

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<sup>2</sup> This information was obtained from the Queensland Government Statistician's Office, Queensland Treasury and Trade for the Townsville City Local Government Area on 15 May 2017.

## 1.4 Our Key Business Metrics<sup>3</sup>

### **Domestic Waste and Recycling**

- ▶ 79,000 domestic waste services provided per week
- ▶ 38,500 domestic recycling services provided per week

### **Commercial Waste and Recycling**

- ▶ 579 bulk bins in service
- ▶ 175 bulk bins emptied per day
- ▶ 301 public bins emptied per day

### **Waste Disposal**

- ▶ Three landfill sites
- ▶ Five waste transfer stations
- ▶ Around 300,000 total customer visits per annum
- ▶ Around 375,000 tonnes per annum received at landfills
- ▶ Around 200,000 tonnes per annum diverted from disposal
- ▶ Around 170,000 tonnes per annum landfilled

## 1.5 Our Objectives

Townsville Waste Services will focus on a number of key areas in the 2017/18 financial year.

### 1.5.1 Our Customers

#### **Customer Service Standard**

Townsville Waste Services is committed to meeting its quality and service performance targets as outlined in its Customer Service Standards. Quarterly reporting of its performance against its performance targets was implemented in 2015/16, and Townsville Waste Services will continue to focus on reporting to the community against its key performance targets during 2017/18. During 2017/18, Townsville Waste Services will review its customer service standards to ensure that the service standards remain appropriate.

#### **Customer Feedback**

Townsville Waste Services will continue to routinely monitor feedback from residents and business to ensure that the services it provides meet the needs of its customers. In 2017/18 it will conduct Voice of the Customer surveys where a selection of customers, who have contacted Townsville Waste Services requesting a service within a given month, are randomly selected and are contacted to participate in a short, over-the-phone survey.

### **Free Dumping of Green Waste and Recycling**

After the current dumping vouchers (that were issued to Townsville residents during the 2016/17 financial year) expired on 30 September 2017, a new system was introduced allowing for free dumping of greenwaste and recyclables by Townsville residents (domestic waste only) at waste disposal sites from 1 October 2017. The voucher system no longer operated from 1 October 2017 and fees applied to all other waste disposed of at waste disposal sites by Townsville residents after this date.

### **Kerbside Hard Waste Collection Service**

In 2017/18, council will introduce a Kerbside Hard Waste Collection service. The service will provide for one collection of large household items from each household each calendar year, with the cost of the service being included as part of council's Waste Utility Charge. The service is expected to begin in January 2018.

### **Free Dumping Weekends at Disposal Sites**

To encourage property owners to clean up their property prior to the cyclone season, council will provide to the community two free dumping weekends at all waste disposal sites. The free dumping weekends will be at dates to be determined in the lead up to the cyclone season.

### 1.5.2 Our Region

Townsville Waste Services will continue to focus on regional collaboration with its North Queensland counterparts in 2017/18. North Queensland has vast rural areas and 80% of the population is concentrated in Townsville which means effective waste management is challenging. The population of the North Queensland Region is predicted to grow by more than 20% from around 250,000 to 300,000 people by 2024. Generally speaking, the region is a long way from markets for recyclable materials and associated waste management infrastructure, in comparison to metropolitan areas in South East Queensland. However, these challenges also present opportunities to look at innovative, tailored regional solutions for waste management, which avoid unnecessary consumption of resources and manage waste as close to the source as possible.

### **North Queensland Regional Waste Reduction and Recycling Plan 2014 - 2024**

In recent years, Townsville Waste Services collaborated with other regional North Queensland councils including the Burdekin Shire Council, the Hinchinbrook Shire Council and the Charters Towers Regional Council to develop a Regional Waste Reduction and Recycling Plan. The Plan sets a vision

<sup>3</sup> Based upon our expected operations at 30 June 2016.

for waste management in North Queensland for 10 years. It addresses the requirements of the *Queensland Waste Reduction and Recycling Act 2011*, as well as providing a framework to realise opportunities for efficiencies and cost savings across the region.

Townsville Waste Services has outlined an Action Plan for 2014 to 2024 and will continue to implement the Action Plan during 2017/18 with focuses on reducing waste generation per capita, and investigating additional opportunities for regional contracts for waste processing or recycling.

### **1.5.3 Our Infrastructure**

#### ***Asset Management***

In 2017/18, Townsville Waste Services will continue to focus on the development of a risk-based asset management system, and will undertake a number of planned capital upgrades and renewals to its infrastructure.

Townsville Waste Services will commence applying effective control and governance of assets to realise value through managing risk and opportunity, in order to achieve the desired balance of cost, risk and performance. This will assist the business to appropriately prioritise how to allocate time, money and materials focusing on the most critical problems, providing the framework for continuous improvement and to meet organisational objectives, including regulatory compliance. The focus on continuous improvement will increase overall asset effectiveness while lowering life cycle costs.

#### ***Landfills Optimisation***

Townsville Waste Services maintains and operates three landfills and five transfer stations to service the disposal needs of the Townsville community. With Hervey Range and Jensen landfills approaching their current capacities, changes will be implemented to landfill sites and transfer stations across the city during the 2017/18 financial year in order to ensure ongoing disposal services can be provided to meet the needs of the community into the future, in the most efficient and financially sustainable way.

