

CORPORATE & BUSINESS SYSTEMS

ATTACHMENT A

**LATE REPORT - WATER SERVICES BUDGET
REVIEW FOR QUARTER ENDED
30 SEPTEMBER 2017**

ORDINARY MEETING

22 NOVEMBER 2017

MidCoast Water

Forecast Review - CAPEX

Run by: DANIELB
Run on: 02-Nov-2017 at 14:16:17

Total FY18 Original Budget*	Project Description (\$'000)	Fund	YTD Sep 17 Actuals	Full Year 2016/2017				Detailed Commentary
				Proposed Budget	Original Budget	Variance \$'000	Variance %	
	Infrastructure Development							
-	400109 - 177694 - New Tuncurry Depot	Mutual	0	0	-	(0)	100%	
-	Total - Building Capital		0	0	-	(0)	100%	
40	400116 - Bootawa Dam Spillway & Safety Works	Water	-	40	40	0	0%	Original budget retained.
-	401430 - Bootawa Dam - Piezometer System Replacement	Water	125	197	-	(197)	100%	This project was originally budgeted for the 2017 financial year however has been delayed with remaining expenditure forecast to occur in the 2018 financial year. The total budget for the project has been reduced from \$379k to \$269.5k including contingencies on account of a competitive tendering process. Of the revised budget of \$269.5k, \$72.5k was expended in the 2017 financial year with the remaining \$197k deferred to the current 2018 financial year. The project is on track for completion by December 2017.
40	Total - Dams and Weirs Capital	Water	125	237	40	(197)	(493%)	
137	400144 - Land Acquisitions - Water	Water	9	137	137	-	0%	Original budget retained. A detailed review of land acquisition budgets will occur in the second quarter budget review.
393	401420 - Land Acquisitions - Sewer	Sewer	3	393	393	-	0%	
530	Total - Property Capital		12	530	530	-	0%	
-	400128 - Sewer Renewals - SGM Renewals/Upgrades	Sewer	49	713	-	(713)	100%	Journal \$713k from OpEx cost centre 400293 to account for redefinition of sewer gravity main relining works as CapEx rather than OpEx. This is consistent with advice from MCW's financial auditors and industry practice.
-	Total - Sewer Reticulation	Sewer	49	713	-	(713)	100%	
372	400115 - 349414 - Tallwoods Communications Tower	Mutual	-	45	372	327	88%	This project has been delayed as planning resources have been directed to other priority capital works projects. Of the original \$372k budget for this financial year, \$45k has been retained to allow for completion of the community consultation process, the review of environmental factors, and commencement of the design process. The remainder of expenditure for this project is forecast for inclusion in the 2019 financial year budget.
372	Total - SCADA / Electrical Sewer Capital	Mutual	-	45	372	327	88%	
-	400103 - 116110 - Pacific Palms STP Stage 1	Sewer	1	51	-	(51)	100%	A reallocation of \$51k to this project is proposed to allow completion of the design phase. This project has been identified as a candidate for funding under the Safe & Secure Water Program and completion of the design will enable MCC to submit an application for funding the implementation phase of the project.
20	400113 - 343463 - Gloucester Recycled Water Scheme	Sewer	20	20	20	(0)	0%	This project has been delayed as planning resources have been directed to Gloucester Water Reticulation Improvements and other sustaining works projects. The budget for this financial year is proposed to reduce to \$60,000 allowing for continuation of feasibility studies.
400	401433 - Gloucester STP Replacement	Sewer	-	60	400	340	85%	
420	Total - Sewer Treatment Plant Capital	Sewer	21	131	420	289	69%	
-	400133 - Unallocated Water Mains - New	Water	0	0	-	(0)	100%	The scope of this program was reviewed in July/August 2017 with an increase of \$200k proposed to address other high priority water main renewals.
1,000	400134 - Unallocated Water Mains - Renewals/Upgrades	Water	445	1,200	1,000	(200)	(20%)	
350	400137 - Water Main Renewal - Taree - Albert St to Victoria St	Water	0	350	350	(0)	(0%)	Original budget retained.
550	401432 - Gloucester Water Retic Augmentation	Water	-	100	550	450	82%	This project has been delayed as planning resources have been directed to other priority capital works projects. Of the original \$550k budget for this financial year, \$100k has been retained to allow for completion of the community consultation process, the review of environmental factors, and commencement of the design process. The remainder of expenditure for this project is forecast for inclusion in the 2019 financial year budget.
1,900	Total - Water Mains Capital	Water	446	1,651	1,900	249	13%	
9,550	400104 - 117744 - Nabic Water Treatment Plant	Water	1,018	9,550	9,550	(0)	(0%)	Original budget retained.
680	400105 - 117745 - Nabic Borefield	Water	130	960	680	(280)	(41%)	This project is ahead of schedule. The budget for this project is proposed to be brought forward resulting in an increase for the current 2018 financial year of \$280k. The overall approved budget of \$34.6M for the Nabic Inland Dune Aquifer remains unchanged.
600	400112 - 336133 - Darawank Water Pump Station	Water	149	950	600	(350)	(58%)	This project is ahead of schedule. The budget for this project is proposed to be brought forward resulting in an increase for the current 2018 financial year of \$350k. The overall approved budget of \$34.6M for the Nabic Inland Dune Aquifer remains unchanged.
500	400124 - Nabic Water Supply System - Lead-in Services	Water	13	63	500	437	87%	This project has been delivered under budget. The total budget for the Nabic Inland Dune Aquifer program of \$34.6m is not proposed to be reduced given the current state on other projects within the program. This will be considered further in subsequent budget reviews.
-	401187 - 336543 - Gloucester Water Treatment Plant Upgrade	Water	40	335	-	(335)	100%	Original allocated budget was not incorporated in roll overs from FY17 to FY18. Nov Board paper requesting additional budget of \$197k over original project budget \$895k, final total Budget \$1.092M. FY18 cashflow required is \$335k.
11,330	Total - Water Treatment Plant Capital	Water	1,350	11,858	11,330	(528)	(5%)	
14,592	Total - Infrastructure Development		2,002	15,165	14,592	(573)	(4%)	

