

WATER SERVICES

ATTACHMENT A

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

ORDINARY MEETING

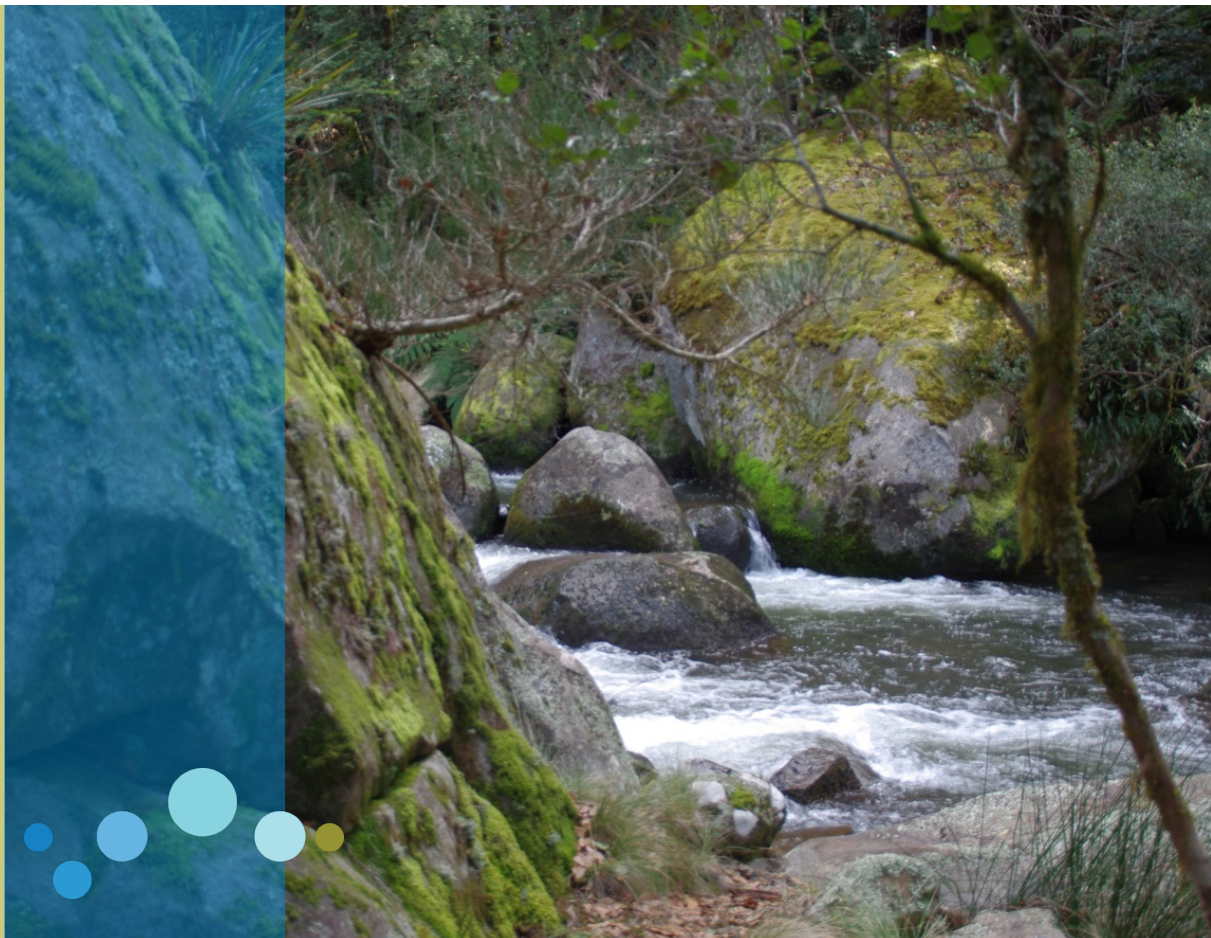
18 APRIL 2018



MIDCOAST
water services

EXECUTIVE MONTHLY PERFORMANCE REPORT

March 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	38,240	37,993	247	1%	50,657	75%	● Positive against revised budget
26,885	User charges and fees	18,777	20,164	(1,387)	(7%)	26,885	70%	● Lower than projected usage
621	Interest and investment revenue	494	750	(256)	(34%)	1,000	49%	● In line with original budget
468	Other revenues	260	351	(91)	(26%)	468	56%	
951	Grants and contributions provided for operating purposes	450	713	(263)	(37%)	951	47%	● Timing in payments of operating grants
79,583	Total Operating Income	58,221	59,971	(1,750)	(3%)	79,962	73%	●
21,144	Employee benefits and on costs	13,480	15,000	1,520	10%	20,000	67%	● In line with revised budget
11,549	Borrowing costs	8,318	8,250	(68)	(1%)	11,000	76%	
13,283	Materials and contracts	7,301	9,428	2,126	23%	12,570	58%	● Reduction in use of consultants
30,857	Depreciation, amortisation and impairment	23,143	23,143	0	0%	30,857	75%	● In line with revised budget
7,473	Other expenses	4,752	5,605	853	15%	7,473	64%	● Reduced expenses due to Council takeover
1,000	Loss on Disposal of Assets	750	750	0	0%	1,000	75%	
85,307	Total Operating Expenses	57,744	62,175	4,431	7%	82,900	70%	●
(5,724)	Net Operating Result	477	(2,204)	2,681	(122%)	(2,938)	(16%)	● 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 31 March 2018				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	9,401	9,284	117	1%	12,378	76%
26,885	User charges and fees	17,344	18,358	(1,014)	(6%)	24,477	71%
621	Interest and investment revenue	75	150	(75)	(50%)	200	37%
468	Other revenues	135	192	(57)	(30%)	257	53%
951	Grants and contributions provided for operating purposes	432	368	65	18%	490	88%
79,583	Total Operating Income	27,387	28,351	(964)	(3%)	37,802	72%
21,144	Employee benefits and on costs	6,777	7,500	723	10%	10,000	68%
11,549	Borrowing costs	4,710	4,682	(28)	(1%)	6,243	75%
13,283	Materials and contracts	3,768	4,701	933	20%	6,267	60%
30,857	Depreciation, amortisation and impairment	11,691	11,691	0	0%	15,588	75%
7,473	Other expenses	1,597	2,756	1,159	42%	3,675	43%
1,000	Loss on Disposal of Assets	563	563	0	0%	750	75%
85,307	Total Operating Expenses	29,105	31,892	2,787	9%	42,523	68%
(5,724)	Net Operating Result	(1,718)	(3,541)	1,823	(51%)	(4,722)	36%

