

Water Supply Group



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Council meets the need for high quality drinking water and ensures fire-fighting performance standards are met within the defined water supply areas. This activity contributes significantly to present and future environmental and economic well-being of the district.

Activity: Water supply

Council's vision is for everybody in the Far North to have access to sufficient, safe, and reliable sources of drinking water that is provided in a sustainable manner. The water treatment plants, pumping stations, and reticulation systems contribute to that by providing the treatment and delivery of safe drinking water to communities served by Council owned systems.

Water supply is regarded as one of the core functions of Council, as required by statute. The Local Government Act 2002 ("the Act") generally requires the continued operation of any water system that Council operated at the time the Act was passed, as well as continuing to operate any new system that Council constructs from that date.

Key facts

Council operates and maintains:

- 8 potable (drinkable) water systems and one non potable system.
- 9 water treatment plants.
- 3 raw water dams.
- 14 borehole sources.
- 33 storage reservoirs.
- 330 km of water mains.
- 20 booster pump stations.
- 9,279 properties are connected to Council water systems.

Council also:

- Provides new water connections to areas of development.
- Installs water meters and undertakes reading for billing purposes.
- Promotes water conservation.
- Provides drinking water supply to commercial operators who service private rainwater tank owners.



Our major achievements in 2012/13

Highlights of our progress during 2012/13 include:

- Council have proposed a Hokianga accord where a backbone pipeline would be installed that permitted movement of water between three adjacent catchments depending on the available supply in each catchment.

The water pipeline would receive Ministry of Health funding and be owned and maintained by Council. Recent meetings with the Iwi groups and agencies indicated positive support and further design work will be progressed.

Challenges we experienced

- Drought conditions in the South Hokianga area due to the current raw water sources being very small.
- Cost management was a key focus for projects with a diverse range of options, including new technologies being explored and in some cases introduced. This was particularly challenging for staff, many of whom were new to the organisation or have new roles and therefore limited experience, placing a heavy load on senior staff, and who were involved in detailed oversight

of operational areas.

- Council lags significantly behind the larger councils when measured against some of the Asset Management Plan criteria. Council has recognised this weakness and is now advancing a project to develop an integrated Asset Management System.
- May 2013 water shortage affected Kaikohe as bores supplying the town were not recovering as quickly as expected.

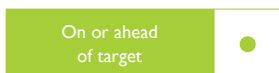
Plans for the next 12 months

- Work to finalise a pipeline route to Kaitaia and to establish the required infrastructure is proceeding. Construction is expected to commence during 2013.
- Progress water supply issues in Omanaia.
- Changes to water quality monitoring in line with drinking water standards.
- Gain approval for public health risk management plans.

- Assessment of fire-fighting performance, i.e. identifying improvements that compliment local fire-fighting operational strategies.
- Upgrade works at Paihia to meet new demands from Waitangi Trust/Copthorne Hotel.

How we performed against the first year of the Long-Term Plan (LTP) 2012/22

The tables below reflect the progress of our key work during 2012/13. Each action/project is linked to the strategic objectives and priorities set in the LTP. The progress at the end of the financial year against each action/project has been represented by:



Strategic Objective:
Investment in new infrastructure as and when affordable.

2012/13 Action/project	Background	Progress
PRIORITY 1: Ensure continued supplies of safe potable drinking water.		

Drinking water standards	Further improvements to assets and management procedures to align with the latest drinking water standards	●
<p>Progress comments: All plants are now being assessed for compliance under the Drinking Water Standards of New Zealand 2008. Kaitaia, Squires springs and Taraire hills have insufficient log credits to meet the requirements of the source water. Cartridge filtration for Squires Springs has proved effective and Ultraviolet (UV) units have been priced for Kaitaia and Taraire Hills. Kerikeri and Kawakawa have recently achieved Ab grading.</p>		

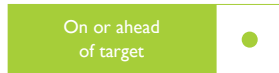
Public health risk management plans	Approval and implementation of public health risk management plans for all schemes	●
<p>Progress comments: Plans have been drafted for all schemes. Council and Transfield Services are currently reviewing/editing existing plans. All scheme plans however have been submitted to the drinking water assessor for initial comment.</p>		

2012/13 Action/project	Background	Progress
PRIORITY 2: Safeguard future water supply.		

