

WATER SERVICES

ATTACHMENT A

**WATER SERVICES' EXECUTIVE MONTHLY
PERFORMANCE REPORT -
AUGUST 2017**

ORDINARY MEETING

27 SEPTEMBER 2017



EXECUTIVE MONTHLY PERFORMANCE REPORT

August 2017

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Financial Management

Financial Summary

P&L Summary - Variance to Revised Budget

● Favourable
● Unfavourable

2017/18 Original Budget	\$000	Year to Date as at 31 August 2017				Full Year 2017/18		Commentary
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var	
50,657	Rates and annual charges	9,021	8,443	579	7%	50,657	18%	● Slightly higher, possible timing of accounts issued
26,885	User charges and fees	3,986	4,481	(495)	(11%)	26,885	15%	● Budgeted increase in charges effect future accounts
621	Interest and investment revenue	125	104	22	21%	621	20%	● Increase in investment portfolio
468	Other revenues	78	78	(0)	(1%)	468	17%	
951	Grants and contributions provided for operating purpo	52	159	(106)	(67%)	951	6%	● Timing variances
79,583	Total Operating Income	13,263	13,264	(1)	(0%)	79,583	17%	●
21,144	Employee benefits and on costs	3,089	3,476	387	11%	21,144	15%	● Lower staff numbers than budgeted
11,549	Borrowing costs	978	1,925	947	49%	11,549	8%	● Timing variations on costs
13,283	Materials and contracts	1,439	2,214	775	35%	13,283	11%	● Timing variations on procurement
30,857	Depreciation, amortisation and impairment	5,143	5,143	0	0%	30,857	17%	
7,473	Other expenses	1,345	1,853	508	27%	7,473	18%	● Recuded expenses due to timing variations
1,000	Loss on Disposal of Assets	0	167	167	100%	1,000	0%	
85,307	Total Operating Expenses	11,993	14,777	2,784	19%	85,307	14%	●
(5,724)	Net Operating Result	1,270	(1,513)	2,783	(184%)	(5,724)	(22%)	

P & L Summary - Variance to Prior Year

● Favourable
● Unfavourable

\$000	Year to Date as at 31 August 2017				Commentary
	FY18	FY17	\$ Var	% Var	
Rates and annual charges	9,021	8,306	715	9%	● Increased rates and charges
User charges and fees	3,986	3,501	486	14%	● Increased useage charges
Interest and investment revenue	125	92	33	36%	● Increase in investment portfolio
Other revenues	78	115	(38)	(33%)	● In line with current year budget forecast
Grants and contributions provided for operating purposes	52	0	52	n/a	
Total Operating Income	13,263	12,014	1,249	10%	●
Employee benefits and on costs	3,089	3,337	249	7%	● Reduction of MCW staff numbers
Borrowing costs	978	1,089	112	10%	● Lower costs due to reduced borrowings
Materials and contracts	1,439	1,887	448	24%	● Timing variations on procurement
Depreciation, amortisation and impairment	5,143	4,911	(232)	(5%)	
Other expenses	1,345	1,431	86	6%	
Loss on Disposal of Assets	0	506	506	100%	No assets disposed as at 31 August
Total Operating Expenses	11,993	13,162	1,169	9%	●
Net Operating Result	1,270	(1,147)	2,417	(211%)	●

Expense Summary by Division - Variance to Revised Budget

● Favourable
● Unfavourable

2017/18 Original Budget	\$000	Year to Date as at 31 August 2017				Full Year 2017/18		Commentary
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var	
50,932	Corporate Services	2,551	9,131	6,580	72%	50,932	5%	● Timing variances on major expenses (insurances etc)
2,606	Infrastructure Development	285	411	126	31%	2,606	11%	● Timing variation on capital vs operation expenses
3,873	General Manager	520	634	113	18%	3,873	13%	● Reduction on staff costs
27,895	Service Delivery	3,494	4,602	1,108	24%	27,895	13%	● Reduction in engagement of contractors
85,307	Total Operating Expenses	6,850	14,777	7,927	54%	85,307	8%	●

Expense Summary by Division - Variance to Prior Year

● Favourable
● Unfavourable

\$000	Year to Date as at 31 August 2017				Commentary
	FY18	FY17	\$ Var	% Var	
Corporate Services	2,551	3,027	476	16%	● Reduction in staff numbers & insurance premiums
Infrastructure Development	285	283	(2)	(1%)	
General Manager	520	670	150	22%	● Reduction in staff numbers
Service Delivery	3,494	3,789	295	8%	●
Total Operating Expenses	6,850	7,768	918	12%	●

