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Committee Utility Services  
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## Divisional report for period ended 31 May 2007

### 1. Divisional Performance

Because the Utility Services Committee meeting is only a short time after the end of June, financial and statistical information for the report are up to the end of May. However, for timeliness purposes, some of the text relates to events during the month of June.

#### 1.1 Greater Wellington Water

A presentation about the levy and water issues was made to the Hutt City Council on 12 June, concluding the presentations to the four city customers.

A separate report, including a draft submission, has been sent to the Council's Policy, Finance and Strategy and Committee meeting regarding possible changes to the Fire Service and insurance levies. Given the magnitude of this division's water supply assets, water supply catchments and forestry, some impact can be expected from possible changes.

Comment is made in the Water Supply attachment to this report about an incident where one of Greater Wellington Regional Council's (GWRC) water mains was punctured by a contractor working for another utility provider. The way that some of the private utility providers have organised themselves for asset management and maintenance purposes often makes it very difficult to know who to contact. There seems to be layer after layer of contractors, subcontractors and consultants often driven from a black hole somewhere other than Wellington. An independent organisation is looking at setting up a scheme where utility providers can centralise plans showing the location of services and other information to make it easier for other utility providers to obtain access to the information they require. The scheme is currently working in Australia and Auckland, and shows promise. Such a scheme, though, would not have saved GWRC's water pipe on State Highway 1 from being punctured, as it is alleged the contractor knew exactly where the pipe was.

With the capital works programme for the year drawing to a close, the expected expenditure is now just over \$4.0 million compared with a budget of \$6.23 million. Of the \$2.0 million difference, approximately \$0.75 million

relates to a project to replace the pipeline on the Silverstream Bridge. This is not now required, as strengthening of the bridge by Hutt and Upper Hutt City Councils did not require the water main to be moved. Because of timing differences, \$437,000 is to be carried forward to 2007/08 for projects that are under way or about to start.

## 1.2 Marketing

Water sales during May averaged just less than 150 MLD. This is very similar to the sales during the preceding five years, except for the last year where there was a problem, which is explained in more detail in the Marketing report.

Updating the history on the Wellington water supply system is nearly complete and the document is almost ready to go for printing.

The water levy for 2007/8 is to increase by 3 percent compared to the 6.2 percent provided for in the LTCCP. This information was included in a GWRC media release relating to Council rates and community charges.

## 1.3 Forestry

A target of harvesting 70,000 tonnes of logs for the first time was set for the year but it is expected that the overall result will be closer to 65,000 tonnes. The target was based on minimal harvesting problems and full crews being available for the whole year, which unfortunately was not the case. Even so, an output of 65,000 tonnes for the year is very acceptable.

The Silviculture Contract has not gone as well as expected. With near full employment, this type of work is not particularly attractive, with contractors sometimes having to work up to their waist in gorse and blackberry.

For the Reserve Forests in the Wairarapa, the tonnage stepped up from April to May, with 1,622 tonnes being logged. It is fortunate that, with exceptionally dry conditions during autumn in the Wairarapa, there have been no fires in the GWRC forestry estate.

Tenders closed in June for the right to develop the wind farm at Stoney Creek and are currently being assessed.

## 1.4 Laboratory

The GWRC laboratory closed at the end of June and four of the employees have obtained positions with ELS, GWRC's new Laboratory Contractor. The GWRC laboratory manager, Peter Nugent, will be leaving the GWRC at the end of July.

## 2. Financial Performance as at 31 May 2007

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
	Water Supply				
24,688	Income	24,851	24,894	27,253	27,245
24,131	Expenditure	24,915	26,746	28,025	29,264
<u>557</u>	Operating Surplus (Deficit)	<u>(63)</u>	<u>(1,852)</u>	<u>(772)</u>	<u>(2,019)</u>

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
423	Operations	300		210	-
736	Strategy and Asset	1,457		1,000	-
(586)	Support	(1,861)	(1,875)	(2,037)	(2,043)
(30)	Engineering Consultancy		29	30	31
14	Laboratory Services		(6)	25	(7)
<b>557</b>	<b>Operating Surplus (Deficit)</b>	<b>(64)</b>	<b>(1,852)</b>	<b>(772)</b>	<b>(2,019)</b>
	<b>Plantation Forestry</b>				
3,657	Income	4,523	4,637	7,703	7,693
3,803	Expenditure	5,311	6,338	5,901	6,913
<b>(146)</b>	<b>Operating Surplus (Deficit)</b>	<b>(788)</b>	<b>(1,701)</b>	<b>1,802</b>	<b>780</b>

### 3. Recommendations

*That the Committee:*

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

Report prepared by:

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#### Attachment 1

Water Supply, Engineering Services, Forestry, Marketing and Design, and Laboratory reports for period ending 31 May 2007