Unaccounted water use	Reduction in levels of unaccounted water use	●
<p>Progress comments: Progress has been made in Moerewa and Kawakawa reducing unaccounted for water. Transfield Services is currently working with Council water asset engineers regarding current data including measurement of 'unaccounted for water'. Kaitaia reticulation is an area currently being reviewed by the assets team. The annual average of unaccounted for water across the district was 26%.</p>		

2012/13 Action/project	Background	Progress
PRIORITY 3: Comply with NZ fire fighting water supplies code of practise.		

New Zealand (NZ) Fire Service	Working with the NZ Fire Service to ensure Council actions compliment fire-fighting technologies deployed in the district	●
<p>Progress comments: Ongoing operational activity/goal.</p>		



2012/13 Action/project	Background	Progress
PRIORITY 4: Promote sustainable water usage.		
Water conservation education programme	Education and advertising aimed at 30/06/2014 improving water conservation throughout the community	●
<p>Progress comments: The recent drought saw a number of media releases regarding water conservation. Resulting from contractor investigations carried out during the drought and customers contacting Council with information, a number of actions were identified for follow-up. These included water leakage and previously unknown water usage.</p>		
Sustainability	Continuing the commitment to sustainability by examining the options available to achieve an efficient use of resources including water, power, chemicals and developing solutions appropriate for the district	●
<p>Progress comments: Transfield Services are currently investigating the potential to achieve further chemical savings utilising a procurement contract with a supplier in Australia. Power consumption is continually reviewed given its significance to the operational budget across the schemes. Some variable speed drives have been fitted where appropriate. Power costs/energy management is under review by senior staff with outcomes anticipated during 2013/14 year.</p>		

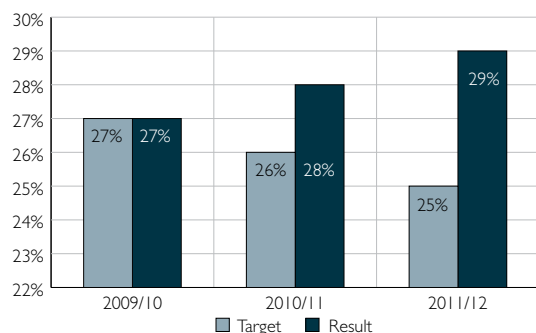
Community Outcome: A Safe and Healthy District and a Sustainable and Liveable Environment

About this Outcome: Treated drinking water supplies conform to established public health standards and water treatment does not adversely affect the environment.

Actual achievements against the Key Performance Indicators (KPI) and targets that the Council uses to monitor levels of service are detailed below:

KPI: Percentage of non revenue water measured (Losses)	LTP Target	Result 2012/13
NOT ACHIEVED: Currently targeting Moerewa, Kawakawa and Rawene (Hokianga Hospital) for reduction in unaccounted water use.	26%	27%

Graph shown below details a three year view of performance: (The difference being "Percentage of unaccounted for water (leakage, illegal connections, unauthorised use)" to monitor this KPI in previous years)

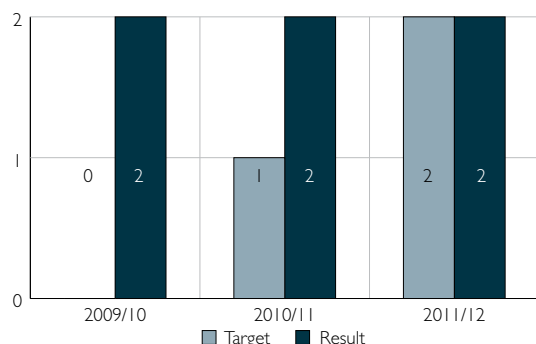


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KPI: Compliance with consented water take limits, maximum number of fails per month	LTP Target	Result 2012/13
ACHIEVED: Under Limit. One breach at Monument Hill.	5	1
* KPI above is new in the LTP 2012/13. Unable to provide a three year view of performance.		