Financial Details

Funding Summary - Variance to Revised Budget

2017/18 Original Budget	\$000	Year to Date as at 31 August 2017				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	9,021	8,443	579	7%	50,657	18%
26,885	User charges and fees	3,986	4,481	(495)	(11%)	26,885	15%
621	Interest and investment revenue	125	104	22	21%	621	20%
468	Other revenues	78	78	(0)	(1%)	468	17%
951	Grants and contributions provided for operating purposes	52	159	(106)	(67%)	951	6%
79,583	Total Operating Income	13,263	13,264	(1)	(0%)	79,583	17%
21,144	Employee benefits and on costs	3,089	3,476	387	11%	21,144	15%
11,549	Borrowing costs	978	1,925	947	49%	11,549	8%
13,283	Materials and contracts	1,439	2,214	775	35%	13,283	11%
30,857	Depreciation, amortisation and impairment	5,143	5,143	0	0%	30,857	17%
7,473	Other expenses	1,345	1,853	508	27%	7,473	18%
1,000	Loss on Disposal of Assets	0	167	167	100%	1,000	0%
85,307	Total Operating Expenses	11,993	14,777	2,784	19%	85,307	14%
(5,724)	Net Operating Result	1,270	(1,513)	2,783	(184%)	(5,724)	(22%)
6,444	Capital Grants	595	1,074	(479)	(45%)	6,444	9%
720	Surplus / (Deficit) after Capital Revenue	1,866	(439)	2,305	(525%)	720	259%
	Less Non Cash Items:						
30,857	Depreciation & Amortisation	5,143	5,143	0	0%	30,857	17%
1,000	Loss on Disposal of Assets	0	167	167	100%	1,000	0%
32,577	Funding Available for Capital Expenditure	7,008	4,870	2,138	44%	32,577	22%
20,720	Capital Expenditure	1,436	3,453	2,017	58%	20,720	7%
9,811	Loan Principal repayments	1,635	1,635	0	0%	9,811	17%
2,046	Net Funds Generated / (Used)	3,937	(218)	121	(55%)	2,046	192%

P&L Summary - Variance to Revised Budget

2017/18 Original Budget	\$000	Water					
		Year to Date as at 31 August 2017				Full Year 2017/18	
		Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
50,657	Rates and annual charges	2,213	2,063	150	7%	12,378	18%
26,885	User charges and fees	3,585	4,080	(494)	(12%)	24,477	15%
621	Interest and investment revenue	29	15	14	91%	90	32%
468	Other revenues	46	43	4	9%	257	18%
951	Grants and contributions provided for operating purposes	52	82	(29)	(36%)	490	11%
79,583	Total Operating Income	5,926	6,282	(356)	(6%)	37,692	16%
21,144	Employee benefits and on costs	1,571	1,706	135	8%	10,446	15%
11,549	Borrowing costs	559	1,092	534	49%	6,554	9%
13,283	Materials and contracts	846	1,100	254	23%	6,601	13%
30,857	Depreciation, amortisation and impairment	2,598	2,598	0	0%	15,588	17%
7,473	Other expenses	655	916	261	29%	3,675	18%
1,000	Loss on Disposal of Assets	0	125	125	100%	750	0%
85,307	Total Operating Expenses	6,228	7,538	1,309	17%	43,614	14%
(5,724)	Net Operating Result	(303)	(1,256)	953	(76%)	(5,922)	5%

Sewer					
Year to Date as at 31 August 2017				Full Year 2017/18	
Actual	Revised Budget	\$ Var	% Var	Revised Budget	% Var
6,809	6,380	429	7%	38,279	18%
401	401	0	0%	2,408	17%
97	88	8	9%	531	18%
31	35	(4)	(12%)	212	15%
0	77	(77)	(100%)	461	0%
7,338	6,982	356	5%	41,891	18%
1,518	1,770	252	14%	10,699	14%
419	833	414	50%	4,995	8%
593	1,114	521	47%	6,682	9%
2,545	2,545	0	0%	15,269	17%
690	937	247	26%	3,798	18%
0	42	42	100%	250	0%
5,765	7,240	1,475	20%	41,693	14%
1,573	(258)	1,831	(710%)	198	793%

- The % variation is a timing issue, accentuated due to the budgeted net deficit compared to an current actual net surplus

Capital Expenditure

Capital Expenditure – Variance to Revised Budget

Original Budget	Project (\$000)	Year to date as at 31 August 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	7	0	(7)	-	0	-
40	Total - Dams and Weirs Capital	7	40	33	82%	40	18%
1,000	Plant - Motor Vehicle Purchase	227	200	(27)	(13%)	1,000	23%
1,000	Total - Fleet Management	227	200	(27)	(13%)	1,000	23%
737	Computer Equipment	0	415	415	100%	737	-
0	Corporate IT Systems (EBMS/TechOne)	5	0	(5)	-	0	-
737	Total - Technology	5	415	409	99%	737	1%
1,528	Minor Works - Water - Capital	128	1,528	1,400	92%	1,528	8%
1,810	Minor Works - Sewer - Capital	111	1,810	1,699	94%	1,810	6%
1,053	Minor Works - Mutual - Capital	60	1,053	993	94%	1,053	6%
4,391	Total - Minor Works	298	4,391	4,093	93%	4,391	7%
137	Land Acquisitions - Water	9	137	128	93%	137	7%
393	Land Acquisitions - Sewer	3	393	390	99%	393	1%
530	Total - Property Capital	12	530	518	98%	530	2%
0	Sewer Renewals - SGM Renewals/Upgrades	40	0	(40)	-	0	-
0	Total - Sewer Reticulation	40	0	(40)	-	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	18	20	2	8%	20	92%
400	Gloucester STP Replacement	0	400	400	100%	400	-
420	Total - Sewer Treatment Plant Capital	19	420	401	95%	420	5%
1,000	Unallocated Water Mains - Renewals/Upgrades	329	1,000	671	67%	1,000	33%
350	Water Main Renewal - Taree - Albert St to Victoria S	0	350	350	100%	350	0%
550	Gloucester Water Retic Augmentation	0	550	550	100%	550	-
1,900	Total - Water Mains Capital	329	1,900	1,571	83%	1,900	17%
9,550	117744 - Nabiack Water Treatment Plant	392	9,550	9,158	96%	9,550	4%
680	117745 - Nabiack Borefield	31	680	649	95%	680	5%
600	336133 - Darawank Water Pump Station	32	600	568	95%	600	5%
500	Nabiack Water Supply System - Lead-in Services	11	500	489	98%	500	2%
0	Gloucester WTPCAP Minor Works	0	0	(0)	-	0	-
0	336543 - Gloucester Water Treatment Plant Upgrade	32	0	(32)	-	0	-
11,330	Total - Water Treatment Plant Capital	497	11,330	10,833	96%	11,330	4%
20,720	Total	1,436	19,598	18,161	93%	20,720	7%
20,720	Total Capital Expenditure	1,436	19,598	18,161	93%	20,720	7%

