

WATER SERVICES

ATTACHMENT A

**MIDCOAST WATER SERVICES EXECUTIVE
MONTHLY PERFORMANCE REPORT –
OCTOBER 2017**

ORDINARY MEETING

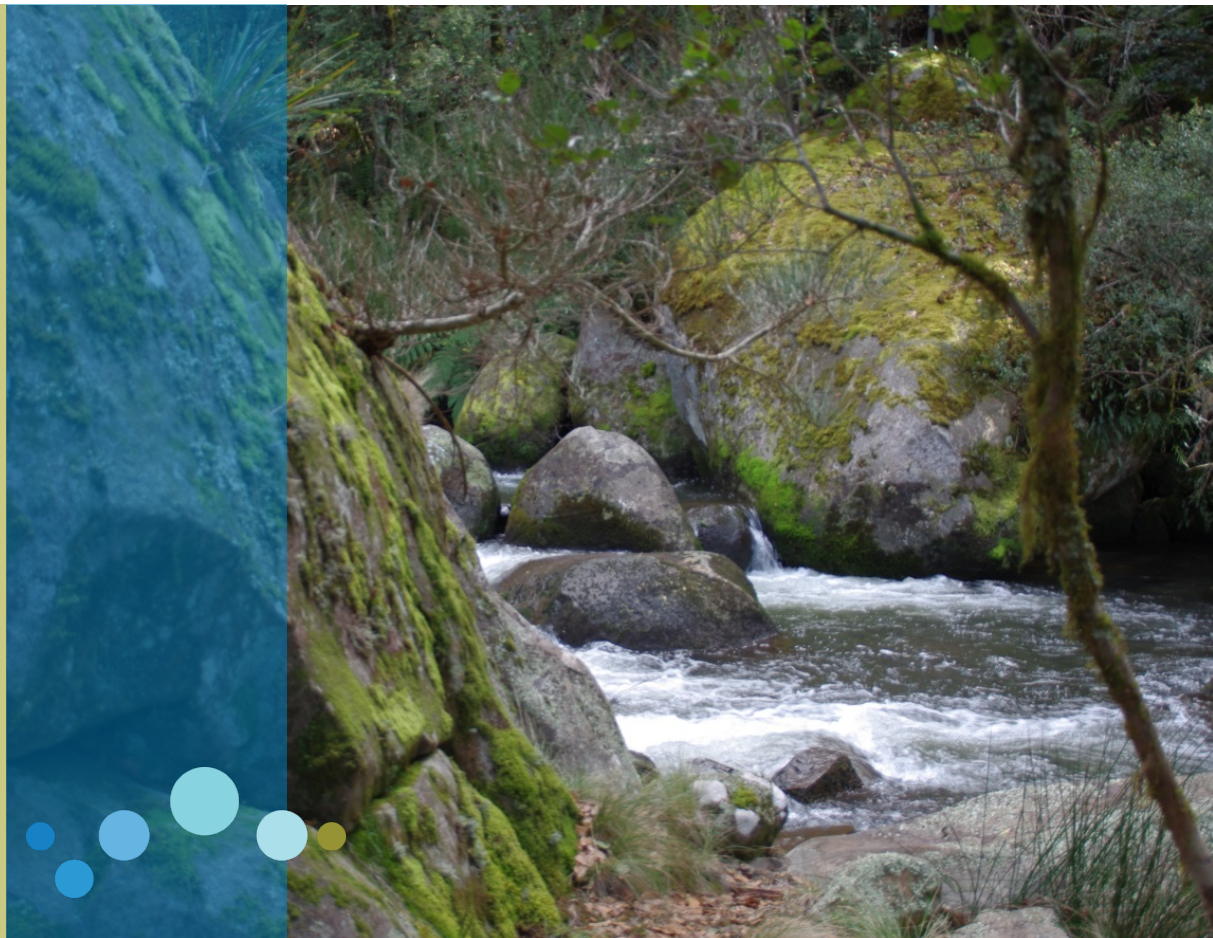
22 NOVEMBER 2017



MIDCOAST
water services

EXECUTIVE MONTHLY PERFORMANCE REPORT

October 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	11
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 31 October 2017				Full Year 2017/18		Commentary
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var	
50,657	Rates and annual charges	16,680	16,886	(206)	(1%)	50,657	33%	
26,885	User charges and fees	9,123	8,962	161	2%	26,885	34%	
621	Interest and investment revenue	347	207	140	68%	621	56%	● Investment portfolio higher than projected
468	Other revenues	134	156	(22)	(14%)	468	29%	
951	Grants and contributions provided for operating purposes	140	317	(177)	(56%)	951	15%	● Timing variance on projected grants
79,583	Total Operating Income	26,425	26,528	(103)	(0%)	79,583	33%	
21,144	Employee benefits and on costs	6,331	7,221	891	12%	21,144	30%	● Staff numbers in water services below that budgeted
11,549	Borrowing costs	3,495	3,850	354	9%	11,549	30%	● Reduced borrowings
13,283	Materials and contracts	3,162	4,428	1,266	29%	13,283	24%	● Reduced operation expenses, including electricity
30,857	Depreciation, amortisation and impairment	10,286	10,286	0	0%	30,857	33%	
7,473	Other expenses	2,237	2,977	740	25%	7,473	30%	● Reduction in consultant expenditure
1,000	Loss on Disposal of Assets	0	333	333	100%	1,000	0%	● Assets disposal has yet to be entered into ledger
85,307	Total Operating Expenses	25,510	29,095	3,584	12%	85,307	30%	●
(5,724)	Net Operating Result	914	(2,567)	3,481	(136%)	(5,724)	(16%)	●

