

IMPACT OF ASSETS DECISIONS ON UTILITY TARIFFS

Stephen Fernando, CFO, Whitsunday Regional Council

LGFP Annual Conference
21-22 November 2018, Gold Coast



MAJOR ISSUE IN MACKAY

Highest Rated Council in QLD

Water & Sewer Utility Charges a Major Contributor

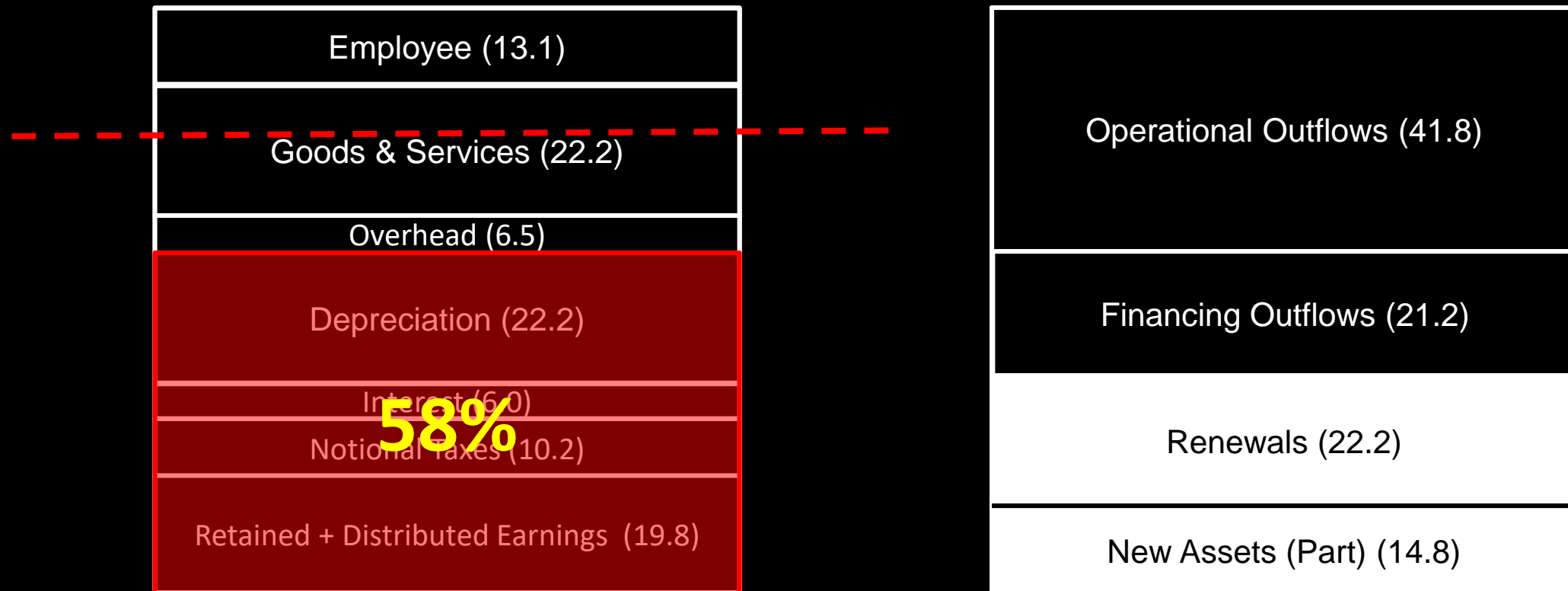
Forward Price Escalations = Inflation x 2

Why?



ROOT CAUSE

Revenue 100 Mn



CAPEX DRIVERS

Population Growth \Rightarrow Demand Growth
Highest in Country

Decision Making Processes



ADDRESSING DM CULTURE

Then Existing Culture

Risk is Bad, Avoid at All Cost

Target Culture

Decisions Based on Individual Perceptions

Minimum Risk v Optimum Risk

Engineering Approach

Fact Based Decision Making

"If you have a problem, build your way out of it"

Holistic Approach (Assets only Means to an End)