A number of upgrades will be made to the Stuart Landfill to allow it to take more of the community's waste. Works will continue in 2017/18 to construct a Transfer Station and Resource Recovery facilities at the Stuart Landfill site. The construction of the new Transfer Station will be the focus for 2017/18, in order to make disposal of non-recoverable waste easier and safer by diverting domestic customers away from the landfill face.

Preparations for increased commercial traffic at the Stuart site will include upgrades to weighbridges and installation of an automated driver station to allow waste fleet and commercial customers to access the facility more efficiently.

As part of the project, the transfer station at Hervey Range will be upgraded to enhance the facility and future-proof it in line with expected population growth. The weighbridge will undergo upgrades, and Front End Resource Recovery facilities will be upgraded to allow for more materials to be recovered in the first instance. A mechanical compaction system will be installed to increase the capacity of the transfer station to take waste before transportation of waste is required for disposal. This will reduce transportation costs.

#### ***Magnetic Island Waste Facility Reuse Improvements***

In order to continue to minimise waste on Magnetic Island and reduce transport costs of waste to the mainland, Townsville Waste services will review the resource recovery practices at the Magnetic Island Waste Facility during the financial year. Investigations will focus on the consideration of materials recovery infrastructure, and opportunities to increase diversion of organic waste.

#### ***Picnic Bay Landfill Rehabilitation***

After the closure of the Picnic Bay Landfill in 2016, Townsville Waste Services began rehabilitating the site in accordance with licence requirements. A temporary cap has been put in place, along with an erosion control system and stormwater management system to protect the site. Final capping works will be undertaken on the closed landfill during the 2017/18 financial year, with the final capping system expected to be in place by the end of 2018.

### **1.5.4 Our Environmental Management**

Addressing environmental impacts is a key driver for Townsville Waste Services. There are environmental impacts of storing, transporting and disposing of waste by landfilling. In recent years, regulations covering environmental aspects of waste operations have increased significantly, which in turn impact on the cost of delivering services. To ensure sound environmental performance, Townsville Waste Services will continue to operate its environmental management system and embrace the principles of International Standard *ISO14001 – Environmental management systems*.

### ***Licensing of Waste Storage and Disposal Activities***

The waste storage and disposal operations carried out have the potential to impact on the environment and accordingly, the business must be licensed under the *Environmental Protection Act 1994* to conduct its operations.

Townsville Waste Services will renew its licences for 2017/18 and will monitor and measure its compliance against its licence conditions, ensuring that all routine and event-specific reporting requirements are met for the financial year.

### ***Initiatives to Reduce Greenhouse Gas Emissions from Landfills***

To reduce the environmental impact of landfill operations, a gas flaring system has been in operation at the Stuart Landfill facility since 2012. Council uses gas flaring technology to reduce the impact of methane by converting it to carbon dioxide, a less potent form of gas. This reduces the overall emissions from landfill.

From October 2016, gas flaring was implemented at the Hervey Range Landfill.

Townsville Waste Services is now working towards the installation of gas flaring equipment at its Jensen Landfill following capping of the site which is expected in approximately 2019.

### ***Materials Recovery Facility transition***

Each year, Townsville Waste Services collects about 13,000 tonnes of material through its kerbside recycling collection service, which is sorted at a specialised Materials Recovery Facility to separate recyclable materials for marketing to end use manufacturers. From 1 July 2017, a new contractor - RDT Operations Pty Ltd - will provide material recovery services to council.

RDT Operations will build a new Material Recovery Facility in Townsville which will incorporate state-of-the-art technologies to increase the city's capacity and standard of recyclables processing. The new technologies will improve yield and quality of reusable products, and minimise the need to transport recyclables out of the region for processing and sale, making way for the establishment of local markets for reusable products such as glass reuse.

### ***E-Waste Recycling***

Townsville Waste Services will continue its E-Waste Recycling Program in the 2017/18 financial year, working with industry partners under the National Television and Computer Recycling Scheme. It will continue to maintain drop-off points at its waste disposal sites for collection of waste televisions, computers, printers and computer products.

### ***Recycling of Compact Fluorescent Light Bulbs***

Townsville Waste Services will introduce a recycling mechanism for Compact Fluorescent Light Bulbs (CFLs) during the financial year. CFLs contain mercury which, when accumulated in landfills can convert to a more toxic chemical, methylmercury, potentially threatening the wider environment if it spreads by air, water or soil. By establishing CFL recycling collection points at Waste Disposal Facilities, CFLs can be diverted from landfill and the glass, metals and some other materials that make up the lights can be reused.

### ***Reducing Plastic Pollution***

The Queensland Government is developing a plastic pollution reduction plan which includes banning plastic shopping bags and introducing a container refund scheme for beverage containers. These initiatives are designed to reduce litter and increase recycling, and Townsville Waste Services will work with the Queensland Government to play a part in the grass roots implementation of these schemes.

### ***Recycling Education Program***

Townsville Waste Services will continue to promote and educate the community about recycling during the financial year. Recycling education programs will be delivered at community events to educate residents, local industries and businesses about waste minimisation through recycling.

Townsville Waste Services will work in partnership with new recycling service provider, RDT Operations, to enhance its recycling education program to build upon current recycling rates and outcomes.