Debt Recovery

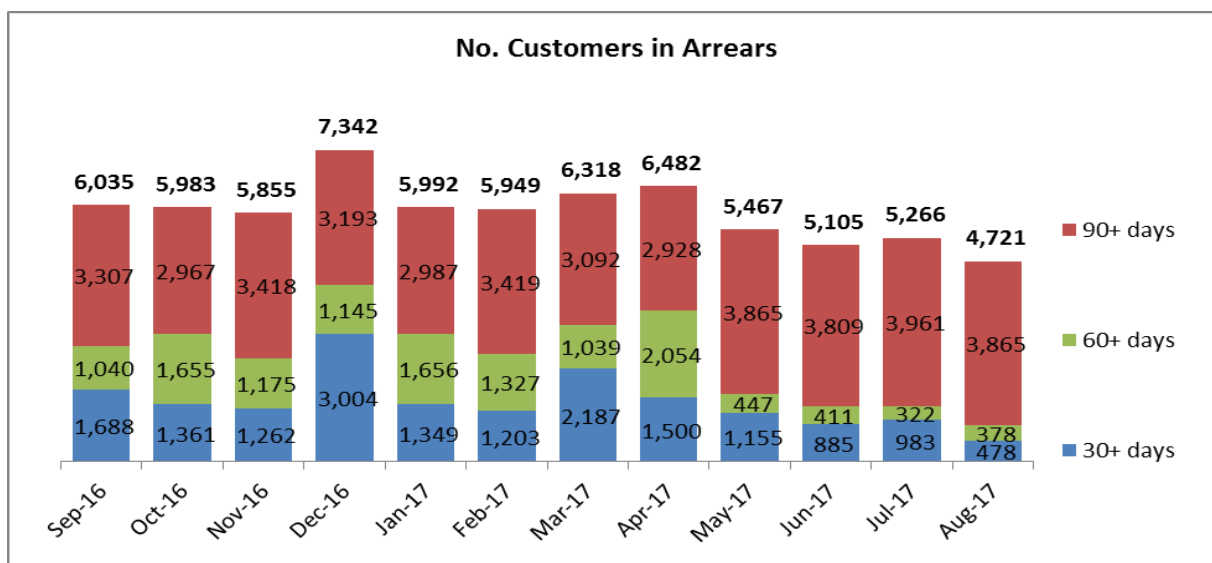
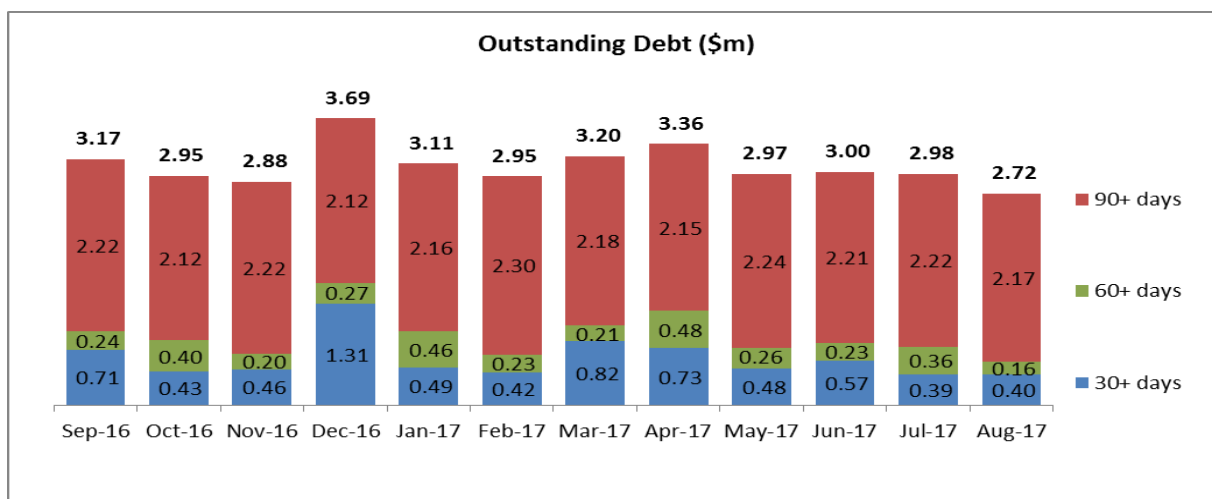
The amount of outstanding debt decreased from \$2.98m (5,226 customers) at 31 July 2017 to \$2.72m (4,721 customers) at 31 August 2017.