Sewer					
Year to Date as at 31 March 2018				Full Year 2017/18	
Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
28,839	28,709	129	0%	38,279	75%
1,435	1,806	(371)	(21%)	2,408	60%
420	600	(180)	(30%)	800	52%
125	159	(34)	(21%)	212	59%
17	346	(328)	(95%)	461	4%
30,835	31,620	(784)	(2%)	42,160	73%
6,704	7,500	796	11%	10,000	67%
3,609	3,568	(41)	(1%)	4,758	76%
3,534	4,727	1,193	25%	6,303	56%
11,451	11,451	0	0%	15,269	75%
3,155	2,848	(306)	(11%)	3,798	83%
188	188	0	0%	250	75%
28,640	30,283	1,643	5%	40,377	71%
2,196	1,337	858	64%	1,783	123%

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 31 March 2018				Commentary
	FY18	FY17	\$ Var	% Var	
Rates and annual charges	38,240	35,068	3,171	9%	● Increase in annual charges from 2017
User charges and fees	18,778	20,522	(1,743)	(8%)	● Reduced water usage, water restrictions
Interest and investment revenue	494	443	51	12%	● Increased investments in 2018
Other revenues	260	403	(143)	(35%)	●
Grants and contributions provided for operating purposes	450	0	450	n/a	
Total Operating Income	58,223	56,436	1,786	3%	●
Employee benefits and on costs	13,480	14,737	1,256	9%	● Lower staff numbers, offset by termination payments
Borrowing costs	8,319	9,022	703	8%	● Reduction due to lower outstanding borrowings
Materials and contracts	7,301	8,098	797	10%	● Reduction in consultant engagement
Depreciation, amortisation and impairment	23,143	21,660	(1,483)	(7%)	● Relative to previous year
Other expenses	4,752	4,181	(571)	(14%)	● Annual increase in costs / CPI
Loss on Disposal of Assets	750	1,336	586	44%	
Total Operating Expenses	57,745	59,034	1,289	2%	
Net Operating Result	478	(2,597)	3,075	(118%)	

Observations

MidCoast Water Services is continuing to perform significantly better than in previous years, due to an increase in fees and charges and higher access charges 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 31 March 2018				Full Year 2017/18		Commentary
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var	
50,932	Corporate Services	39,124	38,456	(668)	(2%)	49,939	78%	● In line with budget
2,606	Infrastructure Development	1,757	1,990	233	12%	2,606	67%	●
3,873	General Manager	866	2,918	2,053	70%	3,173	27%	● Reduction of staff numbers
27,895	Service Delivery	15,998	20,993	4,994	24%	27,182	59%	● Reduction in contracts / consultants
85,307	Total Operating Expenses	57,745	64,357	6,612	10%	82,900	70%	●

Expense Summary by Division - Variance to Prior Year

● Favourable
● Unfavourable

\$000	Year to Date as at 31 March 2018				Commentary
	FY18	FY17	\$ Var	% Var	
Corporate Services	39,124	36,741	(2,383)	(6%)	● Relative to previous year
Infrastructure Development	1,757	1,697	(60)	(4%)	● Increase in line with CPI
General Manager	866	2,422	1,556	64%	● Significant reduction in staff numbers
Service Delivery	15,998	18,173	2,175	12%	● Relative to previous year
Total Operating Expenses	57,745	59,034	1,289	2%	●

Observations

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

Funding Analysis

Funding Summary - Variance to Revised Budget

2017/18 Original Budget	\$000	Year to Date as at 31 March 2018				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	38,240	37,993	247	1%	50,657	75%
26,885	User charges and fees	18,778	20,164	(1,385)	(7%)	26,885	70%
621	Interest and investment revenue	494	750	(256)	(34%)	1,000	49%
468	Other revenues	260	351	(91)	(26%)	468	56%
951	Grants and contributions provided for operating purposes	450	713	(263)	(37%)	951	47%
79,583	Total Operating Income	58,223	59,971	(1,749)	(3%)	79,962	73%
21,144	Employee benefits and on costs	13,480	15,000	1,520	10%	20,000	67%
11,549	Borrowing costs	8,319	8,250	(69)	(1%)	11,000	76%
13,283	Materials and contracts	7,301	9,962	2,661	27%	13,283	55%
30,857	Depreciation, amortisation and impairment	23,143	23,143	0	0%	30,857	75%
7,473	Other expenses	4,752	5,605	853	15%	7,473	64%
1,000	Loss on Disposal of Assets	750	750	0	0%	1,000	75%
85,307	Total Operating Expenses	57,745	62,710	4,965	8%	83,613	69%
(5,724)	Net Operating Result	478	(2,739)	3,217	(117%)	(3,652)	(13%)
6,444	Capital Grants	3,922	4,833	(911)	(19%)	6,444	61%
720	Surplus / (Deficit) after Capital Revenue	4,400	2,094	2,306	110%	2,792	158%
	Less Non Cash Items:						
30,857	Depreciation & Amortisation	23,143	23,143	0	0%	30,857	75%
1,000	Loss on Disposal of Assets	750	750	0	0%	1,000	75%
32,577	Funding Available for Capital Expenditure	28,293	25,987	2,306	9%	34,649	82%
20,720	Capital Expenditure	12,807	15,610	2,802	18%	20,813	62%
9,200	Loan Principal repayments	7,285	6,900	(385)	(6%)	9,200	79%
2,657	Net Funds Generated / (Used)	8,201	3,477	(112)	(3%)	4,636	177%

