Utility Services Division

Annual Review

for

The Water Group and Plantation Forestry

For the Twelve Months Ended 30 June 2002 CV

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Divisional Manager's Report

Other than the closing of the Network Section, overall a pretty routine year. Operationally and financially a very successful – if uneventful – year for water supply in the water operations. Performance continues to improve and costs continue to fall. This is the fifth straight year that direct operating costs are below the previous year. This however is the end of that trend with local authority rates and insurance expected to add approximately $1.3M to our costs in the new financial year. The new electricity contract also means an increase in costs of approximately $300,000. Notwithstanding all of that we have still been able to leave the levy unchanged for the 2002/03 financial year.

The Forestry year was up and down – with the second six months much better than the first. Now that we are in the Puketiro forest for a few years, more consistent and steady returns should be achieved. The proviso on that is the weather, the state of the road, and keeping the harvest crews.

The Manager's comments cover in more detail the activity for the year.

Annual Triple Bottom Line reports for both Water Supply and Plantation Forestry are provided for the first time this year-end.

Water Supply

- Operationally nothing of significance to report – a very smooth year.
- Financially the operating surplus (excluding extraordinary items) is $1.8 M ahead of budget.
- Overall expenditure is below last year and $6.6 M below 1997 (excluding extraordinary items and depreciation).
- Debt is $52.2 M which $20.3 M below 1997 and $5 M below last year. This has been achieved while still meeting a $20.9 M capital expenditure programme, over the corresponding period.
- Financial windfall of $500,000 for tunnel easement which has been applied to debt reduction.
- The self-insurance reserve has reached $4.3 M.
- Capital expenditure went pretty well again this year with most projects completed on time – but all projects to budget. Some projects were cancelled or delayed.
- Approval to purchase 44 Oxford Terrace which was not budgeted. This will operationally improve synergies with Production and Distribution Sections merging on one site.
- Engineering Consultancy recorded a steady if unspectacular year. Reduced staff numbers have reduced profitability.
- Laboratory had a difficult year but still delivered a profit. A review of operation was completed and a decision made to retain our own operating Lab. Lab to also transfer to 44 Oxford Terrace.
- Network financial result was very pleasing in the end. Final overall breakeven cash position was a significant turnaround from that predicted two years ago – i.e. $1.0 M deficit.

Plantation Forestry

- Deficit close to budget.
- Debt has increased to $11.2 M – up $1.0 M on last year.
- Operationally tonnage volume is down but dollar revenue up.
- Ongoing roading costs continue to have a significant impact on short-term profitability

Next Years' Goals

Overall Strategic Goals

Water

As far as I see it, the infrastructure is in very good shape and operating well. In addition we are also in a phase of low or zero growth hence the foreseeable future is really a maintenance phase with no major capital expenditure anticipated.

Hence the future really is just continuing to run the show in an efficient and cost effective way. It will be interesting to see how WCC and HCC's joint management entity goes.

Forestry

Try and hold the debt.

Operational Goals

Water

- Lake Management review implemented.
- Te Marua capacity to deliver 140 M/day to be tested.
- Smooth transition to 44 Oxford Terrace from Mabey Road/Waterloo.
- Development of new ISO 9001:2000 (the replacement for ISO 9002).
- Review asset management plans.
- Review ongoing asset insurance requirements and identify those eligible for self-insurance.
- Seismic strategic review.
- Water conservation programme review.
- Annual report change.
- Roll out new signage.

Forestry

- Continue current harvest plan contract.
- Review MARVLS.
- Keep debt to less than $500,000 increase.

Utility Services Division - Annual Review

Water excl. Network & Intragroup Revenues / Costs
For the Year Ended 30 June 2002