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

Account Issued	11,704
Reminder letters	1672
Final Notice Letter	102
Collection agency	51
Washers Installed	Nil
Washers Removed	2
Current Payment Arrangements	523
Payment arrangement applications	23
Payment arrangements Approved	23
DD payment modification letters sent	4

Concealed leak applications

Processed	17	\$18,973.16
Approved	11	\$17,356.34



Risk & Compliance

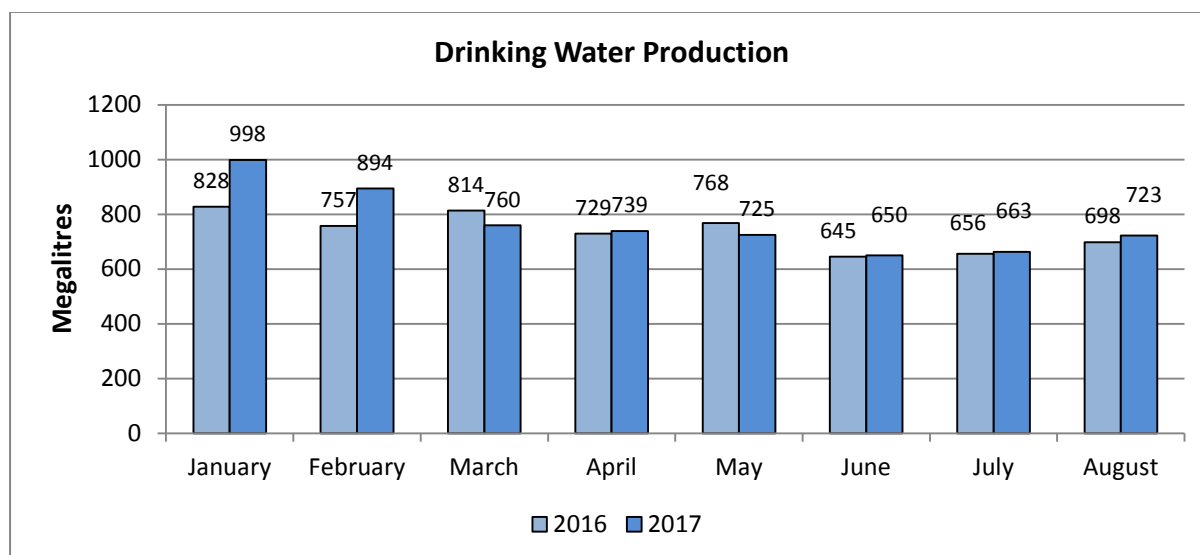
Drinking Water Quality

Compliance with Drinking Water Quality Guidelines

All drinking water testing results from samples collected in the reticulation system during the month of August were within Australian Drinking Water Guidelines.

Water Production

Total monthly water production for the first eight 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 August 2017:

1. The annual return for Hawks Nest sewage treatment plant EPA licence has been submitted to the EPA prior the required date of 28/08/2017. A full compliance with the licence conditions has been achieved.

All of our thirteen EPA licences were transferred from MidCoast Water to Mid-Coast Council effective 1/07/2017. A partial return for each licence covering the reporting period concluding 30/06/2017 has been submitted to the EPA by the due date of 30/08/2017 as required. A full compliance with the licence conditions has been achieved for all licences, apart from the Gloucester, Dawson and Stroud STPs Licence.

The details of non-compliances are:

- Gloucester STP - a suspended solids value of 56, 32, 33 and 31 mg/L were recorded on 24/01/2017, 21/03/2017, 19/04/2017 and 16/05/2017, exceeding the licenced concentration limit of 30 mg/L. High demand for recycled water caused changes to hydraulics of the artificial wetland affecting its performance
- Dawson STP - the licenced discharge volume of 20,000KL was exceeded on three occasions. Flows of 25,757 KL, 26,702 KL and 24,277 KL were recorded on 16/03/2017,

18/03/2017 and 19/03/2017. High flows were caused by intensive rainfall causing localised flooding in the service area.

- Stroud STP - an unscheduled discharge to the Karuah River commenced prior to obtaining approval from the EPA. Discharges of 709 KL and 440 KL were recorded on 15/06/2017 and 16/06/2017. A required EPA approval was obtained following the discharge.

