

Head 194 — WATER SUPPLIES DEPARTMENT

Controlling officer: the Director of Water Supplies will account for expenditure under this Head.

Estimate 2006–07	\$5,116.9m
Establishment ceiling 2006–07 (notional annual mid-point salary value) representing an estimated 4 636 non-directorate posts as at 31 March 2006 reducing by 175 posts to 4 461 posts as at 31 March 2007	\$994.2m
In addition, there will be an estimated 23 directorate posts as at 31 March 2006 and as at 31 March 2007.	
Commitment balance	\$4.3m

Controlling Officer's Report

Programmes

Programme (1) Water Supply: Planning and Distribution
Programme (2) Water Quality Control
Programme (3) Customer Services

These programmes contribute to Policy Area 24: Water Supply (Secretary for the Environment, Transport and Works).

Detail

Programme (1): Water Supply: Planning and Distribution

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	4,738.7	4,632.5	4,631.3 (—)	4,626.9 (–0.1%)
				(or –0.1% on 2005–06 Original)

Aim

2 The aim is to plan water resources and to design, construct, maintain and operate water supply systems in order to provide round-the-clock supply throughout the year to meet the demands of the territory.

Brief Description

3 The Department is responsible for providing an adequate and satisfactory supply of water to the territory. This work involves:

Fresh water

- planning water supply requirements on the basis of providing round-the-clock supply of water throughout the year to the territory;
- developing water resources and supply systems to cope with these requirements;
- designing and constructing reliable and efficient water supply and distribution systems to meet these requirements in good time; and
- operating and maintaining the water supply and distribution systems.

Salt water for flushing

- planning on salt water supply requirements;
- developing salt water supply systems to cope with these requirements;
- designing and constructing reliable and efficient salt water supply and distribution systems to meet the requirements in good time; and
- operating and maintaining the salt water supply and distribution systems.

4 In 2005, the Department was able to plan, design and construct new projects in time for extension of fresh and salt water supplies to new developments and to operate and maintain the water supply systems to provide adequate and uninterrupted supplies of water throughout the year.

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5 The key performance measures in respect of water supply are:

Targets

	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
supply pressure				
fresh water supply—maintaining normally a minimum residual head of between 15 and 30 metres in the distribution systems except at their extremities (%).....	100	100	100	100
salt water supply—maintaining normally a minimum residual head of 15 metres in the distribution systems except at their extremities (%).....	100	100	100	100

Indicators

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
projects under planning	17	19	19
value of projects under planning (\$m).....	800	1,200	1,200
projects under design	26	28	28
value of projects under design (\$m).....	1,240	2,300	2,600
projects under construction.....	66	60	55
expenditure of works under construction (\$m).....	1,350	1,350	1,350
fresh water supplied (m ³).....	955 333 000	967 713 000	981 000 000
salt water supplied (m ³)	255 431 000	262 760 000	268 000 000
days on full supply.....	366	365	365
total treatment works capacity (m ³ /day)	4 795 600	4 795 600	4 795 600
total pumping plant capacity (megawatts).....	323.7	326	327
leakage rate of watermains (%)	24.5	23.6	23.0

Matters Requiring Special Attention in 2006–07

6 During 2006–07, the Department will:

- continue to plan and develop water resources and supply systems to provide water supply round-the-clock throughout the year to the territory;
- ensure that new waterworks projects serving urban and new town developments are completed on time;
- continue to plan, design and construct water supply systems for new town developments;
- ensure that adequate and uninterrupted supplies of fresh and salt water are maintained throughout the territory in accordance with planning standards and in compliance with environmental standards;
- continue to implement the asset management plan for improving the efficiency and conditions of the water supply facilities;
- continue inspection and maintenance of slopes and water pipes which may affect slopes, and improvement to sub-standard slopes; and
- explore alternative approaches to achieve greater efficiency in the delivery of water supply services.

Programme (2): Water Quality Control

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	127.0	140.6	134.1 (–4.6%)	131.1 (–2.2%)
				(or –6.8% on 2005–06 Original)

Aim

7 The aim is to control the quality of water supplied to consumers in accordance with international and the Department's standards.

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Brief Description

8 The Department is responsible for ensuring that the purity, wholesomeness and safety of treated fresh water and salt water conform to international and established standards respectively, such as the World Health Organization guidelines, in all respects and at all times. This work involves:

Fresh water

- water treatment—ensuring that the treated water conforms chemically and bacteriologically to international standards for drinking water recommended by the World Health Organization; and
- water quality control—ensuring that test samples taken from treatment works, service reservoirs, connection points, consumers’ taps, etc., conform to the World Health Organization standards.