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

2017/18 Original Budget	\$000	Water					
		Year to Date as at 31 October 2017				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	4,065	4,126	(61)	(1%)	12,378	33%
26,885	User charges and fees	8,157	8,159	(2)	(0%)	24,477	33%
621	Interest and investment revenue	74	30	44	146%	90	82%
468	Other revenues	72	86	(13)	(15%)	257	28%
951	Grants and contributions provided for operating purposes	140	163	(23)	(14%)	490	29%
79,583	Total Operating Income	12,509	12,564	(55)	(0%)	37,692	33%
21,144	Employee benefits and on costs	3,214	3,580	366	10%	10,446	31%
11,549	Borrowing costs	1,800	2,185	385	18%	6,554	27%
13,283	Materials and contracts	1,722	2,200	479	22%	6,601	26%
30,857	Depreciation, amortisation and impairment	5,196	5,196	0	0%	15,588	33%
7,473	Other expenses	1,100	1,468	368	25%	3,675	30%
1,000	Loss on Disposal of Assets	0	250	250	100%	750	0%
85,307	Total Operating Expenses	13,032	14,879	1,847	12%	43,614	30%
(5,724)	Net Operating Result	(523)	(2,315)	1,792	(77%)	(5,922)	9%

Sewer					
Year to Date as at 31 October 2017				Full Year 2017/18	
Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
12,615	12,760	(145)	(1%)	38,279	33%
966	803	163	20%	2,408	40%
273	177	96	54%	531	51%
62	71	(9)	(12%)	212	29%
0	154	(154)	(100%)	461	0%
13,916	13,964	(48)	(0%)	41,891	33%
3,117	3,642	525	14%	10,699	29%
1,730	1,665	(65)	(4%)	4,995	35%
1,440	2,227	787	35%	6,682	22%
5,090	5,090	0	0%	15,269	33%
1,137	1,509	372	25%	3,798	30%
0	83	83	100%	250	0%
12,514	14,216	1,702	12%	41,693	30%
1,402	(252)	1,655	(656%)	198	707%

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.

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	16,680	15,287	1,393	9%	● Increased access charges
User charges and fees	9,123	7,609	1,513	20%	● Increased useage charges and fees
Interest and investment revenue	347	195	152	78%	● Investment portfolio higher than previous year
Other revenues	134	175	(41)	(23%)	● Small variation in actual income
Grants and contributions provided for operating purpo	140	0	140	n/a	● Timing on payment of grants
Total Operating Income	26,425	23,266	3,159	14%	●
Employee benefits and on costs	6,331	6,724	393	6%	● Reduction in Water services staff numbers
Borrowing costs	1,650	4,252	2,602	61%	● Reduced interest due to lower outstanding borrowings
Materials and contracts	3,162	3,294	132	4%	
Depreciation, amortisation and impairment	6,937	6,937	0	0%	● In line with current year budget forecast
Other expenses	2,237	2,119	(118)	(6%)	
Loss on Disposal of Assets	0	596	596	100%	
Total Operating Expenses	20,317	23,922	3,605	15%	●
Net Operating Result	6,108	(656)	6,764		●

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 31 October 2017				Full Year 2017/18		Commentary
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var	
50,932	Corporate Services	14,873	17,558	2,685	15%	50,932	29%	● Lower staff numbers
2,606	Infrastructure Development	810	892	82	9%	2,606	31%	● Timing variances on capital vs operational expenses
3,873	General Manager	775	1,299	524	40%	3,873	20%	● Lower costs due to reduction of executive staff
27,895	Service Delivery	7,208	9,346	2,138	23%	27,895	26%	● Reflection of efficiency improvements
85,307	Total Operating Expenses	23,666	29,095	5,429	19%	85,307	28%	●

Expense Summary by Division - Variance to Prior Year

● Favourable
● Unfavourable

\$000	Year to Date as at 31 October 2017				Commentary
	FY18	FY17	\$ Var	% Var	
Corporate Services	14,873	14,511	(362)	(2%)	● Relative to previous year, payouts of accrued leave
Infrastructure Development	810	743	(66)	(9%)	●
General Manager	775	1,244	469	38%	● Reduction in executive staff
Service Delivery	7,208	7,424	216	3%	● Reduced procurement of consultants
Total Operating Expenses	23,666	23,922	256	1%	

Observations

Each division of MidCoast water services is performing within budgets to end of the fourth month.

Funding Analysis

Funding Summary - Variance to Revised Budget

2017/18 Original Budget	\$000	Year to Date as at 31 October 2017				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	16,680	16,886	(206)	(1%)	50,657	33%
26,885	User charges and fees	9,123	8,962	161	2%	26,885	34%
621	Interest and investment revenue	347	207	140	68%	621	56%
468	Other revenues	134	156	(22)	(14%)	468	29%
951	Grants and contributions provided for operating purposes	140	317	(177)	(56%)	951	15%
79,583	Total Operating Income	26,425	26,528	(103)	(0%)	79,583	33%
21,144	Employee benefits and on costs	6,331	7,221	891	12%	21,144	30%
11,549	Borrowing costs	1,650	3,850	2,199	57%	11,549	14%
13,283	Materials and contracts	3,162	4,428	1,266	29%	13,283	24%
30,857	Depreciation, amortisation and impairment	10,286	10,286	0	0%	30,857	33%
7,473	Other expenses	2,237	2,977	740	25%	7,473	30%
1,000	Loss on Disposal of Assets	0	333	333	100%	1,000	0%
85,307	Total Operating Expenses	23,666	29,095	5,429	19%	85,307	28%
(5,724)	Net Operating Result	2,759	(2,567)	5,326	(207%)	(5,724)	(48%)
(6,444)	Capital Grants	(2,125)	(2,148)	23	(1%)	(6,444)	33%
(12,168)	Surplus / (Deficit) after Capital Revenue	634	(4,715)	5,349	(113%)	(12,168)	(5%)
	Less Non Cash Items:						
30,857	Depreciation & Amortisation	10,286	10,286	0	0%	30,857	33%
1,000	Loss on Disposal of Assets	0	333	333	100%	1,000	0%
(11,168)	Funding Available for Capital Expenditure	10,919	5,904	5,015	85%	(11,168)	(98%)
	Capital Expenditure			0	n/a		n/a
0	Current Liabilities	2,737	0	(2,737)	n/a	0	n/a
0	Non Current Liabilities	552	0	(552)	n/a	0	n/a
	Loan Principal repayments			0	n/a		n/a
(11,168)	Net Funds Generated / (Used)	7,630	5,904	8,305	141%	(11,168)	(68%)

