



17. RESULTS OF NATIONAL WATER SUPPLY INDUSTRY REVIEW

Officer responsible Water Services Manager	Author Bruce Henderson
Corporate Plan Output: 9.3.23 Supply of Water	

The purpose of this report is to The purpose of this report is to inform Councillors of the result of the fourth survey of the Council’s performance in the delivery of Water Supply service compared with other Supply authorities in New Zealand.

BACKGROUND

Benchmarking of Water Supply and Wastewater services in New Zealand was initially undertaken for the 1996/97 year by PriceWaterhouse Coopers with the support of the New Zealand Water & Waste Association. These consultants are experienced in benchmarking utility operations including water, wastewater and the electricity industry. Christchurch has participated in the survey each year and the results reported to this Committee. Participation in the survey is voluntary, and each participant receives a report comparing its performance with the average of all participants. This ensures confidentiality and avoids one organisation making statements about others.

On this occasion 12 organisations took part. They were:

Christchurch City Council	Gisborne District Council
Hamilton City Council	Horowhenua District Council
Hutt City Council	Kapiti Coast District Council
New Plymouth District Council	North Shore City Council
Palmerston North City Council	Porirua City Council
Tauranga District Council	Western Bay of Plenty District Council

It is disappointing that the number of participants has dropped from 16 last year and that only one South Island authority (CCC) took part. However it is pleasing that eight authorities have been involved for three years or more.

RESULTS FOR YEAR ENDING 30 JUNE 1999

Copies of the full report are tabled, and are available for Councillors’ perusal.

A summary of the key findings of the report is shown on the following bar chart. This chart shows how Christchurch compares with the survey average and gives an indication of the degree of difference. When making comparisons with some of the indicators it is important to bear in mind the nature of the Christchurch supply compared with more typical supplies. A very obvious example of this is with water treatment, where our naturally high water quality results in a large comparative advantage. This in turn partly explains some of the advantage shown with total cost per volume delivered.

However, even when taking such factors into account, it is clear that Christchurch compares very well. The following points are worth making:

Response to Customer Complaints

The survey indicates that we attend to fewer than average complaints received (reports of leaks, low water flow, quality issues, location of shut off valves etc) within 24 hours, but that our clearance rate after three days is higher than average. This is possibly a reflection of the way our reactive maintenance contract is structured. Requests for the contractor to respond to a complaint immediately attract a penalty payment to compensate the costs the contractor incurs to close up and make safe one job, attend to the urgent one, then return to the original task. All complaints received are categorised into one of three groups: Urgent (respond within 1 hour), respond within one working day, or respond within three working days. Thus unless there is a good operational reason (eg commercial customers are affected by a required shutdown, and notification and negotiation is required) all customers' complaints are attended to within three days. Discussions with our maintenance contractor indicate that to change from this arrangement to achieve a faster initial clearance of complaints would require additional staff (and plant) to be employed, who would not be fully utilised. That is contractor staff, would to some extent, be idly waiting to respond to complaints as they are received, rather than being fully gainfully utilised. Thus our maintenance costs would increase.

Capital Expenditure as a proportion of assets employed. This Council is on the average for this indicator, but renewals work is a higher proportion. This may be a reflection of the higher growth rates in the North Island.

Customer Services costs per customer. The apparent high cost of this activity is largely explained by this Council's active water conservation and publicity programme.

Days until disconnection. This indicator reflects that some authorities have a policy of disconnecting, or severely restricting, a customers supply if water charges are not paid. This Council does not have such a policy.

Distribution operating costs per volume, and per customer. While these indicators show the Council to be close to average, the situation changes when energy costs are taken into account. With energy subtracted from both figures for both the Christchurch City Council and the compared councils, this Council distribution advantage changes to 20% on a per customer basis, and 24% per volume delivered basis.

System Planning cost per volume delivered. This indicates that this Council is spending less than average on planning. This is possibly due to relative ease at which we are presently able to abstract water from the underground aquifers. However extra costs are being incurred as the Regional Council moves into the consultation phases of the preparation of the Water Resources Management Plan.

Water Supply Key Performance Indicators: Variance from Average

Customer Summary

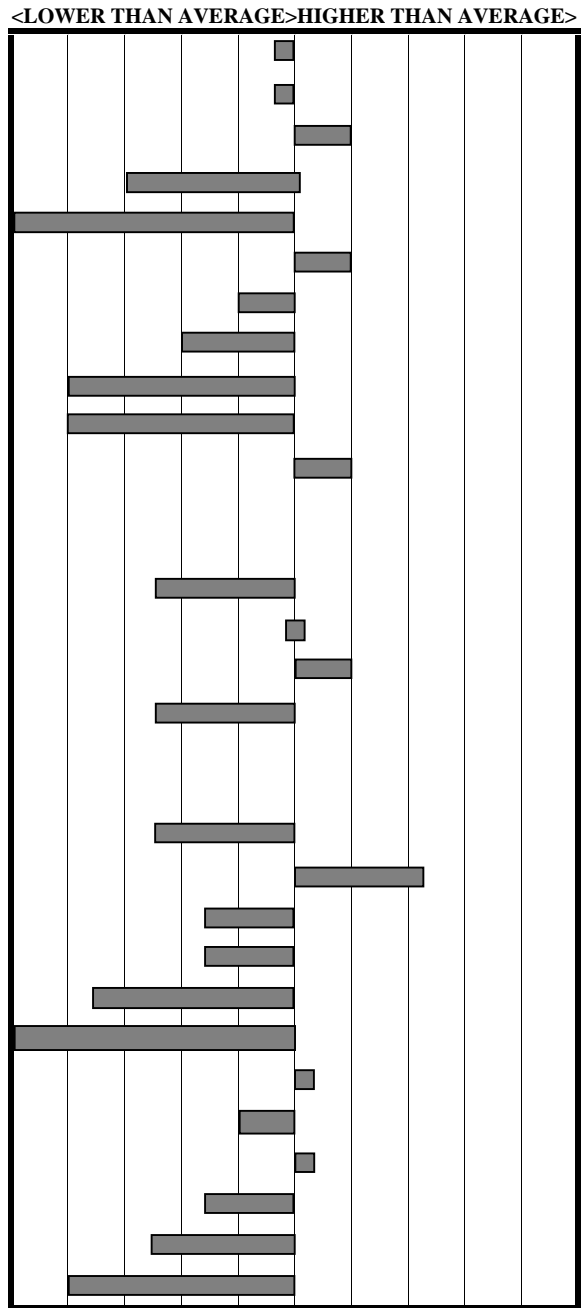
- Customer complaints/customer
- Customer complaints responded to same day
- Customer complaints responded to within 3 days
- Number of customers invoiced by volume
- Days until disconnection
- Ministry of Health grading Source & Treatment
- Ministry of Health grading Distribution
- Distribution interruptions/volume delivered
- Water charge, large domestic urban customer
- Water charge, large industrial customer
- Unaccounted for water as % of water delivered

Financial Summary

- Total expenditure/volume delivered
- Capital expenditure as a proportion of assets
- Renewals as a proportion of Capital Expenditure
- Assets employed/volume delivered

Activity Analysis

- Total operating cost per connection
- Customer services operating cost/customer
- Revenue collection operating costs/customer
- Metering operating cost/metered customer
- Collection operating cost /volume collected
- Treatment operating cost/volume treated
- Distribution operating cost per customer
- Distribution cost (excl energy)/customer
- Distribution operating cost /volume delivered
- Field work cash cost/volume delivered
- System Planning cost/volume delivered
- Admin & corporate cost/customer



Chairman's

Recommendation: That the information be received.