Salt water for flushing

- water treatment—ensuring that the water supplied conforms chemically and bacteriologically to the Department’s standards; and
- water quality control—ensuring that test samples taken from pumping stations, service reservoirs, connection points, etc., conform to the Department’s standards.

9 In 2005, the Department was able to achieve the set quality standards in the treatment of water and maintain effective measures in monitoring and controlling the quality of the water it supplies to consumers.

10 The key performance measures in respect of water quality control are:

Targets

	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
fresh water quality—water supplied to customers at the connection points complies with the World Health Organization guideline standards (%)	100	100	100	100
salt water quality—water supplied to customers at the connection points complies with Water Quality Objectives set by Water Supplies Department (%)	95	95	95	95

Indicators

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
<i>Treated fresh water</i>			
samples taken from treatment works, service reservoirs and consumers’ taps.....	25 592	25 445	25 000
chemical quality satisfying standards (%)	100	100	100
bacteriological quality satisfying standards (%)	100	100	100

Matters Requiring Special Attention in 2006–07

11 During 2006–07, the Department will:

- continue to ensure that the quality of treated fresh water supplied to consumers conforms to current international standards;
- continue with the regular water quality surveys and monitoring at all source points, in various treatment stages and throughout the entire supply and distribution system;
- continue to monitor radiation levels in raw and treated fresh water at radiation screening centres;
- continue to publish water quality data through the Department’s website; and
- develop and implement a water safety plan according to the latest World Health Organization guidelines.

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Programme (3): Customer Services

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	346.2	348.3	353.7 (+1.6%)	358.9 (+1.5%)
				(or +3.0% on 2005–06 Original)

Aim

12 The aims are to provide customer services and to enforce the Waterworks Ordinance and Regulations.

Brief Description

13 The Department is responsible for the provision of efficient and effective services to consumers and for taking enforcement action on offences under the Waterworks Ordinance and Regulations. This work involves:

- improving efficiency and effectiveness in dealing with customer enquiries and complaints;
- enforcing the Waterworks Ordinance and Regulations;
- ensuring timeliness of billing and promptness in updating consumer accounts;
- monitoring closely the level of arrears of water charges; and
- coping with the growth in the number of consumer accounts.

14 The Department commenced implementing the main features of the new Customer Care and Billing System in December 2004. It has worked to improve steadily the performance measures during the rest of 2005 despite the continued growth in the number of consumer accounts in 2005. Satisfactory enforcement of the Waterworks Ordinance and Regulations was maintained.

15 The key performance measures in respect of customer services are:

Targets

	Target	2004 (Actual)	2005 (Actual)#	2006 (Plan)@
process application for taking up of consumership				
by post within seven days (%)	100	99.6	99.7	99.7
in person at Customer Enquiry Centres (All-purpose counter)				
within 15 minutes (%)	100	99.9	99	99.9
issue of final bill upon closure of account within three days (%)	100	99.3	98.7	99
refund of water deposit within nine days (%)	100	99.7	92.5	99
process application for meter test within eight days (%)	100	99.4	100	100
process application for autopay service (excluding one-month process time by bank) within three days (%)	100	99.5	100	99
accuracy of water meters (inaccuracy not exceeding +/- 3%)(%)	100	94.3	93.1	94.5
response time for attendance to fault complaints				
within half a day for fresh water supply fault (%)	100	100	100	100
within 24 hours for others (%)	100	100	100	100
notice for planned suspension of water supply issued not less than three days in advance (%)	100	100	100	100

The figures do not cover the initial six-month run-in period of the new Customer Care and Billing System. The performance of the Department was still affected at the early stage of the implementation of the new system.

@ It is expected that the performance of the Department will pick up gradually with the completion of the enhancement of the new Customer Care and Billing System in 2006.

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Indicators

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
no. of consumer accounts	2 628 095	2 635 179	2 650 000
fees, water charges and deposits demanded (\$m).....	2,700	2,675	2,700
arrears of water charges at year end in terms of no. of days of water charges demanded.....	0.9	1.5	1.5
prosecutions.....	155	213	200
finer imposed (\$)	255,600	371,600	350,000
house service inspections due to irregular consumption	5 491	6 391	6 000
public enquiries and requests for services	1 255 238	1 138 221	1 250 000
disputes and complaints handled	29 471	27 862	29 000