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Total FY18 Original Budget*	Project Description (\$'000)	Fund	YTD Sep 17 Actuals	Full Year 2016/2017		Variance \$'000	Variance %	Detailed Commentary
				Proposed Budget	Original Budget			
	Service Delivery							
1,528	400290 - Minor Works - Water - Capital	Water	188	1,528	1,528	0	0%	The adjustment is proposed to account for increased budget in the CapEx water fund due to increased expenditure against Gloucester WTP and Bootawa Piezometer projects and the acceleration of the Nabic Water Supply System program.
1,810	400291 - Minor Works - Sewer - Capital	Sewer	168	1,810	1,810	0	0%	
1,053	400348 - Minor Works - Mutual - Capital	Mutual	84	569	1,053	484	46%	
4,391	Total - Minor Works		440	3,907	4,391	484	11%	
-	400771 - Manning Water SCADA Upgrade	Water	4	4	-	(4)	100%	Close WO against this activity
-	Total - SCADA / Electrical Water Capital		4	4	-	(4)	100%	
4,391	Total - Service Delivery		444	3,911	4,391	480	11%	
	Corporate Services							
1,000	401224 - Plant - Motor Vehicle Purchase	Mutual	332	1,000	1,000	(0)	(0%)	Original budget retained
1,000	Total - Fleet Management		332	1,000	1,000	(0)	(0%)	
737	401205 - Computer Equipment	Mutual	-	731	737	6	1%	Balance budget against expenses incurred against 401207 - Corporate IT Systems (EBMS/TechOne). There is no change proposed to original total budget across the Technology cost centre.
-	401207 - Corporate IT Systems (EBMS/TechOne)	Mutual	5	5	-	(5)	100%	This adjustment accounts for expenses against Manning Water SCADA upgrade. Transfer \$4k from 400348 - Minor Works - Mutual - Capital to 400771 - Manning Water SCADA Upgrade
737	Total - Technology		5	737	737	0	0%	
1,737	Total - Corporate Services		338	1,737	1,737	0	0%	
20,720	Total Capital Expenditure		2,784	20,813	20,720	(93)	0%	

Water	2,121	15,415	14,935	(480)	-3%	The allocation of CapEx budget in the water fund is proposed to increase by \$480k. This increase accounts for primarily the increase in expenditure required for the completion of the Gloucester WTP upgrade, continuation of the Bootwa Piezometer project and acceleration of projects within the Nabic Water Supply System program. This increase is proposed to be funded from the allocation of \$1,053M within the Minor Works mutual budget (project code 400348). There are no impacts on the minor/sustaining works activities as a result of this reallocation.
Sewer	240	3,047	2,623	(424)	-16%	The allocation of CapEx budget in the sewer fund is proposed to increase by \$424k. This increase accounts for the redefinition of sewer relining works as CapEx in line with auditors advice and industry practice. This increase is proposed to be funded by an adjustment of -\$713k from the OpEx budget (project code 400293).
Mutual	422	2,351	3,162	811	26%	
Total Check	2,784	20,813	20,720	(93)	0%	