### 1.5.5 Our Governance

As a commercial business unit and waste service provider, Townsville Waste Services is subject to specific governance requirements under the *Local Government Act 2009* and the *Waste Reduction and Recycling Act 2011*.

#### **Financial Sustainability**

Townsville Waste Services is responsible for directly providing waste utility services to the Townsville community. To enable the provision of these services, Townsville Waste Services owns, operates and maintains a significant asset base which requires substantial investment and continued expenditure to maintain and renew assets in the course of their respective useful lives.

To ensure financial sustainability, long term financial and asset management planning is in place to ensure Townsville Waste Services can continue to provide the desired level of waste services to the Townsville community now, and into the future.

In conjunction with the Finance Services department of council, Townsville Waste Services will develop a commercial business specific capital structure and dividend policy in order to clearly define expectations about the financial structure of Townsville Waste Services and the expected return to the business unit's shareholder i.e. council.

#### **Quality Assurance**

To ensure quality services are provided, Townsville Waste Services will continue to embrace the principles of quality assurance and will develop its methods and practices further, in accordance with the best practice principles embodied in International Standard *ISO9001 – Quality management systems*.

#### **Queensland Waste Avoidance and Resource Productivity Strategy 2014 -2024**

In December 2014, the Queensland Government released its new industry-led waste strategy: the Queensland Waste Avoidance and Resource Productivity Strategy 2014 - 2024. Townsville Waste Services participated in the development of the strategy along with business and industry, the waste and resource recovery sector, other local governments, and community and environment groups.

The Waste Avoidance and Resource Productivity Strategy significantly impacts on the operations of Townsville Waste Services. The draft strategy provides strategic direction for

waste and resource management in Queensland for 10 years and is underpinned by the waste and resource management hierarchy, an internationally recognised framework for managing waste generation and disposal describing the preferred order for managing waste and resources. The hierarchy places waste avoidance as the preferred option, followed by reducing, reusing, recovering and disposing of waste. Other important focuses of the draft strategy include better management of high priority waste, resource recovery, new technologies and alternative waste treatments, and tailoring policy and actions to each region.

The strategy sets a target of reducing the generation of waste by 5% per capita by 2024. Targets for improving recycling rates by 2024 include:

- ▶ a target for improving recycling rates by 45% for domestic solid waste in regional centres;
- ▶ a target of between 42 to 55% for improving recycling rates for commercial and industrial waste, dependent upon regional differences; and
- ▶ a target of between 61 to 80% for improving recycling rates for construction and demolition waste, dependent upon regional differences.

The strategy will be implemented through a set of sectoral or organisational action plans including specific or sectoral targets, which align with and contribute to, achieving the state-wide targets.

The action plans are proposed to be guided by priority areas and high priority waste identified in the strategy.

#### **Participation in Waste Committees and Forums**

Townsville Waste Services will continue to actively participate in the Local Authority Waste Management Advisory Committee in 2017/18, as well as in relevant Waste Management Association of Australia forums. Such advisory groups and forums bring together elected members, local government staff and industry representatives to collectively approach waste management issues and trends.

#### **Run Balancing Project**

In the 2017/2018 financial year, Townsville Waste Services will undertake a Run Balancing Project to review day-of-service for collections in the local government areas and reorganise collection runs, with the aim of maximising efficiencies in collections.

## 2.0 Our Performance Targets

GOAL 1 ECONOMIC SUSTAINABILITY		
Performance Measure	Description	Target
Revenue – Budget to Actual	Comparison of the actual revenue received with the budgeted revenue	Within 5% of revised budget
Operating Expenditure – Budget to Actual	Comparison of the actual operating expenditure with the budgeted operating expenditure	Within 5% of revised budget
Capital Expenditure – Budget to Actual	Comparison of the actual capital expenditure with the budgeted capital expenditure	Within 5% of revised budget
Net Operating Result – Budget to Actual	Comparison of the actual net operating result with the budgeted net operating result	Within 5% of revised budget
Debt to Equity Ratio	This ratio identifies the portion of debt compared to the business' equity	<0.5
Annual Dividend	The portion of earnings distributed to council (our shareholder) from the operation of the Townsville Waste Services commercial business unit	>90% of budgeted amount

**GOAL 2 SOCIAL RESPONSIBILITY**

Performance Measure	Description	Target
Customer Satisfaction with Response to Waste Services Requests	Percentage of results of “good” and “excellent” recorded by the Customer Service Department monthly survey	90%
Collection Performance	Less than 1 per 1,000 missed kerbside waste and recycling services	<1

**GOAL 3 ENVIRONMENTAL SUSTAINABILITY**

Performance Measure	Description	Target
Penalty Infringement Notices or Legal Action for Non-Compliance	Number of penalty infringement notices issued or instances of legal action initiated by the Regulator for non-compliance	Zero
Rate of Diversion of Waste from Landfills	Divert 40% of waste from landfills for recycling or beneficial reuse on site.	40%

**GOAL 4 RESPONSIBLE GOVERNANCE**

Performance Measure	Description	Target
Number of Process Improvements outstanding – Waste Services	Total number of outstanding process improvements at the end of the month	40



### 3.0 Our Community Service Obligations

Community service obligations are defined under the Local Government Regulation 2012, as:

*“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.”*

An example of a community service obligation is where the local government gives a price concession to a particular group of customers, such as pensioners, seniors or students.

