



Report 05.480
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Committee Utility Services
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Divisional Report for Period Ending 31 August 2005

1. Purpose

To:

- Comment on the Utility Services Division financial performance for the 2 months ended 31 August 2005.
- Comment on other items of interest/note.
- Receive the attached activity reports to 31 August 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 2 Months Ended 31 August 2005

Greater Wellington Water

Total YTD revenue is slightly lower than budget for a variety of minor operational reasons, but primarily reduced WCC Capex work for ECG. Cost savings have arisen across all category types, but primarily external consultants and contractors, (\$141k), internal contractors, (\$70k), personnel savings of \$55k, power (\$40k) and chemicals (\$40k). All of these are likely to be temporary timing differences.

Plantation Forestry

Demand for saw logs is holding but there is still not a demand for pruned logs. Given the rise in the NZD vs USD of over 4 percent since early July, and tight shipping costs, the outcome for the 2 months is reasonable.

YTD revenue better than budget due to improving market conditions, with costs on budget. Debt has increased by approximately \$100k since 30 June'05, due primarily to expenditure on silviculture (\$90k) and capital work projects (\$30k).

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
4,367	Income	4,431	4,459	26,827	26,827
4,406	Expenditure	4,221	4,658	27,644	27,644
(39)	Operating Surplus	210	(199)	(817)	(817)
Plantation Forestry					
105	Operations	149	-	-	-
(67)	Strategy and Asset	195	-	-	-
(59)	Support Services	(129)	(199)	(826)	(826)
(14)	Engineering Consultancy	(6)	-	8	8
(4)	Laboratory Services	1	-	1	1
(39)	Operating Surplus/(Deficit)	210	(199)	(817)	(817)
617	Income	739	680	4,082	4,082
681	Expenditure	742	740	4,448	4,448
(64)	Operating Surplus/(Deficit)	(3)	(60)	(366)	(366)

4. Emergency Pipe Supply

A loose arrangement has been reached with Watercare Services regarding provision of personnel and materials in a civil emergency situation. Watercare has approximately 3km of pipeline available and Greater Wellington Water has approximately 1.5km. The arrangement, which is reciprocal, is not a formal agreement but an exchange of letters.

5. New Water Source Options

A separate report outlines the options for new water sources to ensure the Wellington metropolitan area continues to have a 1 in 50 year drought security of supply.

6. 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 August 2005