



Report 09.10  
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Committee Parks, Forests & Utilities  
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Water Supply, Parks and Forests

## **Divisional report for period ended 31 December 2008**

### **1. Divisional performance**

#### **1.1 Parks**

Work has started on the Parks Network Strategy, with information gathering and surveys of various stakeholders, including the public. The process will be outlined in the more details in a report to the March Committee meeting.

At the Poplar Avenue end of Queen Elizabeth Park land is being made available for cleanfill coming from the duplication of the railway line formation between McKay's Crossing and Paraparaumu. Once the fill is placed, the soil will be replaced and the area grassed. Potentially this will provide a much better area for a pony club lease.

The chart in the managers' report indicating the rise in bird numbers following a possum control operation in 2003 is interesting, in that it shows how bird numbers tail off after five years. There will be a further possum operation in the Hutt Catchment this calendar year.

Reports for the Eastern and Western Sector parks indicate the amount of public activity within the parks at the start of the summer period. Unfortunately, there was a spate of incidences where some members of the public use the parks to the detriment of others.

A milestone was celebrated during the period with the 150<sup>th</sup> anniversary of the opening of the Pencarrow Lighthouse. We were pleased to be able to work with the New Zealand Historic Places Trust to support occasion.

#### **1.2 Marketing and Design**

Drought conditions last summer highlighted the need for the four city councils and Greater Wellington Regional Council (GWRC) to work together to draw the public's attention to the constraints on watering gardens. All four city councils now have the same time periods for the use of sprinklers and irrigation equipment, and three of the four city councils have the same day restrictions. Hopefully, in time, all four city councils will have exactly the same time and day constraints, as this would make for a simpler message across Metropolitan Wellington.

Results of the spring mulching campaign are reported, including increased sales of mulch in the Wellington area at a time when there appears to have been a national decrease. These joint campaigns appear to be successful and we are looking at developing a policy for promotion of efficient water supply or water conservation related products that are of benefit to both the private and public sectors.

The Regional Outdoors Programme is under way, with the first event starting just after Christmas. Early indications are this year will be at least as successful as last year's programme.

Visitor monitoring is an important part of obtaining feedback about the use of parks and forests. However, monitoring is undertaken on a limited budget. Therefore, the trends are probably more important than the absolute numbers. Indications are, though, that East Harbour Regional Park may be our second or third most important for visitor numbers, with Queen Elizabeth Park receiving the highest number.

Water supply on a year to date basis is 2½ percent less than the same time last year. This could change by year end, depending on how the rest of the summer pans out in January and February.

### **1.3 Forestry**

In the last report to the Committee it was mentioned that very good prices were being obtained for logs in November. As the Manager, Forestry reports, December was at the other end of the spectrum. The business is still cash flow positive in that revenue is just exceeding direct expenses. Some initiatives have been undertaken to ensure this remains the case but the situation will be closely monitored in conjunction with the Chief Executive and Manager, Forestry.

There were two significant events during the period, with the first being completion of the ford across the Tauanui River in the Wairarapa. This now opens up a new forestry block. The second was the start of the bio-energy project to see if it is possible to use the wood waste that is currently left in the forest.

### **1.4 Water Supply**

The main drivers for the water supply business are ensuring that the water supplied is of the highest quality, there is adequate quantity and the business is run in an economic and efficient way. Cost saving initiatives over the years has enabled the water levy to be held relatively constant. Power and chemicals remain significant cost items and projects are under way to try and reduce these. These include construction of a plant at Te Marua to produce chlorine and hydro-electricity generation projects. However, we are hardly holding our own as far as costs are concerned. As the Manager, Water Supply reports, price increases in the cost of chemicals will increase the annual budget for this item by approximately \$300,000. A new electricity contract needs to be put in place by 1 October this year and we are expecting cost increases of the order of 15 percent.

Analysis is under way to determine whether it could be worthwhile to take a higher risk by purchasing electricity on the spot market, rather than through fixed price contracts. A report on this is expected in March.

Public health risk management plans and the new SAP management system mentioned by the Manager, Water Supply will also contribute to the efficiency of the business operations.

Restructuring of Water Supply has been completed and the last of the newly appointed staff members will take up their positions in January.

## **1.5 Development and Strategy**

Feedback from the customers on the wholesale water supply development strategy has been received and this is outlined in a separate Committee report. This work now goes forward into the LTCCP and the draft Regional Water Strategy.

During the period two presentations were made to Hutt City Council - one to a Council committee and other to the full Council. These presentations were about the possibility of reducing the minimum flow at the Kaitoke weir, algae blooms in the river and the possible cause of the blooms.

Work on the short-term and long-term water supply options is continuing. One aspect that has arisen during the period is an indirect result of revaluing the assets. In the preliminary work for new sources carried out a few years ago we used the replacement cost of the Stuart Macaskill Lakes, as determined by the Registered Valuer, as the basis of costing other off-river storage options. As noted in the separate report on the asset revaluation, the lakes were previously overvalued. As a consequence, a second look is being taken at a number of off-river storage sites to see if they should be considered as an alternative to the Whakatikei dam site at such time as it may be needed.

## **2. Financial performance for the four month period ended 31 October 2008**

Details of the financial performance are shown in the table on page 4.

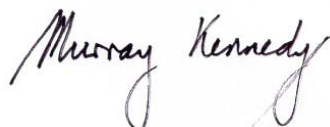
Last year Year to date Actual \$000s		Year to date Actual \$000s	This year Full year Forecast \$000s	Full year Budget \$000s
	<b>Water Supply</b>			
13,598	Income	13,628	27,149	27,325
(12,946)	Expenditure	(14,032)	(28,562)	(28,789)
<b>652</b>	<b>Operating surplus (deficit)</b>	<b>(404)</b>	<b>(1,413)</b>	<b>(1,464)</b>
619	Operations	245	465	350
971	Strategy and Asset	88	(446)	(400)
(992)	Support	(722)	(1,413)	(1,423)
27	Engineering Consultancy	(15)	(19)	9
27	Laboratory Services	--	--	--
<b>652</b>	<b>Operating surplus (deficit)</b>	<b>(404)</b>	<b>(1,413)</b>	<b>(1,464)</b>
	<b>Plantation Forestry</b>			
2,371	Income	1,999	6,550	7,436
(3,206)	Expenditure	(2,918)	(7,030)	(7,650)
<b>(835)</b>	<b>Operating surplus (deficit)</b>	<b>(919)</b>	<b>(480)</b>	<b>(214)</b>
	<b>Reserve Forests</b>			
567	Income	469	1,861	2,023
(1,014)	Expenditure	(986)	(2,125)	(2,258)
<b>(447)</b>	<b>Operating surplus (deficit)</b>	<b>(517)</b>	<b>(264)</b>	<b>(235)</b>
	<b>Parks</b>			
3,225	Income	3,242	6,523	6,466
(2,891)	Expenditure	(3,302)	(7,245)	(7,119)
<b>334</b>	<b>Operating surplus (deficit)</b>	<b>(60)</b>	<b>(722)</b>	<b>(653)</b>

### 3. Recommendations

*That the Committee:*

1. **Receives the report.**
2. **Notes the content of the report.**

Report prepared by:



Divisional Manager, Water Supply, Parks and Forests

**Attachment 1:** Parks', Marketing and Design, Forestry, Water Supply, and Development and Strategy reports for the period ending 31 December 2008