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 31 October 2017				Full Year 2017/18	
		Actuals	Original Budget	\$ Var	% Var	Original Budget	% Var
0	177694 - New Tuncurry Depot	0	0	(0)	-	0	-
0	Total - Building Capital	0	0	(0)	-	0	-
40	Bootawa Dam Spillway & Safety Works	0	40	40	100%	40	-
0	Bootawa Dam - Piezometer System Replacement	125	0	(125)	-	0	-
40	Total - Dams and Weirs Capital	125	40	(85)	(211%)	40	311%
1,000	Plant - Motor Vehicle Purchase	332	400	68	17%	1,000	33%
1,000	Total - Fleet Management	332	400	68	17%	1,000	33%
737	Computer Equipment	0	479	479	100%	737	-
0	Corporate IT Systems (EBMS/TechOne)	6	0	(6)	-	0	-
737	Total - Technology	6	479	473	99%	737	1%
1,528	Minor Works - Water - Capital	256	1,528	1,272	83%	1,528	17%
1,810	Minor Works - Sewer - Capital	218	1,810	1,592	88%	1,810	12%
1,053	Minor Works - Mutual - Capital	111	1,053	942	89%	1,053	11%
4,391	Total - Minor Works	585	4,391	3,806	87%	4,391	13%
137	Land Acquisitions - Water	20	137	117	86%	137	14%
393	Land Acquisitions - Sewer	7	393	386	98%	393	2%
530	Total - Property Capital	26	530	504	95%	530	5%
0	Sewer Renewals - SGM Renewals/Upgrades	62	0	(62)	-	0	-
0	Total - Sewer Reticulation	62	0	(62)	-	0	-
372	349414 - Tallwoods Communications Tower	0	372	372	100%	372	-
372	Total - SCADA / Electrical Sewer Capital	0	372	372	100%	372	-
0	116110 - Pacific Palms STP Stage 1	1	0	(1)	-	0	-
20	343463 - Gloucester Recycled Water Scheme	21	20	(1)	(5%)	20	105%
400	Gloucester STP Replacement	0	400	400	100%	400	-
420	Total - Sewer Treatment Plant Capital	22	420	398	95%	420	5%
0	Unallocated Water Mains - New	10	0	(10)	-	0	-
1,000	Unallocated Water Mains - Renewals/Upgrades	548	1,000	452	45%	1,000	55%
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	-
1,900	Total - Water Mains Capital	558	1,900	1,342	71%	1,900	29%
0	Manning Water SCADA Upgrade	4	0	(4)	-	0	-
0	Total - SCADA / Electrical Water Capital	4	0	(4)	-	0	-
9,550	117744 - Nabiac Water Treatment Plant	1,629	9,550	7,921	83%	9,550	17%
680	117745 - Nabiac Borefield	218	680	462	68%	680	32%
600	336133 - Darawank Water Pump Station	157	600	443	74%	600	26%
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 Upgrad	59	0	(59)	-	0	-
11,330	Total - Water Treatment Plant Capital	2,076	11,330	9,254	82%	11,330	18%
20,720	Total Capital Expenditure	3,797	19,862	16,065	81%	20,720	18%

Observations

A review of the capital works budget is required as there are projects without any budget allocation that has capital expenditure allocated against them.

Debt Recovery

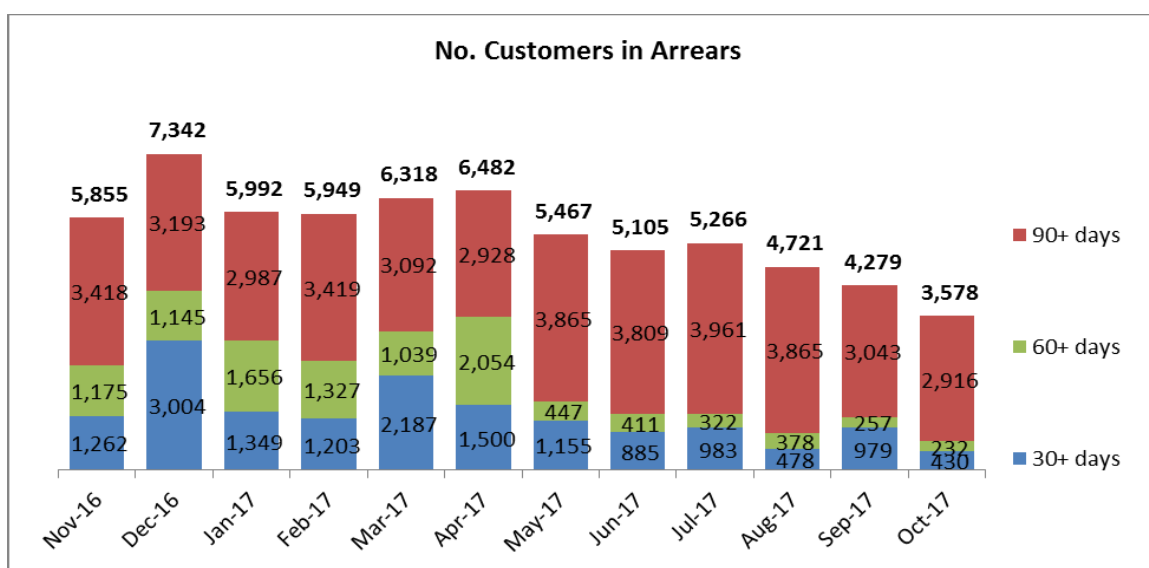
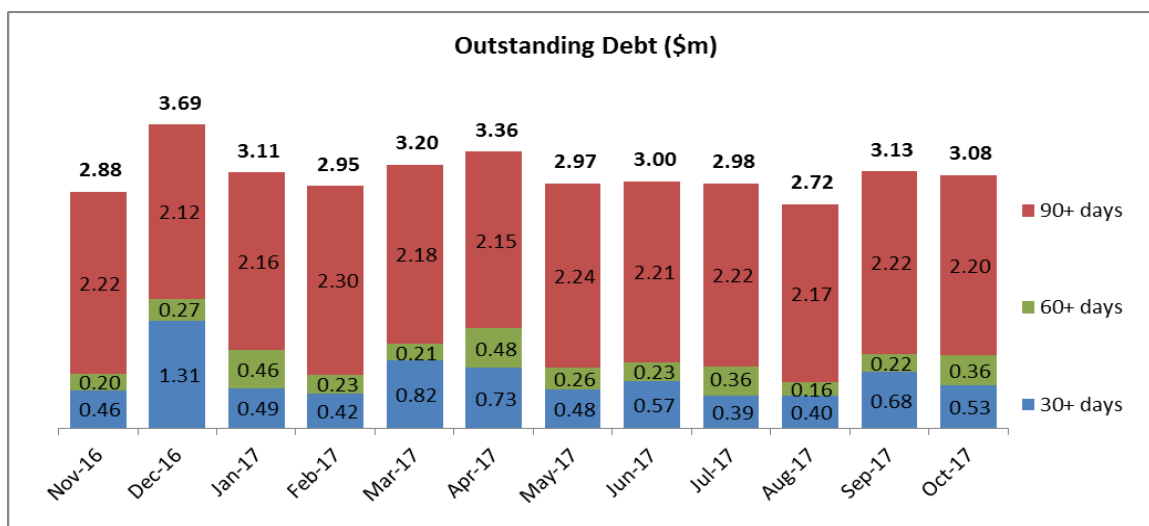
The amount of outstanding debt decreased from \$3.13m (4,279 customers) at 30 September 2017 to \$3.08m (3,578 customers) at 31 October 2017. The level of debt in excess of 90 days has reduced and the number of customers in this category is continuing to reduce.