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 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 31 March 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	30	30	100%	40	-
0	Bootawa Dam - Piezometer System Replacement	125	148	23	15%	197	63%
40	Total - Dams and Weirs Capital	125	178	53	30%	237	53%
1,000	Plant - Motor Vehicle Purchase	648	750	102	14%	1,000	65%
1,000	Total - Fleet Management	648	750	102	14%	1,000	65%
0	Geographic Information Systems Capital	0	0	(0)	-	0	-
0	Total - Geographic Information Systems	0	0	(0)	-	0	-
737	Computer Equipment	0	548	548	100%	731	-
0	Corporate IT Systems (EBMS/TechOne)	6	4	(2)	(39%)	5	105%
737	Total - Technology	6	552	547	99%	736	1%
1,528	Minor Works - Water - Capital	403	1,146	743	65%	1,528	26%
1,810	Minor Works - Sewer - Capital	468	1,358	889	65%	1,810	26%
1,053	Minor Works - Mutual - Capital	246	427	182	43%	569	43%
4,391	Total - Minor Works	1,117	2,931	1,814	62%	3,907	29%
137	Land Acquisitions - Water	26	103	77	75%	137	19%
393	Land Acquisitions - Sewer	8	295	287	97%	393	2%
530	Total - Property Capital	34	398	364	92%	530	6%
0	344317 - Dawson STP - Sludge Dewatering	0	0	(0)	-	0	-
0	Sewer Renewals - SGM Renewals/Upgrades	501	535	34	6%	713	70%
0	Total - Sewer Reticulation	502	535	33	6%	713	70%
372	349414 - Tallwoods Communications Tower	5	34	29	85%	45	11%
372	Total - SCADA / Electrical Sewer Capital	5	34	29	85%	45	11%
0	116110 - Pacific Palms STP Stage 1	9	38	30	77%	51	17%
20	343463 - Gloucester Recycled Water Scheme	23	15	(8)	(55%)	20	116%
400	Gloucester STP Replacement	0	45	45	99%	60	0%
420	Total - Sewer Treatment Plant Capital	32	98	66	67%	131	25%
0	105493 - Coopernook to Harrington Water Main	1	0	(1)	-	0	-
0	Unallocated Water Mains - New	12	0	(12)	-	0	-
1,000	Unallocated Water Mains - Renewals/Upgrades	1,085	900	(185)	(21%)	1,200	90%
350	Water Main Renewal - Taree - Albert St to Victoria	1	263	261	100%	350	0%
550	Gloucester Water Retic Augmentation	0	75	75	100%	100	-
1,900	Total - Water Mains Capital	1,100	1,238	138	11%	1,650	67%
0	Manning Water SCADA Upgrade	4	3	(1)	(33%)	4	100%
0	WPS Minor Works SCADA Water	3	0	(3)	-	0	-
0	Total - SCADA / Electrical Water Capital	7	3	(4)	(112%)	4	159%
9,550	117744 - Nabiac Water Treatment Plant	7,190	7,162	(27)	(0%)	9,550	75%
680	117745 - Nabiac Borefield	960	720	(240)	(33%)	960	100%
600	336133 - Darawank Water Pump Station	986	713	(273)	(38%)	950	104%
500	Nabiac Water Supply System - Lead-in Services	17	47	30	64%	63	27%
0	Gloucester WTPCAP Minor Works	0	0	(0)	-	0	-
0	336543 - Gloucester Water Treatment Plant Upgra	79	251	172	68%	335	24%
11,330	Total - Water Treatment Plant Capital	9,232	8,893	(338)	(4%)	11,858	78%
20,720	Total Capital Expenditure	12,807	15,610	2,803	18%	20,813	62%

Observations

Capital expenditure is at 62% 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