Matters Requiring Special Attention in 2006–07

16 During 2006–07, the Department will:

- continue to conduct the annual review of water tariffs and other waterworks fees and charges, process new applications for metered supplies, improve services to consumers to meet their increased expectation and review and adjust regularly the water deposits;
- publicise regularly through the mass media the various customer services provided by the Department and the responsibilities of consumers under the Waterworks Ordinance and distribute information leaflets to consumers;
- continue to review the systems and procedures and the information technology in use to ensure cost-effectiveness in delivering customer services; and
- implement a five-year water meter replacement programme to speed up the replacement of aged water meters in order to improve the overall meter accuracy.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2004-05 (Actual) (\$m)	2005-06 (Original) (\$m)	2005-06 (Revised) (\$m)	2006-07 (Estimate) (\$m)
(1) Water Supply: Planning and Distribution	4,738.7	4,632.5	4,631.3	4,626.9
(2) Water Quality Control.....	127.0	140.6	134.1	131.1
(3) Customer Services.....	346.2	348.3	353.7	358.9
	5,211.9	5,121.4	5,119.1 (—)	5,116.9 (—)
				(or -0.1% on 2005-06 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2006-07 is \$4.4 million (0.1%) lower than the revised estimate for 2005-06. This is mainly due to reduced operating expenses and requirement for purchase of equipment, and deletion of 147 posts.

Programme (2)

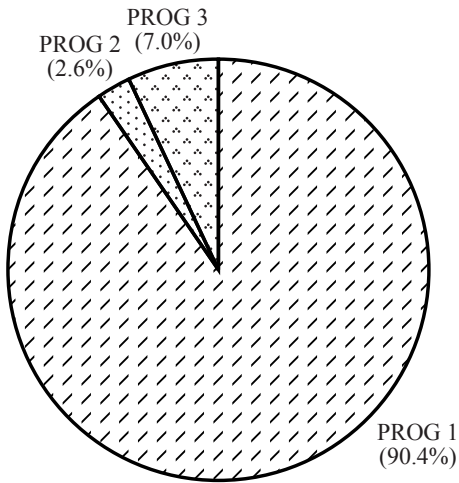
Provision for 2006-07 is \$3.0 million (2.2%) lower than the revised estimate for 2005-06. This is mainly due to reduced requirements for purchase of equipment, and deletion of one post.

Programme (3)

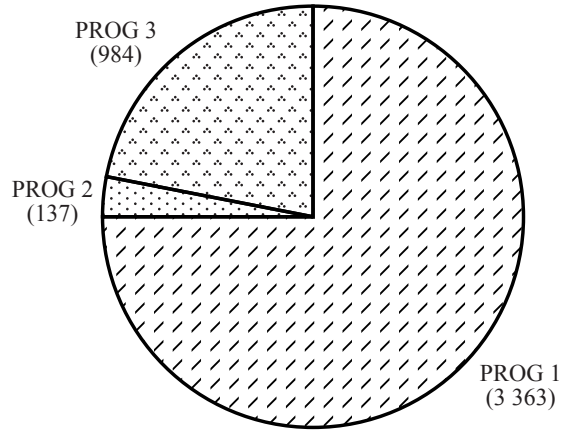
Provision for 2006-07 is \$5.2 million (1.5%) higher than the revised estimate for 2005-06. This is mainly due to increased requirement for the replacement of aged water meters, partly offset by reduced cash flow requirements for non-recurrent projects and deletion of 27 posts.

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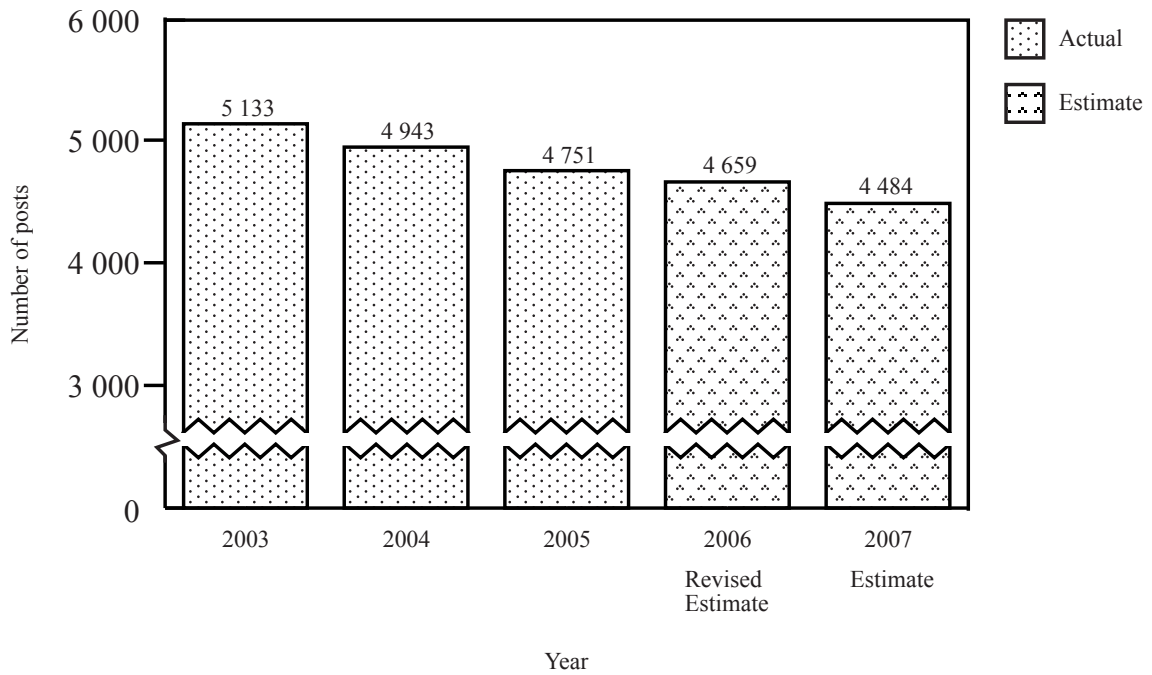
*Allocation of provision
to programmes
(2006-07)*



