

**WATER SERVICES**

**ATTACHMENT A**

**EXECUTIVE MONTHLY PERFORMANCE  
REPORT – SEPTEMBER 2017**

**ORDINARY MEETING**

**25 OCTOBER 2017**

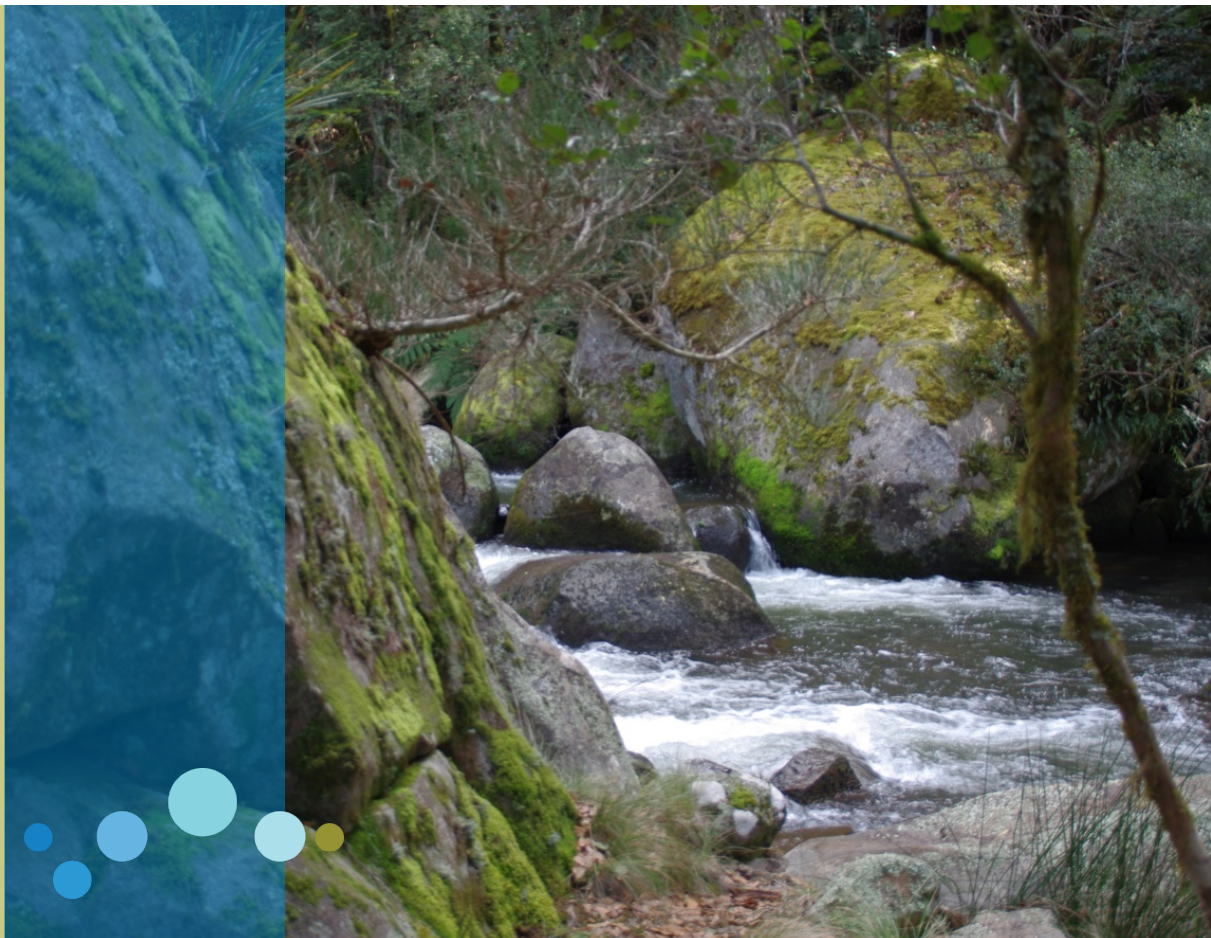




**MIDCOAST**  
water services

# EXECUTIVE MONTHLY PERFORMANCE REPORT

September 2017



## Contents

Financial Management .....	3
Profit & Loss Summary .....	3
Operational Expenses Summary .....	6
Funding Analysis.....	7
Capital Expenditure Summary .....	8
Debt Recovery .....	9
Risk & Compliance .....	10
Drinking Water Quality .....	10
Sewerage System Performance .....	10
Work Health & Safety Statistics .....	13
Customer Service .....	14
Customer Request for Maintenance.....	14

## Financial Management

### Profit & Loss Summary

#### P&L Summary - Variance to Revised Budget

● Favourable  
● Unfavourable

2017/18 Original Budget	\$000	Year to Date as at 30 September 2017				Full Year 2017/18		Commentary
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var	
50,657	Rates and annual charges	12,741	12,664	76	1%	50,657	25%	
26,885	User charges and fees	6,495	6,721	(226)	(3%)	26,885	24%	● Slight variance due to lower usage during winter
621	Interest and investment revenue	257	155	102	66%	621	41%	● Investment portfolio higher than projected
468	Other revenues	117	117	(0)	(0%)	468	25%	
951	Grants and contributions provided for operating purposes	80	238	(158)	(66%)	951	8%	● Timing variance on projected grants
<b>79,583</b>	<b>Total Operating Income</b>	<b>19,690</b>	<b>19,896</b>	<b>(206)</b>	<b>(1%)</b>	<b>79,583</b>	<b>25%</b>	●
21,144	Employee benefits and on costs	4,829	5,534	705	13%	21,144	23%	● Staff numbers in water services below that budgeted
11,549	Borrowing costs	2,621	2,887	266	9%	11,549	23%	●
13,283	Materials and contracts	2,333	3,321	988	30%	13,283	18%	● Reduced spend on consultants
30,857	Depreciation, amortisation and impairment	7,714	7,714	0	0%	30,857	25%	
7,473	Other expenses	1,784	2,415	631	26%	7,473	24%	● Reduced expenses to September 2017
1,000	Loss on Disposal of Assets	0	250	250	100%	1,000	0%	
<b>85,307</b>	<b>Total Operating Expenses</b>	<b>19,282</b>	<b>22,122</b>	<b>2,840</b>	<b>13%</b>	<b>85,307</b>	<b>23%</b>	●
<b>(5,724)</b>	<b>Net Operating Result</b>	<b>408</b>	<b>(2,226)</b>	<b>2,634</b>	<b>(118%)</b>	<b>(5,724)</b>	<b>(7%)</b>	●

