

SEWERAGE SYSTEM - Coolamon Shire Council serves a population of 2,400 (1,000 connected properties) and has 2 sewage treatment works providing secondary and tertiary treatment. The system comprises 2,200 EP treatment capacity (Trickling Filter and Oxidation Pond), 8 pumping stations (4 ML/d), 6 km of rising mains and 38 km of gravity trunk mains and reticulation. 71% of effluent was recycled (Indicator 27) and the treated effluent is discharged to land.

PERFORMANCE - Residential growth for 2013-14 was 0.7% which is lower than the statewide median. Coolamon Shire Council achieved 56% implementation of the NSW BPM requirements. The 2014-15 typical residential bill was \$380 which was much less than the statewide median of \$669 (Indicator 12). However, the economic real rate of return was negative (Indicator 46). The operating cost per property (OMA) was \$318 which was much less than the statewide median of \$430 (Indicator 50). Sewage odour complaints were less than the statewide median of 1 (Indicator 21). Coolamon Council reported no public health incidents. Council complied with the requirements of the environmental regulator for effluent discharge. The current replacement cost of system assets was \$13M (\$12,700 per assessment), cash and investments were \$1M, debt was nil and revenue was \$0.4M (excluding capital works grants).

## IMPLEMENTATION OF REQUIREMENTS OF NSW BEST-PRACTICE MANAGEMENT (BPM) FRAMEWORK

(1) Complete current strategic business plan & financial plan	YES <sup>10</sup>	(2e) Pricing - DSP with commercial developer charges	Yes <sup>11</sup>
(2) (2a) Pricing - Full Cost Recovery without significant cross subsidies	Yes	(2f) Pricing - Liquid trade waste approvals & policy	YES <sup>10</sup>
(2b) Pricing - Appropriate Residential Charges	Yes <sup>11</sup>	(3) Complete performance reporting (by 15 September)	
(2c) Pricing - Appropriate Non-Residential Charges	11	(4) Integrated water cycle management strategy	
(2d) Pricing - Appropriate Trade Waste Fees and Charges	11	<b>IMPLEMENTATION OF ALL REQUIREMENTS</b>	<b>56%</b>

## TRIPLE BOTTOM LINE (TBL) PERFORMANCE INDICATORS

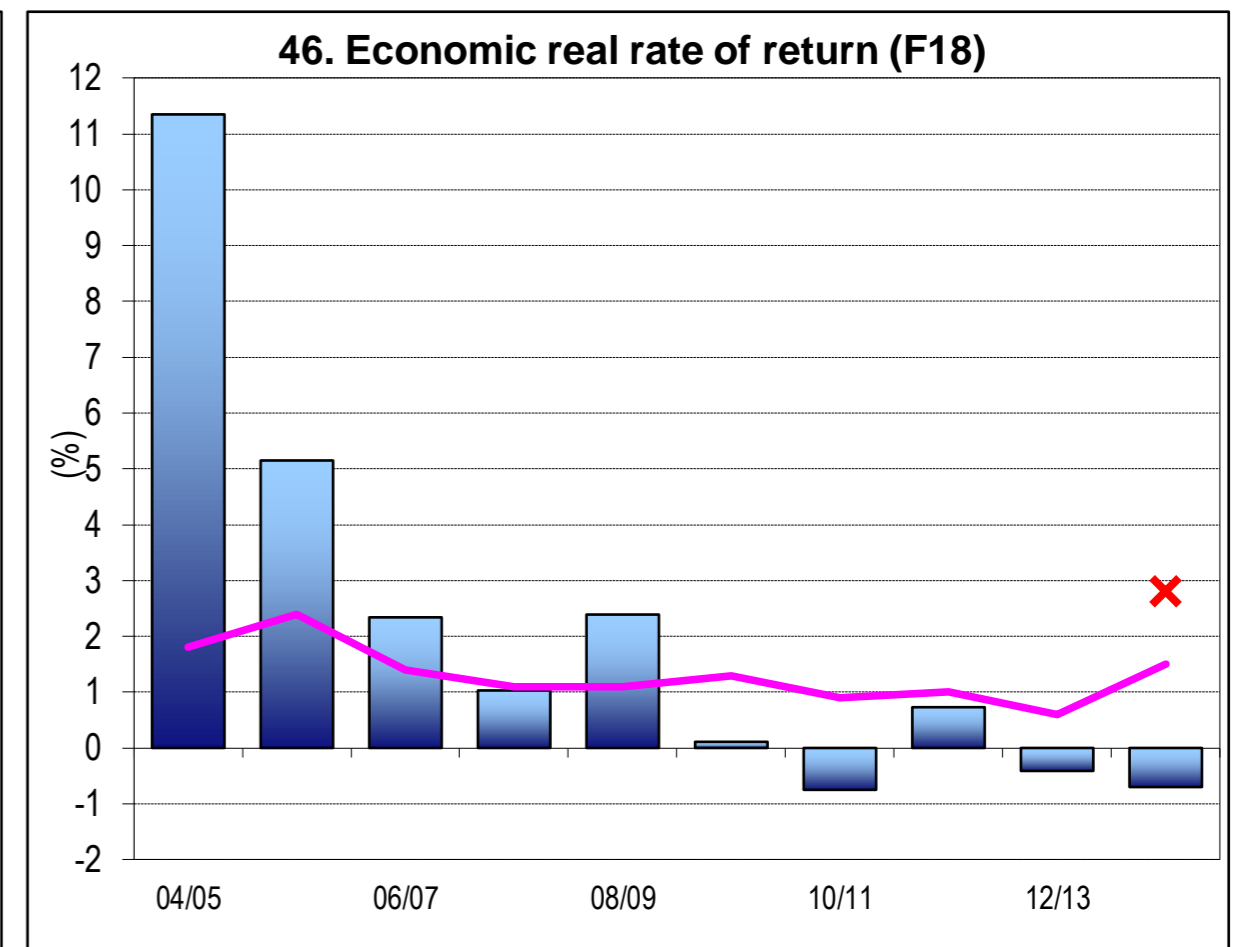
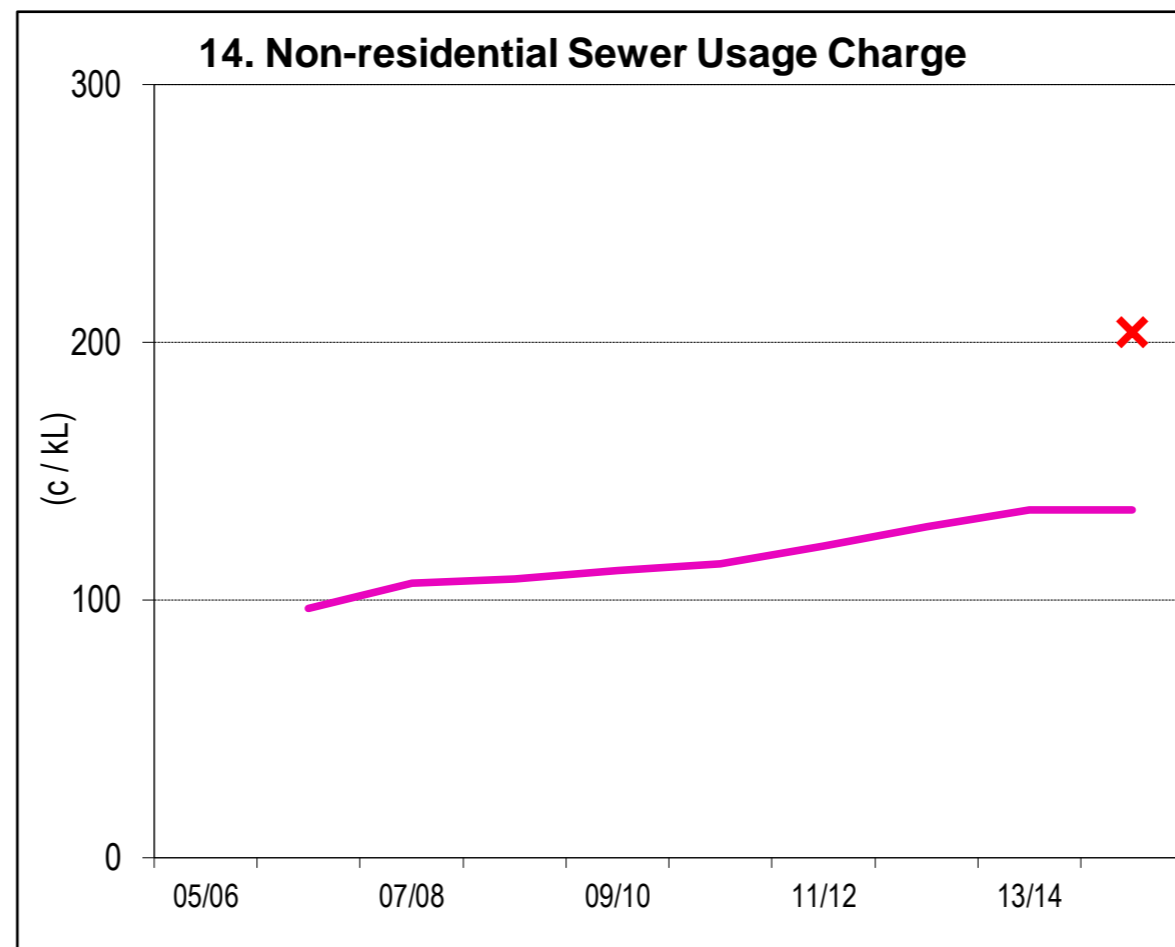
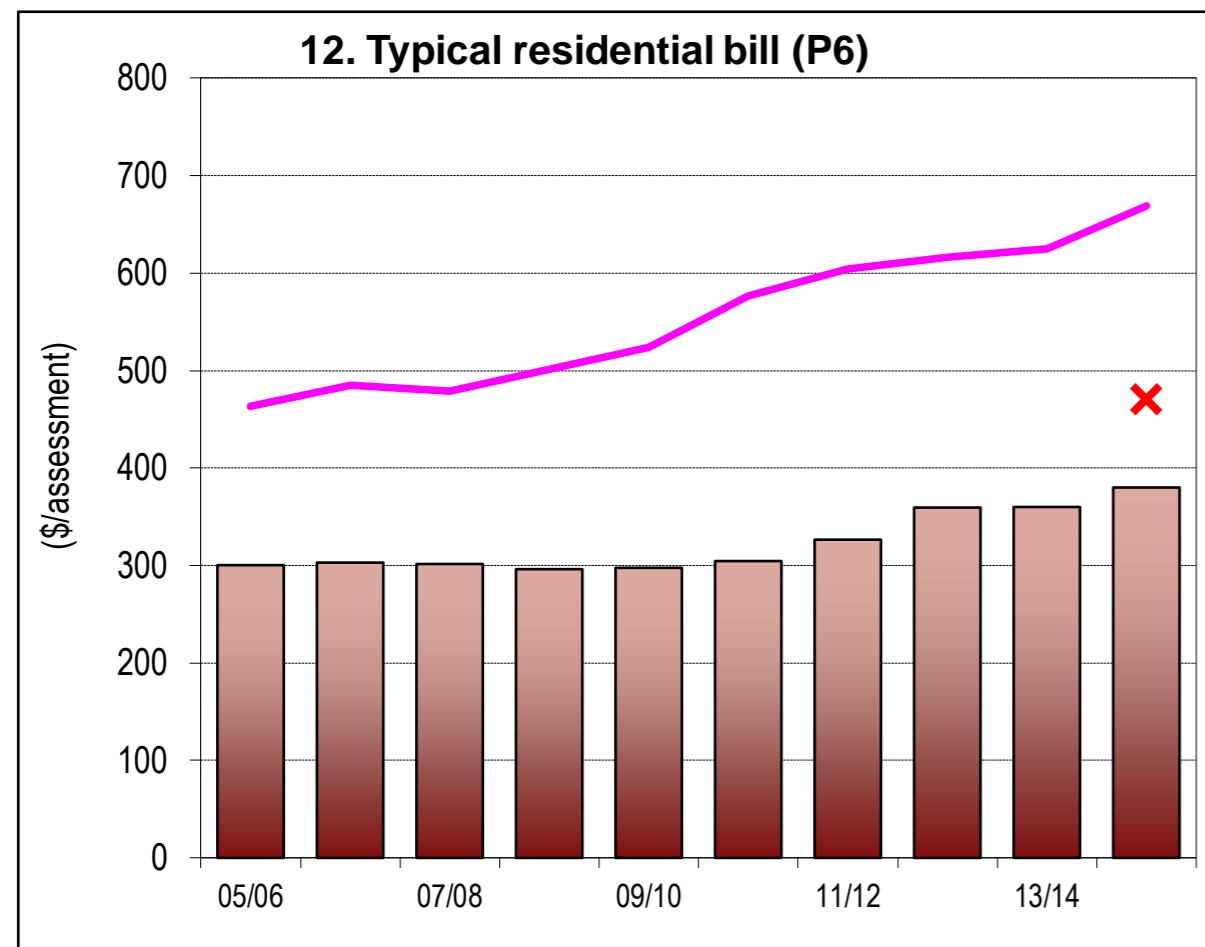
	NWI	No.			LWU RESULT	RANKING			MEDIANS		
						200 to 1,500	All LWUs	Statewide	National		
					Col 1	Col 2	Col 3	Col 4	Col 5		
UTILITY	CHARACTERISTICS	C5	1	Population served: 2,400							
		C8	2	Number of connected properties: 1,000	Number of assessments: 1,060						
		C6	3	Number of residential connected properties: 890							
		A6	4	New residences connected to sewerage (%)		0.7	2	3	1.0		
		W18	5	Properties served per kilometre of main		23			38	41	
			6	Volume of sewage collected (ML)		105			4,600	5,723	
			7	Renewals expenditure (% of current replacement cost of system assets)					0.5		
			8	Employees per 1000 properties		1.0	1	1	1.6		
SOCIAL	CHARGES & BILLS	P4		Description of residential tariff structure: access charge/prop; independent of land value							
		P4.1	11a	Residential access charge for 2013-14 (\$/assessment)	\$ 2013-14	360	1	1	625	573	
