

WATER SERVICES

ATTACHMENT A

**WATER SERVICES EXECUTIVE MONTHLY
PERFORMANCE REPORT
FEBRUARY 2018**

ORDINARY MEETING

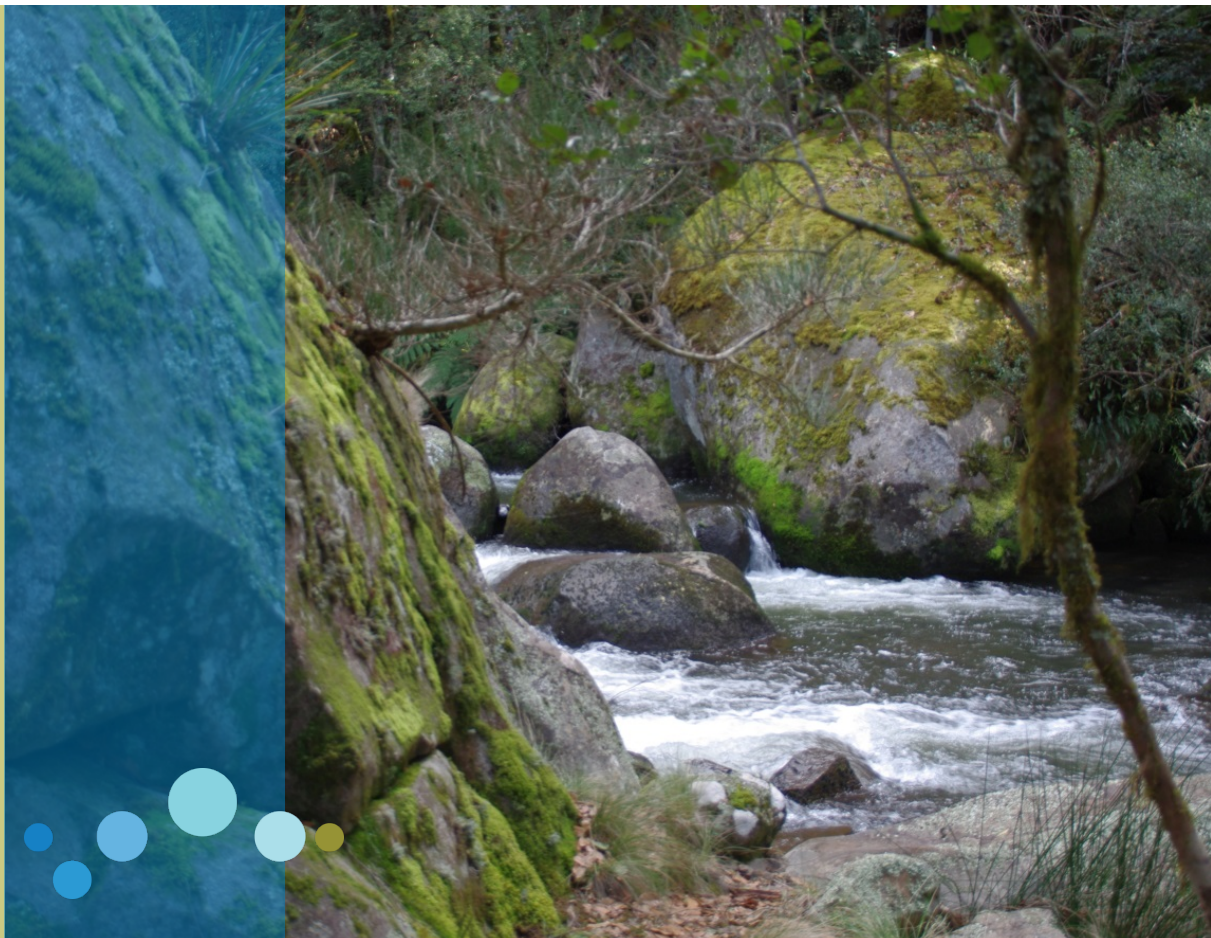
28 MARCH 2018



MIDCOAST
water services

EXECUTIVE MONTHLY PERFORMANCE REPORT

February 2018



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Financial Management

Profit & Loss Summary

P&L Summary - Variance to Revised Budget

● Favourable
● Unfavourable

2017/18 Original Budget	\$000	Year to Date as at 28 February 2018				Full Year 2017/18		Commentary
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var	
50,657	Rates and annual charges	34,499	33,771	727	2%	50,657	68%	● Positive against revised budget
26,885	User charges and fees	19,362	17,923	1,438	8%	26,885	72%	● In line with revised budget
621	Interest and investment revenue	625	667	(41)	(6%)	1,000	63%	● In line with revised budget
468	Other revenues	233	312	(79)	(25%)	468	50%	
951	Grants and contributions provided for operating purposes	1,392	634	758	120%	951	146%	● Timing in payments of operating grants
79,583	Total Operating Income	56,111	53,308	2,804	5%	79,962	70%	●
21,144	Employee benefits and on costs	12,226	13,333	1,107	8%	20,000	61%	● In line with revised budget
11,549	Borrowing costs	8,218	7,333	(884)	(12%)	11,000	75%	●
13,283	Materials and contracts	6,436	8,380	1,944	23%	12,570	51%	● Reduction in use of consultants
30,857	Depreciation, amortisation and impairment	20,571	20,571	0	0%	30,857	67%	● In line with revised budget
7,473	Other expenses	4,565	4,982	417	8%	7,473	61%	● Reduced expenses due to Council takeover
1,000	Loss on Disposal of Assets	667	667	(0)	(0%)	1,000	67%	
85,307	Total Operating Expenses	52,683	55,267	2,584	5%	82,900	64%	●
(5,724)	Net Operating Result	3,428	(1,959)	5,387	(275%)	(2,938)	(117%)	● Positive performance of water services