*P&L Summary - Variance to Revised Budget (by Fund)*

2017/18 Original Budget	\$000	Water					
		Year to Date as at 30 September 2017				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	3,129	3,095	34	1%	12,378	25%
26,885	User charges and fees	5,843	6,119	(276)	(5%)	24,477	24%
621	Interest and investment revenue	63	23	41	182%	90	70%
468	Other revenues	61	64	(3)	(4%)	257	24%
951	Grants and contributions provided for operating purposes	80	122	(42)	(35%)	490	16%
<b>79,583</b>	<b>Total Operating Income</b>	<b>9,177</b>	<b>9,423</b>	<b>(246)</b>	<b>(3%)</b>	<b>37,692</b>	<b>24%</b>
21,144	Employee benefits and on costs	2,453	2,752	300	11%	10,446	23%
11,549	Borrowing costs	1,514	1,639	125	8%	6,554	23%
13,283	Materials and contracts	1,319	1,650	332	20%	6,601	20%
30,857	Depreciation, amortisation and impairment	3,897	3,897	0	0%	15,588	25%
7,473	Other expenses	852	1,192	340	29%	3,675	23%
1,000	Loss on Disposal of Assets	0	188	188	100%	750	0%
<b>85,307</b>	<b>Total Operating Expenses</b>	<b>10,034</b>	<b>11,318</b>	<b>1,283</b>	<b>11%</b>	<b>43,614</b>	<b>23%</b>
<b>(5,724)</b>	<b>Net Operating Result</b>	<b>(857)</b>	<b>(1,895)</b>	<b>1,038</b>	<b>(55%)</b>	<b>(5,922)</b>	<b>14%</b>

Sewer					
Year to Date as at 30 September 2017				Full Year 2017/18	
Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
9,612	9,570	42	0%	38,279	25%
652	602	50	8%	2,408	27%
194	133	61	46%	531	37%
55	53	3	5%	212	26%
0	115	(115)	(100%)	461	0%
<b>10,513</b>	<b>10,473</b>	<b>41</b>	<b>0%</b>	<b>41,891</b>	<b>25%</b>
2,376	2,782	406	15%	10,699	22%
1,107	1,249	141	11%	4,995	22%
1,015	1,671	656	39%	6,682	15%
3,817	3,817	0	0%	15,269	25%
932	1,223	291	24%	3,798	25%
0	62	62	100%	250	0%
<b>9,248</b>	<b>10,804</b>	<b>1,556</b>	<b>14%</b>	<b>41,693</b>	<b>22%</b>
<b>1,266</b>	<b>(331)</b>	<b>1,597</b>	<b>(482%)</b>	<b>198</b>	<b>638%</b>

**Observations**

MidCoast water services is continuing to track well within the operational budgets, the sewer fund continues to an operating profit, while the water fund is again project to return an operating loss for the current financial year.

Operating income within the water fund is slightly down against year to date budget forecast due to even allocation of month revenue allocations, the usage charges increase over the summer months in line with increased water usage.

P&L Summary - Variance to Prior Year

● Favourable  
● Unfavourable

\$000	Year to Date as at 30 September 2017				Commentary
	FY18	FY17	\$ Var	% Var	
Rates and annual charges	12,741	11,686	1,054	9%	● Increased access charges
User charges and fees	6,495	5,469	1,026	19%	● Increased useage charges and fees
Interest and investment revenue	257	134	124	92%	● Investment portfolio higher than previous year
Other revenues	117	138	(21)	(15%)	● In line with current year budget forecast
Grants and contributions provided for operating purposes	80	0	80	n/a	● Timing on payment of grants
<b>Total Operating Income</b>	<b>19,690</b>	<b>17,427</b>	<b>2,263</b>	<b>13%</b>	●
Employee benefits and on costs	4,829	5,092	263	5%	● Reduction in Water services staff numbers
Borrowing costs	2,621	3,087	466	15%	● Reduced interest due to lower outstanding borrowings
Materials and contracts	2,333	2,508	175	7%	●
Depreciation, amortisation and impairment	7,714	6,937	(777)	(11%)	● In line with current year budget forecast
Other expenses	1,784	1,784	(0)	(0%)	●
Loss on Disposal of Assets	0	556	556	100%	●
<b>Total Operating Expenses</b>	<b>19,282</b>	<b>19,964</b>	<b>682</b>	<b>3%</b>	●
<b>Net Operating Result</b>	<b>408</b>	<b>(2,537)</b>	<b>2,945</b>	<b>(116%)</b>	●

Observations

MidCoast water services is performing better than the previous year, this is a result of an increase in revenue due to an increase in fees and charges, and a reduction of borrowing costs due to reduced debt.

## Operational Expenses Summary

### Expense Summary by Division - Variance to Revised Budget

● Favourable  
● Unfavourable

2017/18 Original Budget	\$000	Year to Date as at 30 September 2017				Full Year 2017/18		Commentary
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var	
50,932	Corporate Services	12,537	13,410	873	7%	50,932	25%	● Lower staff numbers
2,606	Infrastructure Development	583	687	104	15%	2,606	22%	● Timing variances on capital vs operational expenses
3,873	General Manager	802	980	178	18%	3,873	21%	● Lower costs due to reduction of executive staff
27,895	Service Delivery	5,360	7,045	1,685	24%	27,895	19%	● Reflection of efficiency improvements

### Expense Summary by Division - Variance to Prior Year

● Favourable  
● Unfavourable

\$000	Year to Date as at 30 September 2017				Commentary
	FY18	FY17	\$ Var	% Var	
Corporate Services	12,537	12,694	157	1%	● Relative to previous year
Infrastructure Development	583	581	(2)	(0%)	
General Manager	802	917	115	13%	● Reduction in executive staff
Service Delivery	5,360	5,721	361	6%	● Reduced procurement of consultants
<b>Total Operating Expenses</b>	<b>19,282</b>	<b>19,913</b>	<b>631</b>	<b>3%</b>	●

#### Observations

Each division of MidCoast water services is performing within budgets to end of Quarter 1.