			11	Residential access charge for 2014-15 (\$/assessment)	\$ 2014-15	380	1	1	669		
		P6	12a	Typical residential bill for 2013-14 (\$/assessment)	\$ 2013-14	360	1	1	625	683	
			12	Typical residential bill for 2014-15 (\$/assessment)	\$ 2014-15	380	1	1	669		
			13	Typical developer charge for 2014-15 (\$/equivalent tenement)	\$ 2014-15	4,500	1	3	5,100		
			14	Non-residential sewer usage charge (c/kL)	c/kL				136		
		F6	15	Revenue per property - Sge (\$)	\$	440	5	5	846	938	
			16	Sewerage Coverage (% of Urban Population with Reticulated Sge Service)	%	78.0	5	5	97.9		
			E3	Percent of sewage treated to a tertiary level (%)	%	71	4	4	98	91	
			E4	Percent of sewage volume treated that was compliant (%)	%	100	1	1	100	100	
			E5	Number of sewage treatment works compliant at all times		2 of 2					
			21	Odour complaints per 1000 properties	per 1,000 prop	0.0	1	1	1.0		
			C11	Service complaints - sewerage per 1000 properties	per 1,000 prop	5	2	2	8	1	
			C16	23a Average sewerage interruption (minutes)	min	180	5	5	109	105	
			25 Total days lost (%)	%	0.0	1	1	2.9			
	ENVIRONMENTAL	NATURAL RESOURCE MANAGEMENT	W19	26	Volume of sewage collected per property (kL)	kL	105	1	1	221	204
			W26	26a	Total recycled water supplied (ML)	ML	80	2	4	630	1,638
			W27	27	Recycled water (% of effluent recycled)	%	71	1	1	12	17
E8			28	Biosolids reuse (%)	%				100	100	
			30	Energy consumption - sewerage (kWh/ML)	kWh	905	5	4	770		
			31	Renewable energy consumption (% of total energy consumption)	%	0	1	1	0		
		E12	32	Net greenhouse gas emissions - WS & Sge (net tonnes CO2 equivalents per 1000 properties)		80	1	1	370	390	
		ENVIRONMENTAL PERFORMANCE		33	90 <sup>th</sup> Percentile licence limits for effluent discharge: BOD 30 mg/L; SS 20 mg/L						
			34	Compliance with BOD in licence (%)	%	100	1	1	100		
			35	Compliance with SS in licence (%)	%	100	1	1	100		
A14	36		Sewer main breaks and chokes (per 100 km of main)	per 100km main	9	2	1	37	20		
		37a	Sewer overflows (per 100 km of main)	per 100km main	2	4	3	13			
	E13	37b	Sewer overflows reported to environmental regulator (per 100km of main)		0.0	1	1	0.8	0.4		
		39	Non res & trade waste % of total sge volume	%	4	5	5	21			
ECONOMIC	FINANCE		43	Revenue from non-residential plus trade waste charges (% of total revenue)	%				18		
			44	Revenue from trade waste charges (% of total revenue)	%				2.0		
		F18	46	Economic real rate of return - Sge (%)	%	-0.7	4	5	1.5	2.6	
			46a	Return on assets - Sge (%)	%	-0.3	4	5	1.3		
			48a	Loan payment per property - Sge (\$)	\$				90		
		F24	48b	Net profit after tax - WS & Sge (\$'000)	\$'000	-111	4	4	1180	5,345	
		EFFICIENCY		49	Operating cost (OMA) per 100 km of main (\$'000)	\$'000	730	2	1	1,730	
			F12	50	Operating cost (OMA) per property (\$) (Note 9)	\$	318	2	2	430	405
				51	Operating cost (OMA) per kL (cents)	c/kL	303	5	5	206	
				52	Management cost per property (\$)	\$	52	2	1	161	
				53	Treatment cost per property (\$)	\$	173	4	4	155	
				54	Pumping cost per property (\$)	\$	40	2	2	68	
				55	Energy cost per property (\$)	\$	36	4	3	42	
		56	Sewer main cost per property (\$)	\$	53	4	3	47			
		F29	57	Capital Expenditure per property - Sewerage (\$)	\$	60	2	4	193	227	