The following is a summary of the activities undertaken to recover outstanding fees and charges during the month of October. Debt recovery activities this month were reduced due to staff leave.

Account Issued	12,400
Reminder letters	1,740
Final Notice Letter	5
Collection agency	Nil
Washers Installed	2
Washers Removed	2
Current Payment Arrangements	527
Payment arrangement applications	4
Payment arrangements Approved	4
DD payment modification letters sent	5

Concealed leak applications

Processed	14	
Approved	10	\$6,131



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 October 2017. Elevated level of a disinfection by-product Total Trihalomethanes (THMs) of 0.26 mg/L was reported for the sample collected on 17/10/2017 at Hawks Nest. The guideline value for THMs is 0.25 mg/L. NSW Health was notified. Water level in reservoirs was reduced to decrease the detention time and reduce disinfection by-products formation.

A total of 906 water tests were performed on the samples collected from the reticulation system to verify water quality delivered to our customers during the first quarter of 2017/18. The samples were tested for a number of parameters including the following parameters split into three categories:

1 Microbiological parameters;

- *E. coli*

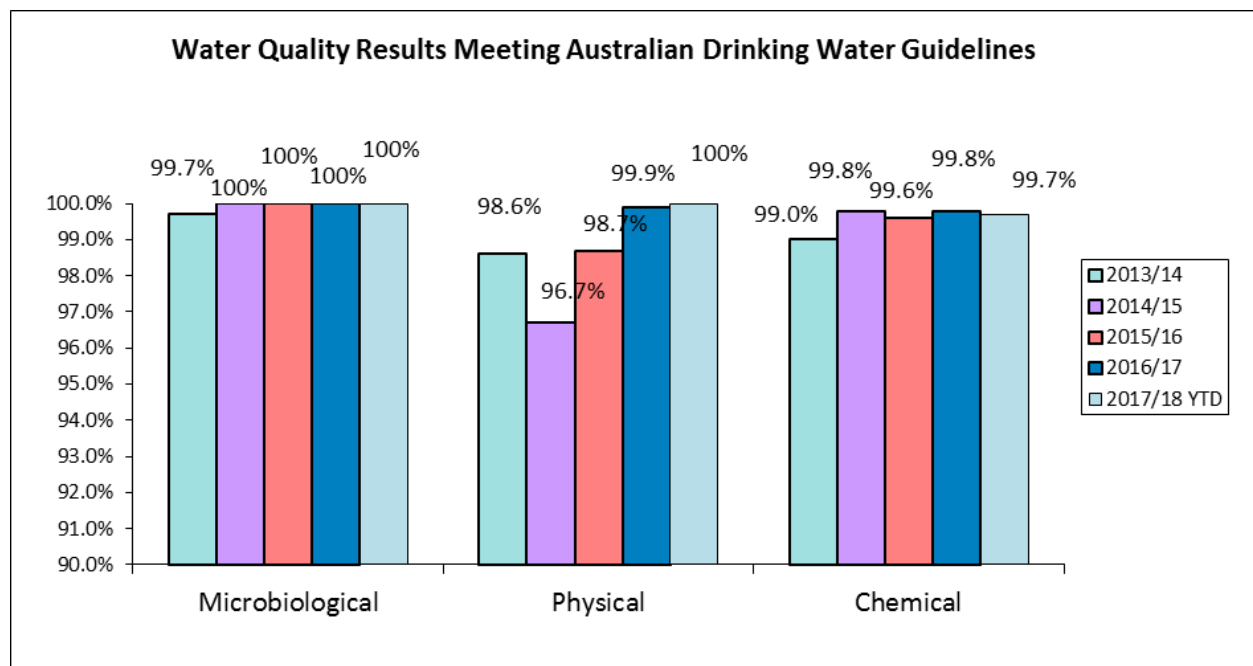
2 Physical parameters;

- pH
- turbidity
- true colour
- hardness

3 Chemical parameters;

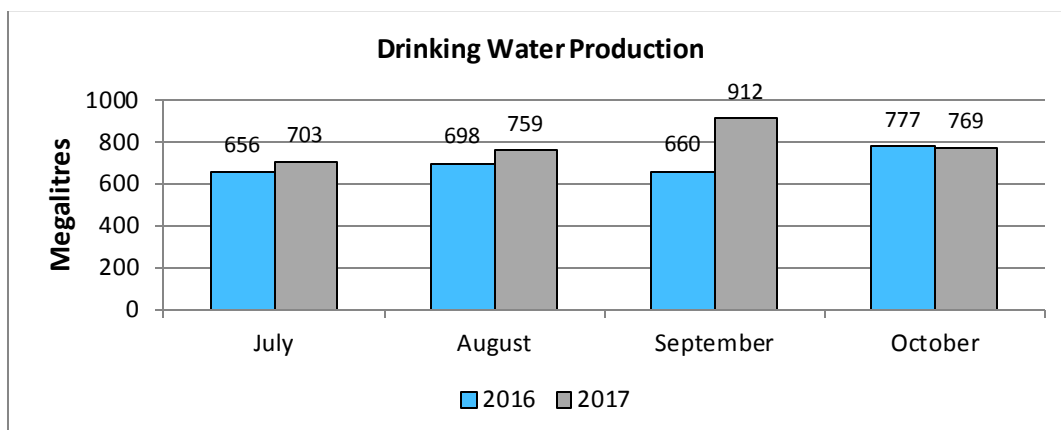
- iron
- manganese
- aluminium
- arsenic
- fluoride
- other metals

During the first quarter of 2017-118, 100% of microbiological results, 100% of physical results and 99.7% of chemical results were within the Australian Drinking Water Guidelines values. Trends for water quality results over the past five years are shown in the graph below.