## Funding Analysis

### Funding Summary - Variance to Revised Budget

2017/18 Original Budget	\$000	Year to Date as at 30 September 2017				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	12,741	12,664	76	1%	50,657	25%
26,885	User charges and fees	6,495	6,721	(226)	(3%)	26,885	24%
621	Interest and investment revenue	257	155	102	66%	621	41%
468	Other revenues	117	117	(0)	(0%)	468	25%
951	Grants and contributions provided for operating purposes	80	238	(158)	(66%)	951	8%
<b>79,583</b>	<b>Total Operating Income</b>	<b>19,690</b>	<b>19,896</b>	<b>(206)</b>	<b>(1%)</b>	<b>79,583</b>	<b>25%</b>
21,144	Employee benefits and on costs	4,829	5,534	705	13%	21,144	23%
11,549	Borrowing costs	2,621	2,887	266	9%	11,549	23%
13,283	Materials and contracts	2,333	3,321	988	30%	13,283	18%
30,857	Depreciation, amortisation and impairment	7,714	7,714	0	0%	30,857	25%
7,473	Other expenses	1,784	2,415	631	26%	7,473	24%
1,000	Loss on Disposal of Assets	0	250	250	100%	1,000	0%
<b>85,307</b>	<b>Total Operating Expenses</b>	<b>19,282</b>	<b>22,122</b>	<b>2,840</b>	<b>13%</b>	<b>85,307</b>	<b>23%</b>
<b>(5,724)</b>	<b>Net Operating Result</b>	<b>408</b>	<b>(2,226)</b>	<b>2,634</b>	<b>(118%)</b>	<b>(5,724)</b>	<b>(7%)</b>
<b>(6,444)</b>	Capital Grants	<b>(887)</b>	<b>(1,611)</b>	724	(45%)	<b>(6,444)</b>	14%
<b>(12,168)</b>	<b>Surplus / (Deficit) after Capital Revenue</b>	<b>(479)</b>	<b>(3,837)</b>	<b>3,358</b>	<b>(88%)</b>	<b>(12,168)</b>	<b>4%</b>
	Less Non Cash Items:						
30,857	Depreciation & Amortisation	7,714	7,714	0	0%	30,857	25%
1,000	Loss on Disposal of Assets	0	250	250	100%	1,000	0%
<b>(11,168)</b>	<b>Funding Available for Capital Expenditure</b>	<b>7,235</b>	<b>4,127</b>	<b>57%</b>	<b>0%</b>	<b>(11,168)</b>	<b>(65%)</b>
	Capital Expenditure	2,784	5,180	2,396	46%		n/a
	Loan Principal repayments	2,485	2,485	0	0%		n/a
<b>(11,168)</b>	<b>Net Funds Generated / (Used)</b>	<b>1,966</b>	<b>(3,538)</b>	<b>(2,396)</b>	<b>68%</b>	<b>(11,168)</b>	<b>(18%)</b>

### Observations

Projections show that if revenue and operational expenses are maintained at current levels, then MidCoast water services should be able to fund its capital work program from FY 2017 revenue. It is still probable that an internal loan between the funds is required in the second half of the financial year.

## Capital Expenditure Summary

### Capital Expenditure - Variance to Revised Budget

Original Budget	Project (\$000)	Year to date as at 30 September 2017				Full Year 2017/18	
		Actuals	Original Budget	\$ Var	% Var	Original Budget	% Var
0	177694 - New Tuncurry Depot	0	0	(0)	-	0	-
<b>0</b>	<b>Total - Building Capital</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>-</b>	<b>0</b>	<b>-</b>
40	Bootawa Dam Spillway & Safety Works	0	40	40	100%	40	-
0	Bootawa Dam - Piezometer System Replacement	125	0	(125)	-	0	-
<b>40</b>	<b>Total - Dams and Weirs Capital</b>	<b>125</b>	<b>40</b>	<b>(85)</b>	<b>(211%)</b>	<b>40</b>	<b>311%</b>
1,000	Plant - Motor Vehicle Purchase	332	300	(32)	(11%)	1,000	33%
<b>1,000</b>	<b>Total - Fleet Management</b>	<b>332</b>	<b>300</b>	<b>(32)</b>	<b>(11%)</b>	<b>1,000</b>	<b>33%</b>
737	Computer Equipment	0	447	447	100%	737	-
0	Corporate IT Systems (EBMS/TechOne)	5	0	(5)	-	0	-
<b>737</b>	<b>Total - Technology</b>	<b>5</b>	<b>447</b>	<b>441</b>	<b>99%</b>	<b>737</b>	<b>1%</b>
1,528	Minor Works - Water - Capital	188	1,528	1,340	88%	1,528	12%
1,810	Minor Works - Sewer - Capital	168	1,810	1,642	91%	1,810	9%
1,053	Minor Works - Mutual - Capital	84	1,053	969	92%	1,053	8%
<b>4,391</b>	<b>Total - Minor Works</b>	<b>440</b>	<b>4,391</b>	<b>3,951</b>	<b>90%</b>	<b>4,391</b>	<b>10%</b>
137	Land Acquisitions - Water	9	137	128	93%	137	7%
393	Land Acquisitions - Sewer	3	393	390	99%	393	1%
<b>530</b>	<b>Total - Property Capital</b>	<b>12</b>	<b>530</b>	<b>518</b>	<b>98%</b>	<b>530</b>	<b>2%</b>
0	Sewer Renewals - SGM Renewals/Upgrades	49	0	(49)	-	0	-
<b>0</b>	<b>Total - Sewer Reticulation</b>	<b>49</b>	<b>0</b>	<b>(49)</b>	<b>-</b>	<b>0</b>	<b>-</b>
372	349414 - Tallwoods Communications Tower	0	372	372	100%	372	-
<b>372</b>	<b>Total - SCADA / Electrical Sewer Capital</b>	<b>0</b>	<b>372</b>	<b>372</b>	<b>100%</b>	<b>372</b>	<b>-</b>
0	116110 - Pacific Palms STP Stage 1	1	0	(1)	-	0	-
20	343463 - Gloucester Recycled Water Scheme	20	20	(0)	(1%)	20	101%
400	Gloucester STP Replacement	0	400	400	100%	400	-
<b>420</b>	<b>Total - Sewer Treatment Plant Capital</b>	<b>21</b>	<b>420</b>	<b>399</b>	<b>95%</b>	<b>420</b>	<b>5%</b>
0	Unallocated Water Mains - New	0	0	(0)	-	0	-
1,000	Unallocated Water Mains - Renewals/Upgrades	445	1,000	555	56%	1,000	44%
350	Water Main Renewal - Taree - Albert St to Victoria	0	350	350	100%	350	0%
550	Gloucester Water Retic Augmentation	0	550	550	100%	550	-
<b>1,900</b>	<b>Total - Water Mains Capital</b>	<b>446</b>	<b>1,900</b>	<b>1,454</b>	<b>77%</b>	<b>1,900</b>	<b>23%</b>
0	Manning Water SCADA Upgrade	4	0	(4)	-	0	-
<b>0</b>	<b>Total - SCADA / Electrical Water Capital</b>	<b>4</b>	<b>0</b>	<b>(4)</b>	<b>-</b>	<b>0</b>	<b>-</b>
9,550	117744 - Nabic Water Treatment Plant	1,018	9,550	8,532	89%	9,550	11%
680	117745 - Nabic Borefield	130	680	550	81%	680	19%
600	336133 - Darawank Water Pump Station	149	600	451	75%	600	25%
500	Nabiac Water Supply System - Lead-in Services	13	500	487	97%	500	3%
0	Gloucester WTPCAP Minor Works	0	0	(0)	-	0	-
0	336543 - Gloucester Water Treatment Plant Upgrade	40	0	(40)	-	0	-
<b>11,330</b>	<b>Total - Water Treatment Plant Capital</b>	<b>1,350</b>	<b>11,330</b>	<b>9,980</b>	<b>88%</b>	<b>11,330</b>	<b>12%</b>
<b>20,720</b>	<b>Total</b>	<b>2,784</b>	<b>19,730</b>	<b>16,946</b>	<b>86%</b>	<b>20,720</b>	<b>13%</b>
<b>20,720</b>	<b>Total Capital Expenditure</b>	<b>2,784</b>	<b>19,730</b>	<b>16,946</b>	<b>86%</b>	<b>20,720</b>	<b>13%</b>

### Observations

A quarterly review (including carry overs) is required as there are several projects that have expenses allocated against them, while there capital expense budget allocation associated with these projects.