## NOTES :

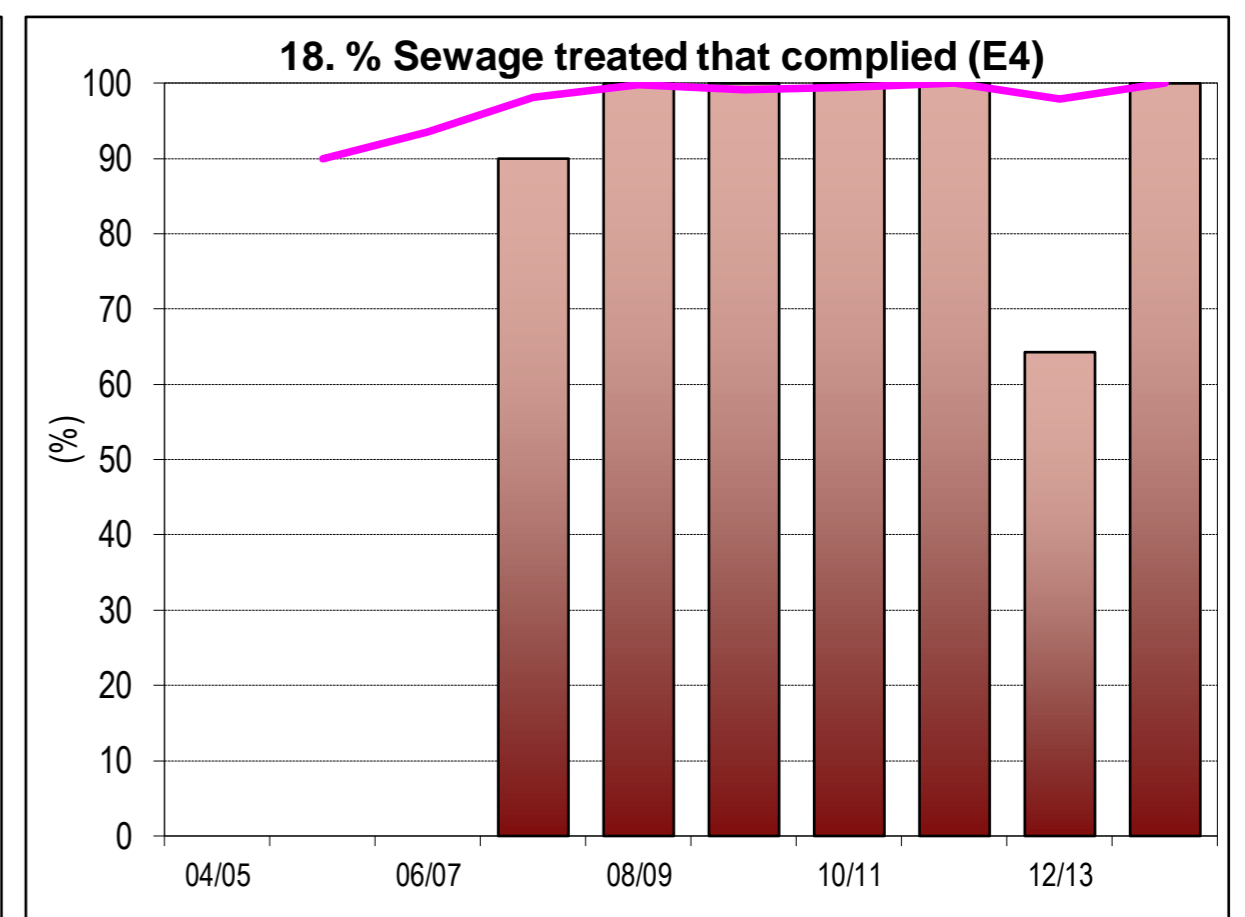
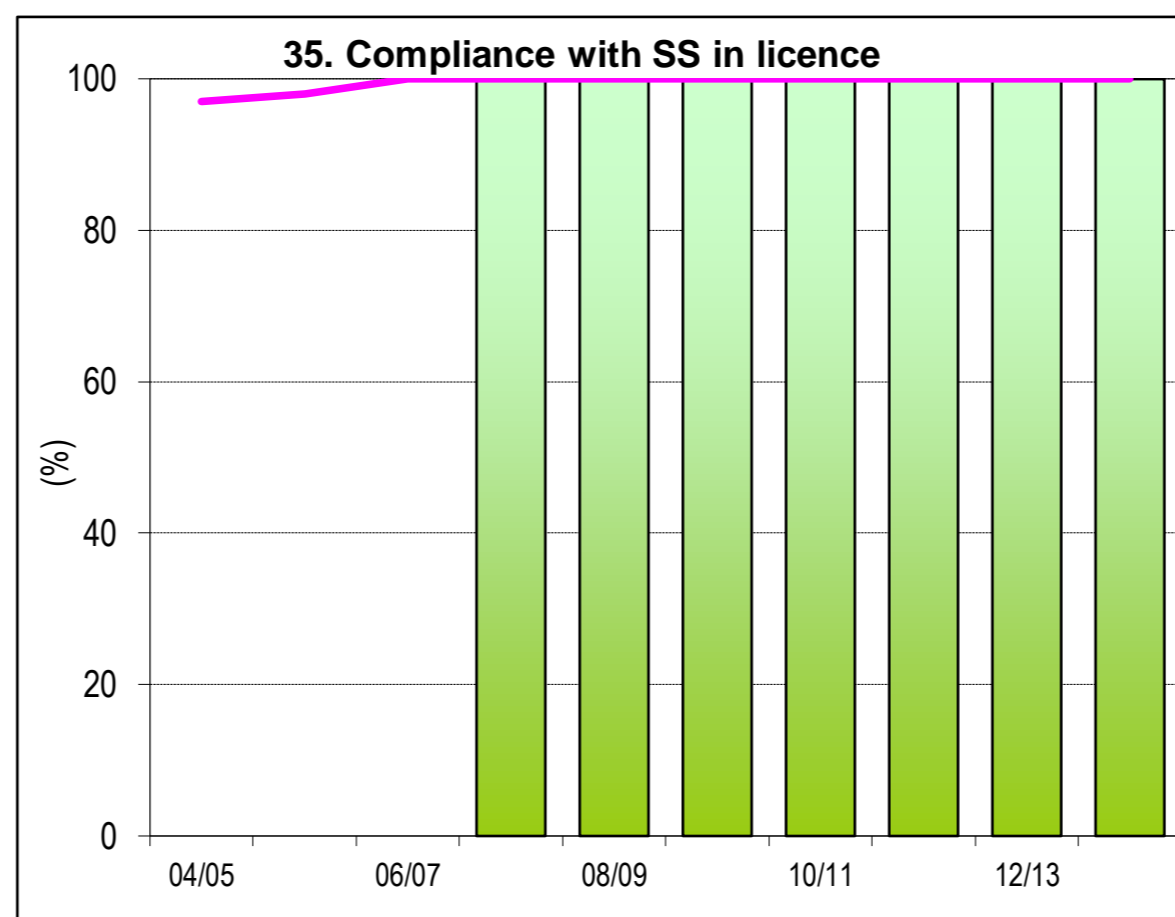
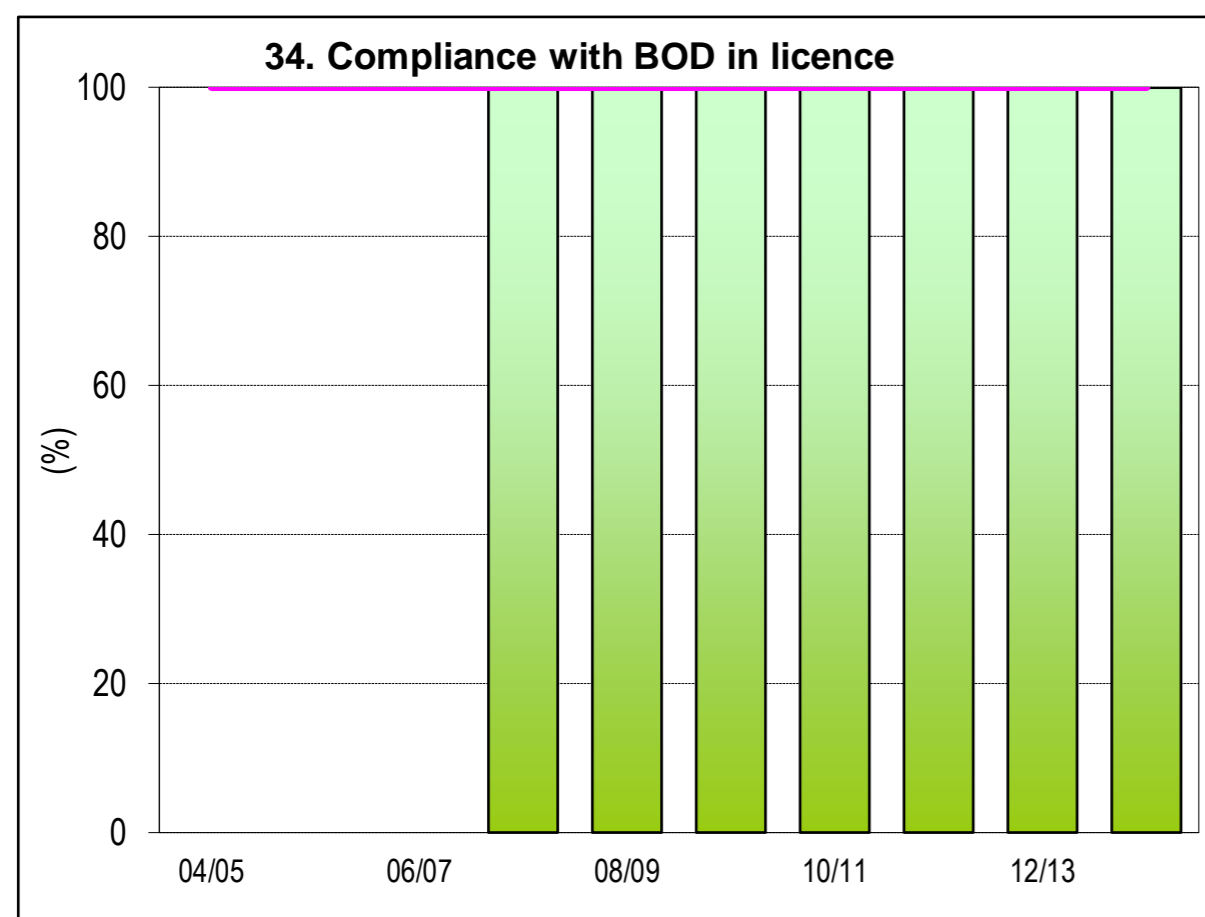
- Col 2 rankings are on a % of LWUs basis - best reveals performance compared to similar sized LWUs (ie. Col 1 is compared with LWUs with 200 to 1,500).
- Col 3 rankings are on a % of LWUs basis - best reveals performance compared to all LWUs (ie. Col 1 is compared with all LWUs). - see attachment.
- Col 4 (Statewide Median) is on a % of connected properties basis- best reveals statewide performance (gives due weight to larger LWUs & reduces effect of smaller LWUs).
- Col 5 (National Median) is the median value for the 66 utilities reporting sewerage performance in the National Performance Report 2013-14 ([www.bom.gov.au](http://www.bom.gov.au)).
- LWUs are required to annually review key projections & actions in the later of their IWCM Strategy and financial plan and their Strategic Business Plan and to annually 'roll forward', review and update their 30-year total asset management plan (TAMP) and 30-year financial plan.
- Non-residential access charge - \$380 (uniform access charge). No usage charge.
- Non-residential and trade waste volume was 4% of total sewage collected.
- Compliance with Total N in Licence was 100%. Compliance with Total P in Licence was 100%.
- Operating cost (OMA)/property was \$318. Components were: management (\$52), operation (\$120), maintenance (\$93), energy (\$36) & effluent/biosolids (\$17).
- As Coolamon Shire Council's strategic business plan and financial plan are over 4 years old, it needs to prepare a 30-year IWCM Strategy and financial plan in accordance with the July 2014 IWCM Check List ([www.water.nsw.gov.au](http://www.water.nsw.gov.au)).
- BPM Framework - Council needs to implement Appropriate Non-residential Charges (2c), Appropriate Trade Waste Charges (2d) and Liquid Trade Waste Approvals & Policy (2f).

(Results shown for 10 years together with 2013-14 Statewide Median and Top 20%)