Water Production

Monthly total water production for the first four months of 2017/18 compared to 2016/17 is shown in the graph below. The figures are based on water volumes delivered into the reticulation system.



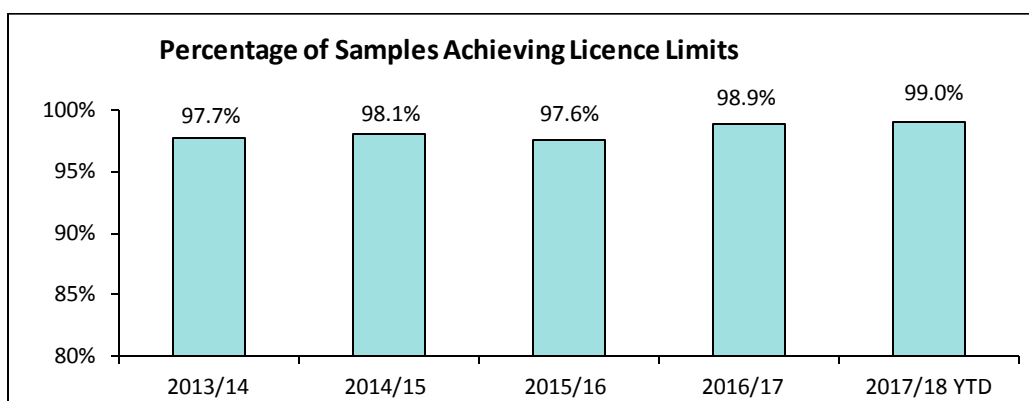
Sewerage System Performance

Annual EPA licence Returns

An annual return is required to be submitted for each Environment Protection Authority (EPA) Licence. The annual return is a statement of compliance with the licence conditions set up individually for each sewage treatment plant (STP) and associated network. There were no annual returns for EPA licence due in October.

Sewage Treatment Plants compliance

During the first quarter of 2017/18, a total of 201 tests were performed on effluent samples collected from all treatment plants to confirm compliance with EPA licences concentration limits. The compliance trend for 2017/18 year so far compared to the last four years is shown in the graph below.



Sewer Overflows

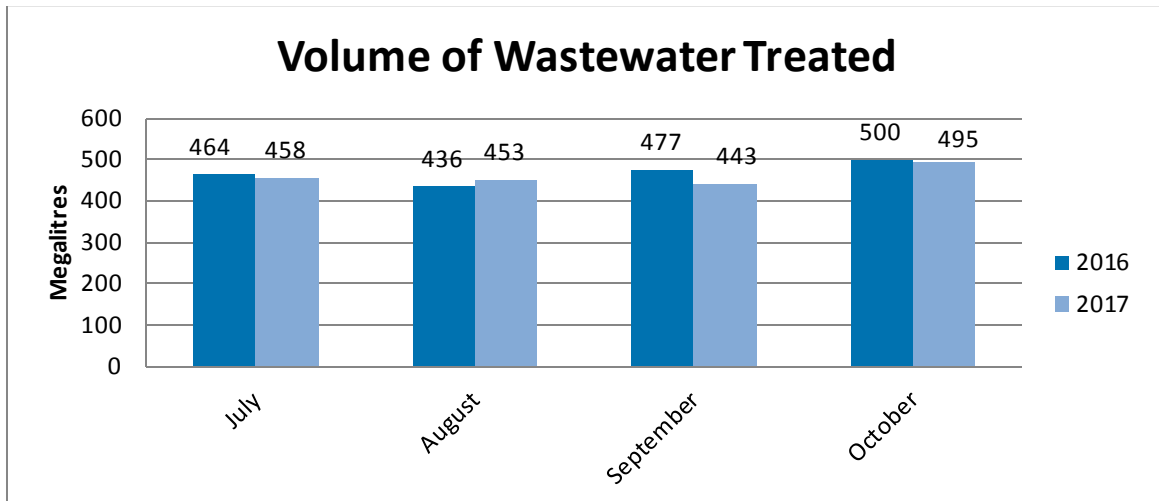
During the month of October 2017, there was one sewer overflow from MidCoast Council reticulation systems.

- Hallidays Point Reticulation System (1)

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

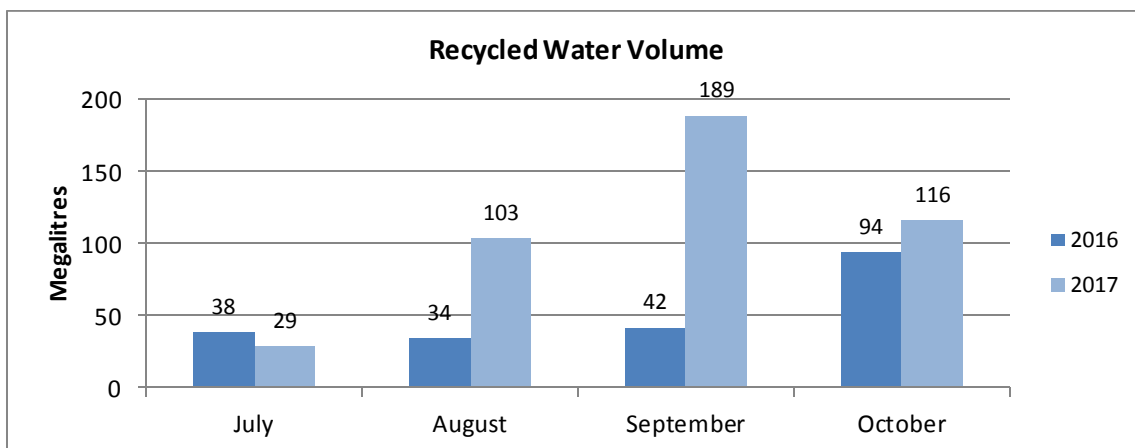
Sewer System Volumes

Total volume of sewage treated at all plants for the first four months of 2017/18 compared to the previous year are shown in the graph below.