#### 3.1 Nature and Extent of Community Service Obligations for 2017/18

The following works will be completed by Townsville Waste Services as community service obligations in 2017/18 -

Category	Value \$
National Recycling Week	\$4,500
Charity Dumping Fees	\$62,128
Dead Animals	\$31,300
Infirm Services	\$33,009
Clean up Australia Day	\$6,500
Free Dump Weekends	\$295,810
Community Clean Up Events	\$10,000
<b>TOTAL</b>	<b>\$443,247</b>

#### 3.2 Cost of and Funding for Community Service Obligations

The community service obligations listed in 3.1 above are funded explicitly by Townsville City Council. It is anticipated that the cost of these identified community service obligations for 2017/18 will be approximately \$443,247.

Additional community service obligations may be identified during the financial year, particularly in the instance of natural disasters.

All community service obligations must be described and costed in council's Annual Report.

### 4.0 Our Capital Structure, Investments and Borrowing

#### 4.1 Our Notional Capital Structure

The notional capital structure for Townsville Waste Services is 50% debt / 50% equity for pricing purposes. The capital structure and the anticipated rates of return to Townsville City Council as dividends are determined by council.

The capital structure will be reviewed annually, taking into consideration the financial performance, financial risk and sustainability of the business in the short and long terms and may result in changes to forecasted debt levels and future capital structures.

#### 4.2 Our Pricing

Townsville Waste Services uses a Long Term Financial Plan to ensure a financially sustainable outlook for the current year and each of the forecasted years.

Townsville Waste Services utilises a Full Cost Pricing Model that provides guidance on the prices Townsville Waste Services is permitted to charge for the provision of waste services under a regulatory pricing framework compliant with the Queensland Competition Authority guidelines. This model calculates the return that council can expect to receive and distributes this revenue across the forecasted user base. When applying the full cost pricing regime, council covers its capital and operating costs as well as obtaining a return on its investments. The Pricing Model together with the Long Term Financial Plan facilitates the development of a five-year price path for the provision of waste services.

#### 4.3 Our Dividend Policy

All dividends arising out of Townsville Waste Services' operations will be returned to Townsville City Council. Annually, as part of budget processes, a determination will be made regarding the treatment of surpluses, where consideration will be given to maximising investment and/or the distribution of residual funds.

#### 4.4 Our Proposed Major Investments 2017/18

Initiative/Project	Capital/ Operating	Completion Date	Net Cost \$000
Stuart Landfill Transfer Station - Construction Year 2	Capital	30 June 2018	\$2,440
Leachate Collection and Extraction - Stuart and Jensen landfills - Construction Year 2	Capital	30 June 2018	\$1,000
Picnic Bay Landfill Capping - Construction Year 1	Capital	30 June 2018	\$806
Hervey Range Landfill - Front End Resource Recovery Facility stages 1 and 2 - Construction Year 1	Capital	30 June 2018	\$765
Stuart Landfill - Establishment of vegetative buffers inside creek diversion	Capital	30 June 2018	\$530
Hervey Range Transfer Station Upgrades	Capital	30 June 2018	\$500
Compaction Equipment for Hervey Range Transfer Station	Capital	30 June 2018	\$450
Hervey Range Landfill - Front End Resource Recovery Facility stages 1 and 2 - Design	Capital	30 June 2018	\$400
Stuart Landfill Automated Driver Station (Second Weighbridge)	Capital	30 June 2018	\$300
Improvements to Stuart Landfill Stormwater / Leachate Management for Greenwaste Pad	Capital	30 June 2018	\$300

#### 4.5 Our Outstanding and Proposed Borrowings

Townsville City Council will operate a Control Treasury function. It will provide working capital as required, as well as providing loans through Queensland Treasury Corporation.

## 5.0 Our Customer Service

Townsville Waste Services uses a variety of methods to evaluate customer needs and analyse customer satisfaction, including but not limited to:

- ▶ monthly customer satisfaction surveys;
- ▶ councillor requests;
- ▶ customer feedback; and
- ▶ benchmarking against other waste service providers in regional Queensland.

Townsville Waste Services recognises that customers are entitled to be guaranteed of a certain level of service and has developed a Customer Service Standard. The service standards are based on an assessment of the levels of service that can be realistically achieved and consistently maintained, taking into account data collection and reporting systems, infrastructure standards, and operating systems.

Reporting is undertaken on a quarterly basis to measure Townsville Waste Services' performance against the quality and service reliability targets through its Customer Service Standard Report Card, which is available to the public on council's website.

## 6.0 Delegations

Townsville City Council's delegated authorities relevant to Townsville Waste Services are made in accordance with the requirements of the *Local Government Act 2009*. Delegated authorities are recorded in the council's Register of Delegations and each relevant Instrument of Delegation.

## 7.0 Reporting to Townsville City Council

Townsville Waste Services reports against the financial and non-financial targets contained in this Performance Plan through a number of different mechanisms:

- ▶ On a quarterly basis, Townsville Waste Services reports to council's Townsville Water and Waste standing committee.
- ▶ On a quarterly basis, Townsville Waste Services reports to the community, via council's Quarterly Performance Reports, about the performance targets that are included in its Operational Plan.
- ▶ On a quarterly basis, Townsville Waste Services reports to the community about its performance against its Customer Service Standard performance targets.
- ▶ Townsville Waste Services publishes an Annual Operations Report for the Townsville City Council on its performance against the Performance Plan. This report will be complete within four calendar months from the end of the financial year.