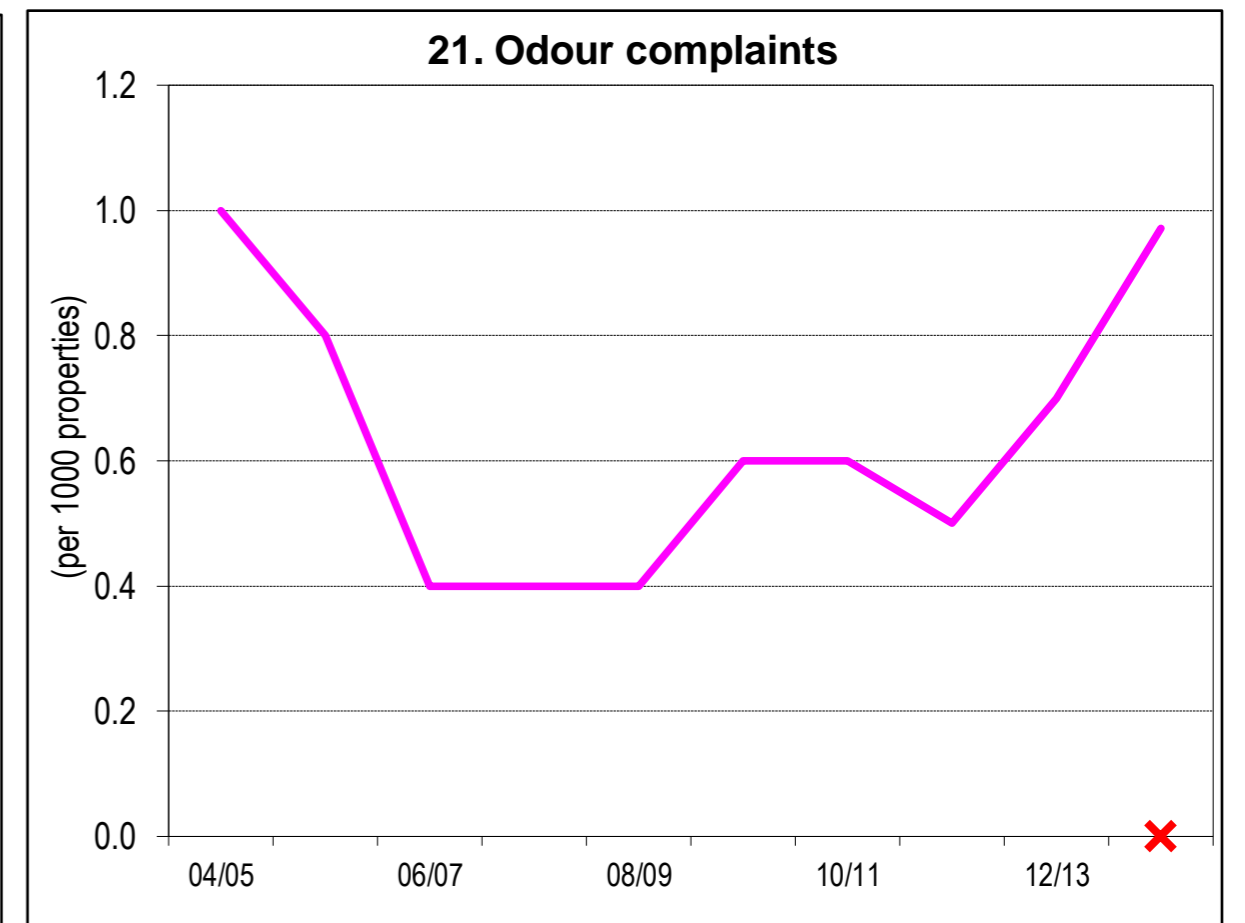
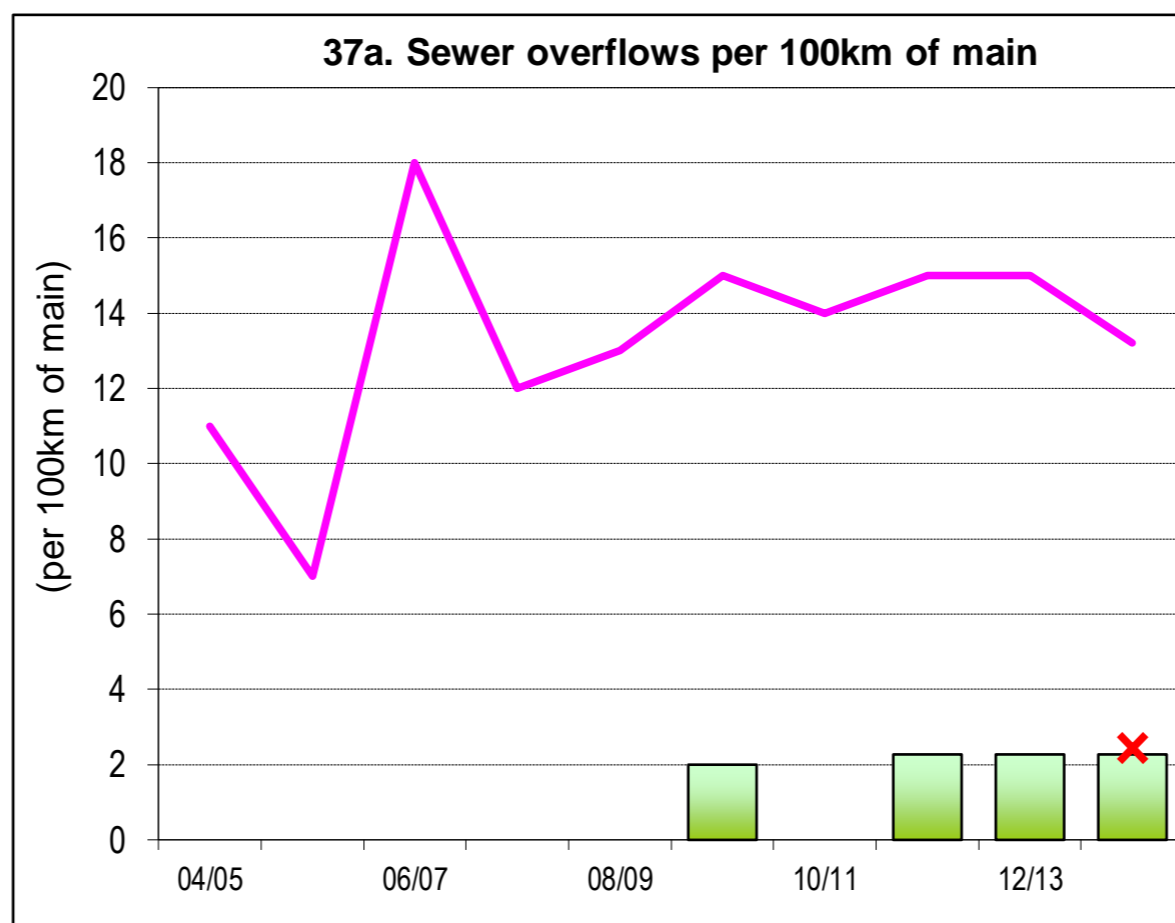
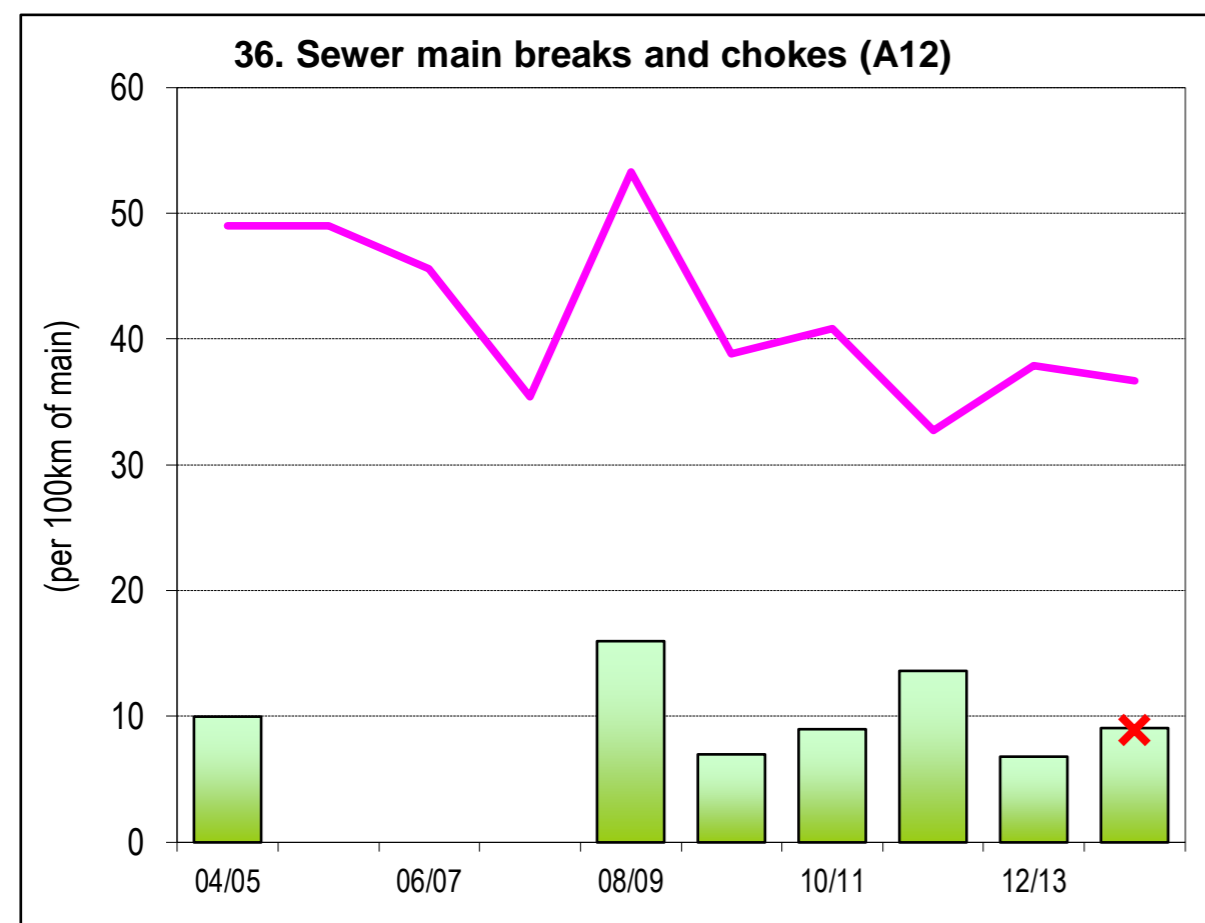
**COST RECOVERY**