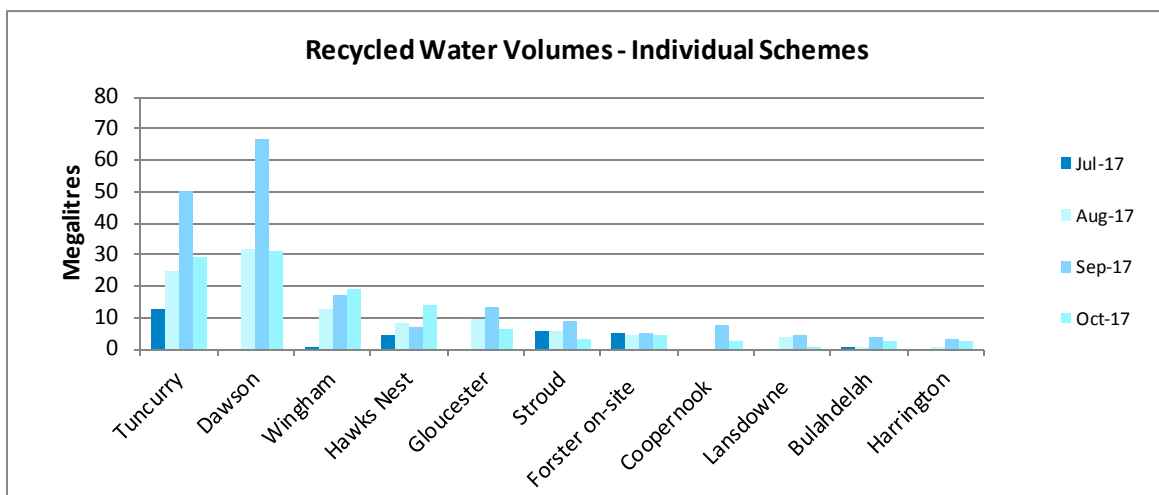


Recycled Water Volumes

Total volume of recycled water at all plants for the first four months of 2017/18 compared to the previous year are shown in the graph below.



Recycled water volumes sourced from individual recycled water schemes for the first four months of 2017-18 are presented below.



Work Health & Safety Statistics

Reporting Period: Financial Year 2017/18

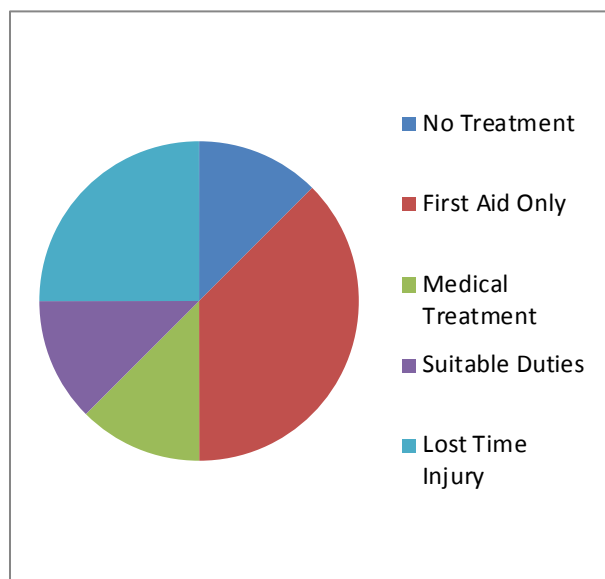
Injury Classification	Oct 17	FY 2018
LTI's [Lost Time Injuries] (an injury or illness which results in a fatality, permanent disability or lost time from work greater than 8 hours, 1 day or more. If the worker, on medical advice, is able to return to work on suitable duties the injury is not classified as an LTI)	2	2
SDI's [Suitable Duties Injury] (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
MTO's [Medical Treatment Only] (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)	2	2
FAT's [First Aid Treatment Only]	0	2

Lost Time Injury Frequency Rate

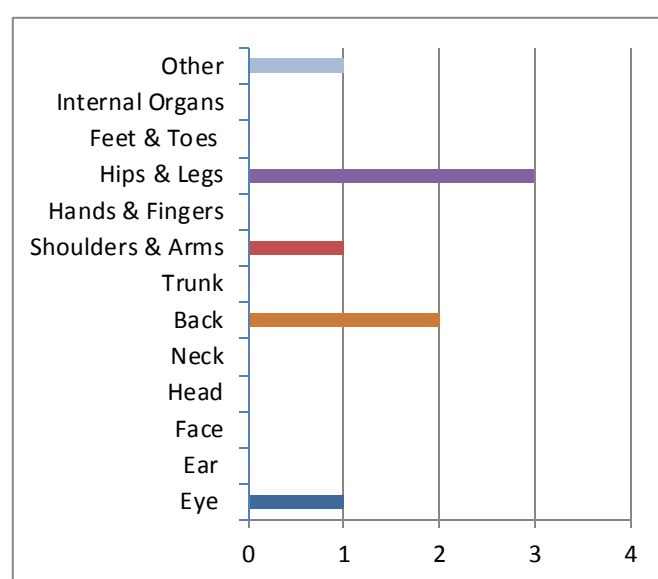
Total hours worked (October YTD)	22,368	81,153
Lost Time Injury Frequency Rate (LTIFR = Number of LTI's / Hours worked x 1,000,000.00) FY 2017 LTIFR = 10.5	0	24.6

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.

