

Operations Treated Water - Central

Context

Engagement of consultants in this team mainly addresses a number of one-off of process and management improvement initiatives on a year by year basis. Whilst the majority of this type of improvement work is undertaken by technical experts in-house, consultants are engaged for discrete bodies of work requiring specific expertise for which it is not economic for Seqwater to retain internally. Providers are selected based on the scope of work, technical expertise required, and the extent to which the output of the service can be defined. These comprise:

- Professional management service providers engaged through open or closed tender process based upon capability and market availability
- Individual consultants or contractors engaged through competitive recruitment style processes;

In 2014-15 the Supply (Treated Water) Central consultancy budget was established on the basis of forecast estimates to undertake a number of process and management improvement initiatives. All are one off cost savings initiatives except for the biennial Emergency Response Plan review, which is mandated under the Bulk Water Supply Code. (under s.360E of the *Water Act 2000*). Note costs for these process and management improvement initiatives have been consolidated and are coordinated under the Operations Treated Water – Central Team, although in practice these activities extend across the full network (ie, North and South supply zones).

These efficiency initiatives were initiated more than 12 months ago and most now well advanced or complete.

There is also a small, unforeseen additional one-off cost incurred in FY15 (\$29,521) related to security arrangements for the G20 event. This additional cost has been incurred against the (Treated Water) Central consultancy budget and will be accommodated across other Supply (Treated Water) Central consultancy expenditures to retain the FY15 Q1 forecast.

An overview of the specific initiatives being undertaken under the OPS Treated - Supply (Treated Water) Central consultancy budget under the FY15 Q1 forecast is outlined in Table 1 below.

Table 1. Overview of initiatives being undertaken under the OPS Treated - Supply (Treated Water) Central consultancy forecast

FY15 Q1 Initiative	Natural account	FY14A	FY15 Q1	Project status
<u>Security Strategy and Implementation plan</u> Engagement of external security expert to review Seqwater's security requirements with the objectives of consolidating existing security contracts, better targeting security services received and reducing risk to the business.	522209	\$18,000	\$10,000	One off project. Funding committed.
<u>Delivery of 2015 Bulk Authority Emergency Response Plan</u> Engagement of external consultant to prepare the regulated 2015 Bulk Authority Emergency Response Plan. These objectives are to be delivered within the existing security budget.			\$150,000	Ongoing biennial requirement mandated by the Bulk Water Supply Code (under s.360E of the <i>Water Act 2000</i>). Funding committed.
<u>Treated Water Delivery Optimisation Strategy</u> Modelling and analysis examine reduce short term variable operating costs of the bulk water transportation network under various operating scenarios. (chemical, electricity and sludge). External contractors have been engaged and software licence fees paid (ARUP).	522213	\$38,531	\$285,000	One off project. Modelling component likely to carry over into early part of 2015-16. Scope and program plan attached.
Contractors engaged to examine and recommend work flow and manual process improvements specific to Mt Crosby Eastbank and Westbank. Target: 5% reduction in overhead costs.	522214	\$11,500	\$15,000	One off project. Funding committed.
<u>Unmanned operations Mt Crosby</u> Preliminary scoping of requirements to automate Mt Crosby for unmanned operations. Report has been delivered and invoice paid.	522219	\$0	\$23,000	One off project. Invoice has been paid.
<u>e-log commissioning - Mt Crosby</u> e-log module for recording operator shift changeover notes. Software licensing and commissioning by vendor (Honeywell) has been approved. Saving of \$40,000 per annum will be realised as the e-log removes a requirement for the practice Operators attending paid 15 minute shift changeover meetings at every shift.	522220	\$28,035	\$60,000	One off project. Funding committed. Work under way at the time of writing.
G20 Security	522236	\$10,131	-	One-off unforeseen cost (\$29,521) in FY15. Invoices have been paid.
Total		\$106,197	\$543,000	

Post FY15 Forecast

The only recurring consultancy service requirements is the biennial review Bulk Authority Emergency Response Plan, as mandated by the Bulk Water Supply Code. The current budget is based on previous costs. \$150,000 has been forecast for 2016-17 and 2018-19 years. In future years (FY16 and beyond) this will be allocated to natural account 522207 – Consultancy - Others.

Additionally multiple minor (\$5,000 - \$40,000) process and efficiency consultancies will be required in FY16 to deliver sustainable cost reductions. The estimated total budget for these is \$150,000 (natural account 522213 – Consultancy – Engineering). Note this is a preliminary estimate and the initiatives have not yet been approved. This is forecast to reduce to \$50,000 in FY17 onwards. Independent expert challenge and review to optimise operational processes is standard practice across utility industries.