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

2017/18 Original Budget	\$000	Water					
		Year to Date as at 28 February 2018				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	8,479	8,252	227	3%	12,378	69%
26,885	User charges and fees	17,515	16,318	1,197	7%	24,477	72%
621	Interest and investment revenue	115	133	(18)	(14%)	200	58%
468	Other revenues	120	171	(51)	(30%)	257	47%
951	Grants and contributions provided for operating purposes	921	327	594	182%	490	188%
79,583	Total Operating Income	27,151	25,201	1,950	8%	37,802	72%
21,144	Employee benefits and on costs	6,281	6,667	386	6%	10,000	63%
11,549	Borrowing costs	4,687	4,162	(525)	(13%)	6,243	75%
13,283	Materials and contracts	3,420	4,178	758	18%	6,267	55%
30,857	Depreciation, amortisation and impairment	10,392	10,392	0	0%	15,588	67%
7,473	Other expenses	1,763	2,450	687	28%	3,675	48%
1,000	Loss on Disposal of Assets	500	500	0	0%	750	67%
85,307	Total Operating Expenses	27,043	28,349	1,306	5%	42,523	64%
(5,724)	Net Operating Result	108	(3,148)	3,256	(103%)	(4,722)	(2%)

Sewer					
Year to Date as at 28 February 2018				Full Year 2017/18	
Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
26,019	25,519	500	2%	38,279	68%
1,849	1,605	244	15%	2,408	77%
510	533	(23)	(4%)	800	64%
113	141	(28)	(20%)	212	53%
471	307	164	53%	461	102%
28,963	28,107	857	3%	42,160	69%
5,945	6,667	721	11%	10,000	59%
3,531	3,172	(359)	(11%)	4,758	74%
3,016	4,202	1,186	28%	6,303	48%
10,179	10,179	0	0%	15,269	67%
2,802	2,532	(270)	(11%)	3,798	74%
167	167	0	0%	250	67%
25,640	26,918	1,278	5%	40,377	64%
3,323	1,189	2,134	180%	1,783	186%

Observations

MidCoast Water Services is continuing to track well within operational budgets, with an overall projection for a small operating surplus.

The sewer fund continues to provide a healthy operating surplus, while the water fund is again projected 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 28 February 2018				Commentary
	FY18	FY17	\$ Var	% Var	
Rates and annual charges	34,499	31,659	2,839	9%	● Increase in annual charges from 2017
User charges and fees	19,362	17,388	1,974	11%	● Increase in useage charges from 2017
Interest and investment revenue	625	414	211	51%	● Increased investments in 2018
Other revenues	233	351	(118)	(34%)	●
Grants and contributions provided for operating purposes	1,392	0	1,392	n/a	
Total Operating Income	56,111	49,812	6,299	13%	●
Employee benefits and on costs	12,226	12,795	569	4%	● Lower staff numbers, offset by termination payments
Borrowing costs	8,218	8,231	13	0%	● Reduction due to lower outstading borrowings
Materials and contracts	6,436	6,873	437	6%	● Redduction in consultant engagement
Depreciation, amortisation and impairment	20,571	20,168	(403)	(2%)	● Relative to previous year
Other expenses	4,565	3,677	(887)	(24%)	● Annual increase in costs / CPI
Loss on Disposal of Assets	667	572	(95)	(17%)	
Total Operating Expenses	52,683	52,317	(366)	(1%)	
Net Operating Result	3,428	(2,505)	5,933	(237%)	

Observations

MidCoast Water Services is continuing to perform significantly better than in previous years, due to an increase in fees and charges and higher water usage and lower staff numbers.

Operational Expenses Summary

Expense Summary by Division - Variance to Revised Budget

● Favourable
● Unfavourable

2017/18 Original Budget	\$000	Year to Date as at 28 February 2018				Full Year 2017/18		Commentary
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var	
50,932	Corporate Services	34,453	33,293	(1,160)	(3%)	49,939	69%	● Increase due to staff termination payouts
2,606	Infrastructure Development	1,551	1,737	186	11%	2,606	60%	●
3,873	General Manager	1,190	2,115	925	44%	3,173	38%	● Reduction in staff numbers from Executive & HR
27,895	Service Delivery	15,489	18,121	2,632	15%	27,182	57%	● Reduction in consultants engaged
85,307	Total Operating Expenses	52,683	55,267	2,584	5%	82,900	64%	●

Expense Summary by Division - Variance to Prior Year

● Favourable
● Unfavourable

\$000	Year to Date as at 28 February 2018				Commentary
	FY18	FY17	\$ Var	% Var	
Corporate Services	34,453	33,829	(624)	(2%)	● Relative to previous year
Infrastructure Development	1,551	1,496	(55)	(4%)	●
General Manager	1,190	2,137	947	44%	● Significant reduction in staff numbers
Service Delivery	15,489	14,855	(634)	(4%)	● Relative to previous year
Total Operating Expenses	52,683	52,317	(366)	(1%)	●

Observations

Overall, MidCoast Water Services is performing within budget to the end of February 2018.

Funding Analysis

Funding Summary - Variance to Revised Budget

2017/18 Original Budget	\$000	Year to Date as at 28 February 2018				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	34,499	33,771	727	2%	50,657	68%
26,885	User charges and fees	19,362	17,923	1,438	8%	26,885	72%
621	Interest and investment revenue	625	667	(41)	(6%)	1,000	63%
468	Other revenues	233	312	(79)	(25%)	468	50%
951	Grants and contributions provided for operating purposes	1,392	634	758	120%	951	146%
79,583	Total Operating Income	56,111	53,308	2,804	5%	79,962	70%
21,144	Employee benefits and on costs	12,226	13,333	1,107	8%	20,000	61%
11,549	Borrowing costs	8,218	7,333	(884)	(12%)	11,000	75%
13,283	Materials and contracts	6,436	8,856	2,420	27%	13,283	48%
30,857	Depreciation, amortisation and impairment	20,571	20,571	0	0%	30,857	67%
7,473	Other expenses	4,565	4,982	417	8%	7,473	61%
1,000	Loss on Disposal of Assets	667	667	(0)	(0%)	1,000	67%
85,307	Total Operating Expenses	52,683	55,742	3,059	5%	83,613	63%
(5,724)	Net Operating Result	3,428	(2,434)	5,862	(241%)	(3,652)	(94%)
6,444	Capital Grants	3,922	4,296	(374)	(9%)	6,444	61%
720	Surplus / (Deficit) after Capital Revenue	7,350	1,862	5,488	295%	2,792	263%
	Less Non Cash Items:						
30,857	Depreciation & Amortisation	20,571	20,571	0	0%	30,857	67%
1,000	Loss on Disposal of Assets	667	667	(0)	(0%)	1,000	67%
32,577	Funding Available for Capital Expenditure	28,588	23,100	5,489	24%	34,649	83%
20,720	Capital Expenditure	10,746	13,875	3,129	23%	20,813	52%
9,200	Loan Principal repayments	7,074	6,133	(940)	(15%)	9,200	77%
2,657	Net Funds Generated / (Used)	10,769	3,091	3,300	107%	4,636	232%