## Debt Recovery

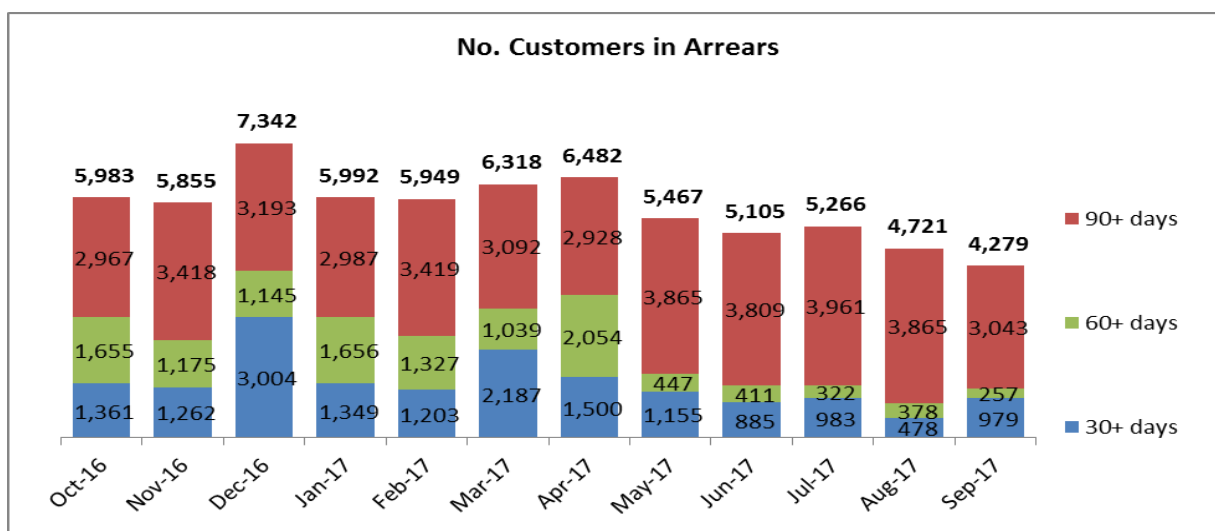
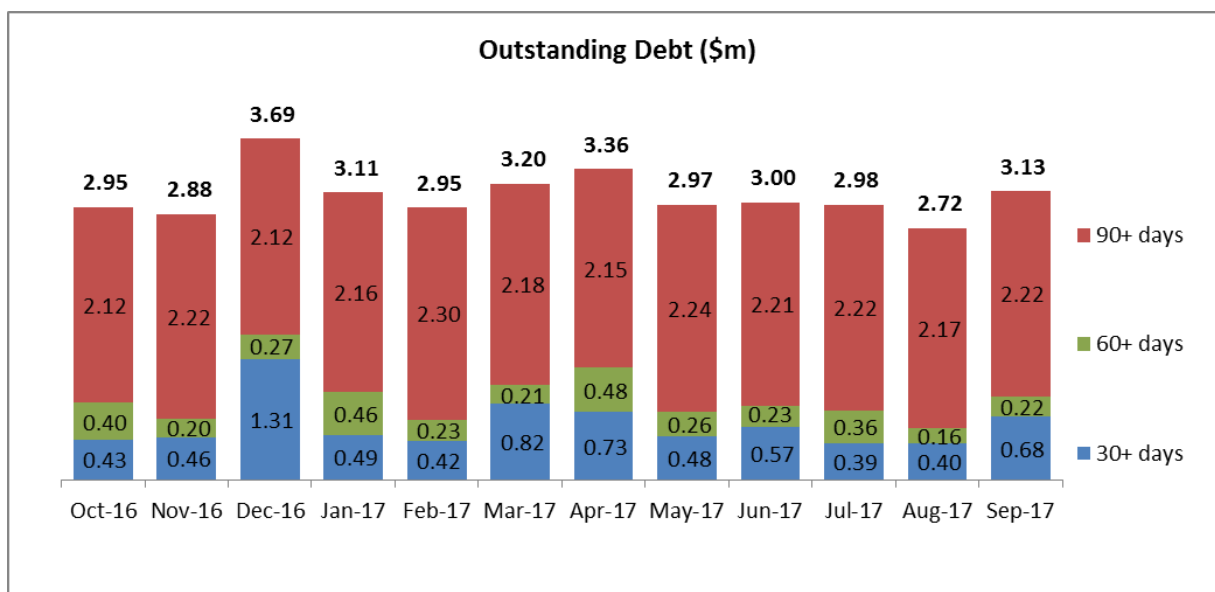
The amount of outstanding debt increased from \$2.72m (4,721 customers) at 31 August 2017 to \$3.13m (4,297 customers) at 30 September 2017. This is despite a significant reduction (20%) in the number of customers with debts in excess of 90 days.

The following is a summary of the activities undertaken to recover outstanding fees and charges during the month of September.

Account Issued	12,534
Reminder letters	2,248
Final Notice Letter	20
Collection agency	Nil
Washers Installed	8
Washers Removed	8
Current Payment Arrangements	526
Payment arrangement applications	283
Payment arrangements Approved	27
DD payment modification letters sent	10