The business will prepare all management plans as required by Townsville City Council, which shall include, but is not limited to, an Operational Plan, Business Plan, Asset Management Plan, and Emergency Response Plan.

## 8.0 Review and Amendment of the Annual Performance Plan

The Local Government Regulation 2012 allows for an Annual Performance Plan to be amended at any time before the end of the financial year for which it is prepared.

## Schedule 1



RESPONSIBLE AREA DEFINITIONS			
Business Transformation Team	BTT	Legal Services	LS
Community Engagement	CE	People and Culture	P&C
Construction, Maintenance and Operations	CMO	Planning Services	PS
Financial Services	FS	Procurement	P
Future Cities Office	FCO	Townsville Water and Waste	TWW
Information Technology Services	ITS	Venues and Cultural Services	V&CS
Infrastructure, Planning, Assets and Fleet	IPAF		



## Goal 1

### A Prosperous City

*Deliver a strong and innovative economy for Townsville with sustainable growth and support for local jobs and businesses.*

#### OBJECTIVE 1.1

Support local businesses, major industries, local innovation and employment growth.

	Deliverables	Responsible Area
1.1.1 Economic Development	Establish a <b>single agreed vision</b> for the economic development of Townsville that unites business, community, industry and government.	FCO
	Translate the vision into an <b>economic development strategy</b> and an agreed set of actions to be implemented for the city and region.	FCO
1.1.2 Local Businesses	Implement a <b>Buy Townsville</b> policy to support local businesses and employers.	P
	Implement a <b>Local Business</b> policy to make it easier to establish and operate businesses in Townsville.	P
1.1.3 Defence Support	<b>Defence Hub:</b> strengthen formal consultation between representatives of the Department of Defence and Defence Industries Queensland. Appoint a Townsville <b>Defence Liaison Officer</b> to assist in this area.	FCO
	Advocate nationally for the expansion of <b>local investment</b> in defence and associated support industries.	FCO
	Establish a <b>Defence Community Accord</b> to encourage support for the Australian Defence Force (ADF), families and veterans in the community.	FCO
	Form a <b>Defence Community Panel</b> to give the wider defence community greater input into council.	FCO
	Strengthen <b>international connections</b> to attract more visits by United States Navy ships.	FCO
1.1.4 New Industries	Work with the Queensland Government on investment attraction, market engagement and coordinate case management for potential investors in Townsville.	FCO
	Support local businesses to <b>adapt to new and growing industries</b> in the health, disability, medical and digital sectors.	FCO
1.1.5 Fair Rates Plan	Support local businesses by limiting rates growth to zero in the first year (2016/17) and limit all future rate rises at or around Consumer Price Index (CPI).	FS

#### OBJECTIVE 1.2

Promote our economic and geographic strengths and market Townsville as a vibrant destination for commerce, education, research, tourism, entertainment and lifestyle.

	Deliverables	Responsible Area
1.2.1 Townsville Airport	Work with the Australian Government and the airport operator to attract <b>new investment opportunities</b> at Townsville airport.	FCO
	Work with industry and Townsville Enterprise Limited and other key stakeholders to <b>increase domestic and international flights</b> through Townsville supporting local tourism and industry development.	FCO
1.2.2 Tourism Policy	Implement a <b>Tourism</b> policy that increases visitations and focuses on our outdoor lifestyle to increase promotion of the region.	FCO
	<b>Promote "Edu tourism"</b> through Townsville Enterprise Limited and work with Tourism Queensland to establish a pilot program in the region.	FCO
1.2.3 Research	Collaborate with the Board of the Cooperative Research Centre (CRC) for Developing Northern Australia as it selects a location for its headquarters.	FCO

### OBJECTIVE 1.3

Plan, support, provide and advocate for infrastructure and investment that supports innovation, residential and economic growth.

	Deliverables	Responsible Area
1.3.1 Smart City Strategy	Plan, conduct and implement a <b>Smart City Strategy</b> to maximise the use of digital connectivity.	ITS
	Develop a <b>City Dashboard</b> to drive community engagement through continuous reporting on targets and goals.	ITS
	Deploy <b>Internet of Things communications infrastructure</b> across the city to radically improve service delivery and grow smart business opportunities.	ITS
	Attract a modern and <b>significant data centre</b> to Townsville as part of the state funded disaster recovery centre.	ITS
1.3.2 Planning and Development	Improve council's <b>planning and development processes</b> to remain at the leading edge of development innovation and practice.	PS
	Implement an independent <b>review of urban land supply</b> to ensure adequate supply to meet current and future needs.	PS
	Work with developers to find innovative ways to deliver and finance <b>infrastructure for public benefit</b> .	PS
1.3.3 Public Transport Priorities	Work with the Queensland Government to analyse and determine appropriate routes and trials for innovative public transport solutions.	PS
	Create a new <b>Townsville Regional Integrated Transport Plan</b> to address challenges as Townsville grows, including a new CBD transport hub.	PS
	Form a <b>Townsville Transport Advisory Council</b> to coordinate transport planning.	PS
1.3.4 Infrastructure Planning and Delivery	<b>Woodstock-Giru Road / Flinders Highway</b> – deliver the masterplan to information the consideration of the upgrade to the intersection.	FCO
	Plan and <b>deliver high priority capital projects</b> to provide the infrastructure needed to support the city's economy and growth.	IPAF / FCO / CMO / PS
1.3.5 Affordable Utilities	Develop and implement strategies to deliver <b>affordable water</b> and utilities for residents and businesses in the city.	TWW

### OBJECTIVE 1.4

Maximise opportunities for economic growth by building and maintaining effective partnerships.