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 works program from FY 2018 revenue. An internal loan between the funds may not be 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 28 February 2018				Full Year 2017/18	
		Actuals	Revised Budget	\$ Var	% Var	Revised 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	27	27	100%	40	-
0	Bootawa Dam - Piezometer System Replacement	125	131	6	5%	197	63%
40	Total - Dams and Weirs Capital	125	158	33	21%	237	53%
1,000	Plant - Motor Vehicle Purchase	531	667	136	20%	1,000	53%
1,000	Total - Fleet Management	531	667	136	20%	1,000	53%
0	Geographic Information Systems Capital	0	0	(0)	-	0	-
0	Total - Geographic Information Systems	0	0	(0)	-	0	-
737	Computer Equipment	0	487	487	100%	731	-
0	Corporate IT Systems (EBMS/TechOne)	6	4	(2)	(66%)	5	111%
737	Total - Technology	6	491	485	99%	736	1%
1,528	Minor Works - Water - Capital	381	1,019	638	63%	1,528	25%
1,810	Minor Works - Sewer - Capital	411	1,207	796	66%	1,810	23%
1,053	Minor Works - Mutual - Capital	209	380	171	45%	569	37%
4,391	Total - Minor Works	1,001	2,605	1,604	62%	3,907	26%
137	Land Acquisitions - Water	25	91	66	73%	137	18%
393	Land Acquisitions - Sewer	8	262	254	97%	393	2%
530	Total - Property Capital	33	353	320	91%	530	6%
0	344317 - Dawson STP - Sludge Dewatering	0	0	0	-	0	-
0	Sewer Renewals - SGM Renewals/Upgrades	480	476	(4)	(1%)	713	67%
0	Total - Sewer Reticulation	480	476	(4)	(1%)	713	67%
372	349414 - Tallwoods Communications Tower	4	30	26	87%	45	9%
372	Total - SCADA / Electrical Sewer Capital	4	30	26	87%	45	9%
0	116110 - Pacific Palms STP Stage 1	3	34	31	91%	51	6%
20	343463 - Gloucester Recycled Water Scheme	23	13	(10)	(73%)	20	115%
400	Gloucester STP Replacement	0	40	40	100%	60	-
420	Total - Sewer Treatment Plant Capital	26	87	61	70%	131	20%
0	105493 - Coopernook to Harrington Water Main	1	0	(1)	-	0	-
0	Unallocated Water Mains - New	16	0	(16)	-	0	-
1,000	Unallocated Water Mains - Renewals/Upgrades	970	800	(170)	(21%)	1,200	81%
350	Water Main Renewal - Taree - Albert St to Victoria	1	233	232	100%	350	0%
550	Gloucester Water Retic Augmentation	0	67	67	100%	100	-
1,900	Total - Water Mains Capital	988	1,100	112	10%	1,650	60%
0	Manning Water SCADA Upgrade	4	3	(1)	(41%)	4	94%
0	WPS Minor Works SCADA Water	3	0	(3)	-	0	-
0	Total - SCADA / Electrical Water Capital	7	3	(4)	(146%)	4	164%
9,550	117744 - Nabc Water Treatment Plant	5,655	6,367	712	11%	9,550	59%
680	117745 - Nabc Borefield	836	640	(196)	(31%)	960	87%
600	336133 - Darawank Water Pump Station	959	633	(326)	(51%)	950	101%
500	Nabc Water Supply System - Lead-in Services	17	42	25	60%	63	27%
0	Gloucester WTPCAP Minor Works	0	0	0	-	0	-
0	336543 - Gloucester Water Treatment Plant Upgrade	77	223	146	66%	335	23%
11,330	Total - Water Treatment Plant Capital	7,544	7,905	361	5%	11,858	64%
20,720	Total Capital Expenditure	10,747	13,875	3,129	23%	20,813	52%

Observations

Capital expenditure is at 52% of the annual budgeted allocation. Depending on capital works in the second half of the financial year, the full capital works budget allocation may not be required.