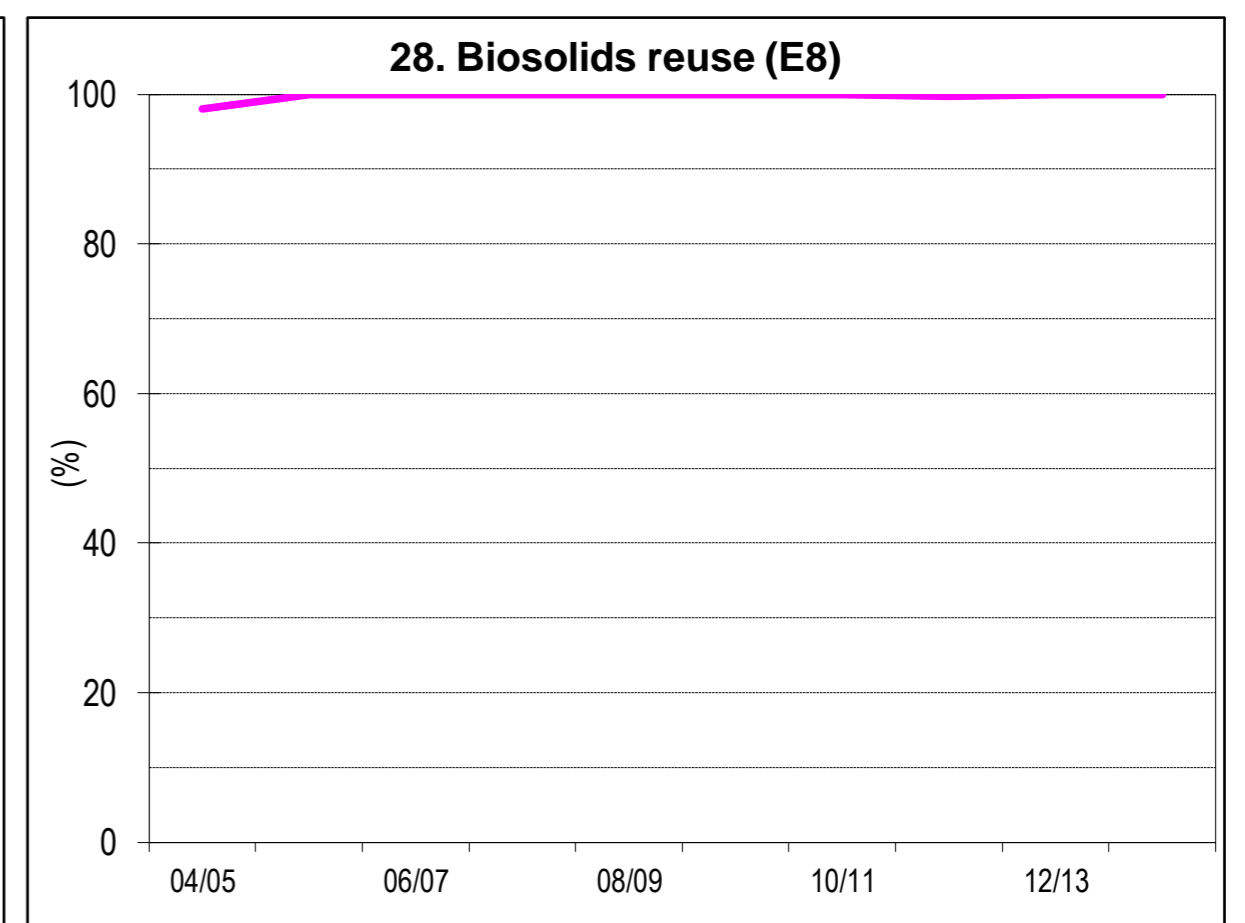
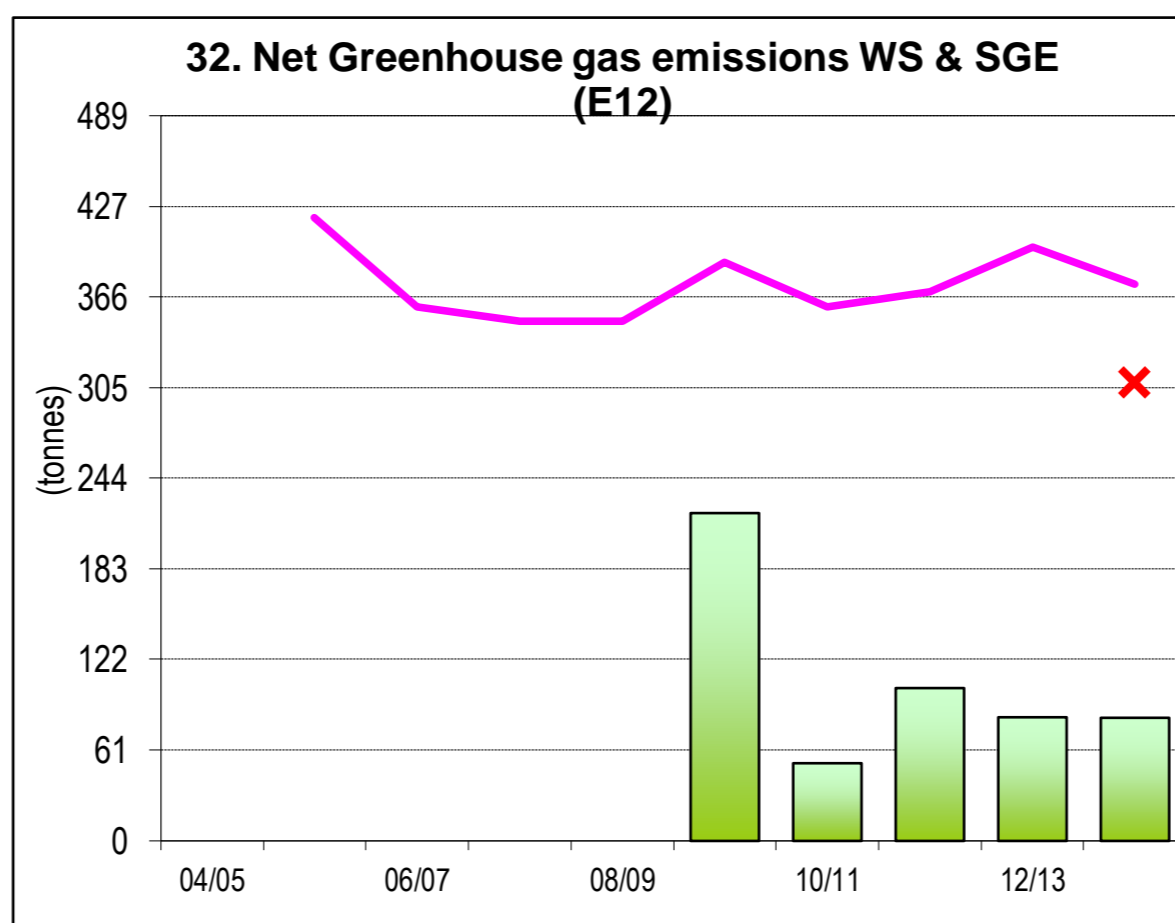
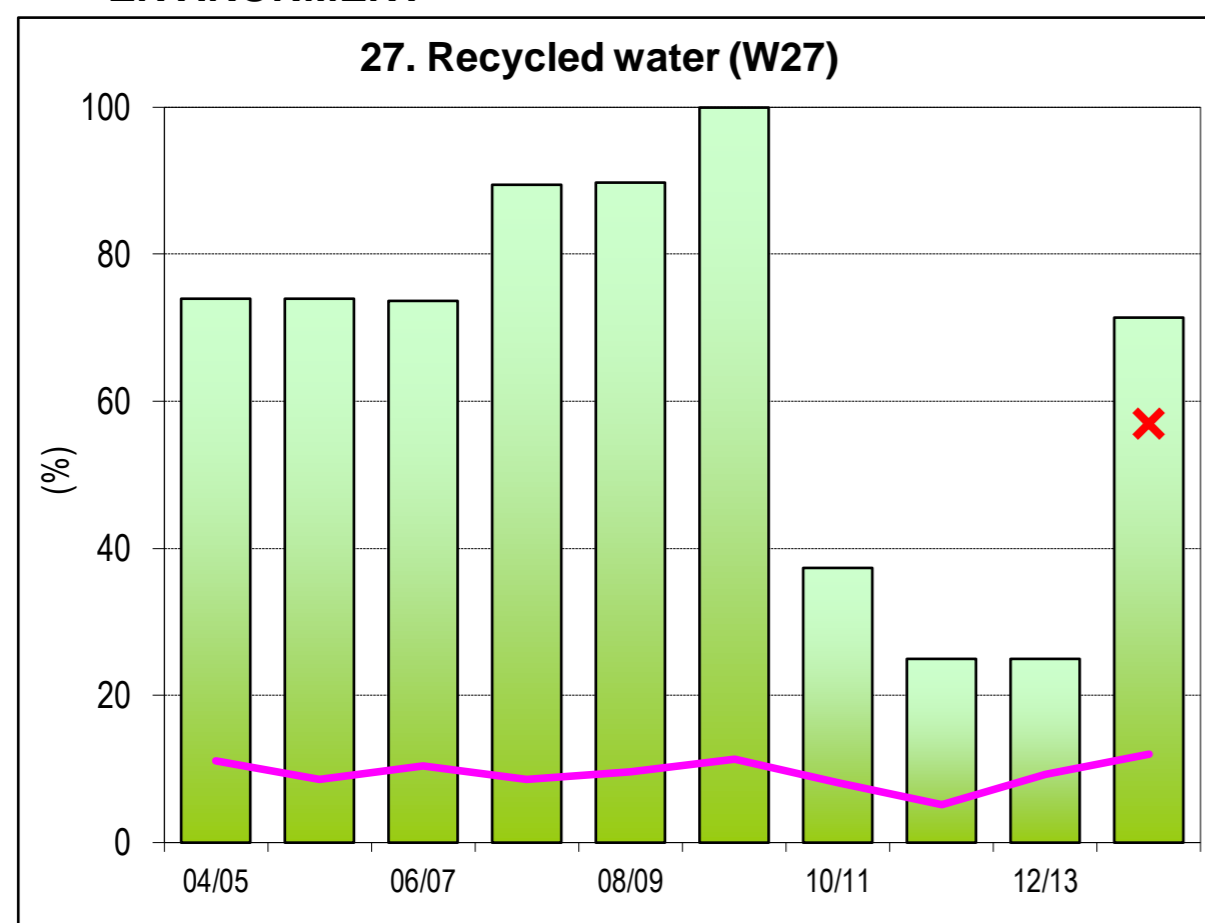
**COMPLIANCE**