KPI: Number of systems achieving grade Bb	LTP Target	Result 2012/13
ACHIEVED: Existing systems are meeting the water quality standards. Kerikeri and Kawakawa schemes have achieved Ab grade.	4	4

Graph shown below details a three year view of performance:



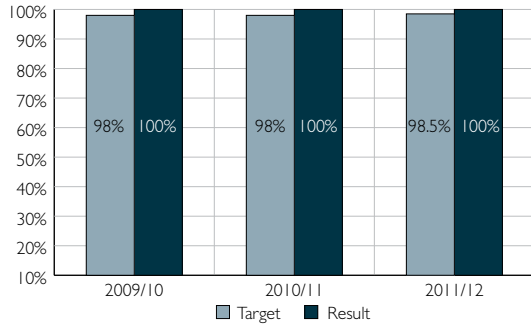
KPI: All systems fully compliant with the Drinking Water Standards for New Zealand	LTP Target	Result 2012/13
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NOT ACHIEVED: Monument Hill and Okaihau are not compliant with 2000 Standard: UV not recognised for 2000 Standard. Work is in progress on Monument Hill and Okaihau schemes to achieve compliance with Drinking Water Standards 2008.

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Graph shown below details a three year view of performance: (The difference being % was used to monitor this KPI in previous years)



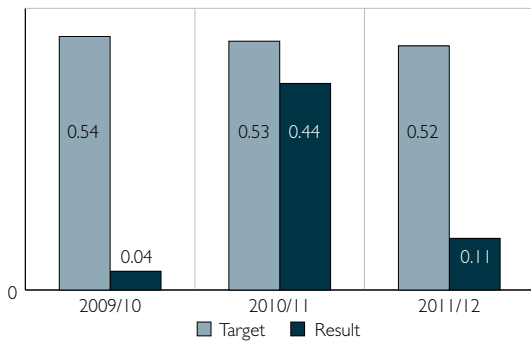
KPI: To reduce number of bursts per km of pipe	LTP Target	Result 2012/13
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NOT ACHIEVED: Averaging 1 to 2 main breaks per month. Future asset condition monitoring will enable improved intelligence, planned renewal and more accurate targeted replacements.

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Graph shown below details a three year view of performance: (The difference being "Reduction in number of bursts per km of pipe" to monitor this KPI in previous years).



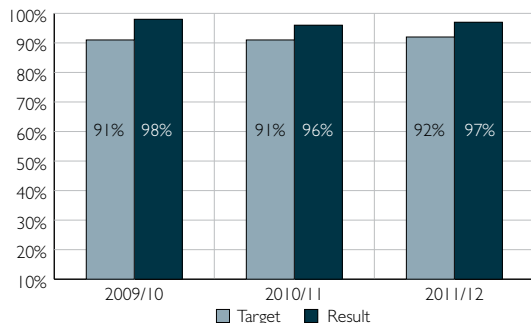
KPI: Percentage of urgent RFS (4 hours) responded within timeframe	LTP Target	Result 2012/13
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ACHIEVED: 233 incidents attended with 10 not resolved within the time frame.