Debt Recovery

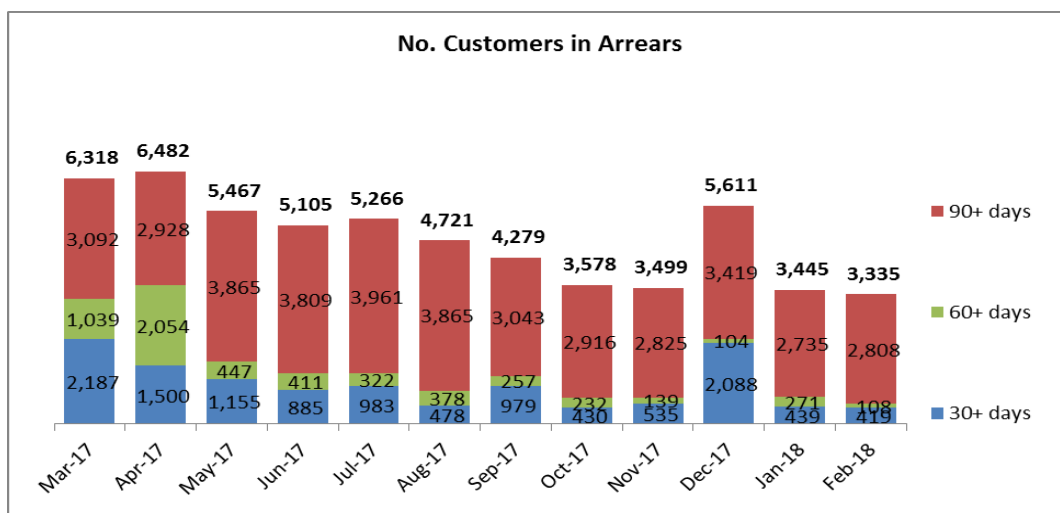
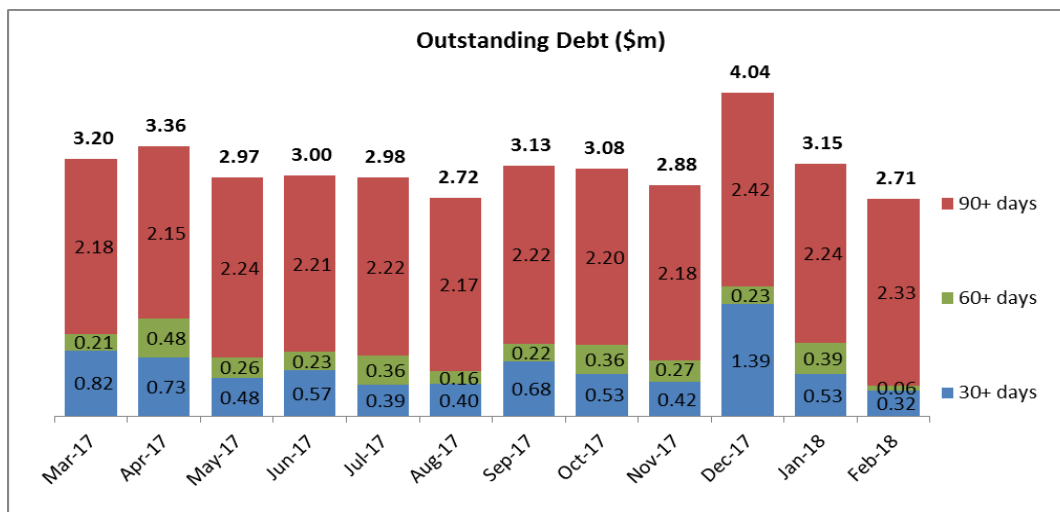
The amount of outstanding debt reduced in the month of January from \$4.04m (5,611 customers) at 31 December 2017, to \$3.158m (3,445 customers) at 31 January 2018. There was a significant decrease in the debt in excess of 90 days. This reflects to work being undertaken by the debt recovery team, with their focus on long term debt.

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

Account Issued	17,600
Reminder letters	1,043
Final Notice Letter	2
Collection agency	2
Washers Installed	1
Washers Removed	1
Current Payment Arrangements	572
Payment arrangement applications	4
Payment arrangements Approved	4
DD payment modification letters sent	nil

Concealed leak applications

Processed	14	\$5,427
Approved	6	\$4,123



Risk & Compliance

Drinking Water Quality

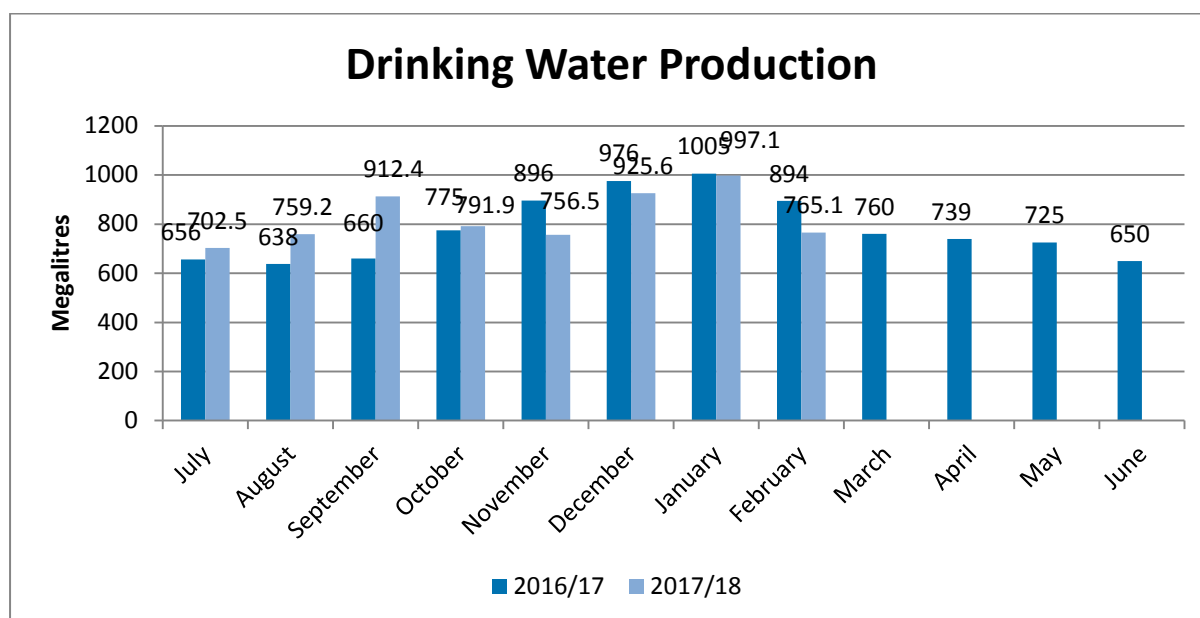
Water Quality Results meeting Australian Drinking Water Quality Guidelines

There was one water quality result outside Australian Drinking Water Guidelines from a sample collected in the reticulation system during the month of February 2018. Elevated level of disinfection by-product total trihalomethanes (THM) of 0.264 mg/L was reported for the sample collected on 06/02/2018 at Hawks Nest. The guideline value for THM is 0.25 mg/L.

NSW Health was notified of this result. Formation of disinfection by-products is managed through operational philosophies including reducing detention time in reservoirs. Action to reduce trihalomethanes is encouraged, but must not compromise disinfection, as non-disinfected water poses significantly greater risk than trihalomethanes (Australian Drinking Water Guidelines 2011).