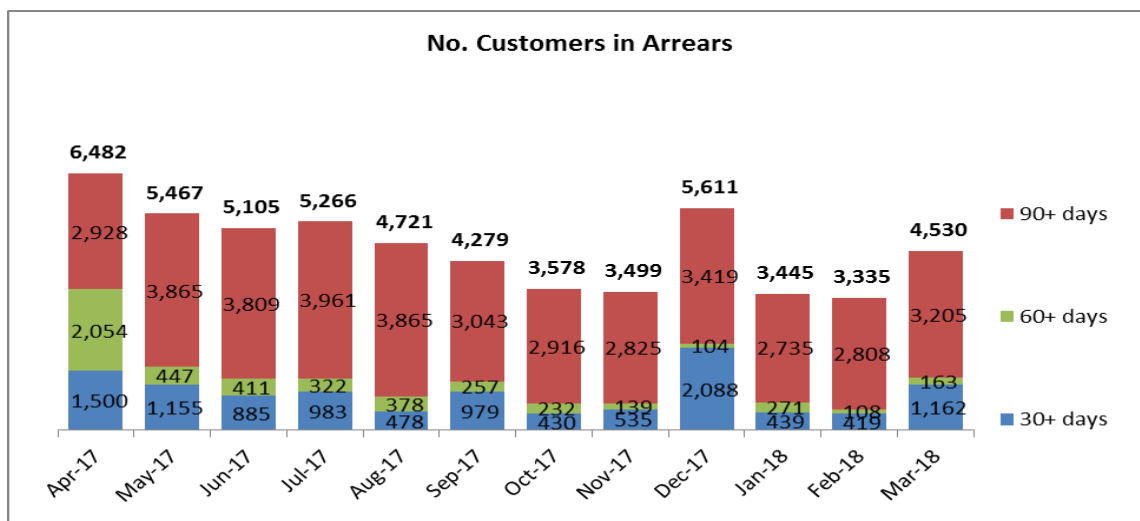
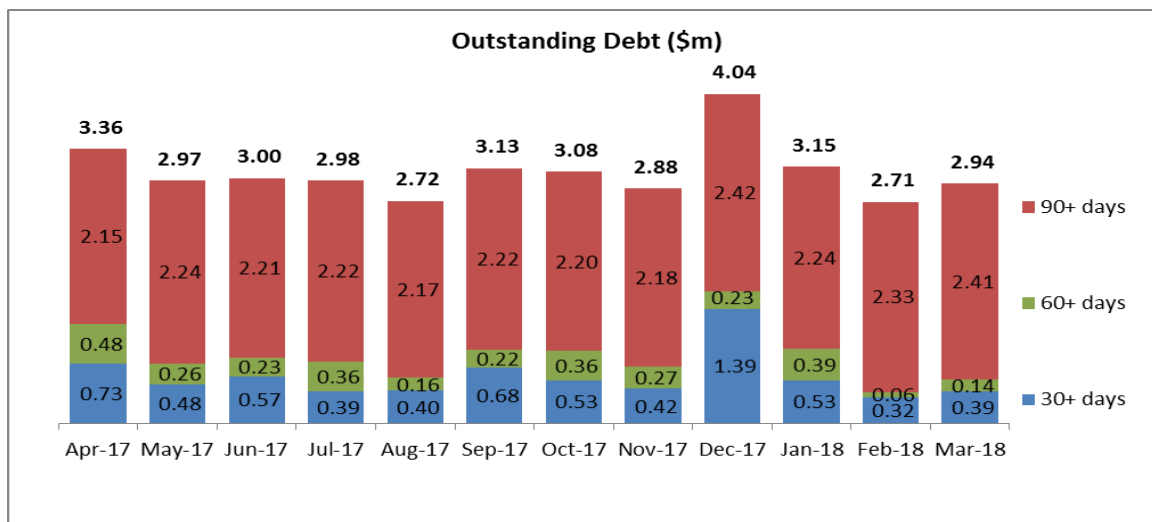
The amount of outstanding debt increased in the month of March from \$2.71m (3,335 customers) at 28 February 2018, to \$2.94m (4,530 customers) at 31 March 2018. There was a significant increase in the number of customers with debt in excess of 90 days. This result does not reflect the significant amount of work being undertaken by the debt recovery team. In March, there has been a focus on customers with significant long term outstanding debt.

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

Account Issued	18,407
Reminder letters	2,349
Final Notice Letter	20
Collection agency	2
Washers Installed	2
Washers Removed	4
Current Payment Arrangements	578
Payment arrangement applications	35
Payment arrangements Approved	35
DD payment modification letters sent	nil

Concealed leak applications

Processed	16	\$11,966
Approved	12	\$9,941



Risk & Compliance

Drinking Water Quality

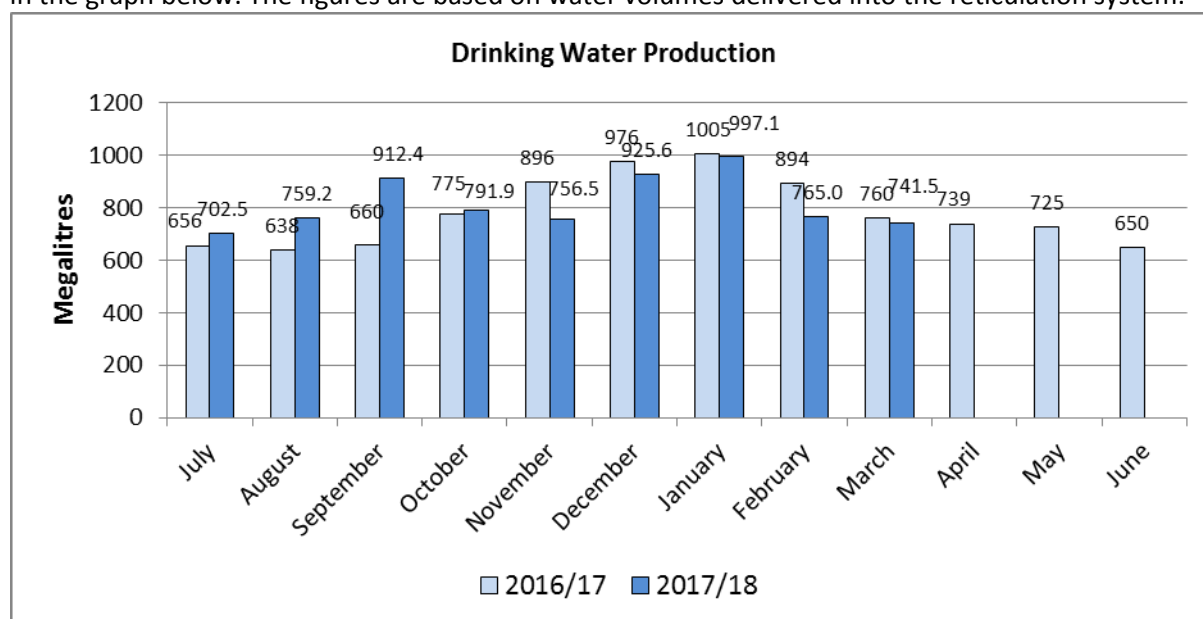
Water Quality Results meeting Australian Drinking Water Quality Guidelines

There were two water quality results outside Australian Drinking Water Guidelines from samples collected in the reticulation system during the month of March 2018. Elevated level of disinfection by-product total trihalomethanes (THM) of 0.266 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. Total THM of 0.254 mg/L was reported for the sample collected 06/03/2018 at Bulahdelah.