Task	2017 October	2017-18 Year to Date	FY2016-17 Monthly Average
1300 phone calls	2,586	10,136	2,395
603 Certificates	236	979	237
Aust Post Counter Payments	2,926	13,397	3,647
Customer Requests	403	1,951	395
Customer Service Emails	769	2,879	627
Development Applications	105	397	97
Direct Debt Setup	85	338	70
Drainage Diagrams	225	887	179
Property transfers	305	1,267	319
Receipts Forster	823	2,337	506
Receipts Taree (incl. mail)	563	2,736	427

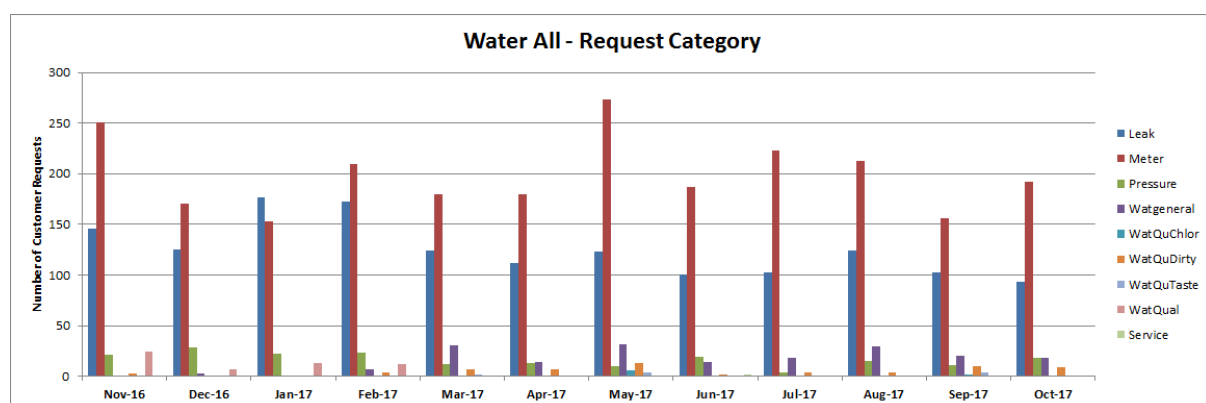
Customer Request for Maintenance

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.

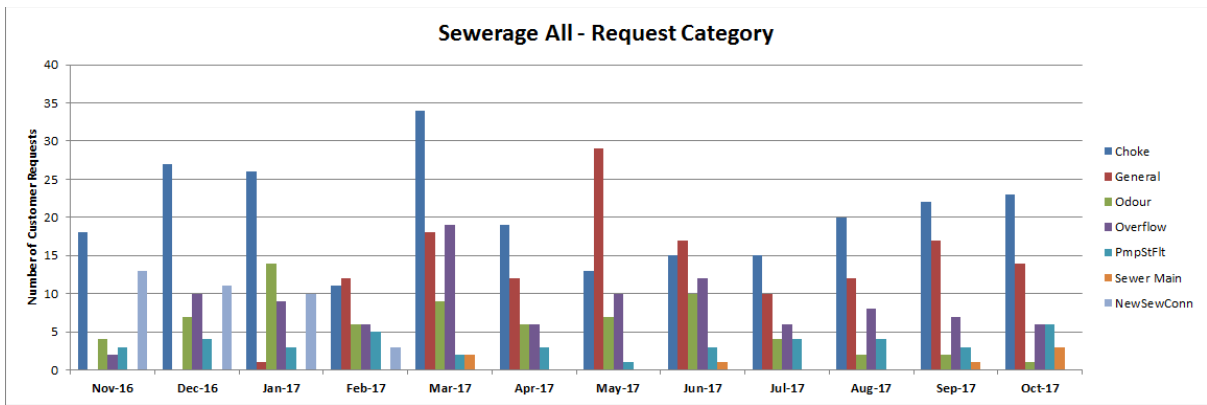
Technology One has been collecting CRM data since before July 2016, with refinements in February 2017 to provide more detail for leaks and water meters.

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 November 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 8 months.

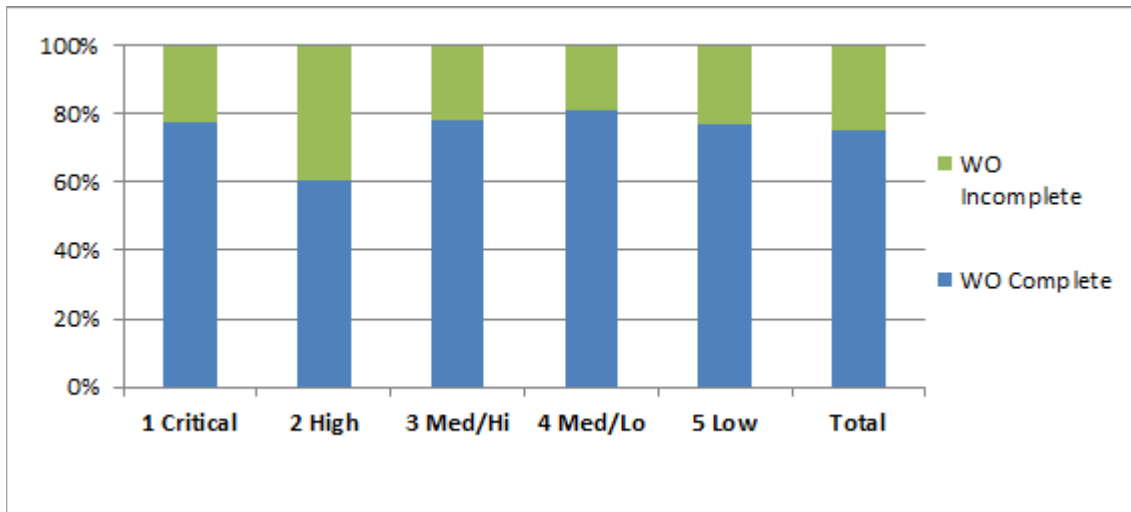


The figure below shows the Sewerage CRM's for the whole of MidCoast Water for the period 1 October 2016 to present. Chokes & overflows represent the biggest sewerage request for maintenance with between 20 to 30 per month.