Water Production

Monthly total water production for the first eight 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.



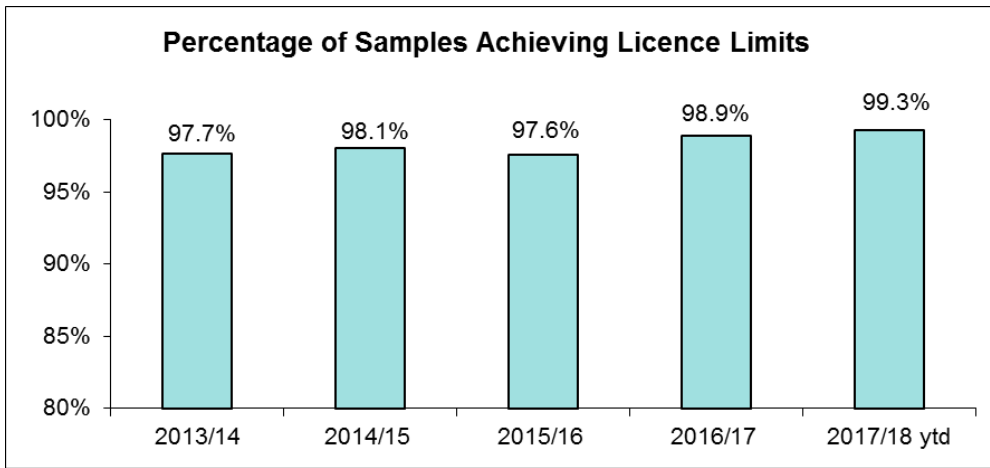
Sewerage System Performance

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 EPA licence annual returns required for submission in February.

Sewage Treatment Plants compliance

During the second quarter of 2017/18, a total of 233 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

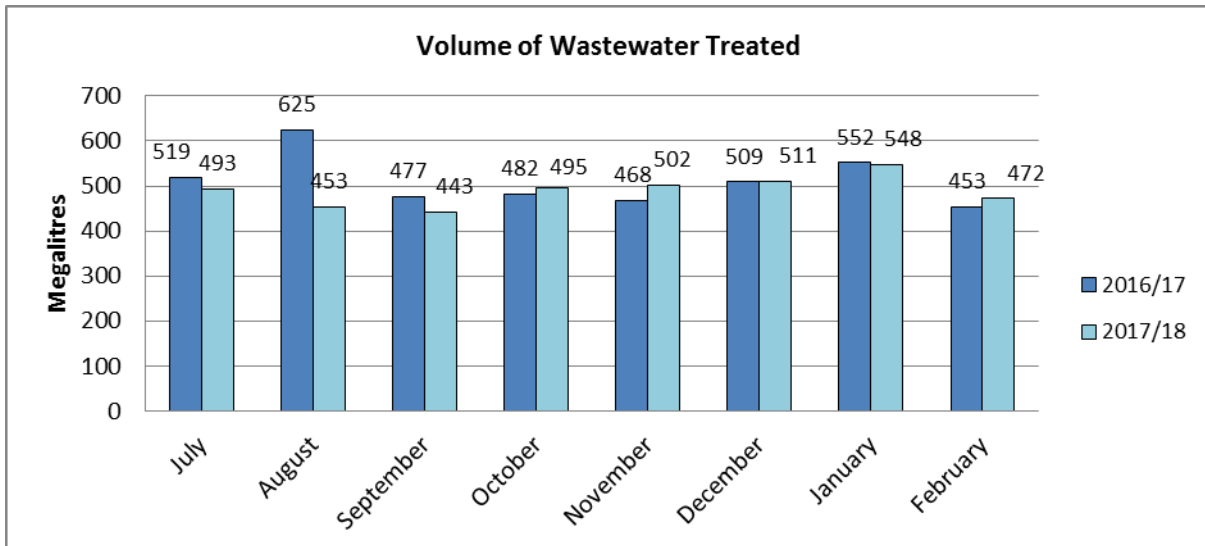
During the month of February 2018, there were two sewer overflows from MidCoast Water Services reticulation systems.

- Hallidays Point reticulation system (1)
- Dawson sewage reticulation system (1)