### Concealed leak applications

Processed	19	
Approved	9	\$5,677.434



## Risk & Compliance

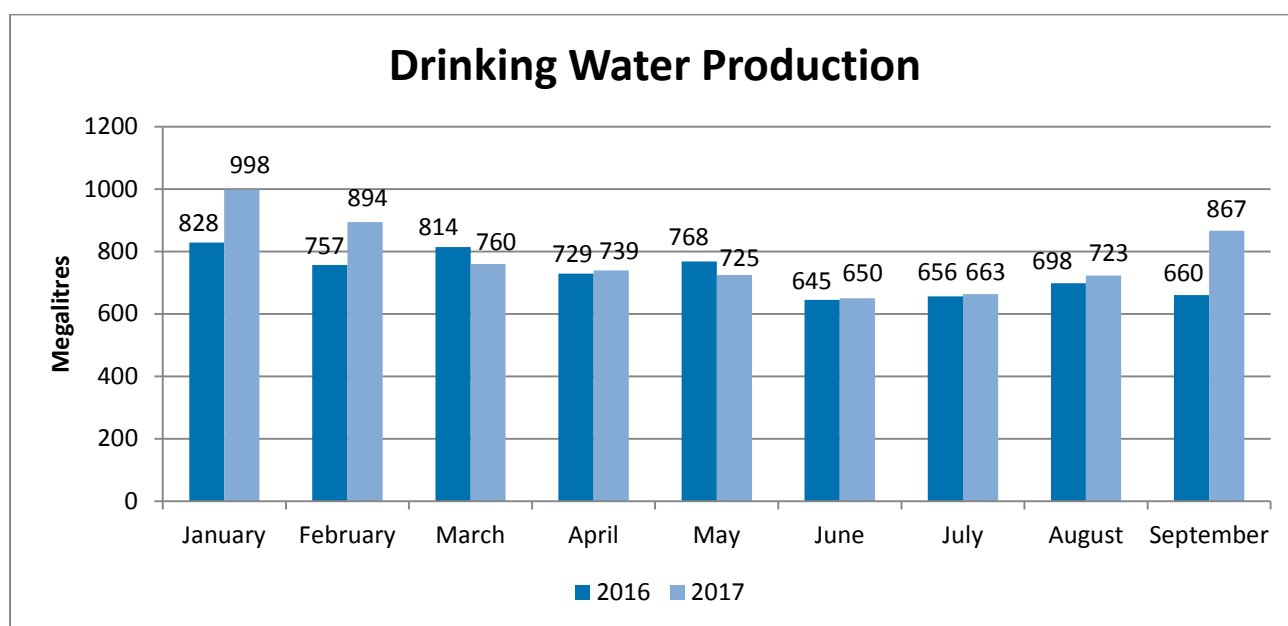
### Drinking Water Quality

#### *Compliance with Drinking Water Quality Guidelines*

There was one non-complying result from samples collected in the reticulation system during the month of September 2017. Elevated level of a disinfection by-product Total Trihalomethanes (THMs) of 0.30 mg/L was reported for the sample collected on 12/09/2017 at Tea Gardens. The guideline value for THMs is 0.25 mg/L. NSW Health was notified and operational changes are being made to lower the potential of THMs formation.

#### *Water Production*

Total monthly drinking water production for the first nine months of 2017 compared to the previous year is shown in the graph below. The figures are based on water volumes delivered into the reticulation system.



### Sewerage System Performance

#### *Annual EPA licence Returns*

An annual return contains a summary of monitoring and compliance information for each sewage treatment plant and associated network. The following annual returns were submitted to EPA during September 2017:

1. The annual return for Harrington sewage treatment plant EPA licence has been submitted to the EPA prior the required date of 30/09/2017. A full compliance with the licence conditions has been achieved.
2. The annual return for Forster sewage treatment plant EPA licence has been submitted to the EPA prior the required date of 5/10/2017. A full compliance with the licence conditions has been achieved.
3. The annual return for Dawson sewage treatment plant EPA licence has been submitted to the EPA prior the required date of 8/11/2017. A full compliance with the licence conditions has been achieved.

#### *Sewer Overflows*

During the month of September 2017, there were two sewer overflows from MidCoast Council reticulation systems.

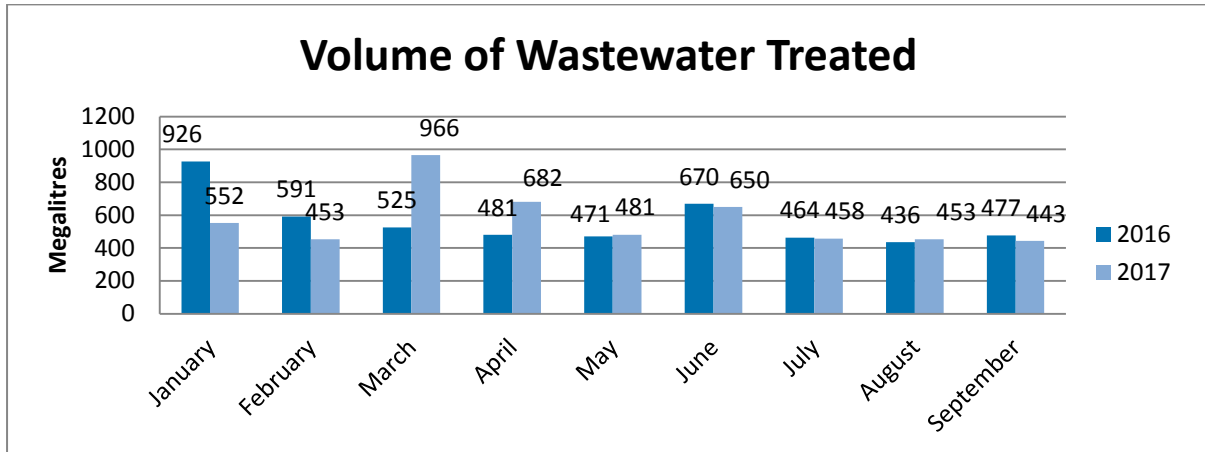
- Hawks Nest Reticulation System (1)

- Forster Reticulation System (1)

Appropriate remedial action was undertaken by MidCoast Water Services staff and the relevant regulators were notified.

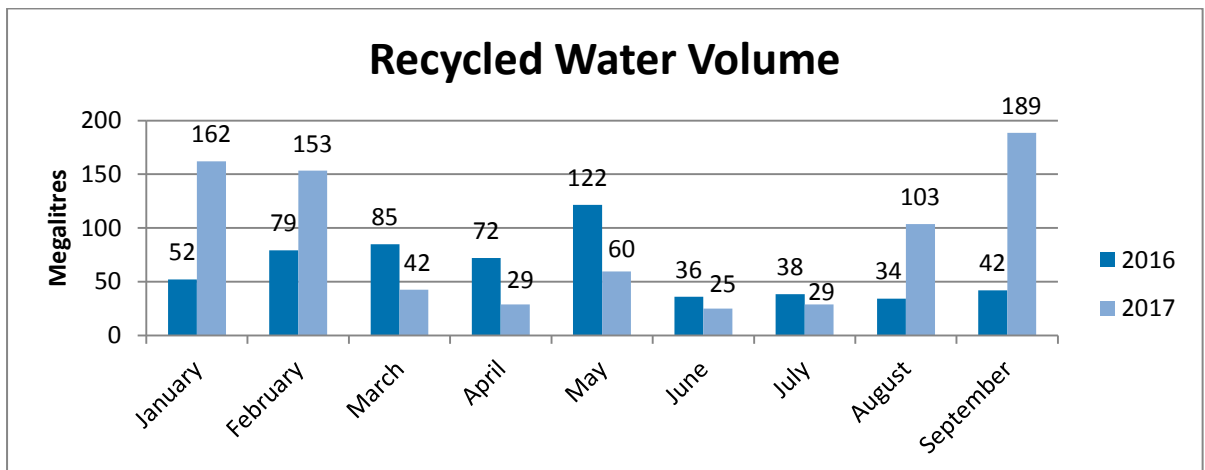
### *Sewer System Volumes*

Total volume of sewage treated at all plants for the first nine months of 2017 compared to the previous year is shown in the graph below.