*Staff by programme
(as at 31 March 2007)*



*Changes in the size of the establishment
(as at 31 March)*



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Sub-head (Code)		Actual expenditure 2004-05	Approved estimate 2005-06	Revised estimate 2005-06	Estimate 2006-07
		\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses	2,680,649	2,580,857	2,580,857	2,583,040
223	Purchase of water.....	2,528,934	2,528,934	2,528,934	2,528,934
	Total, Recurrent.....	5,209,583	5,109,791	5,109,791	5,111,974
Non-Recurrent					
700	General non-recurrent.....	1,915	6,880	5,152	3,525
	Total, Non-Recurrent.....	1,915	6,880	5,152	3,525
	Total, Operating Account.....	5,211,498	5,116,671	5,114,943	5,115,499
Capital Account					
Plant, Equipment and Works					
603	Plant, vehicles and equipment	33	1,360	816	544
661	Minor plant, vehicles and equipment (block vote)	332	3,340	3,340	850
	Total, Plant, Equipment and Works	365	4,700	4,156	1,394
	Total, Capital Account	365	4,700	4,156	1,394
	Total Expenditure.....	5,211,863	5,121,371	5,119,099	5,116,893

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Details of Expenditure by Subhead

The estimate of the amount required in 2006–07 for the salaries and expenses of the Water Supplies Department is \$5,116,893,000. This represents a decrease of \$2,206,000 against the revised estimate for 2005–06 and of \$94,970,000 against actual expenditure in 2004–05.

Operating Account

Recurrent

2 Provision of \$2,583,040,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Water Supplies Department.

3 The establishment as at 31 March 2006 will be 4 659 permanent posts. It is expected that there will be a deletion of 175 permanent posts in 2006–07. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2006–07, but the notional annual mid-point salary value of all such posts must not exceed \$994,218,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2004–05 (Actual) (\$'000)	2005–06 (Original) (\$'000)	2005–06 (Revised) (\$'000)	2006–07 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	1,240,649	1,206,047	1,185,923	1,185,374
- Allowances	72,851	67,815	72,411	70,611
- Job-related allowances	4,843	5,844	5,844	5,844
Personnel Related Expenses				
- Mandatory Provident Fund contribution	271	351	351	351
Departmental Expenses				
- Light and power	525,039	517,170	524,788	524,788
- Hire of services and professional fees	50,877	54,943	57,182	54,943
- Fuel and lubricating oil	472	400	465	465
- Specialist supplies and equipment	49,351	69,810	65,001	72,787
- Maintenance materials	60,168	52,092	55,015	52,092
- Contract maintenance	563,131	492,369	496,419	496,327
- General departmental expenses	112,997	114,016	117,458	119,458
	2,680,649	2,580,857	2,580,857	2,583,040

5 Provision of \$2,528,934,000 under *Subhead 223 Purchase of water* is for the purchase of water from Guangdong.

Capital Account

Plant, Equipment and Works

6 Provision of \$850,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$2,490,000 (74.6%) against the revised estimate for 2005–06. This is mainly due to reduced requirement for replacement and acquisition of equipment.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2005	Revised estimated expenditure for 2005–06	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	510	Hire of service for implementation of the surface asset management and the pressure management schemes....	4,400	2,750	720	930
	514	Replacement and enhancement of computers and systems.....	2,460	1,409	501	550
	516	Replacement of imperial meters	7,350	1,843	3,262	2,245
			<u>14,210</u>	<u>6,002</u>	<u>4,483</u>	<u>3,725</u>
<i>Capital Account</i>						
603		<i>Plant, vehicles and equipment</i>				
	466	Replacement of one glass reinforced plastic vessel and associated accessories.....	1,360	—	816	544
		Total	<u>15,570</u>	<u>6,002</u>	<u>5,299</u>	<u>4,269</u>