	Deliverables	Responsible Area
1.4.1 Deliver North Queensland Stadium	Construct enabling infrastructure, upgrade relevant public spaces and work cooperatively with the Queensland and Australian Governments to enable them to <b>deliver the North Queensland Stadium by early 2020</b> .	IPAF / TWW / FCO
1.4.2 Townsville Entertainment and Convention Centre	Establish a taskforce to refine a business case, to maximise economic potential and identify available <b>financing and funding options and land for the Entertainment and Convention Centre</b> .	FCO
1.4.3 Health Knowledge Development Strategy	Facilitate strategic <b>development of health and knowledge precincts</b> and associated infrastructure in collaboration with Economic Development Queensland	FCO / PS
1.4.4 Townsville Development Corporation	Establish the <b>Townsville Development Corporation</b> to lead investment and market research to attract developers and businesses.	FCO
1.4.5 Local Partnerships	Convene a <b>Townsville Economic Round Table</b> with major economic development stakeholders and key community organisations and media groups to discuss the direction of the city's economic development.	FCO



## Goal 2

### A City for People

Enhance people's experience of Townsville as a liveable and vibrant city by providing services that support the growth of an inclusive, knowledgeable, active, safe and healthy community.

#### OBJECTIVE 2.1

Provide services and local infrastructure that meet community expectations, support growth and provide for the needs of our community.

	Deliverables	Responsible Area
2.1.1 Core Services and Programs	Improve the <b>responsiveness of services</b> to meet the expectations of the community by streamlining service delivery, reducing red tape and waste.	CE
	Improve the <b>efficiency and effectiveness of council's core services and programs</b> to achieve savings without reducing service levels to the community.	CE
2.1.2 Improving Local Infrastructure	Establish a dedicated pool of <b>additional funding for local sporting clubs</b> to fund community infrastructure.	CE
	Develop <b>additional skate parks</b> in the inner city and the north shore.	IPAF
	Implement a program to improve facilities at <b>bus stops and taxi ranks</b> , ensuring they operate effectively and safely.	IPAF
2.1.3 Infrastructure Maintenance	Based on a structured audit program, develop and implement <b>Local Suburb Improvement Plans</b> focused on key infrastructure elements in each suburb.	IPAF
	Implement <b>Quick Response Maintenance</b> teams to address issues as they arise, improving the overall life of council assets.	CMO

#### OBJECTIVE 2.2

Improve the liveability of Townsville and encourage active and healthy lifestyles by providing accessible public facilities and community infrastructure.

	Deliverables	Responsible Area
2.2.1 Supporting Sporting Clubs	Develop a new master plan for the <b>Murray Sports precinct</b> with a focus on improving access and family friendly facilities as well as giving local sporting clubs control over their assets.	CE / IPAF
	Reform the <b>Murray Users Group</b> to get all groups working together in a coordinated fashion, and reducing costs by sharing resources.	CE
	Engage with sporting associations to develop a plan to <b>attract sports tourism to Townsville</b> .	FCO
2.2.2 Hills Use	Consult with the community to develop sustainable master plans for <b>Castle Hill, Mount Louisa, Mount Low and Mount Stuart</b> .	FCO
	Develop, seek funding for, and implement specific plans for these assets that <b>encourage greater use, promote health and fitness and attract new visitors</b> .	FCO
2.2.3 Bike Friendly	Work with road cycling groups to continue to improve the <b>city's bike network</b> .	FCO
	<b>Expand support for mountain biking</b> , including infrastructure and events creating opportunity for this as an eco-tourism niche in North Queensland.	FCO
2.2.4 Waterways	Develop a plan that considers <b>opening the Ross River dam to commercial and improved recreational activities</b> .	PS
	Partner with the State Member for Thuringowa to clear weeds in Ross River, allowing safe public access.	FCO / CMO
	Restock the dam and weirs to create <b>opportunities for recreational fishing</b> .	FCO
2.2.5 Motor Sport Precinct	Work with motor sporting groups to gain funding for Drive IT NQ motor sport precinct.	FCO
2.2.6 Parks Gardens and Sports	Work with the Upper Ross Rams and Ross River Crocs Clubs to seek funding to develop a joint facility and upgrade the fields.	CE

### OBJECTIVE 2.3

Improve the vibrancy of Townsville by supporting the community's access to, and participation in, a range of artistic, cultural and entertainment activities.