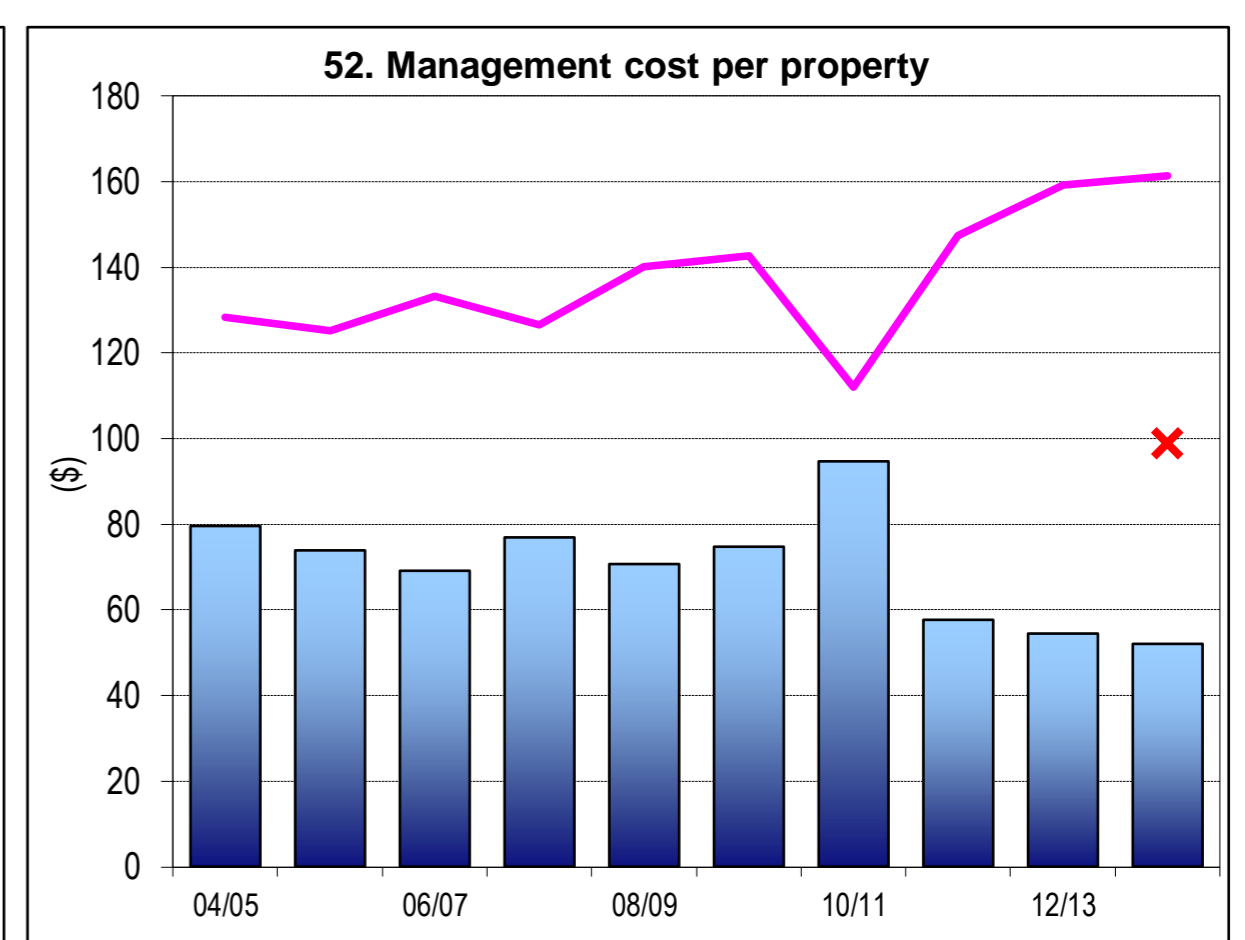
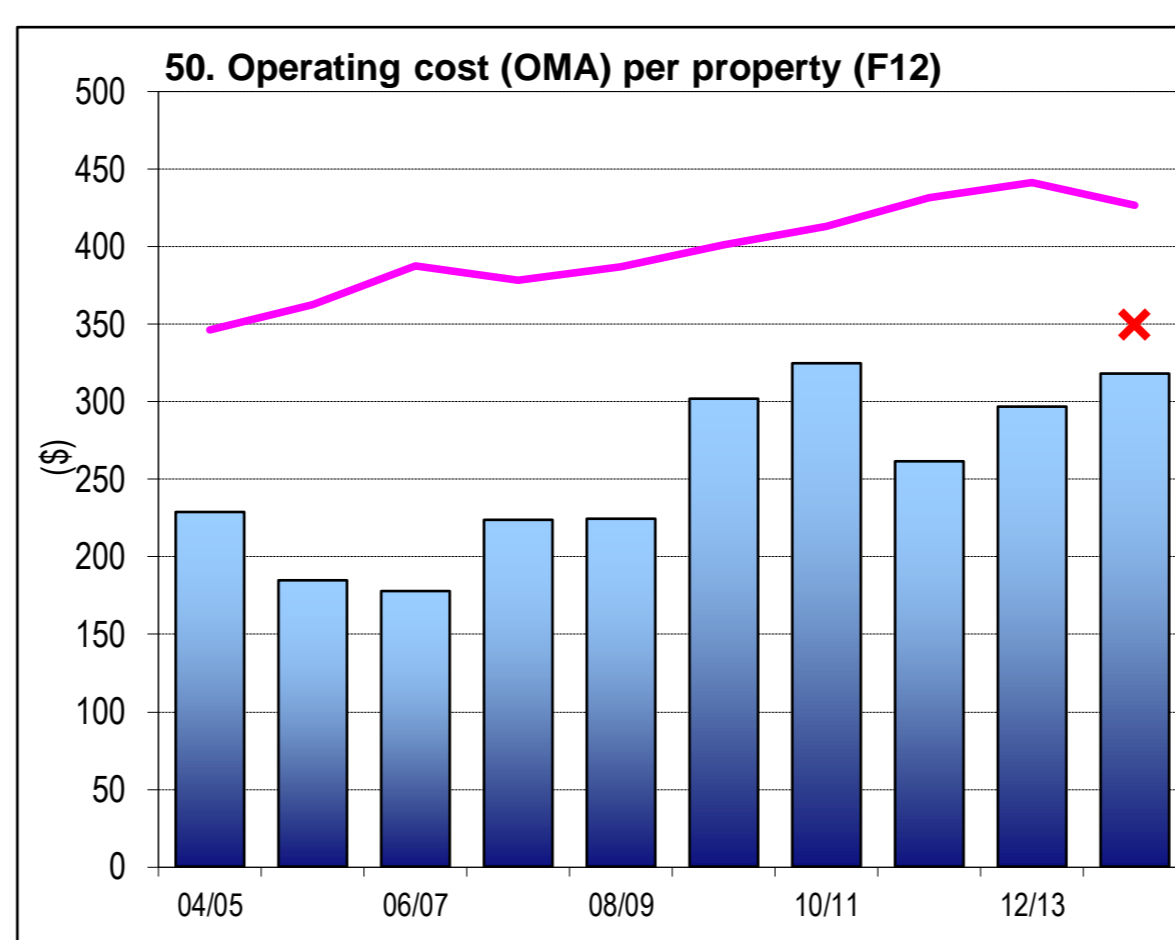
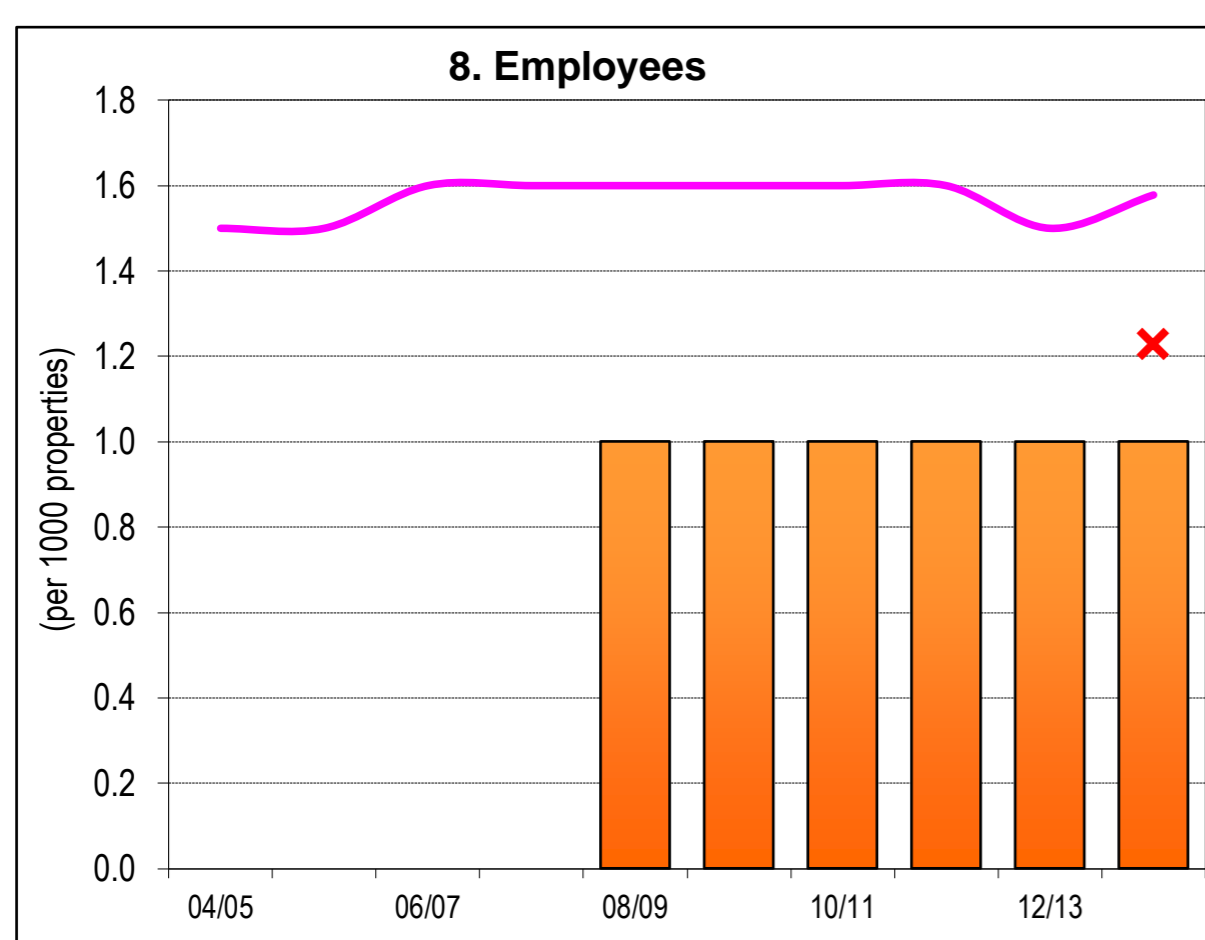
**CUSTOMER SERVICE/RELIABILITY**



**ENVIRONMENT**



**EFFICIENCY**



**NOTES:**

1. Costs are in Jan 2014\$ except for graphs 12 and 14, which are in Jan 2015\$.

**LEGEND**

State Median for all years ————

Top 20% for 2013-14 X

## TBL Performance Reports and Action Plans –

- Understanding and Using Your Report and
- Preparing your Action Plan (page 5)

### 1. Introduction

This appendix has been prepared to assist Councillors with their Council's **final 2013-14 Triple Bottom Line (TBL) Performance Reports** for water supply and sewerage. It will also help the Water and Sewerage Manager prepare a sound Action Plan to Council. A sample Action Plan is shown on page 80 of the *2013-14 NSW Water Supply and Sewerage Performance Monitoring Report*<sup>2</sup>. The NSW Office of Water prepares the annual TBL report for each Local Water Utility's water supply business and for its sewerage business together with an Action Plan template for completion by the Water and Sewerage Manager. A copy of the TBL report is also provided to IPART.

The steps involved in preparing an Action Plan are shown on page 28 of the 2013-14 NSW Performance Monitoring Report, which is reproduced on page 5 of this Attachment.

The TBL reports show your LWU's key performance indicators (column 1), your ranking compared to other LWUs in your size range (column 2) and your ranking relative to all NSW LWUs (column 3). **Column 4** shows the **Statewide medians** which are calculated from the 50 percentile result for all connected properties (statewide). This best reveals Statewide performance by giving due weight to larger LWUs and reducing the effect of smaller LWUs.