93%

95%

Graph shown below details a three year view of performance:



Financial Information

Water Supply

FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	ACTUAL 2013 \$000s	COUNCIL BUDGET 2013 \$000s	VARIANCE \$000s
Income				
Rates income (excluding targeted water supply rates)	1	2,318	1,796	522
Fees, charges & targeted water supply rates	2	5,794	6,165	(371)
Development & financial contributions	3	576	0	576
Subsidies & grants	4	27	413	(386)
Other income		95	0	95
Total operating income		8,809	8,374	435
Expenditure				
Direct costs	5	6,548	3,863	(2,685)
Indirect costs		330	445	114
Activity expenditure		6,878	4,308	(2,570)
Depreciation		2,282	2,263	(19)
Interest payable		633	903	270
Total operating expenditure		9,793	7,474	(2,320)
Net operating surplus/(deficit)		(984)	901	(1,885)
Capital statement				
Net operating surplus		(984)	901	(1,885)
Loans		573	1,311	(738)
Other funding		871	2,296	(1,425)
Total funding		459	4,507	(4,048)
New work	6	1,081	1,781	700
Renewal works	6	433	2,013	1,580
Loan repayments		750	714	(36)
Total capital expenditure		2,263	4,507	2,244
NET SURPLUS/(DEFICIT)		(1,804)	0	(1,804)

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number.

The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.

VARIANCE TO THE LONG TERM PLAN 2012/13

- Rates income is showing a favourable variance of \$522k predominantly due to:
 - An increase in penalty rate income of \$548k; and
 - Water service fees are showing an unfavourable variance of \$27k.
- Fees, charges and targeted supply rates are showing a favourable variance of \$966k [predominantly due to:
 - An increase in water by meter charges of \$817k;
 - An increase in water by meter penalty income of \$115k.
- Development and financial contributions are showing a favourable variance of \$576k predominantly due to a contribution of \$500 towards an expansion of the Paihia water scheme to include the Copthorne Hotel.
- Subsidies and grants are showing an unfavourable variance of \$386k due to changes in the proposed scheme for Rawene/Omania.

5. Direct costs are showing an unfavourable variance of \$2,685k predominantly due to:
- External services are showing an unfavourable variance of \$1,599k, mainly due to a payment for the Sweetwater scheme. The Council has spent \$2.258 million on assets with a book (or carrying) value of \$747k in relation to the Sweetwater scheme up to 30 June 2013. This includes:
 - \$343k which relates to resource consents obtained for the scheme;
 - \$357k which relates to the borefield and pipeline; and
 - \$47k of other costs and fees.
 - The balance of \$1,511k has been expensed. A further \$250,000 is to be paid once the landowner has subdivided their property to enable title to the bore field property to be passed to the Council. This has been included in capital commitments in note 26.
 - Loss on disposal of property, plant & equipment of \$169k;
 - Loss on valuation of property, plant and equipment of \$420k;
 - Bad debt provisions exceeded budget by \$536k due to increased penalty charges.
6. Capital expenditure is showing a favourable variance of \$2,280k predominantly due to delays in the commencement of projects.

KEY CAPITAL PROJECTS FOR THE YEAR ENDED 30 JUNE 2013

	ACTUAL 2013 \$000s	COUNCIL BUDGET 2013 \$000s	VARIANCE 2013 \$000s
New Works			
Water schemes	1,081	1,781	700
Total new works	1,081	1,781	700
Renewals			
Water schemes	433	2,013	1,580
Total renewals	433	2,013	1,580

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2012/13

The Local Government Act 2002 requires councils to provide information regarding any significant assets replaced during the year. Council's significance policy does not specify a value but does identify the following assets as significant:

WATER TREATMENT, STORAGE AND SUPPLY NETWORK	COUNCIL BUDGET 2013 \$000s	VARIANCE 2013 \$000s
Water schemes		
Kaitia specified renewals	586	17
Proposed water asset renewals for Kaitia		
Rawene treatment upgrade		
Major project for the Rawene / Omania area	700	150

VARIANCE TO THE ANNUAL PLAN 2012/13

- Kaitia specified renewals.
A schedule of works that are expected to be completed each year is produced for budgetary purposes. Most of those items were not renewed during 2012/13 and will be reconsidered for future years dependant upon their condition.
- Rawene treatment upgrade.
Delay continues due to extensive consultation with the community.