	Deliverables	Responsible Area
2.3.1 Events and Culture Policy	Continue to respect and acknowledge Aboriginal and Torres Strait Islander culture through implementation of the <b>Reconciliation Action Plan</b> .	CE / FCO
	Develop and implement a <b>major events strategy</b> that expands the number of large scale, high profile events for the city.	CE / V&CS
	Work with community groups to encourage <b>performance and creative arts at The Strand, Riverway and Magnetic Island</b> .	CE / V&CS
	Work with community groups to expand the number, variety and sustainability of <b>free events in parks</b> .	CE
	Establish a <b>Townsville Festival</b> as an annual event to develop an extended multi-focus festival of the arts.	CE / V&CS
	Lobby for a <b>state volunteer conference</b> and target strategic event partnerships with Townsville Enterprise Limited.	CE
	Examine the feasibility of creating a partnership with a university to bring a <b>Music and Performing Arts School</b> to the city.	V&CS
	Work with the Queensland Government to promote Townsville as a major centre for <b>state and national sporting events and festivals</b> .	CE
2.3.2 Vibrant CBD	Support increased development and investment in the CBD to increase vibrancy and grow the local economy.	FCO / PS
2.3.3 Support for Pensioners	<b>Retain the pensioner rebate</b> and provide additional flexibility for those that are experiencing financial hardship.	FS
	Continue to support <b>community events that bring seniors together</b> in social settings.	CE / V&CS

### OBJECTIVE 2.4

Enhance community knowledge of, and access to, council services to improve community wellbeing, health and safety.

	Deliverables	Responsible Area
2.4.1 Access to Services	Enhance the community's knowledge of, and access to, council's services by <b>communicating our core services</b> to our ratepayers.	CE
2.4.2 City Safe Plan	Work in partnership with lead agencies, community groups, local businesses, and local residents to develop a <b>Whole of Community Safety Plan</b> .	FCO
	Reinstate a <b>City Safe Officer</b> to implement a range of actions to increase community safety and wellbeing.	FCO
	Embed <b>Crime Prevention Through Environmental Design (CPTED) principles</b> into all council activities and regulations and promote these principles in the community.	FCO / PS / CE
2.4.3 Animal Management	Improve animal management in the city by delivering <b>new dog off-leash parks</b> requiring future master planned developments to include dog parks.	PS
	Ensure that <b>all dog parks are regularly maintained</b> to the highest standard.	CMO





## Goal 3

### A Clean and Green City

Create a sustainable future for Townsville through the protection, maintenance and enhancement of our unique, natural and built environment.

#### OBJECTIVE 3.1

Plan, design and deliver sustainable development and support this by actively managing the natural environment and increasing green infrastructure, at city, suburb and place level.

	Deliverables	Responsible Area
3.1.1 Clean and Green Parks	Develop and implement new policies and procedures for <b>improving park maintenance</b> .	CMO
	Develop <b>new parks</b> and green public spaces.	IPAF
	Reintroduce the <b>“Greening Townsville”</b> program for our city.	FCO / CMO
3.1.2 Solar City	Work with companies to bring forward <b>Solar Farm</b> projects by ensuring that the site selection is appropriate and the community is consulted.	FCO / PS
	Establish a dedicated <b>Solar City Taskforce</b> to develop deliverable solar solutions.	FCO
3.1.3 Protecting the Environment	<b>Manage energy costs and boost energy productivity.</b> Work the Clean Energy Finance Corporation (CEFC) to investigate financial opportunities to roll out commercial building energy upgrade programs throughout the city.	FCO
	Preserve our natural environment through <b>active management, education and compliance</b> activities	FCO
	Champion, and <b>implement environmental solutions and renewable alternatives</b> , and encourage behaviour change.	FCO

#### OBJECTIVE 3.2

Develop and implement long term solutions for the management of water and waste that are socially, financially and environmentally sound.

	Deliverables	Responsible Area
3.2.1 Sustainable Water Management	<b>Townsville water security, supply and use strategy.</b> Drive the development of an intergovernmental taskforce to investigate short, medium and long-term solutions to water security for Townsville, considering investment in water supply infrastructure and management of demand.	FCO / PS / TWW
	Encourage <b>smarter use of water</b> and improve the efficiency of water usage.	TWW
	Implement water demand strategies to <b>ensure the city has adequate water</b> during an extended drought.	TWW
	Manage our water better by <b>reducing leaks in council assets and people’s properties</b> , using Internet of Things (IOT) technology to assist in leak detection.	TWW
	Commit additional resources to <b>water education</b> and work to educate the community about sustainable water use, including deploying <b>water wise household devices</b> .	FCO / TWW
	<b>Work with businesses</b> to assist them in effectively managing their water usage.	TWW
3.2.2 Sustainable Waste Management	Work with other councils to develop and implement a <b>sustainable long term waste management strategy</b> for the region.	TWW
	Implement a <b>hard rubbish collection service</b> .	TWW
	Implement <b>free dumping for green waste and recyclable materials</b> taken to landfill sites.	TWW
	Form an advisory group to develop and implement strategies to <b>minimise the amount of commercial residual waste</b> going to landfill by maximising beneficial reuse and recycling prior to disposal.	TWW
	Introduce a <b>transfer station and mini Materials Recovery Facility at the Magnetic Island dump</b> .	TWW



## Goal 4

### A Simpler, Faster, Better Council

*Transform the Townsville City Council into a simpler, faster and better council that is easy to work with, and for, and gains community trust by being transparent and managing its resources well.*

#### OBJECTIVE 4.1

Provide customer-focused services that meet the expectations of our community in a dynamic and adaptive manner.