There are four size ranges: > 10,000, 3,000 to 10,000, 1,500 to 3,000 and 200 to 1,500 connected properties. Rankings shown in Columns 2 and 3 of the TBL Report are based on the top 20% of LWUs for each indicator being ranked 1 and the bottom 20% being ranked 5 (LWUs in the range 40% to 60% are ranked 3).

### 2. Factors Impacting on Performance

When comparing reported performance with other utilities, LWUs should take account of the wide range of factors which can impact on effectiveness and efficiency of a business. An indicator with a low ranking may not necessarily imply **poor** performance, for example, business efficiencies and effectiveness are functions of:

- **Number of connected properties** - there are significant economies of scale for large LWUs,
- **Type of services provided** - eg. whether the LWU provides a full water supply system or whether is a reticulator or bulk supplier,
- **Provision of bulk storage and/or long transfer systems** - these costs are not incurred by LWUs relying on groundwater or those receiving a regulated supply from a Water NSW (previously State Water) dam.
- **Regional topography and soil types** affects pumping costs, frequency of main breaks and useful life,

<sup>1</sup> This attachment is an update of Appendix G of the *NSW Water and Sewerage Strategic Business Planning Guidelines*, July 2011 (available at [http://www.water.nsw.gov.au/ArticleDocuments/36/utilities\\_nsw\\_water\\_sewerage\\_strategic\\_planning\\_guidelines.pdf.aspx](http://www.water.nsw.gov.au/ArticleDocuments/36/utilities_nsw_water_sewerage_strategic_planning_guidelines.pdf.aspx)).

<sup>2</sup> The *2013-14 NSW Water Supply and Sewerage Performance Monitoring Report* is available at <http://www.water.nsw.gov.au/urban-water/country-town-water/best-practice-management/performance-monitoring>.

- **Regional rainfall and evaporation,**
- **Water quality at the source** – for example, a good quality groundwater will require minimal water treatment,
- **Standard of nutrient removal facilities** at the sewage treatment works,

An understanding of such factors is essential for valid interpretation of performance data. Utilities are encouraged to compare and contrast their performance with other LWUs having similar characteristics. Further factors to assist your LWU in its assessment of performance are listed below.

## 2.1 UTILITY CHARACTERISTICS

- **Properties served per km** – lower density of urban development significantly increases the infrastructure cost, particularly for those LWUs with very low densities (ie. < 20 properties per km).
- **Renewals** – each LWU should ensure that its Typical Residential Bill (see below) is adequate and consistent with the projection in its 30 year strategic business plan to ensure it is raising sufficient revenue for developing, maintaining and renewing the required infrastructure. It should also examine its total asset management policy and ensure that the necessary funds are directed to maintenance and renewals.
- **Employees per 1000 properties** – this is a good indicator of operating and management costs. As noted on page 30 of the *2013-14 NSW Water Supply and Sewerage Benchmarking Report* ([www.water.nsw.gov.au](http://www.water.nsw.gov.au)), the number of employees per 1,000 properties is a good indicator of operating and management costs. However, it is important to note that a higher number of employees per 1,000 properties is needed for small non-contiguous water supply systems and for small water or sewage treatment works.

## 2.2 SOCIAL FACTORS – Bills and Charges

- **Typical Residential Bill (TRB)** – is the **principal indicator of the overall cost** of a water supply or sewerage system (it is the annual bill paid by a residential customer using the utility's average annual residential water supplied). The main element of the TRB is the operating cost (OMA – operation, maintenance and administration). The TRB should be consistent with the projection in your LWU's 30 year strategic business plan.

Review and comparison of the 2014-15 Typical Residential Bill (Indicator 14) with the projection in your Strategic Business Plan is **mandatory**. In addition, if both the economic real rate of return and the return on assets (indicators 43 and 44 for water supply and indicators 46 and 46a for sewerage) are negative, you must report your proposed 2015-16 typical residential bill to achieve full cost recovery.

- **Residential Water Usage Charge (c/kL)** – Highest charges are automatically ranked “1” and lowest charges as “5”. These rankings however, should be compared with your TRB and whether your LWU is achieving full cost recovery, and the required residential revenue from water usage charges, in which case a low water usage charge may be a good result.

Please note that Circular LWU 11 of March 2011 has removed the need for LWUs to use inclining block tariffs. In addition, the **NSW Government encourages LWUs to use a two-part tariff with a uniform water usage charge** per kL for all water use (see page 6 of the *2013-14 NSW Performance Monitoring Report*).

- **Residential revenue from usage charges (%)** – The *Best Practice Management Guidelines 2007* require LWUs with 4,000 or more properties to raise at least 75% of residential revenue from water usage charges, while LWUs with under 4,000 properties, including LWUs with a dual supply must raise at least 50% of residential revenue from usage charges. The strategic

benefits of providing such **strong pricing signals** are highlighted on page 5 of the *2013-14 NSW Performance Monitoring Report*.

## 2.3 SOCIAL FACTORS - Health

- **Risk based drinking water management system** – each LWU should develop and implement such a drinking water management system on a priority basis (assistance is available from the NSW Office of Water - see pages 7 and 8 of the *2013-14 NSW Performance Monitoring Report*).
- **Microbiological water quality compliance** is a **high priority** for each NSW LWU – This is the most important water supply **health indicator** and all LWUs should aim for a value of 100%. LWUs with less than 98% do not comply with the *Australian Drinking Water Guidelines, 2011* and must develop and implement a corrective strategy (see page 7 of the *2013-14 NSW Performance Monitoring Report*). If your LWU failed to achieve microbiological compliance in either of the last 2 financial years, the corrective action implemented and whether it was successful must be reported in your LWU's annual Action Plan to Council.
- **'Boil water alerts'** – if your LWU has issued any 'boil water alerts' in the last 18 months, the corrective action implemented and whether it was successful must be reported in your LWU's annual Action Plan to Council.

Assistance is available to your LWU from your NSW Office of Water Regional Water and Sewerage Treatment Officer (page 36 of the *2013-14 NSW Benchmarking Report*).

## 2.4 SOCIAL FACTORS - Customer Service

- **Water quality complaints** – water quality may depend for example, on whether the supply is unfiltered, good quality groundwater or whether a fully treated supply is provided.
- **Odour complaints** – This is an important indicator of the effectiveness of sewage treatment and transfer. LWUs with a high number of complaints (ranking of 5) should investigate the reasons for the complaints, including past performance, as indicated in page two of their TBL Report.
- **Number of water main breaks** – water mains with a high incidence of breaks (say over 30 per 100km of main) may indicate that renewals are warranted. Assistance is available for such utilities from the NSW Office of Water (Dilip Dutta 02 9842 8499).

## 2.5 ENVIRONMENTAL FACTORS

- **Average annual residential water supplied** – is influenced by the number of connected properties, geographic location, climate, strength of the utility's pricing signals (NWI Indicator F4 – percent of residential revenue from usage charges – see 2.6 below) and the presence of drought water restrictions. Inland LWUs have significantly higher residential water supplied due to their hotter and drier climate and the use of evaporative air coolers. The weighted median value for inland LWUs was 263kL/connected property (percentage of connected properties basis). The weighted median for coastal LWUs was 157kL/property.
- **Sewer main chokes and collapses** – sections of sewer main with a high incidence of chokes and collapses (say treble the statewide median) require close attention.
- **Sewer overflows to the environment** – are untreated sewage spills and may increase during wet weather due to infiltration of sewage mains and flooding. They do not include discharges or overflows contained within emergency storages.

## 2.6 ECONOMIC FACTORS - Financial

- **Economic real rate of return (ERRR)** – reflects the rate of return from operating activities (ie. excluding interest income, grants for acquisition of assets and gain/loss on disposal of assets). Water and sewerage charges should be sufficiently high to achieve full cost recovery. All LWUs should aim to achieve a positive ERRR. LWUs which have met all the Best-Practice Management requirements are strongly encouraged to pay an 'efficiency dividend' from the surplus of their water and sewerage businesses to the Council's general revenue (see page 13 of the *2013-14 NSW Performance Monitoring Report*). Refer also to Circular LWU 11 of March 2011 (available by logging in to the NSW Performance Monitoring System).
- **Net Debt to equity** – LWUs facing significant capital investment are encouraged to make greater use of borrowings to reduce their TRB. This avoids unfairly burdening existing customers and facilitates **inter-generational equity** (see page 13 of the *2013-14 NSW Performance Monitoring Report*).
- **Loan payment (\$/property)** – A high loan payment per property indicates a relatively high capital cost per property, recent construction of significant capital works or use of short-term loans. 20-year loans are generally optimal (see page 14 of the *2013-14 NSW Performance Monitoring Report*).
- **Interest cover** – this ratio provides an indicator of the LWU's ability to meet interest commitments. The interest cover is nil for a business incurring a loss. As a general guide, an interest cover >2 is a good interest cover position. This should be considered in conjunction with the comment on making greater use of borrowings for capital investment.
- **Net profit after tax (NPAT) ratio** – this is NPAT divided by the revenue. LWUs should have a positive NPAT ratio. LWUs facing major capital expenditure for expanding system capacity may need a relatively high value for this indicator in order to help fund this investment.

## 2.7 ECONOMIC FACTORS - Efficiency

**Operating cost** (OMA – operation, maintenance and administration) per property is a prime indicator of the performance of an LWU. The **components of operating cost** are:

- **Management cost** – includes administration, engineering and supervision and is typically almost 40% of the total operating cost. The number of employees per 1,000 properties can be a useful indicator of the operating and management costs and hence the efficiency of an LWU. LWUs with a number of separate water supply schemes and those with smaller water or sewage treatment works will need a higher level of employees per 1000 properties in order to effectively manage their systems.
- **Treatment cost (water)** – is dependent on the type and quality of the water source and the types of treatment used. In addition, there are great economies of scale for the operation of larger water treatment works (ie. facilities involving at least filtration and disinfection).
- **Treatment cost (sewage)** – is dependent on type of treatment and discharge requirements. Where the discharge licence conditions are stringent involving for example, a low level of phosphorus, treatment costs will be high. There are significant economies of scale for operation of larger treatment works.
- **Pumping cost (water)** – is influenced by topography and distance to the water source. For example, Essential Energy and Goldenfields Water have a high pumping cost due to the distance required to pump from the water source, while Fish River Water Supply is almost a fully gravitational supply, with negligible pumping costs. For water supply, there are significant economies of scale in pumping cost per connected property.