NSW Health was notified of these results. 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 nine 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 March.

Sewer Overflows

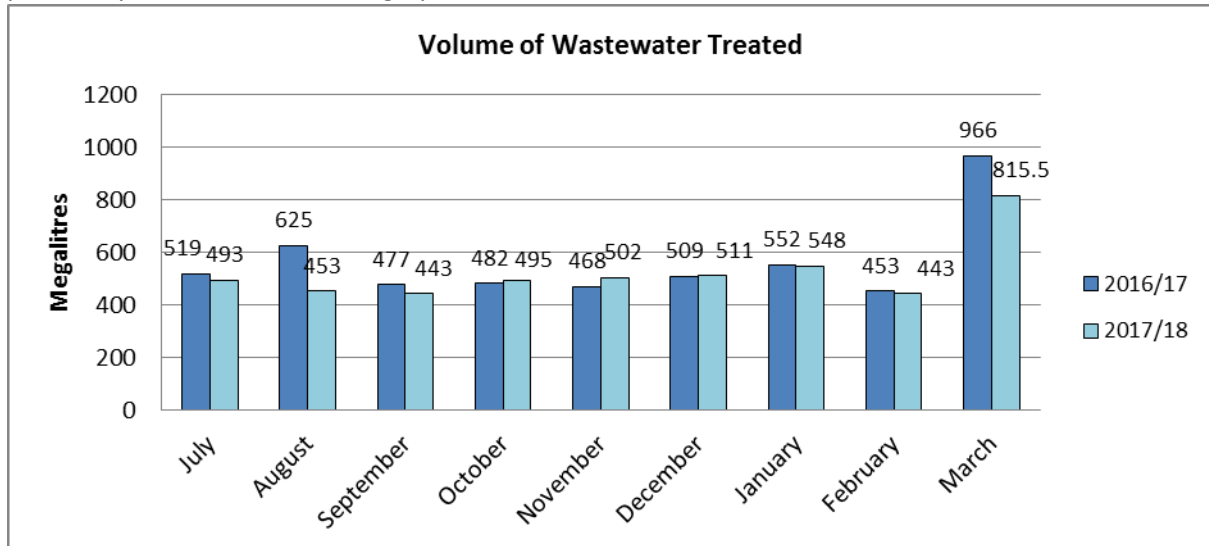
During the month of March 2018, there were two sewer overflows from MidCoast Council reticulation systems. Appropriate remedial action was undertaken by MidCoast Water Services staff and the relevant regulators were notified.

- Dawson sewage reticulation system (1)
- Forster sewage reticulation system (1)

Following an extended period of heavy/intense rainfall with some minor flooding and inundation, the Forster STP effluent pond reached capacity and overflowed to adjacent bushland for approximately 12hours.