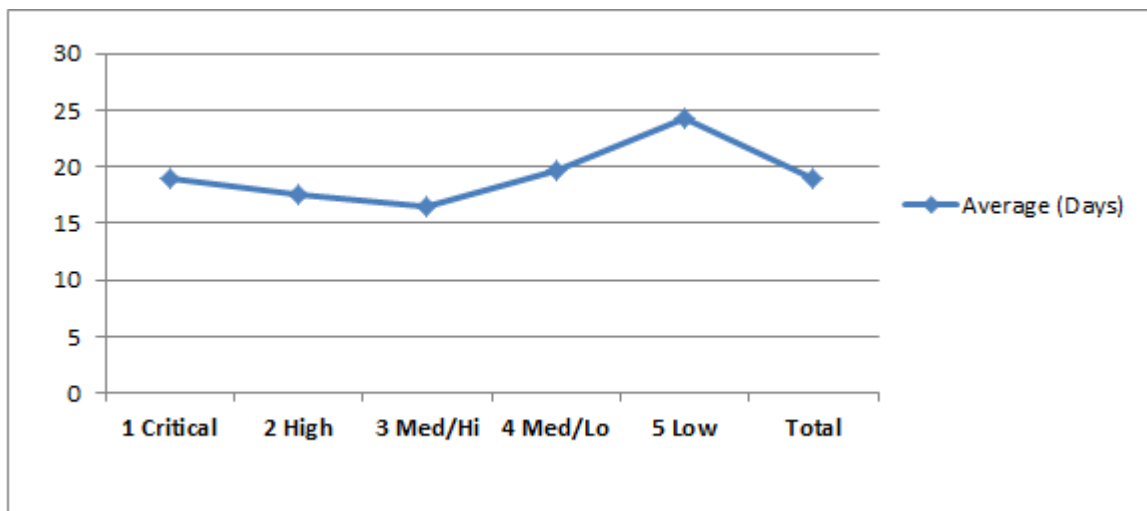
On average about 75 percent of all Water work orders raised as a result of CRM's are completed and this presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Water All - WO Completion - 01-Nov-2016 to 30-Oct-2017



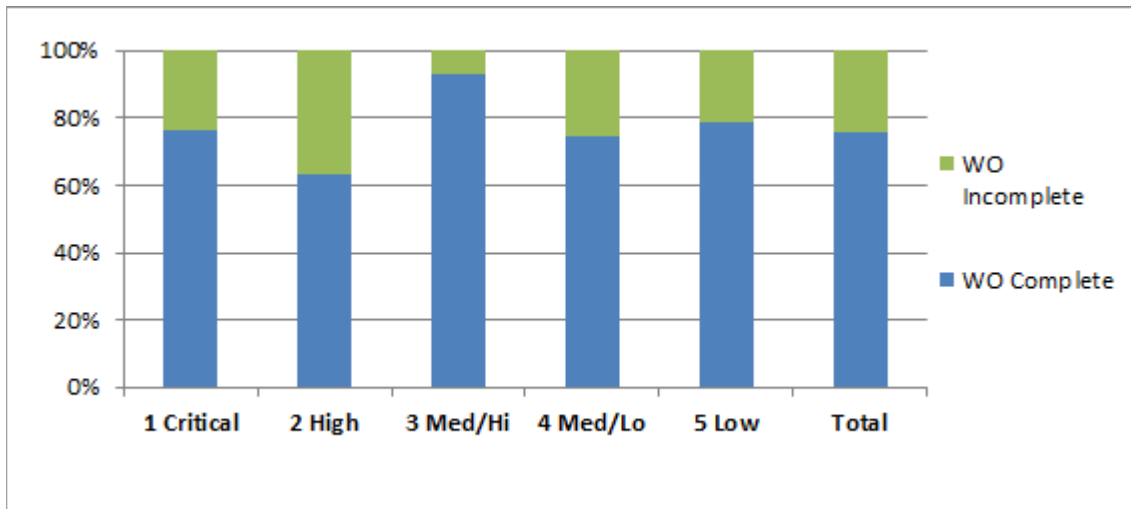
On average about 19.0 days are required to complete all water work orders raised as a result of CRM's and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Water All - Response Time - 01-Nov-2016 to 30-Oct-2017



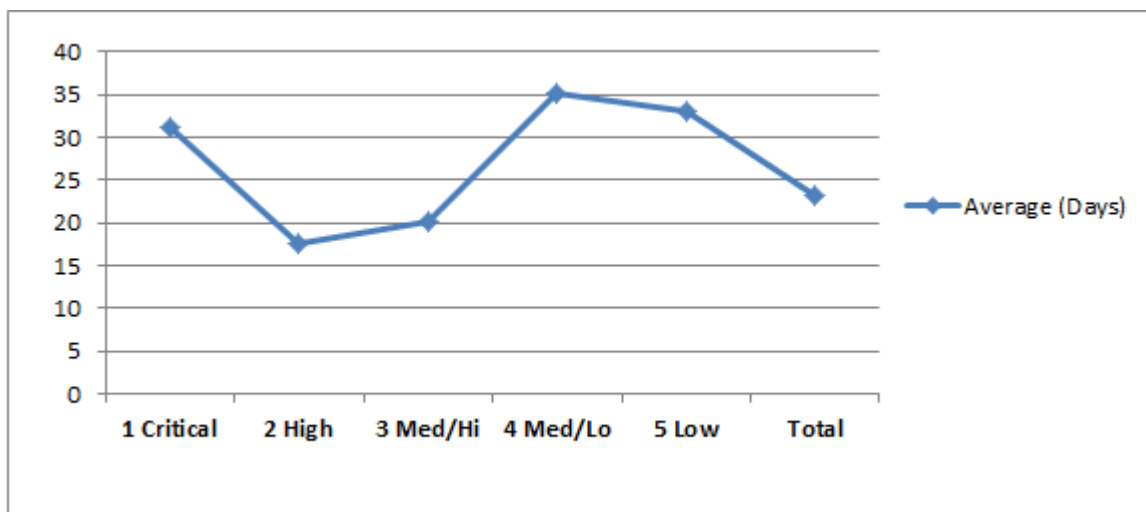
On average about 76 percent of all Water work orders raised as a result of CRM's are completed and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Sewerage All - WO Completion - 01-Nov-2016 to 30-Oct-2017



On average about 23.1 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-Nov-2016 to 30-Oct-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.