## PREPARATION OF AN ACTION PLAN

The steps that each LWU should follow to review performance and prepare an annual action plan are:

1. **Check level of implementation of BPFM** and highlight requirements which have not been implemented. Any such requirements must be addressed as a priority in order to achieve sound planning, pricing and regulation of services by each LWU.
2. **Review performance** using the indicators shown on the first page of the TBL performance report for each of water supply and sewerage (example TBL report on pages 82 and 83). Particular note should be taken of indicators that appear to be less than satisfactory i.e. with a ranking of 4 or 5.
  - **DWMS** - review your DWMS (page 7) and document any required corrective action.
  - **Section 61 Reports** – include any required corrective action from the NSW Office of Water Section 61 Reports in the Action Plan if the work has not yet been completed.
3. **Identify any trends** over the past ten years in the selected performance indicators shown on the second page of the TBL performance report, and compare the latest values with the Statewide median values and the top 20%. In undertaking a review of indicators and trends in performance, LWUs should take note of the many factors that may contribute to the apparent under-performance (section 5.3 on page 30).
4. **Update Financial Plan** Annually 'roll forward', review and update your 30-year total asset management plan for projects completed, modified or deferred and input the results, together with your latest annual financial statements to prepare an update of your 30-year financial plan (pages 24, 107 and 111). Include any warranted corrective action in your Action Plan.
5. **Prepare Action Plan** Use the Action Plan template provided to your LWU together with your TBL reports. Example review and Action Plan is provided on pages 80 and 81 as the basis for your Action Plan. Consider any emerging issues and address areas of under-performance and document remedial actions (with target dates). Review targets set out in the later of your IWCM Strategy and financial plan and Strategic Business Plan (SBP) (particularly whether this year's **TRB** is consistent with your projection and any corrective action required from the above update of your 30-year financial plan (section 5.1 on page 27) and document appropriate actions. Include corrective action required from the review of your DWMS & any Section 61 Reports. Refer also to the box on page 7. Examples of 'emerging issues' which should be addressed in your utility's IWCM Strategy include:
  - What is your secure yield based on the "5/10/10 rule" (NSW Security of Supply Basis)?
  - What is the impact of climate variability on water supply secure yield (section 4.4 on page 26)?
  - Has your IWCM Strategy addressed 'liveability'<sup>3</sup>?

If further analysis is warranted (e.g. if the ranking of the performance indicator is low and remains unexplained or other factors suggest apparent under-performance), then steps 6 and 7 below may also be required.

6. Compare selected performance indicators with those of similar utilities in a similar size range using the Figures showing performance trends for four utility size ranges over the past six years in the Benchmarking Report (provided on the Office of Water website [www.water.nsw.gov.au](http://www.water.nsw.gov.au)). Where in-depth investigation is warranted for selected indicators, the LWU can also undertake process benchmarking.
7. Process benchmarking for selected indicators for areas of apparent under-performance, e.g. where the LWU has a low ranking (ie. 4 or 5) relative to LWUs with similar characteristics.

<sup>3</sup> Water supply, sewerage and stormwater systems can contribute to the 'liveability' of towns and cities, including watering of parks, gardens and playing fields and the use of water sensitive urban design to encourage the greening of urban areas and healthy urban creeks and waterways. Appropriate financial contributions from the beneficiaries of such 'broader solutions' (eg. a large water user or Council's Planning, Parks & Gardens, Stormwater &/or Roads functions) should be included in the IWCM Strategy.

Refer also to Recommendation 10 of the National Water Commission's report on *Urban Water in Australia Future Directions 2011* ([www.nwc.gov.au](http://www.nwc.gov.au)).

# Coolamon Shire Council Sewerage – Action Plan Page 1

## Summary

In 2013-14, Coolamon Shire Council implemented 56% of the sewerage requirements of the *NSW Best-Practice Management Framework* and its performance has been [to be completed by Council].

Key actions from Council's Strategic Business Plan:

- Insert achievements for Key Action 1 here for Coolamon Shire Council
- Insert achievements for Key Action 2 here for Coolamon Shire Council

INDICATOR		RESULT <sup>2</sup>		COMMENT/DRIVERS	ACTION
	<b>Best-Practice Management Framework</b>	Implemented 56% of the Best Practice Requirements <sup>1</sup>		Implementation demonstrates effectiveness and sustainability of water supply and sewerage business. 100% implementation is required for eligibility to pay an 'efficiency dividend'.	Prepare a new 30-year IWCM Strategy, Financial Plan & Report in accordance with the July 2014 IWCM Check List ( <a href="http://www.water.nsw.gov.au">www.water.nsw.gov.au</a> ) as the existing Strategic Business Plan is over 4 years old. Address remaining BPM requirements: - (2c) Appropriate non-residential charges - (2d) Appropriate trade waste fees and charges - (2f) Prepare trade waste regulation policy
<b>CHARACTERISTICS</b>					
5	Connected property density	23 per km of main	Lower than the statewide median of 38	A connected property density below about 30 can significantly increase the cost per property of providing services.	
7	Renewals expenditure		Not reported	Adequate funds must be programmed for works outlined in the Asset Management Plan – page 3 of the 2013-14 NSW Performance Monitoring Report.	<b>FOR INDICATORS 7 to 57</b> Where ranking is low, investigate reasons including past performance and trends, develop remedial action plan and summarise in this column.
8	Employees	1 per 1,000 props Highest ranking (1, 1)	Review	The number of employees per 1,000 properties is 42% of the median of 2.4 for utilities with 200-1,500 properties.	Review to ensure sufficient resources are available for effective operation and maintenance of system.
<b>SOCIAL – CHARGES</b>					
12	Typical residential bill <sup>3</sup> (TRB)	\$380 per assessment Highest ranking (1, 1)	Review	TRB should be consistent with projection in the financial plan, and should achieve full cost recovery. Drivers – OMA Management Cost and Capital Expenditure.	See 46.
13	Typical Developer Charges	\$4500 per ET Highest ranking (1, 3)	Good		
14	Non-residential sewer usage charge			Need to address BPM requirement (2c) for complying non-residential charges.	
<b>SOCIAL - HEALTH</b>					
16	Sewerage coverage	78.4% Lowest ranking (5, 5)	May require review		
17	Percent sewage treated to tertiary level	71% Low ranking (4, 4)	May require review		
18	Percent of sewage volume that complied	100% Highest ranking (1, 1)	Very good	Key indicator of compliance with regulator.	
19	Sewage treatment works compliant at all times	2 of 2		Key indicator of compliance with regulator.	
<b>SOCIAL – LEVELS OF SERVICE</b>					
21	Odour Complaints	0 per 1,000 props Highest ranking (1, 1)	Very good	Critical indicator of customer service and operation of treatment works.	
22	Service complaints	5 per 1,000 props High ranking (2, 2)	Good	Key indicator of customer service.	
23 a	Average Duration of Interruption	180 minutes Lowest ranking (5, 5)	May require review	Key indicator of customer service, condition of network and effectiveness of operation.	
25	Total Days Lost	0% Highest ranking (1, 1)	Very good		

1. Council needs to annually 'roll forward', review and update its 30-year total asset management plan (TAMP) and 30-year financial plan, review Council's TBL Performance Report and prepare an **Action Plan** to Council. The Action Plan is to include any actions identified in Council's annual review of its DWMS (Indicator 20) and any section 61 Reports from the NSW Office of Water. Refer to pages 27, 28, 107 and 111 of the 2013-14 NSW Water Supply and Sewerage Performance Monitoring Report.



## Coolamon Shire Council Sewerage – Action Plan Page 2

INDICATOR	RESULT	COMMENT/DRIVERS	ACTION
<b>ENVIRONMENTAL</b>			
26	Volume of sewage collected per property 105 kL Highest ranking (1, 1)	Compare sewage collected to water supplied.	
27	Percentage effluent recycled 71% Highest ranking (1, 1)	Very good Key environmental indicator. Drivers – availability of potable water, demand, proximity to customers, environment.	
28	Biosolids reuse	Not reported Key environmental indicator.	
32	Net Greenhouse gas emissions (WS & Sge) 80 t CO2/1000 props Highest ranking (1, 1)	Very good Drivers – gravity vs pumped networks, topography, extent of treatment.	
34	Compliance with BOD in licence 100% Highest ranking (1, 1)	Very good Key indicator of compliance with regulator requirements.	
35	Compliance with SS in licence 100% Highest ranking (1, 1)	Very good Drivers – algae in maturation ponds, impact of drought.	
36	Sewer main breaks and chokes 9 per 100km of main High ranking (2, 1)	Good Drivers – condition and age of assets, ground conditions.	
37 a	Sewer overflows to the environment 2 per 100km of main Low ranking (4, 3)	May require review Drivers – condition of assets, wet weather and flooding.	
39	Non-residential percentage of sewage collected 4% Lowest ranking (5, 5)	For non-residential, compare % of sewage collected to indicator 43 (% of revenue).	
<b>ECONOMIC</b>			
43	Non-residential revenue	Not reported See 39 above.	
46	Economic Real Rate of Return (ERRR) -0.7% Low ranking (4, 5)	Review Reflects the rate of return generated from operating activities (excluding interest income and grants). An ERRR or ROA of $\geq 0\%$ is required for full cost recovery.	Review and increase the real 2015-16 charges to achieve full cost recovery. See Footnote 3 on page 1.
46 a	Return on assets -0.3% Low ranking (4, 5)	See 46.	
47	Net debt to equity -10% Median ranking (3, 4)	LWUs facing significant capital investment are encouraged to make greater use of borrowings – page 14 of the 2013-14 NSW Performance Monitoring Report.	
48	Interest cover 0 Lowest ranking (5, 5)	Drivers – in general, an interest cover of $> 2$ is satisfactory.	
48 a	Loan payment	The component of TRB required to meet debt payments. Drivers – expenditure on capital works, short term loans.	
50	Operating cost (OMA) \$318 per prop High ranking (2, 2)	Good Prime indicator of the financial performance of an LWU. Drivers – development density, level of treatment, management cost, topography, number of discrete schemes and economies of scale.	Review carefully to ensure efficient operating cost.
52	Management cost \$52 per prop High ranking (2, 1)	Good Drivers – number of discrete schemes, number of employees. Typically about 40% of OMA.	
53	Treatment cost \$173 per prop Low ranking (4, 4)	May require review Drivers – type and level of treatment, economies of scale.	
54	Pumping cost \$40 per prop High ranking (2, 2)	Good Drivers – topography, development density, effluent recycling.	
56	Sewer main cost \$53 per prop Low ranking (4, 3)	May require review Drivers – topography, development density, effluent recycling.	
57	Capital expenditure \$60 per prop High ranking (2, 4)	Good An indicator of the level of investment in the business. Drivers – age and condition of assets, asset life cycle.	

2. The ranking relative to similar size LWUs is shown first (Col. 2 of TBL Report) followed by the ranking relative to all LWUs (Col. 3 of TBL Report).
3. Review and comparison of the 2014-15 **Typical Residential Bill (Indicator 12)** with the projection in your Strategic Business Plan is **mandatory**. In addition, if both indicators 46 and 46a are negative, you must report your proposed 2015-16 typical residential bill to achieve full cost recovery.