Sewer Overflows

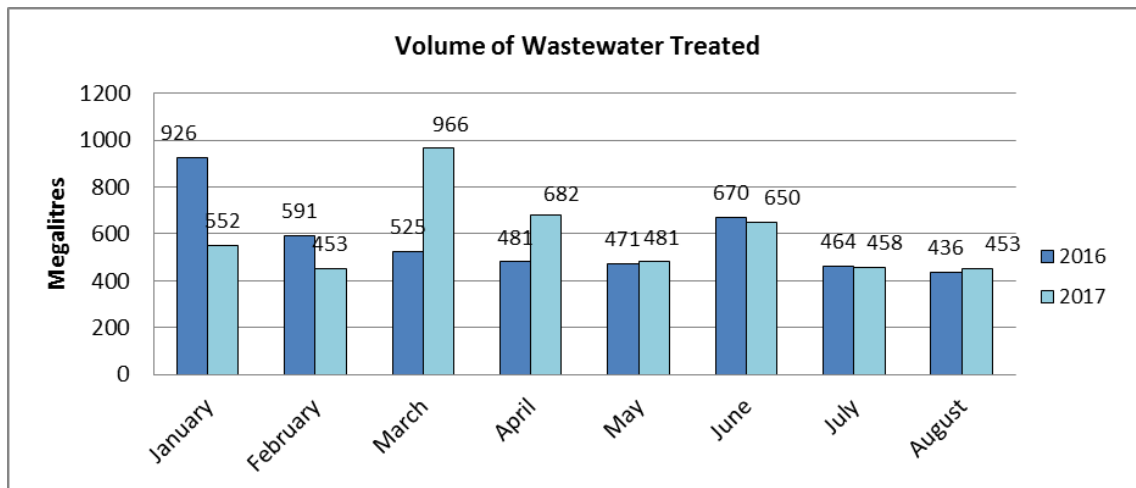
During the month of August 2017, there was one sewer overflow from Mid-Coast Council reticulation systems.

- Gloucester Reticulation System (1)

Appropriate remedial action was undertaken by Mid-Coast Council staff and the relevant regulators were notified.

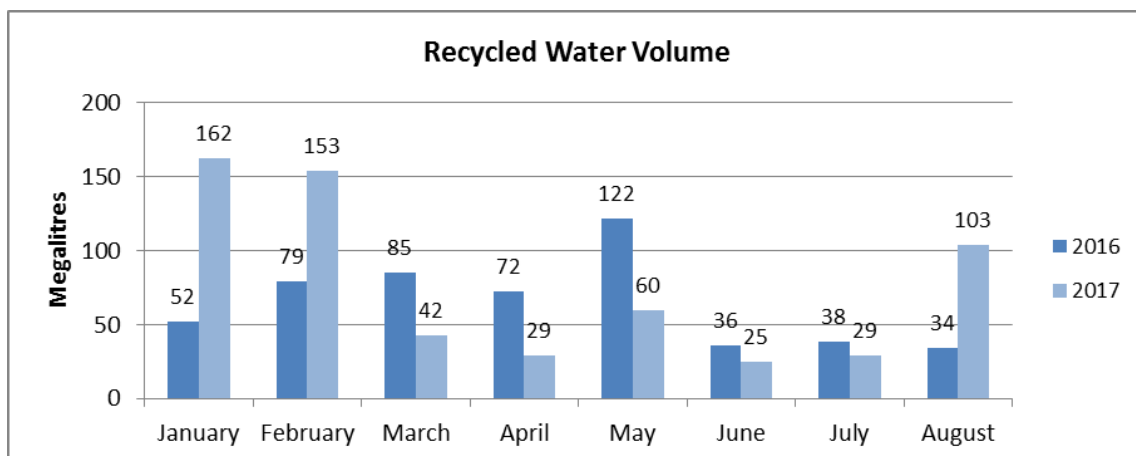
Sewer System Volumes

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

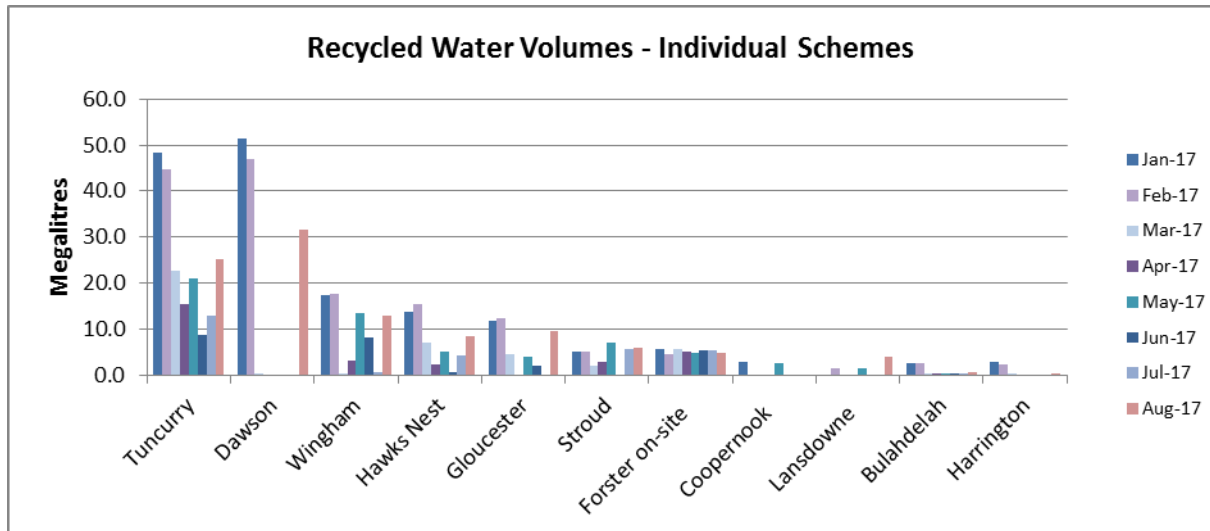


Recycled Water Volumes

Total volume of recycled water for the first eight 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 eight months of 2017 are presented below.