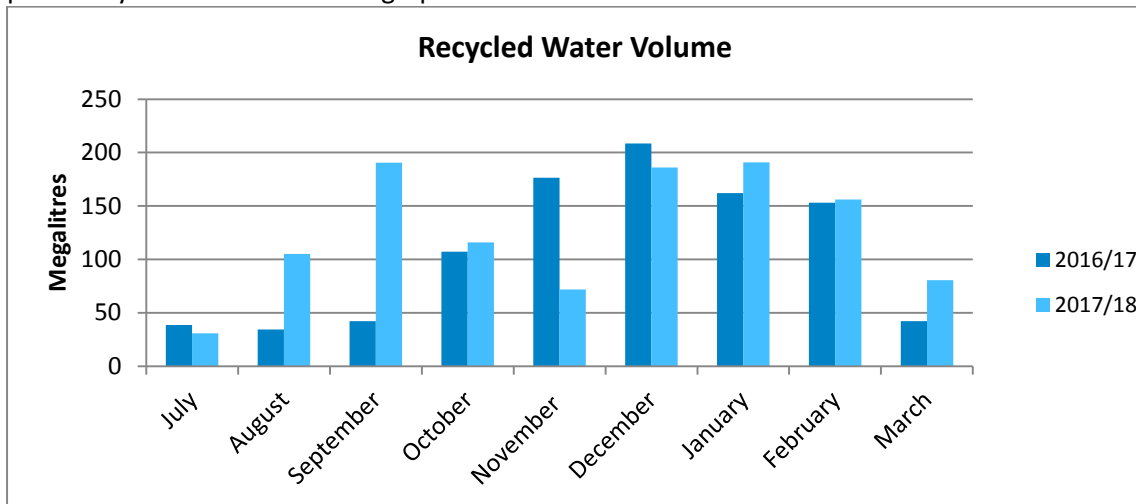
Sewer System Volumes

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

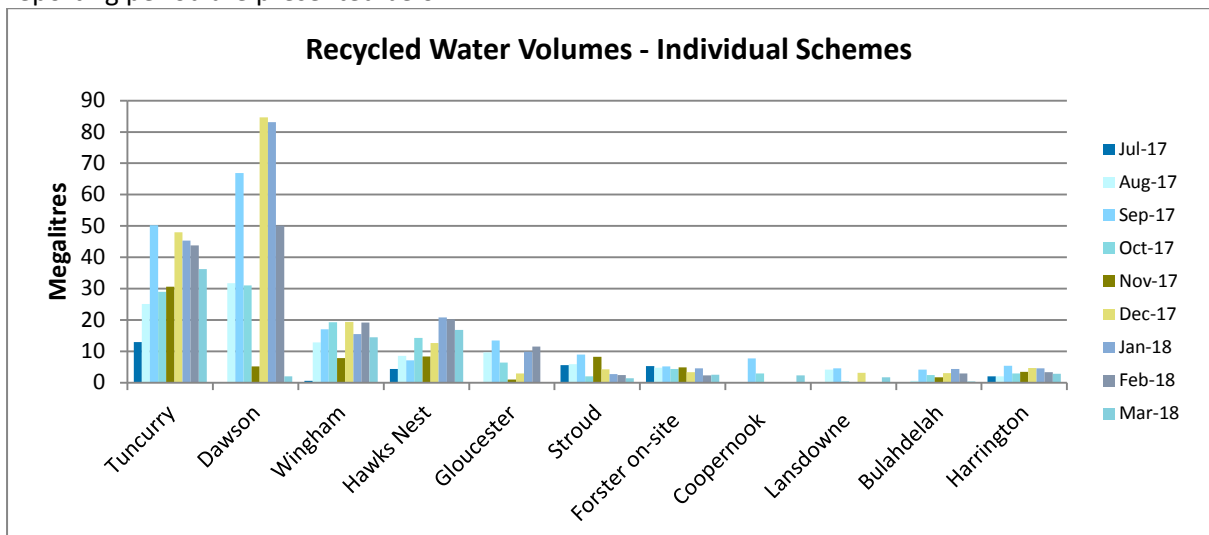


Recycled Water Volumes

Total volume of recycled water at all plants for the first seven 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

The WHS Statistics were not provided by the safety team in time for inclusion in this report. Information as at 28 February 2018.

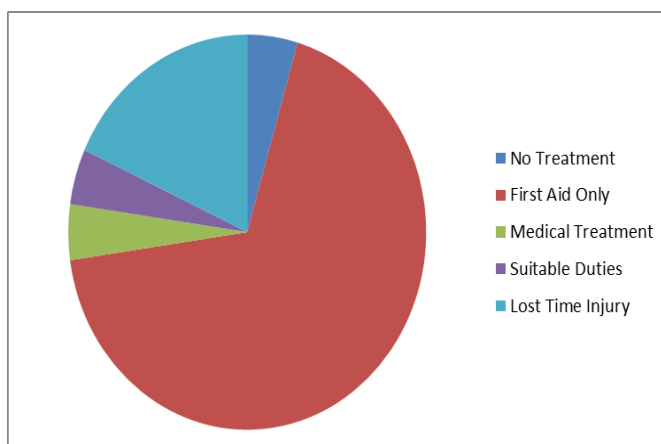
Injury Classification	Mar 18	FY 2018
LTI's [Lost Time Injuries] (an injury or illness which results in a fatality, permanent disability or lost time from work greater than 8 hours, 1 day or more. If the worker, on medical advice, is able to return to work on suitable duties the injury is not classified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

Lost Time Injury Frequency Rate

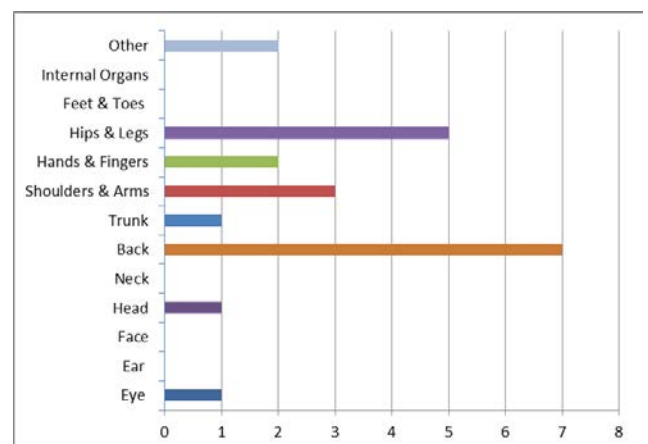
Total hours worked		
Lost Time Injury Frequency Rate (LTIFR = Number of LTI's / Hours worked x 1,000,000.00) FY 2017 LTIFR = 10.5		

FY 2018 Injury Treatment and Body Location

Injury Type



Injury Location



Customer Service

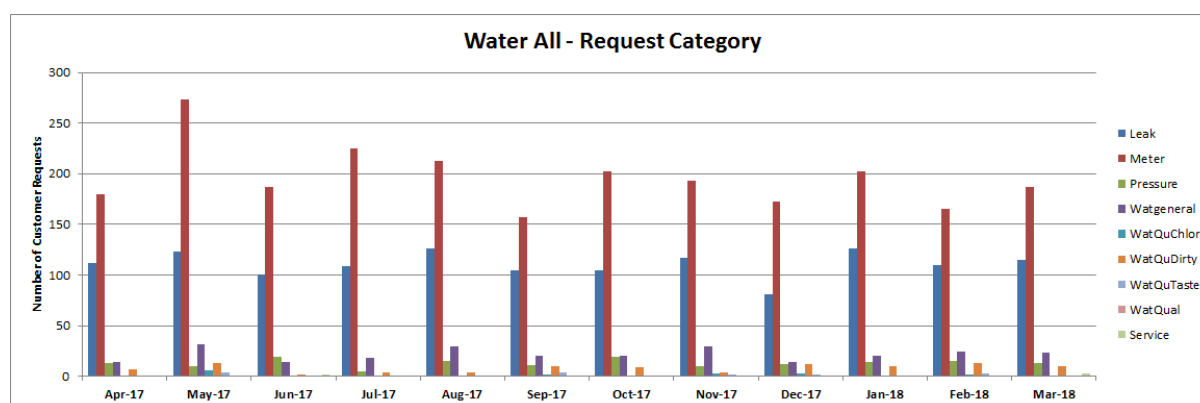
The following details the number of each task type undertaken within Customer Service.