Monopoly Pricing - Take It

Full Range of Options; Build as Last Resort

Acceptable Service, Financially Sustainable LTFP

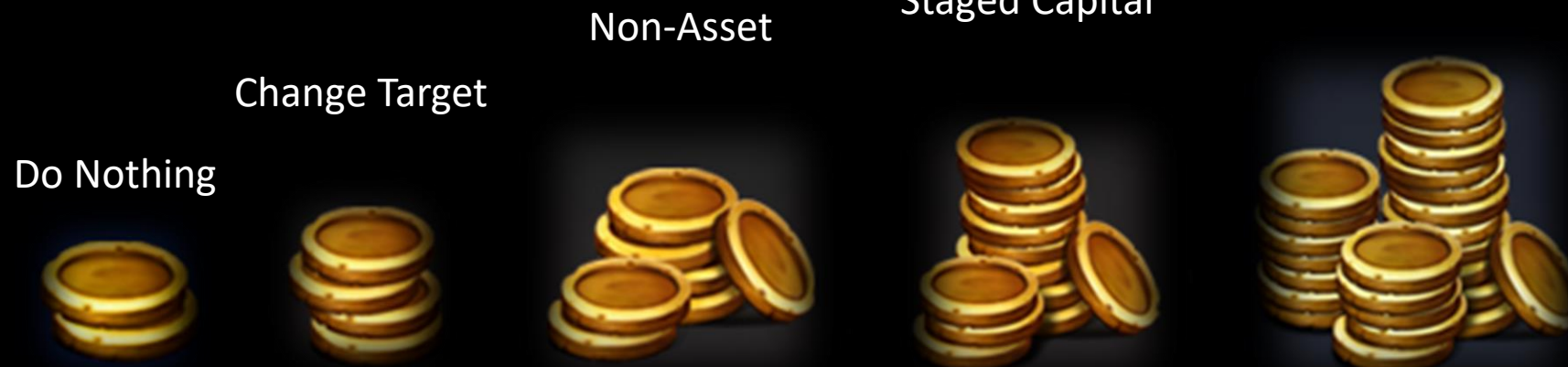


NEW DM PROCESS

💧 Ascertain Problem to be Solved



💧 Hierarchy of Options



CASE STUDY

Service Level Issue

Main WTP Nearing Capacity



Initial Solution - New WTP

Build New WTP, \$100 Mn., Target 2020



Capital Intensive

Non-Asset Solution

↓ Ipd by 10% - Defer WTP by 4-5 Years

@5% CoC, \$20 - \$25 Mn Saving



Non-Asset



PRIORITY INITIATIVES

Data Capture & Management

Demand Management Program

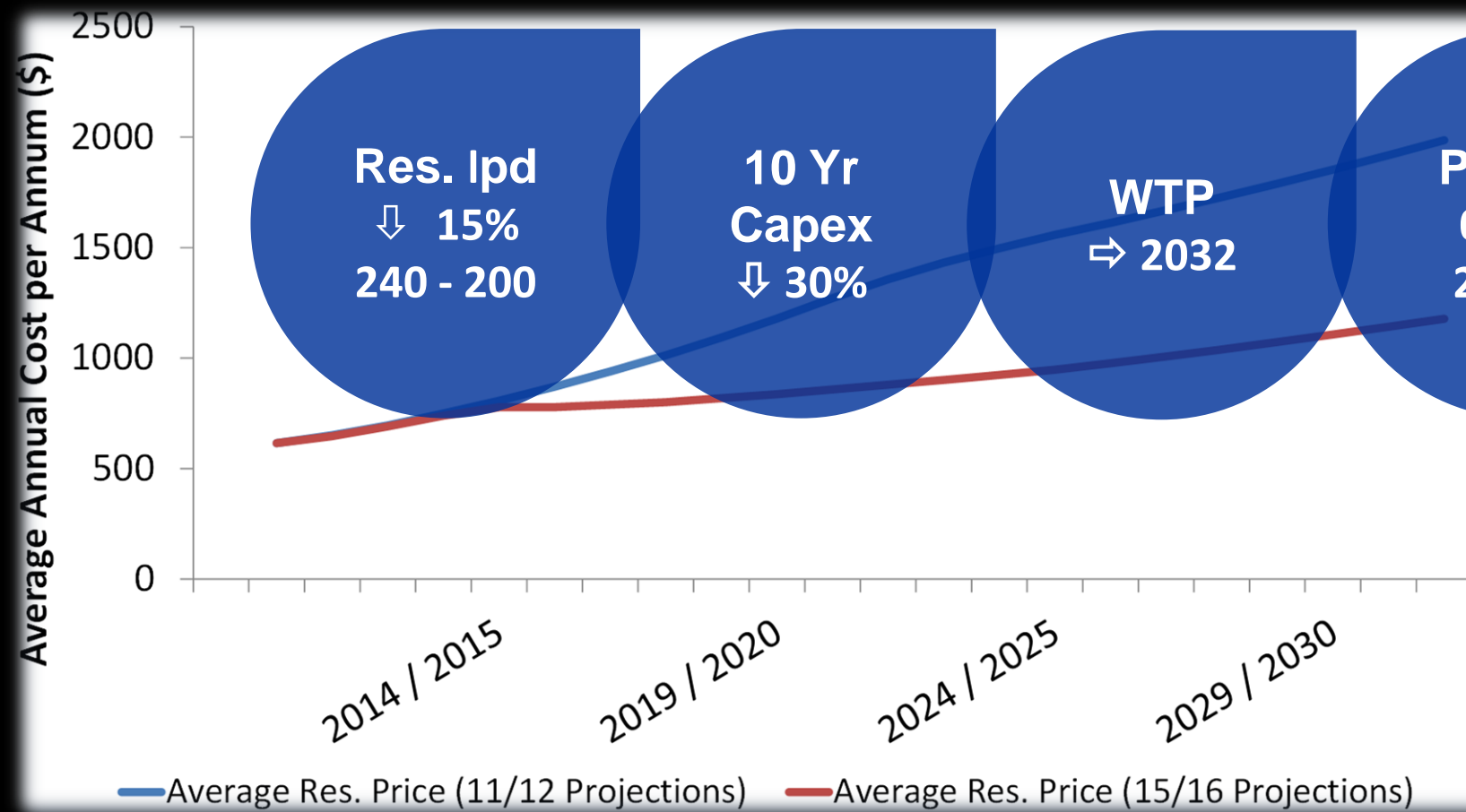
Social Marketing
Smart Metering
Selective Water Restrictions
Understanding Demand
DMAs
Tool For Consumer Action

Retrofit Unit, LPWAN Comms

Self Developed Software



RESULTS



**\$300 Mn
Community
Benefit**



ACCOLADES

Several Local, National & International Awards

International Water Association

2016 Innovation Award



ACKNOWLEDGEMENT

David Brooker



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