Work Health & Safety Statistics

Reporting Period: Financial Year 2017/18

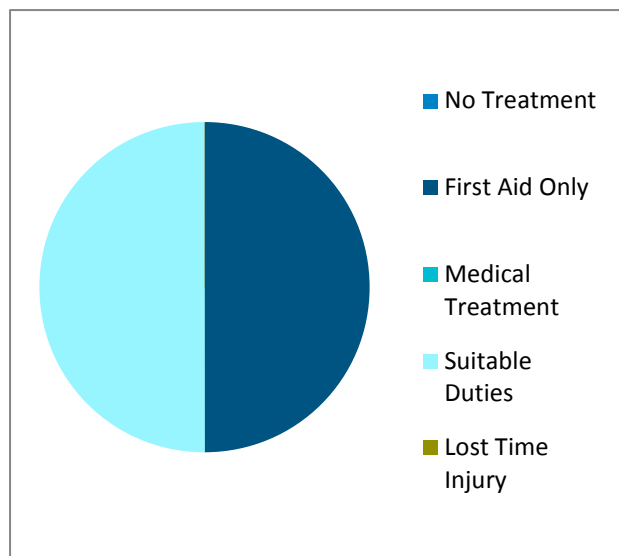
Injury Classification	Aug 17	FY 2018
LTI's [Lost Time Injuries] (an injury or illness which results in a fatality, permanent disability or lost time from work greater than 8 hours, 1 day or more. If the worker, on medical advice, is able to return to work on suitable duties the injury is not classified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

Lost Time Injury Frequency Rate

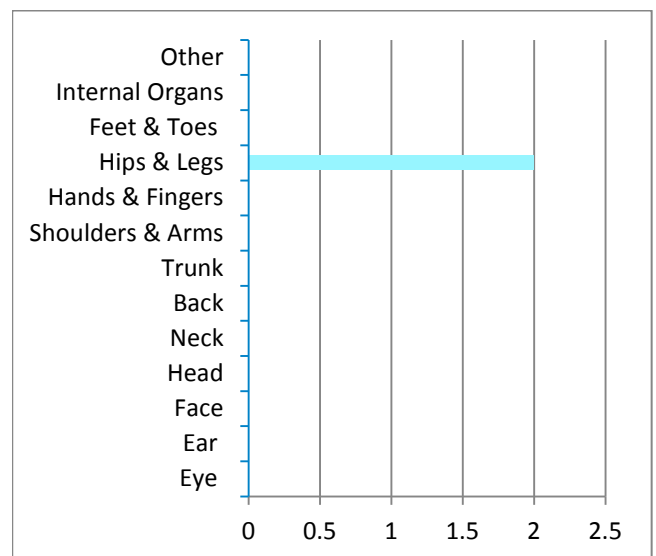
Total hours worked (August YTD)	24,036	46,826
Lost Time Injury Frequency Rate (LTIFR = Number of LTI's / Hours worked x 1,000,000.00) FY 2017 LTIFR = 10.5	0	0

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 customer requests, and customer service emails. An increase in payment in the Taree officer is due to timing of accounts in that area.

Task	August 2017	FY2016-17 Monthly Average
1300 phone calls	2,699	2,395
603 Certificates	275	237
Aust Post Counter Payments	3,296	3,647
Customer Requests	434	395
Customer Service Emails	746	627
Development Applications	107	97
Dial Before You Dig	-	478
Direct Debt Setup	96	70
Drainage Diagrams	228	179
Property transfers	391	319
Receipts Forster	337	506
Receipts Taree (incl. mail)	771	427

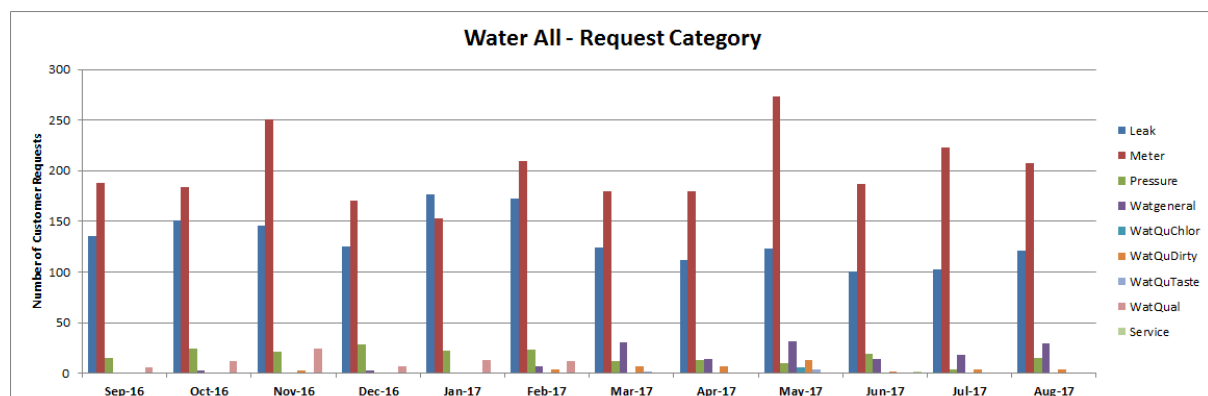
Customer Request for Maintenance

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.