Task	2018 March	2017-18 Year to Date	FY2016-17 Monthly Average
1300 phone calls	2,719	23,126	2,570
603 Certificates	255	2,082	231
Aust Post Counter Payments	3,281	28,650	3,183
Customer Requests	428	3,960	440
Customer Service Emails	1,072	7,122	791
Development Applications	111	862	96
Drainage Diagrams	314	2,182	242
Property transfers	249	2,629	292
Receipts Forster	498	4,723	525
Receipts Taree (incl. mail)	489	5,543	616

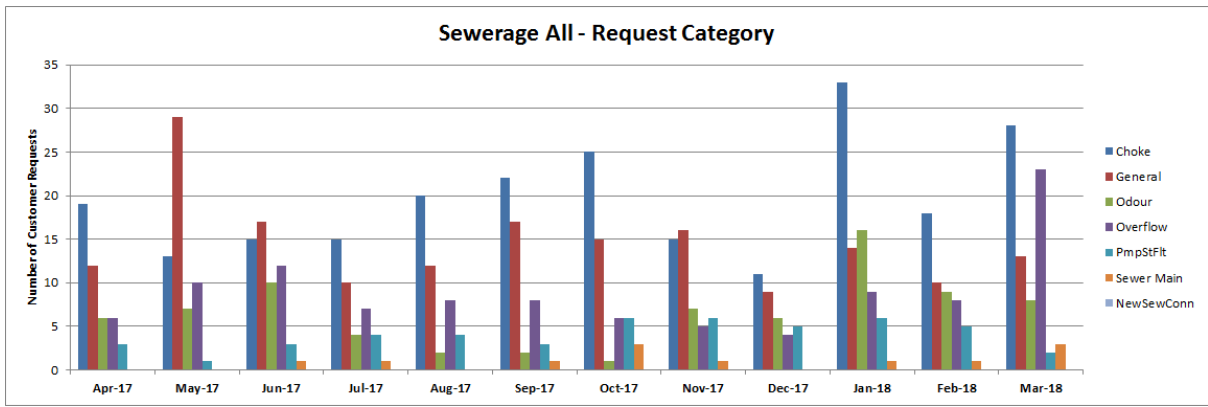
Customer Request for Maintenance

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.

The figure below shows the water CRM's for the whole of MidCoast Water Services for the period 1 April 2017 to 31 March 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 meter issues.

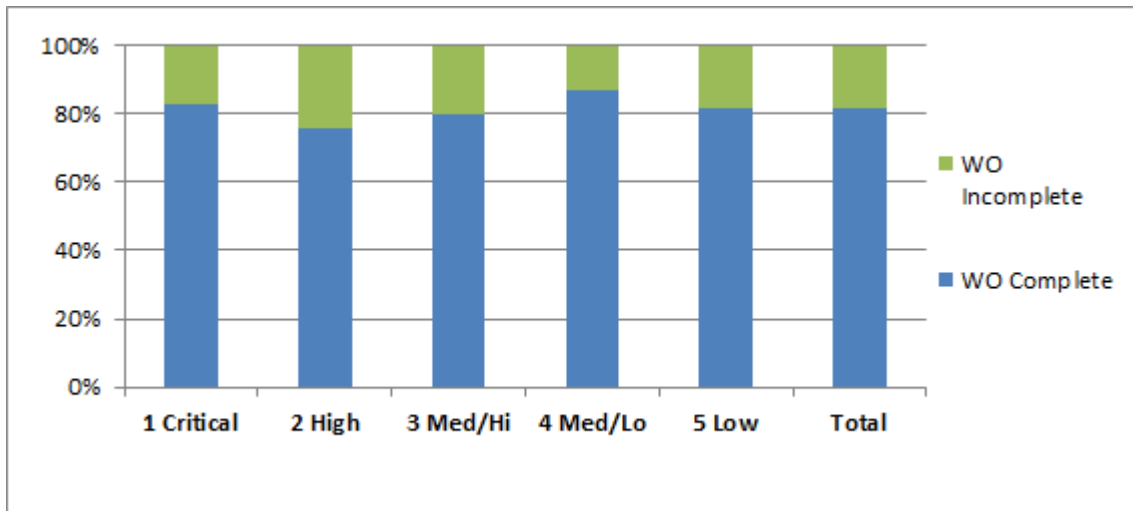


The figure below shows the sewerage CRM's for the whole of MidCoast Water Services for the period 1 April 2017 to 31 March 2018. Chokes & overflows represent the biggest sewerage request for maintenance with between 20 to 30 per month. For January to March 2018 most requests have been higher, with increased overflows in March 2018 due to heavy rainfall.