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

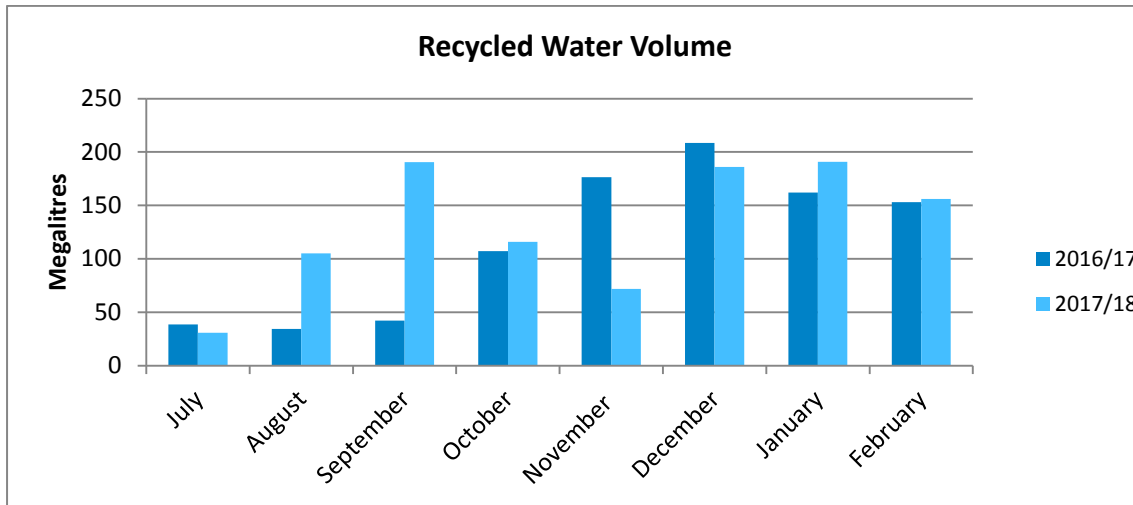
Sewer System Volumes

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

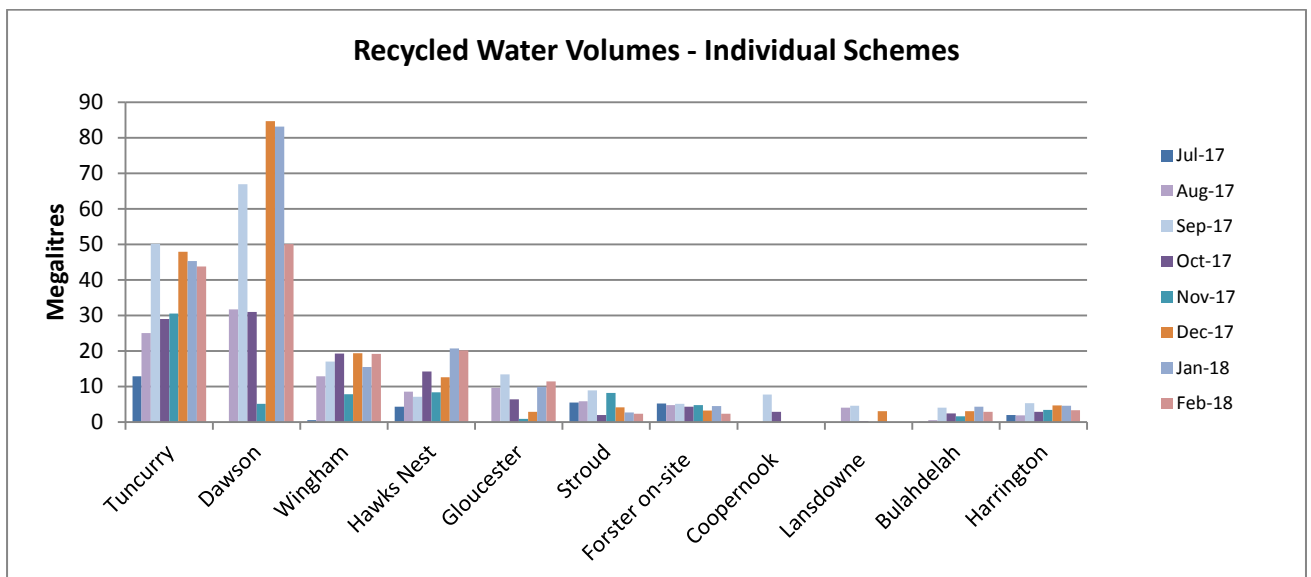


Recycled Water Volumes

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



Recycled water volumes sourced from individual recycled water schemes during the 2017-18 reporting period are presented below.



Work Health & Safety Statistics

Reporting Period: Financial Year 2017/18

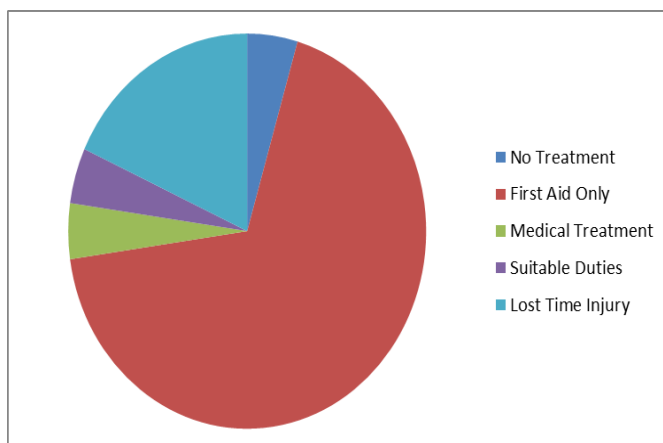
Injury Classification	Feb 18	FY 2018
LTI's [Lost Time Injuries] (an injury or illness which results in a fatality, permanent disability or lost time from work greater than 8 hours, 1 day or more. If the worker, on medical advice, is able to return to work on suitable duties the injury is not classified as an LTI)	0	4
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)	0	1
FAT's [First Aid Treatment Only]	6	14

Lost Time Injury Frequency Rate

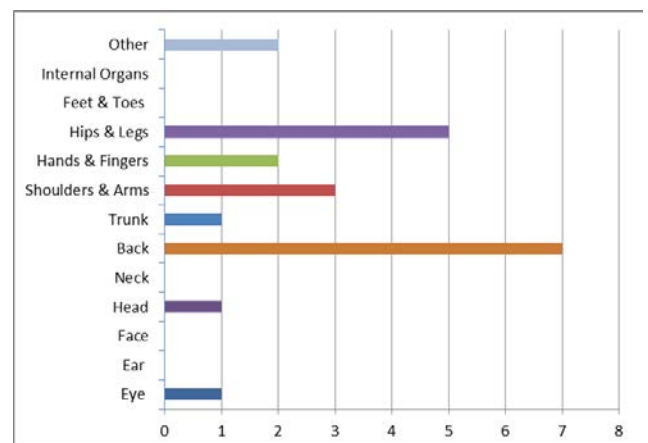
Total hours worked		
Lost Time Injury Frequency Rate (LTIFR = Number of LTI's / Hours worked x 1,000,000.00) FY 2017 LTIFR = 10.5		