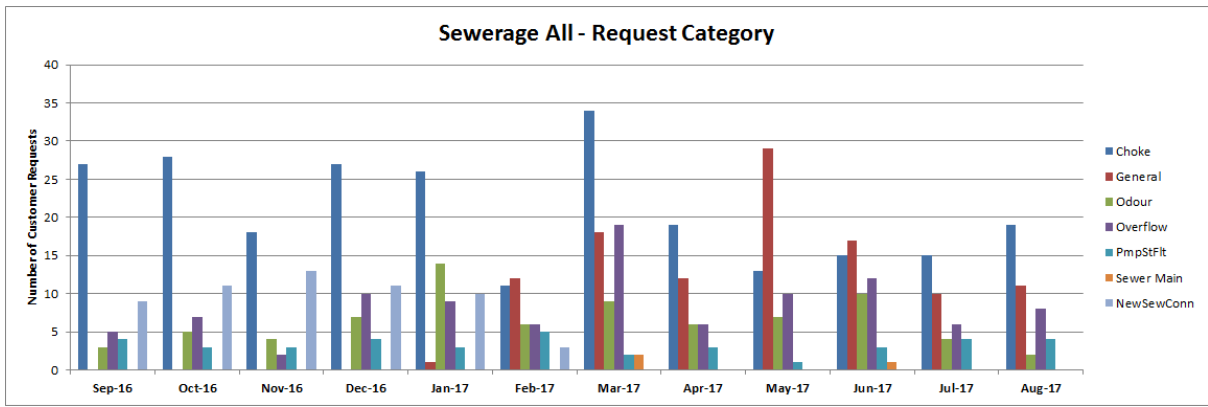
Technology One has been collecting CRM data since before July 2016, with refinements in February 2017 to provide more detail for leaks and water meters.

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 September 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 up in water meters over the last 4 months, which could be associated with our current water meter replacement program. There is a trend down in leaks over the last 6 months.

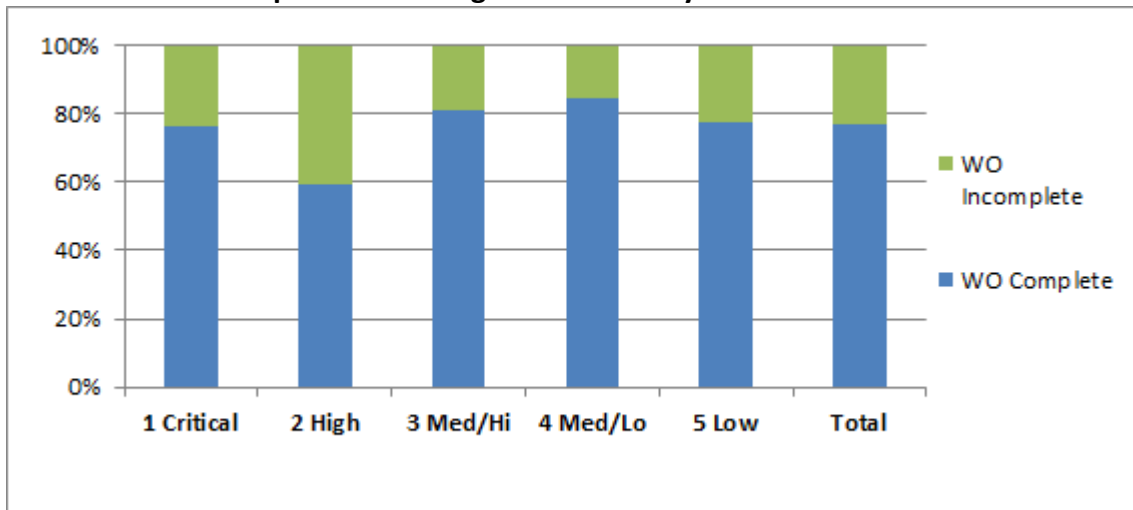


The figure below shows the Sewerage CRM's for the whole of MidCoast Water for the period 1 September 2016 to present. Chokes & overflows represent the biggest sewerage request for maintenance with between 20 to 30 per month.



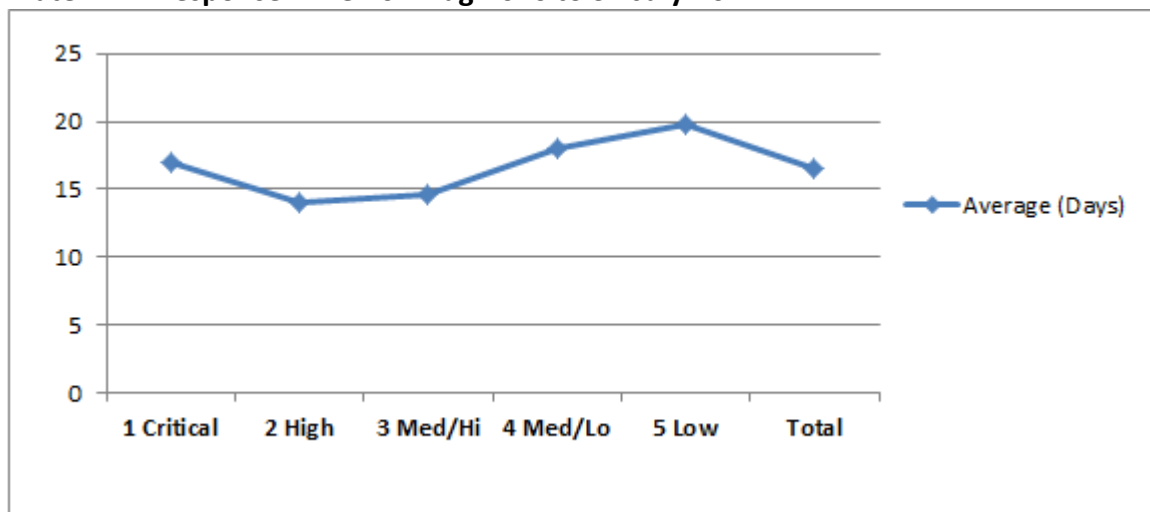
On average about 77 percent of all Water work orders raised as a result of CRM's are completed and this presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Water All - WO Completion - 01-Aug-2016 to 31-July-2017