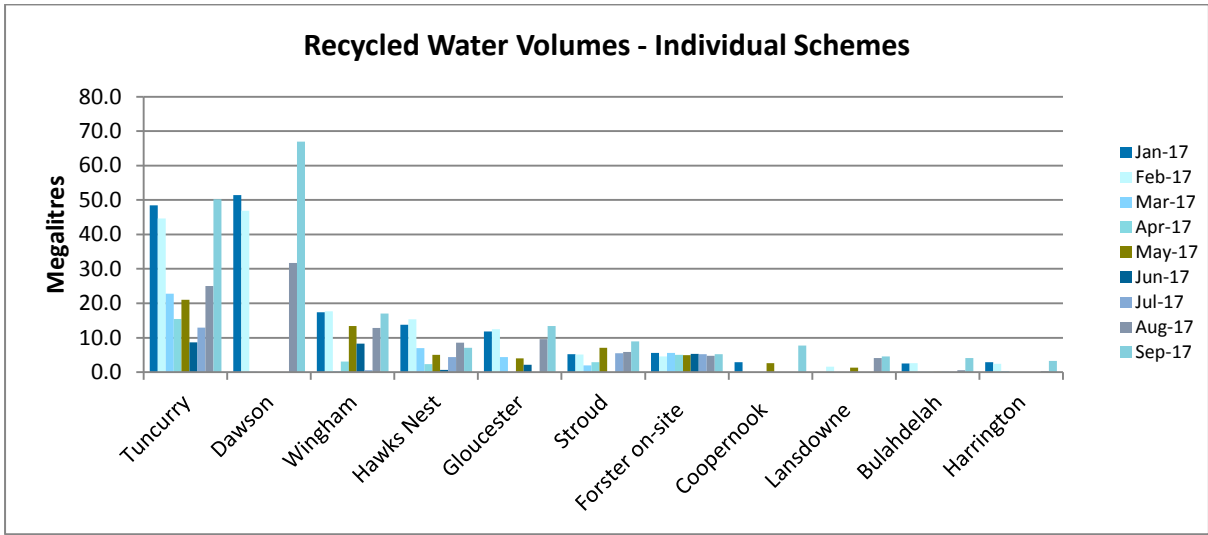


### *Recycled Water Volumes*

Total volume of recycled water for the first nine months of 2017 compared to the previous year is shown in the graph below.



Recycled water volumes sourced from individual recycled water schemes for the first nine months of 2017 are presented below.



## Work Health & Safety Statistics

Reporting Period: Financial Year 2017/18

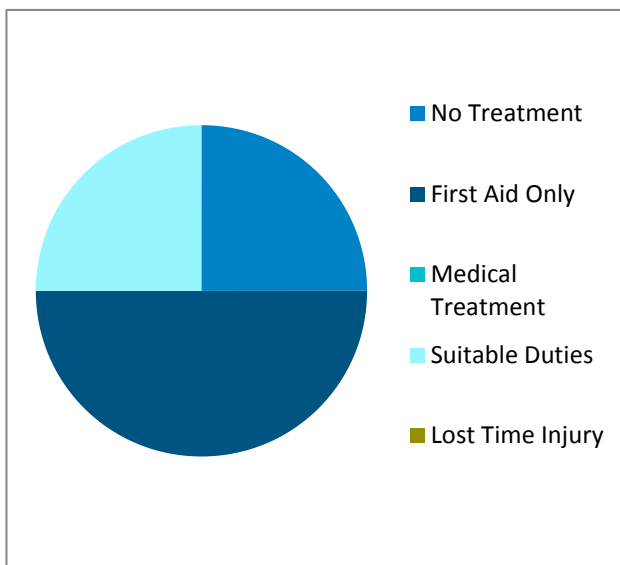
Injury Classification	Sep 17	FY 2018
<b>LTI's [Lost Time Injuries]</b> (an injury or illness which results in a fatality, permanent disability or lost time from work greater than 8 hours, 1 day or more. If the worker, on medical advice, is able to return to work on suitable duties the injury is not classified as an LTI)	0	0
<b>SDI's [Suitable Duties Injury]</b> (a suitable duties injury is any work related injury or illness which results in the worker being issued with a WorkCover Certificate of Capacity by a Medical Practitioner which requires the worker to work alternate and / or suitable duties {and / or hours} due to the injury or illness)	0	1
<b>MTO's [Medical Treatment Only]</b> (any work related injury or illness requiring treatment that is administered by, or directed by, a medical practitioner and is beyond the scope of normal first aid, but does not result in lost time or suitable duties)	0	0
<b>FAT's [First Aid Treatment Only]</b>	1	2

### Lost Time Injury Frequency Rate

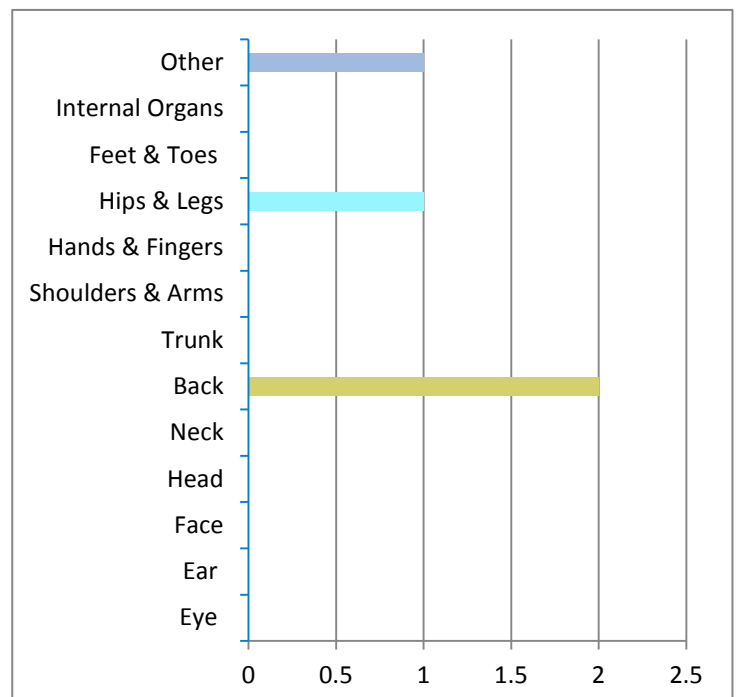
Total hours worked (September YTD)	34,745	58,785
Lost Time Injury Frequency Rate (LTIFR = Number of LTI's / Hours worked x 1,000,000.00) <b>FY 2017 LTIFR = 10.5</b>	0	0

### FY 2018 Injury Treatment and Body Location

Injury Type



Injury Location



## Customer Service

The following details the number of each task type undertaken within Customer Service. There has been an increase in phone calls, however a reduction in customer requests. An increase in payments in the Taree officer is due to timing of accounts in that area.

