



KEMPSEY
Shire Council

DIRECTOR SHIRE SERVICES REPORT

12th June 2007

DSS2	NSW PERFORMANCE MONITORING REPORTS – MACLEAY WATER RESULTS FOR 04 / 05 FILE: 588 TAK {Folio No. *}
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SUMMARY:

Reporting Macleay Water's benchmarking results for 2004 / 05 and the move from State-wide Performance benchmarking to National Performance benchmarking.

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DESCRIPTION:

2004 / 05 Performance Benchmarking

Macleay Water has received its benchmarking results for the 2004/05 NSW Performance Monitoring Reports [Appendix B – Page H2](#).

The Department of Water and Energy (DWE, previously DEUS) compile these Performance Monitoring Reports annually following the water utility's completion of a comprehensive survey. The surveys are generally finalised August through to September depending on the timeframe for finalisation of the end of year financials. The reports take a triple bottom line approach and are conducted across all regional water utilities. An information brochure on the performance of NSW Local Water Utilities will be tabled at the meeting.

Upon receipt of the benchmarking results, the water utility is to then undertake a Review of Performance to identify issues and create action plans for improvement. The Macleay Water Review of Performance for the 2004 / 05 financial year is attached [Appendix C – Page H6](#).

Macleay Water's performance trends for water supply in the 2004 / 05 financial year are good. It shows a balanced number of employees per 1000 properties to the state-wide median. The number of employees has reduced from previous years and is a reasonable number in view of Council's 39 groundwater bores and 17 pumping stations. Microbiological compliance is good at 100%. Higher water quality complaints are focused around the South West Rocks iron issues and have since been addressed by the construction of the new water treatment plant. Main breaks are higher being heavily influenced by the dry season. The operating and management costs are consistent with a ranking at about the best 20% of water utilities. Pumping costs were consistently higher than the state-wide median and these are considered reasonable in view of Council's

infrastructure (very long run of mains from source) and demographics (low density of properties per kilometre, particularly in rural areas).

Macleay Water's performance trends for sewerage services in the 2004 / 05 financial year are improving. A higher number of employees per 1000 properties compared to the state-wide median was identified, however this has reduced from the previous years and is a reasonable number in view of Council's 7 sewerage treatment works providing advanced secondary and tertiary processes. There were no major malfunctions of the treatment processes. Council's operational and management costs reduced in real terms from the previous year with a small increase in treatment and pumping costs. The high sewer main operation and maintenance costs per property are considered reasonable in view of Council's infrastructure (age, form and location) and demographics (a low density of properties per kilometre of main).

National Performance Reporting

All Australian States and the Commonwealth government have signed an Intergovernmental Agreement on the National Water Initiative (NWI Agreement).

Under this agreement, all parties have agreed to report independently, publicly, and on an annual basis, on benchmarking of pricing and service quality for urban and rural water utilities. The national performance reports are to provide for a comparison of water utility performance over time and between utilities.

For the purposes of national performance reporting, a comprehensive audit of urban water utilities benchmarking results (between 10,000 and 50,000 properties) is required. This audit is to be undertaken at a minimum of three-yearly intervals commencing in 2007 at the utility's cost. Mid North Coast water utilities intend working through alliances to reduce costs for these audits. DWE are taking a co-ordinator role in the implementation of the audit process.

Macleay Water has taken an active role alongside many other NSW water utilities in the introduction of this new level of reporting tier and auditing process. A meeting was attended on 17th May in Sydney to discuss the National Performance Benchmarking.

REPORT IMPLICATIONS:

- ***Environmental***

Nil

- ***Social***

Nil

- ***Economic (Financial)***

Additional audit cost to Kempsey Shire Council at three yearly intervals commencing in 2007. The cost is yet to be determined. Further information will be available in coming months.

Impact on staff resources to complete the more comprehensive Performance Benchmarking to National Standards.

- *Policy or Statutory*

Nil

- *Director's Review*

The performance trends for Macleay Water in both water supply and sewerage services are improving. Many of the areas of concern identified in the report have since been addressed or are proposed to be addressed.

RECOMMENDATION:

That the report be received and noted.

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A P Vermeulen
DIRECTOR SHIRE SERVICES