FY 2018 Injury Treatment and Body Location

Injury Type



Injury Location



Customer Service

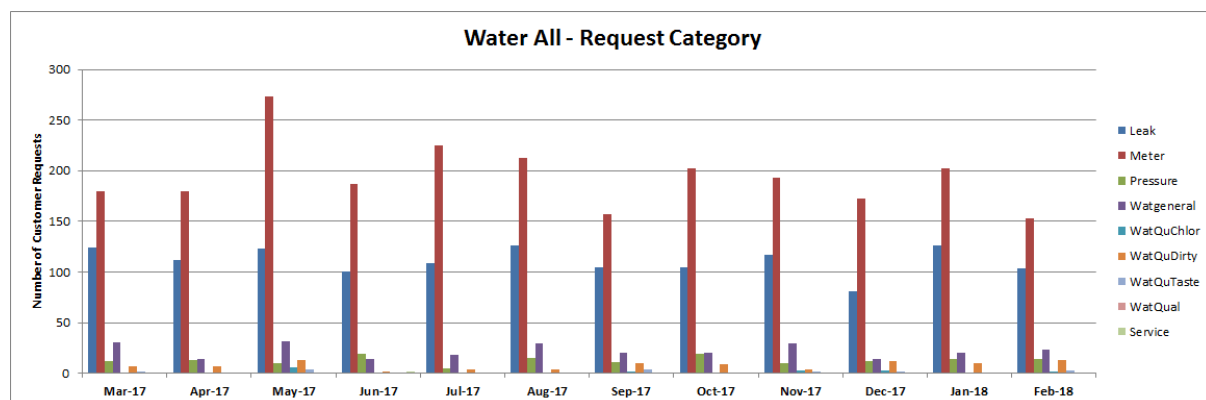
The following details the number of each task type undertaken within Customer Service.

Task	2018 February	2017-18 Year to Date	FY2016-17 Monthly Average
1300 phone calls	2,553	20,407	2,550.88
603 Certificates	214	1,827	228.38
Aust Post Counter Payments	2,673	25,369	3,171.13
Customer Requests	401	3,532	441.50
Customer Service Emails	1,083	6,050	756.25
Development Applications	89	751	93.88
Drainage Diagrams	241	1,868	233.50
Property transfers	294	2,380	297.50
Receipts Forster	290	4,225	528.13
Receipts Taree (incl. mail)	594	5,054	631.75

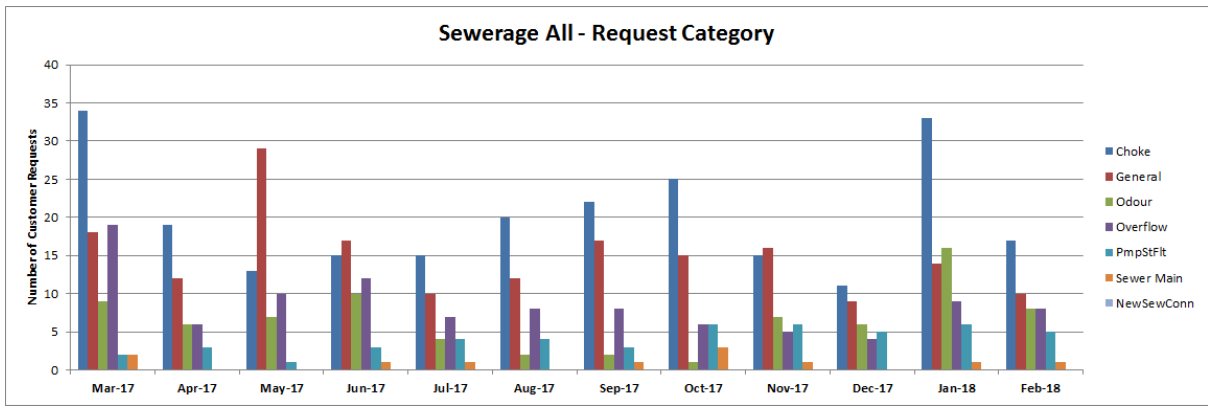
Customer Request for Maintenance

Customer requests for maintenance (CRM's) are an important part of 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.

The figure below shows the water CRM's for the whole of MidCoast Water Services for the period 1 March 2017 to 28 February 2018. 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 Services. Over the last 12 month period there is a general trend down in both leaks issues.

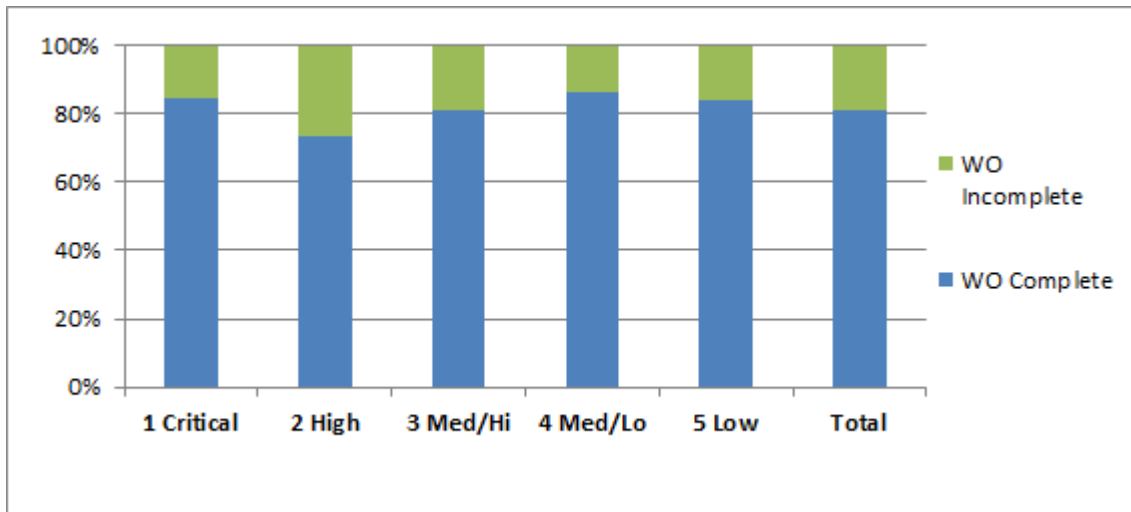


The figure below shows the sewerage CRM's for the whole of MidCoast Water Services for the period 1 March 2017 to 28 February 2018. Chokes and overflows represent the biggest sewerage request for maintenance with between 20 to 30 per month. For January and February 2018 most requests have been higher.