Dial before you dig services are now undertaken through contract.

Task	September 2017	FY2016-17 Monthly Average
1300 phone calls	2,513	2,395
603 Certificates	241	237
Aust Post Counter Payments	3,388	3,647
Customer Requests	334	395
Customer Service Emails	641	627
Development Applications	97	97
Dial Before You Dig	N/A	478
Direct Debt Setup	75	70
Drainage Diagrams	244	179
Property transfers	383	319
Receipts Forster	416	506
Receipts Taree (incl. mail)	551	427

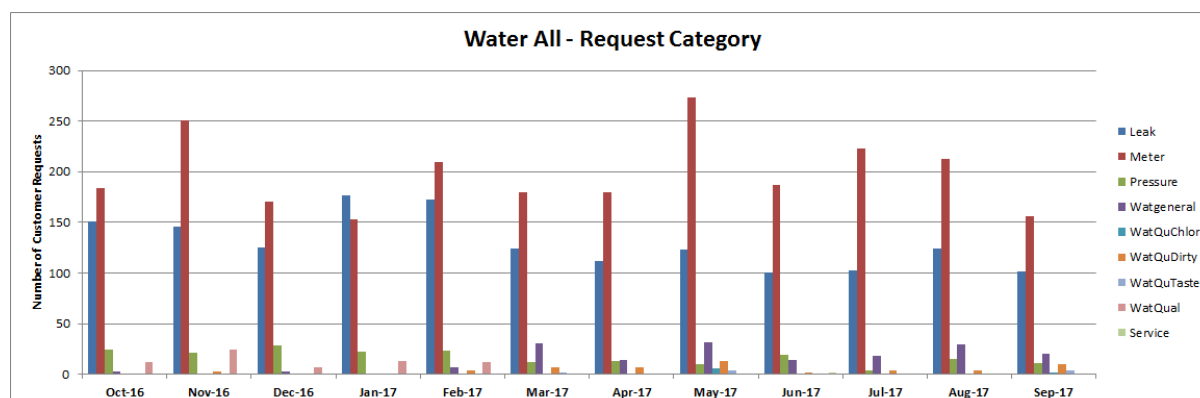
## Customer Request for Maintenance

Customer requests for maintenance (CRM's) are an important part in customer service. Tracking the performance of these requests provides an insight into staff workloads in normal business hours as well as responding after hours to provide a 24hour/7 day a week service.

Technology One has been collecting CRM data since before July 2016, with refinements in February 2017 to provide more detail for leaks and water meters.

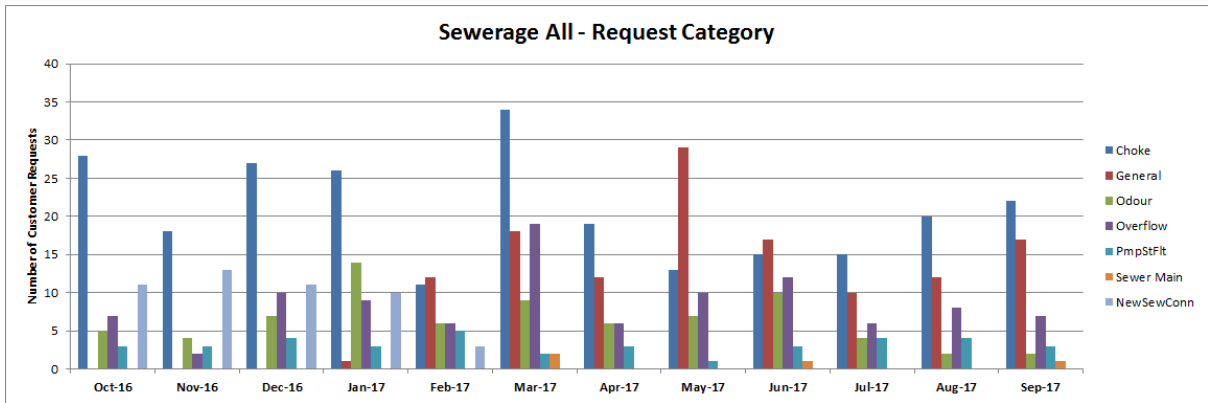
The data collection and issuing completion of CRM's is still being refined.

The figure below shows the Water CRM's for the whole of MidCoast Water for the period 1 October 2016 to present. The requests for maintenance are dominated by leaks and water meter issues with between 100 to 150 per month and 150 to 200 per month respectively. Of all requests for maintenance these two are by far the biggest issue of all requests for maintenance in MidCoast Water. There is a trend down in leaks over the last 6 months.



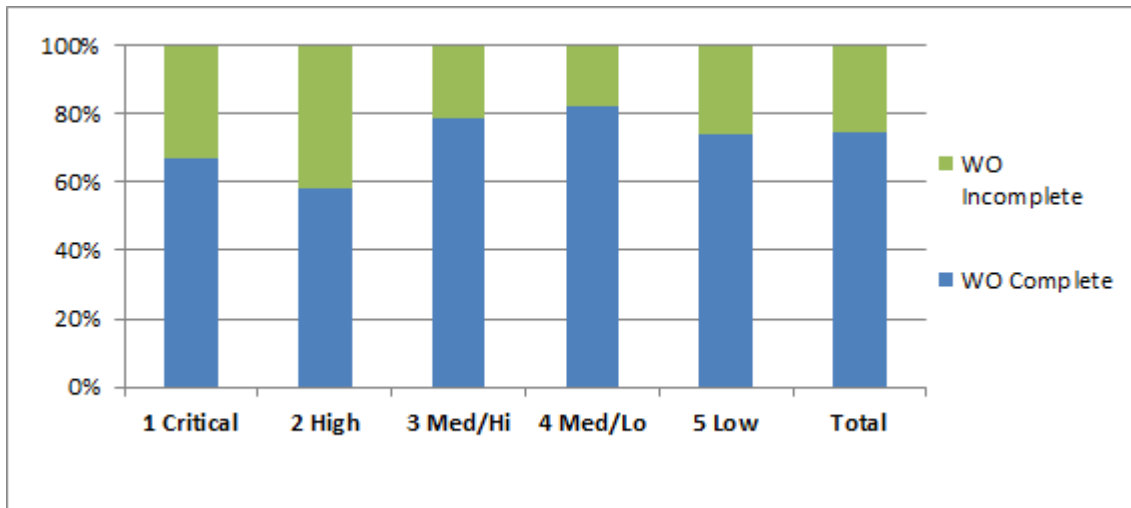
The figure below shows the Sewerage CRM's for the whole of MidCoast Water for the period 1 October 2016 to present. Chokes & overflows represent the biggest sewerage request for maintenance with between 20 to 30 per month.