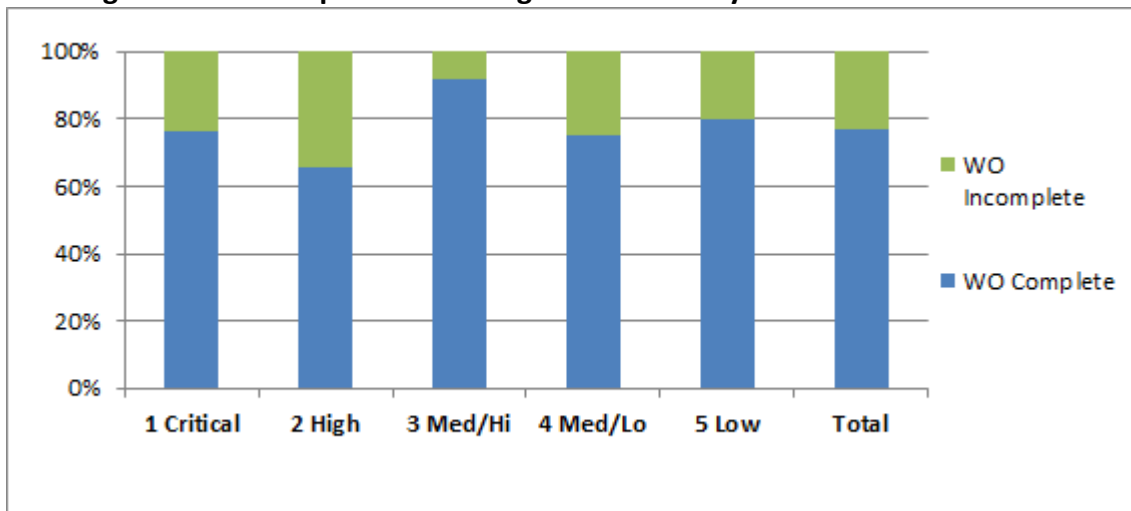
On average about 16.4 days are required to complete all water work orders raised as a result of CRM's and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Water All - Response Time - 01-Aug-2016 to 31-July-2017



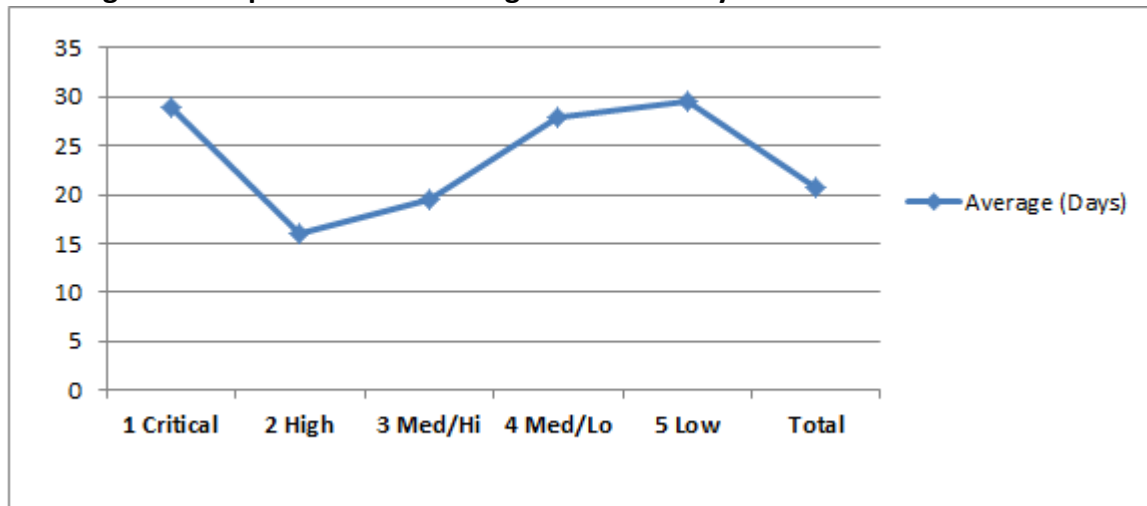
On average about 77 percent of all Water work orders raised as a result of CRM's are completed and this is presented in the figure below. There are some issues with completing the formal close off of work orders due to the fact that it is not a live system and completed after the event.

Sewerage All - WO Completion - 01-Aug-2016 to 31-July-2017



On average about 20.6 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-Aug-2016 to 31-July-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.