

Report 05.297

Date 15 June 2005 File 0/02/01/10

Committee Utility Services

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Divisional Report for Period Ending 31 May 2005

1. Purpose

To:

- Comment on the Utility Services Division financial performance for the 11 months ended 31 May 2005.
- Comment on other items of interest/note.
- Receive the attached activity reports to 31 May 2005 (Attachment 1).

2. Significance of the Decision

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Divisional Financial Performance for 11 Months Ended 31 May 2005

Greater Wellington Water

Little of significance to report, suffice to say that financially the water operation continues to perform satisfactorily.

It is pleasing to note that after 11 months, expenditure excluding depreciation, is slightly below the same period last year. Savings in interest expense continue to offset other cost increases. Capital expenditure is proceeding pretty much as recently forecast.

Plantation Forestry

Financially a good month as we managed to come close to breaking even. With a modicum of luck the position at year end should finish up somewhat better than forecast.

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Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
	Water Supply				
24,102	Income	24,382	24,164	26,781	26,360
22,449	Expenditure	23,570	24,493	25,957	26,752
1,653	Operating Surplus	812	(329)	824	(392)
	•				
424	Operations	699	-	807	-
939	Strategy and Asset	420	-	278	-
365	Support Services	(249)	(259)	(294)	(314)
22	Engineering Consultancy	(62)	8	3	8
(97)	Laboratory Services	4	(78)	30	(86)
1,653	Operating Surplus/(Deficit)	812	(329)	824	(392)
	•				
	Plantation Forestry				
3,466	Income	3,576	4,387	3,918	4,786
3,620	Expenditure	3,857	4,422	4,286	4,824
(154)	Operating Surplus/(Deficit)	(281)	(35)	(368)	(38)

4. Water Demand Management

As a result of a report to the Utility Services Committee meeting on 22 June 2004, the Committee recommended to Council:

That active investigations be undertaken and reported back to Council by the end of the 2004/5 fiscal year, on the merits and risks of a more comprehensive demand management programme that is based on the agreement and active participation of our customers.

The Committee will be aware that in essence our approach here has been to develop a Wellington Water Management Plan along the lines of a plan produced by the Auckland operators. During this year we have gained the agreement of the four Wellington city councils to produce such a plan. While getting this all together has taken considerably longer than expected, we have produced a first draft of such a plan which will be discussed with our customers in early July. Given this is very much a first draft, we would not expect it would be in a form that would be taken to the various Councils until 2006.

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We are very pleased to have at least managed to get this underway as clearly we potentially face significant new water source costs. The longer we delay that expenditure by reduced water use the better and hence it is very useful that we can consider the Water Management Plan at the same time as we look at new water source costs.

5. New Water Source Options

This is just to remind Councillors that following this meeting we will provide more details on our current thinking as to the water source options and some estimates of costs.

6. Contract No 1241 Kaitoke Watermain Duplication State Highway 2 to 58 Haywards

Tenders for this contract have just been received and are being assessed as this order paper goes out. An information report will be tabled at the Committee meeting.

7. Recommendation

That the Committee:

- (1) Receive the report.
- (2) *Note* the contents.

Report prepared by:

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Attachment 1: Utility Services Division's Activity Report to 31 May 2005

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