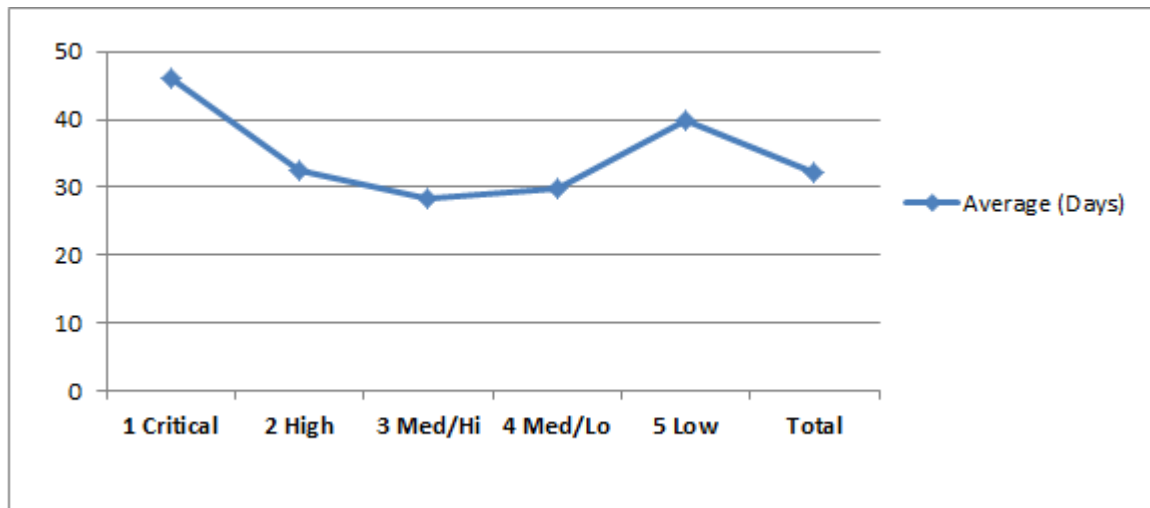
On average about 81.3 percent of all water work orders raised as a result of CRM’s are completed and this presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Water All - WO Completion - 01-Apr-2017 to 31-Mar-2018



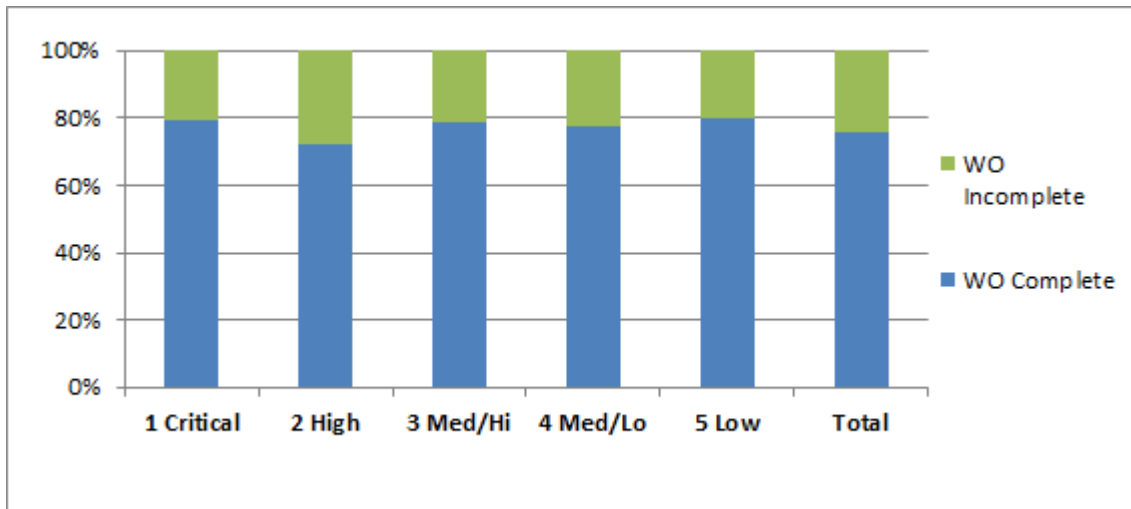
On average about 32.3 days are required to complete all water work orders raised as a result of CRM’s and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Water All - Response Time - 01-Apr-2017 to 31-Mar-2018



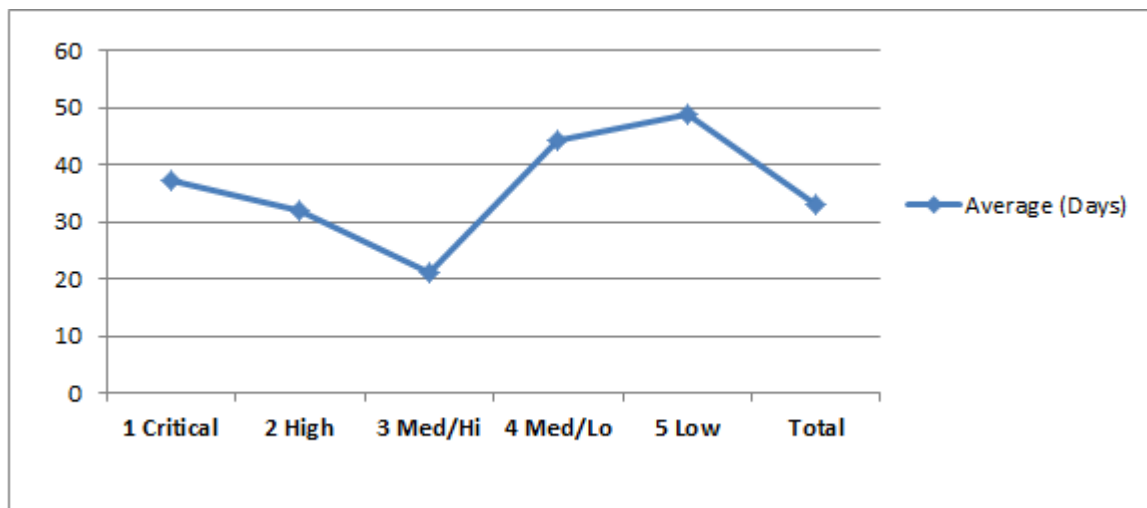
On average about 75.8 percent of all sewage work orders raised as a result of CRM's are completed and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Sewerage All - WO Completion - 01-Apr-2017 to 31-Mar-2018



On average about 33.0 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-Apr-2017 to 31-Mar-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.