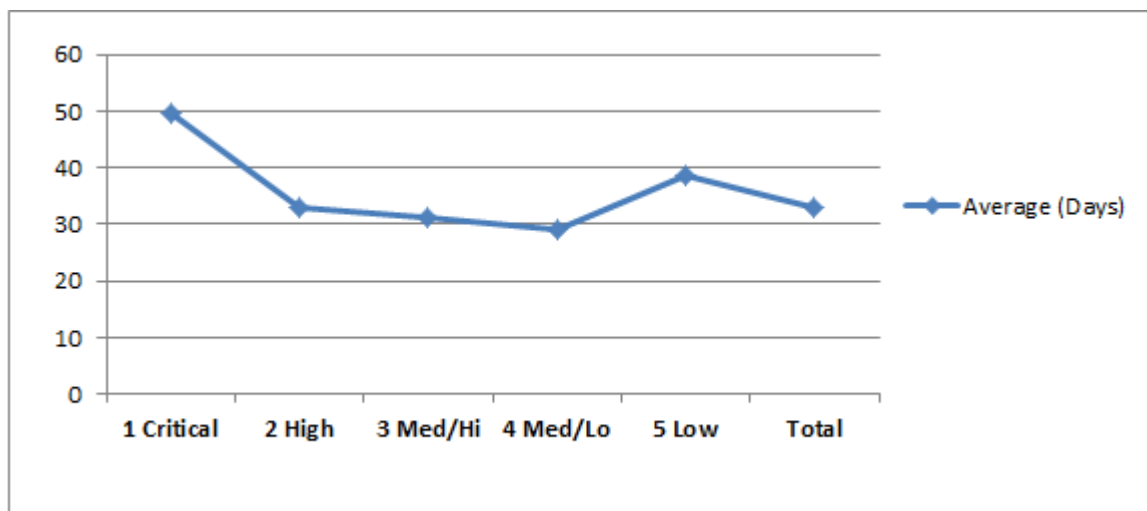
On average about 81.3 percent of all water work orders raised as a result of CRM's are completed and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Water All - WO Completion - 01-Mar-2017 to 28-Feb-2018



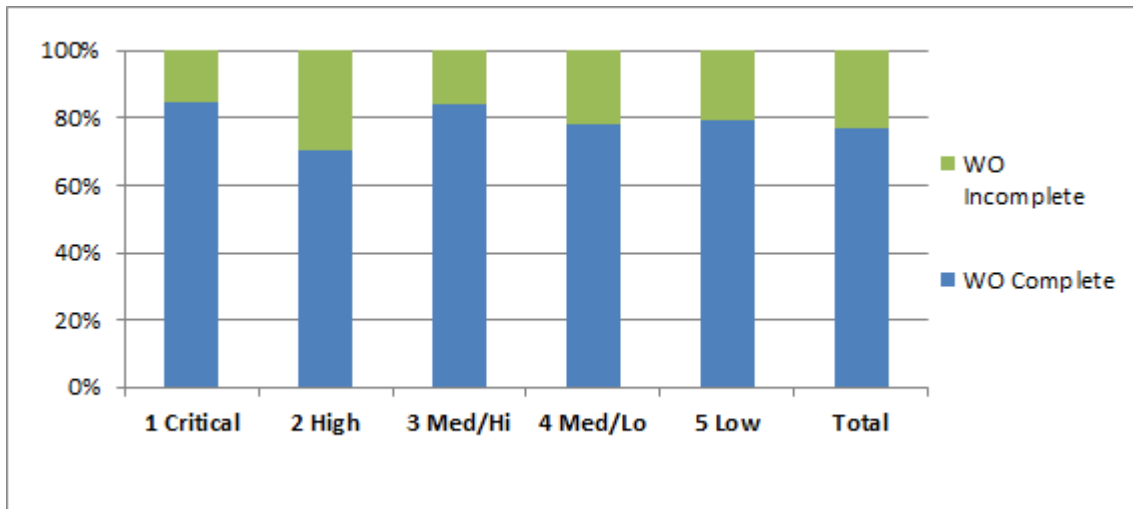
On average about 32.8 days are required to complete all water work orders raised as a result of CRM's and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Water All - Response Time - 01-Mar-2017 to 28-Feb-2018



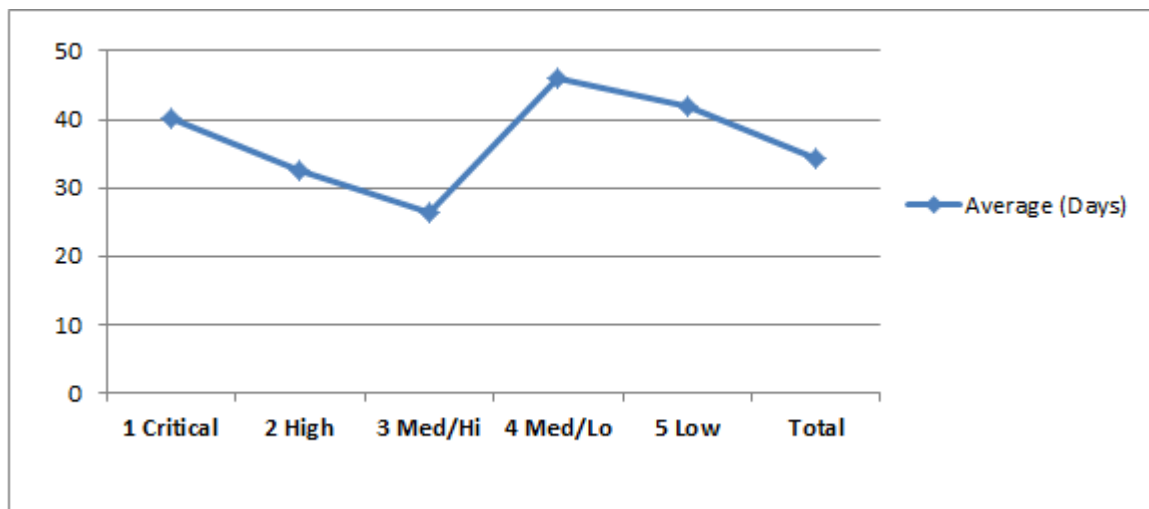
On average about 77.2 percent of all sewerage work orders raised as a result of CRM's are completed and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Sewerage All - WO Completion - 01-Mar-2017 to 28-Feb-2018



On average about 34.4 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 off of work orders due to the fact that it is not a live system and completed after the event.

Sewerage All - Response Time - 01-Mar-2017 to 28-Feb-2018



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