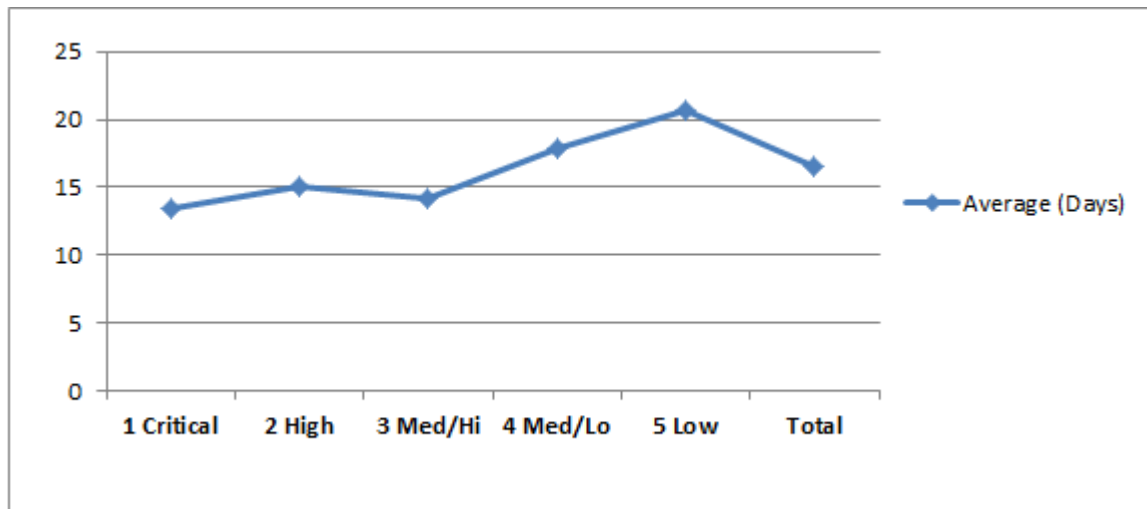
On average about 74 percent of all Water work orders raised as a result of CRM's are completed and this presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

**Water All - WO Completion - 01-Oct-2016 to 30-Sept-2017**



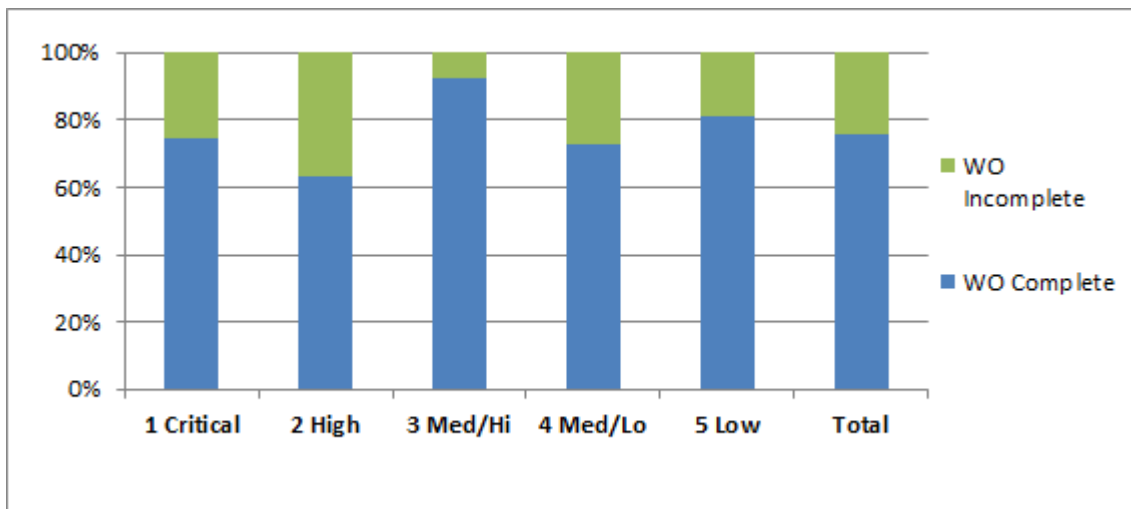
On average about 16.6 days are required to complete all water work orders raised as a result of CRM's and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

**Water All - Response Time - 01-Oct-2016 to 30-Sept-2017**



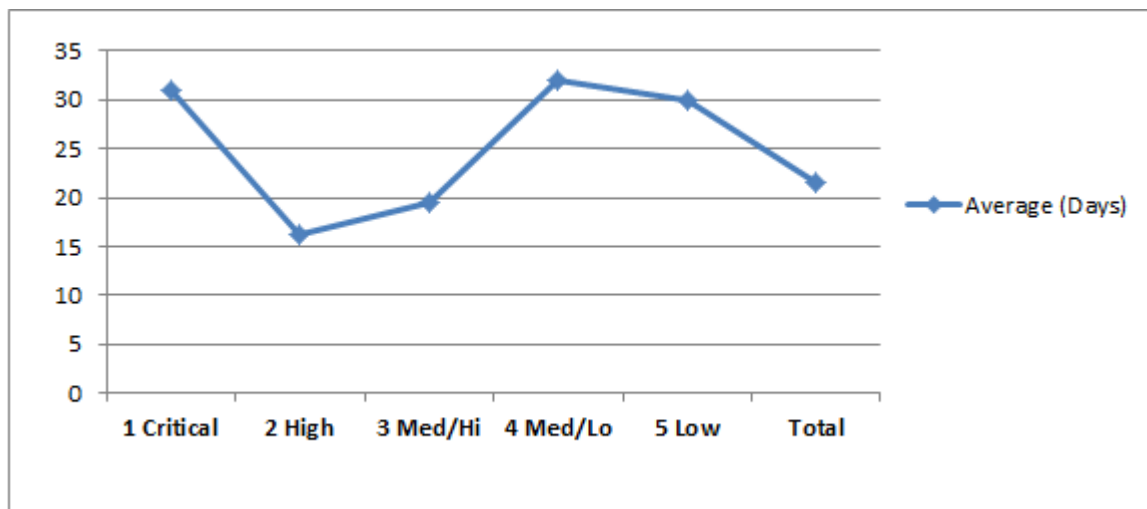
On average about 76 percent of all Water work orders raised as a result of CRM's are completed and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

**Sewerage All - WO Completion - 01-Oct-2016 to 30-Sept-2017**



On average about 21.5 days are required to complete all sewerage work orders raised as a result of CRM's and this is presented in the figure below. There are some issues with completing the formal close out of work orders due to the fact that it is not a live system and completed after the event.

**Sewerage All - Response Time - 01-Oct-2016 to 30-Sept-2017**



Historically MidCoast Water has targeted restoring service within four hours. More work is required to complete CRM's and work orders live to improve records of completion.