	Deliverables	Responsible Area
4.1.1 Customer Analytics	Develop and implement a framework, tools and systems to <b>increase the council's understanding of ratepayer needs</b> .	CE
4.1.2 Customer Strategy	Develop and implement a customer strategy to <b>improve customer service quality and responsiveness</b> to all people who use council's services and facilities.	CE
4.1.3 Assess Service Provision	Implement an <b>assessment of all of council services</b> to ensure that they are efficient and are adding significant value to the community.	CE
4.1.4 Mobility and Customer Facing Systems	Improve front line service delivery and responsiveness by deploying <b>mobile technology and solutions</b> .	ITS
	<b>Improve customer experience</b> by integrating customer facing systems ensuring a 'one council' approach.	ITS

#### OBJECTIVE 4.2

Ensure that council's plans, services, decisions and priorities reflect the needs and expectations of the community.

	Deliverables	Responsible Area
4.2.1 Community Engagement	Engage in community conversations through a more <b>comprehensive outreach program</b> , including <b>holding meetings in local suburbs</b> at least twice a year.	CE
	Actively <b>monitor the needs of the community</b> and adjust services and programs to meet community needs and expectations as required.	CMO
4.2.2 Clarity and Purpose	<b>Review and align the Corporate Plan</b> ensuring it reflects council's vision, commitments and priorities as it relates to community needs and expectations.	BTT
4.2.3 Communication	<b>Improve the communication</b> of council plans, priorities and results to key stakeholders, ratepayers and the broader community.	CE
4.2.4 Council Analytics	Engage in the use of 'big data analytics' to <b>understand council inputs, outputs, outcomes and impacts on the community</b> , allowing for the responsive adjustment of strategies and programs as required.	ITS

### OBJECTIVE 4.3

Be a valued and committed employer who provides a productive, inclusive and respectful environment for staff and the community.

	Deliverables	Responsible Area
4.3.1 Leadership Development	Invest in the development of our leaders, supporting them to engage and lead their teams to successfully deliver on council's priorities, drive sustainable cultural change and improve performance.	P&C
4.3.2 Culture Change	Leverage the leadership capability to develop a constructive organisational culture focused on the achievement of outcomes through innovation, collaboration and transparency.	P&C
4.3.3 Performance Focused Culture	Invest in the development of a high performance organisation to ensure the council can deliver outcomes that support the Townsville community.	P&C
4.3.4 Structural Change	Refine the council structure to remove excessive management resources and overheads.	P&C
	Increase the alignment and effective management of services, functions and operations to improve efficiencies.	P&C
4.3.5 Improved Governance	Maintain the productive working relationship between council and its administration based on trust, openness and transparency.	BTT

### OBJECTIVE 4.4

Improve financial sustainability and provide value and accountability to the community for the expenditure of public funds.

	Deliverables	Responsible Area
4.4.1 Financial Management	<b>Limit rates growth to zero</b> in the first year (2016/17) and limit all future rates rises at, or around, CPI.	FS
	Work with the Queensland Treasury Corporation to agree and implement a <b>debt reduction plan</b> to restructure debt and align it with council cash flow cycles.	FS
	<b>Operate within our means</b> by limiting borrowing to revenue generating and financially sustainable activities.	FS
4.4.2 Efficient Back Office Services	<b>Reduce expenditure on back office support services</b> , improving system and process efficiency, and allowing for the reduction of red tape and redirection of resources into customer services and front line operations.	FS
4.4.3 Progress and Performance Reporting	Drive an increased focus on organisational performance through the implementation of a <b>new organisational scorecard</b> , creating increased transparency and accountability.	ITS
4.4.4 Zero Base Budget	Implement zero base budgeting to <b>reduce waste, as well as identifying and leveraging efficiencies</b> , ensuring that council's priorities are properly funded.	FS
4.4.5 Risk Management	Improve the organisation's capability to proactively identify and effectively manage key organisational risks – strategic and operational.	LS
4.4.6 Business Assurance	Ensure that effective policies, systems, and processes are in place and monitored to maintain the integrity of public funds expenditure.	FS / P&C
4.4.7 Activity Management and Benefits Realisation	Implement reporting systems to improve the council's ability to oversee and report on progress against strategies, plans and investments through the publication of a <b>City and Council scorecard</b> .	ITS

#### OBJECTIVE 4.5

Ensure that public funds are expended efficiently and that council expenditure represents value for money whilst supporting the local economy.

	Deliverables	Responsible Area
4.5.1 Local Partnerships	Develop and/or realign local strategic partnerships to ensure they support the achievement of council priorities.	FCO
4.5.2 Procurement Management	Align the procurement practices across the organisation ensuring <b>expenditure</b> represents value for money and public funds are being administered efficiently and responsibly.	P
4.5.3 Credit Card Usage	Ensure that <b>credit card expenditure</b> represents value for money and that probity requirements are consistently maintained.	P
4.5.4 Labour Hire	Ensure that <b>expenditure on external labour hire and consultants</b> represents value for money. Establish a balance between permanent staff and temporary labour that retains core knowledge, skills and talent.	P&C
4.5.5 Fleet Management	Ensure that the vehicle fleet and associated <b>expenditure reflects the genuine needs of council</b> , demonstrating that public funds are being managed responsibly.	IPAF
4.5.6 Asset Utilisation	Improve the utilisation of major plant and equipment items to generate savings that can be invested in other council priorities.	IPAF
	Improve net revenue from council assets to increase funding available for council's priorities.	IPAF