	Actual June 97 $'000	Actual June 98 $'000	Actual June 99 $'000	Actual June 00 $'000	Actual June 01 $'000	Actual 30 Jun 02 $'000	Budget 30 Jun 02 $'000
OPERATING REVENUE							
Bulk Water Levy	25,213	25,218	25,218	24,210	23,241	22,777	22,777
Internal Revenue	2,027	1,642	743	716	687	744	614
Other	1,400	675	1,442	1,280	1,324	916	897
Total Operating Revenue	**28,640**	**27,535**	**27,403**	**26,206**	**25,252**	**24,437**	**24,288**
OPERATING EXPENDITURE							
Personnel	4,422	3,851	3,357	3,570	3,631	3,476	3,749
Power	2,065	1,706	1,533	1,853	1,665	1,642	1,884
Chemicals	1,965	1,690	1,644	1,452	1,383	1,590	1,586
Other Materials, Supplies & Services	2,245	1,093	1,770	1,878	1,925	1,428	1,758
Contractors & Consultants	1,554	2,240	1,901	1,666	1,687	1,438	1,894
Travel & Transport	166	164	185	163	172	167	186
Internal Contractors	854	836	577	692	716	699	702
Movement in Doubtful Debt Provision		78	(17)	5		(1)	-
Loss / (Gain) on Sale of Assets		(42)	(20)	(67)	(14)	(44)	(32)
Direct Expenditure	**13,271**	**11,617**	**10,929**	**11,212**	**11,165**	**10,397**	**11,727**
Financial Costs	**8,243**	**6,909**	6,166	**5,399**	**4,943**	**4,497**	**4,897**
Depreciation	4,028	4,193	4,335	**5,009**	5,117	5,319	5,220
Corporate Overhead	741	750	616	731	766	767	767
Corporate Rent	328	328	317	320	320	318	318
Indirect Expenditure	**13,340**	**12,180**	**11,434**	**11,459**	**11,146**	**10,900**	**11,202**
Total Operating Expenditure	**26,611**	**23,797**	**22,363**	**22,671**	**22,311**	**21,297**	**22,929**
Surplus before Abnormals	**2,029**	**3,738**	**5,040**	**3,534**	**2,941**	**3,140**	**1,359**
Abnormal- Items							
Karori Land Asset Write Down			(1,590)	-	-		
Distribution Stock Write Up			1,111		132		
Interest - Buy Back of Debt			(455)	-	-		
Petone De-fluoridation					205		
Wainui Pipeline Easement						500	
Infrastructure Asset W/o - 1999/2002						**(300)**	-
Surplus after Abnormals	**2,029**	**3,738**	**4,106**	**3,534**	**3,278**	**3,340**	**1,359**

Operations (Wholesale)

- Analysis indicates that actual operating expenditure has reduced appreciably over the last five years, despite marked power and chemical cost increases and individual wage rises. However it is likely that the majority of possible savings has now been realised.

- Work is continuing on modifications to 44 Oxford Terrace, in order to ensure that the staff of the Production and Distribution sections are located under one roof by the end of November.

Operations Network

- The end of an era.

Strategy and Asset

- Predictive modelling tools such as the hydraulic model and the sustainable yield model, which have been developed and enhanced during the last year, plus the benefits arising from the system optimiser, should all stand the Water Group in good stead for the future.

- A decision has been made to pursue ISO9001:2000 accreditation during the 2002/03 financial year, further enhancing the accreditation that the Water Group already holds.

Engineering Consultancy

- In the context of the significant change in operating conditions during 2001/02 which has had a significant impact on this section of the Group, a highly satisfactory financial performance for the year.

Laboratory

- Once again the final realised surplus comfortably exceeds the budgeted surplus for this business unit, although the challenge will be to build on this success next year.

Plantation Forestry

- Probably fair to say that if we had been offered at December 2001 a final year-end position of the bottom line deficit, and debt balance exceeding budget by only $100 K and $500 K respectively, it would have been jumped on!

Delivering Sustainability Within the Water Group – June 2002

Sustainable organisations meet the needs of the present without compromising the ability of future generations to meet their own needs.

In attempting to act in a sustainable way, we have adopted elements of triple bottom line reporting, to reflect on our social and environmental performance in addition to traditional economic performance indicators. This report therefore provides a twelve-month position statement – where appropriate – in a triple bottom line format.

1. Environmental Responsibility

1.1 Introduction

A key requirement of any organisation committed to sustainable development is evidence that it is continually improving its environmental performance in balance with social and financial results.

The Water Group recognises its responsibilities in this regard and sought accreditation to the ISO 14001 Standard for its Environmental Management System in order to assist in this process. This accreditation was achieved in June 2000; the intention is to report in the context of that approach.

An external audit of the Environmental System Audit during June 2002 resulted in certification to ISO 14001 being maintained.

Our activities have a direct impact on the environment in a number of specific areas. They include:

- Water sources and catchment areas;
- Water treatment plants;
- Distribution system;
- System management;
- New one-off projects associated with our activities;
- Environmental discharges.

Of a more indirect nature we can affect or have some influence over community behaviour and hence the environment generally, in aspects of water consumption.

Further we can influence the environment generally through resource use in the following areas:

- Energy use;
- Material use

The intention therefore is to report on outcomes in these areas.

1.2 Potential Direct Environmental Impacts

1.2.1 *Water Sources and Catchment Areas*

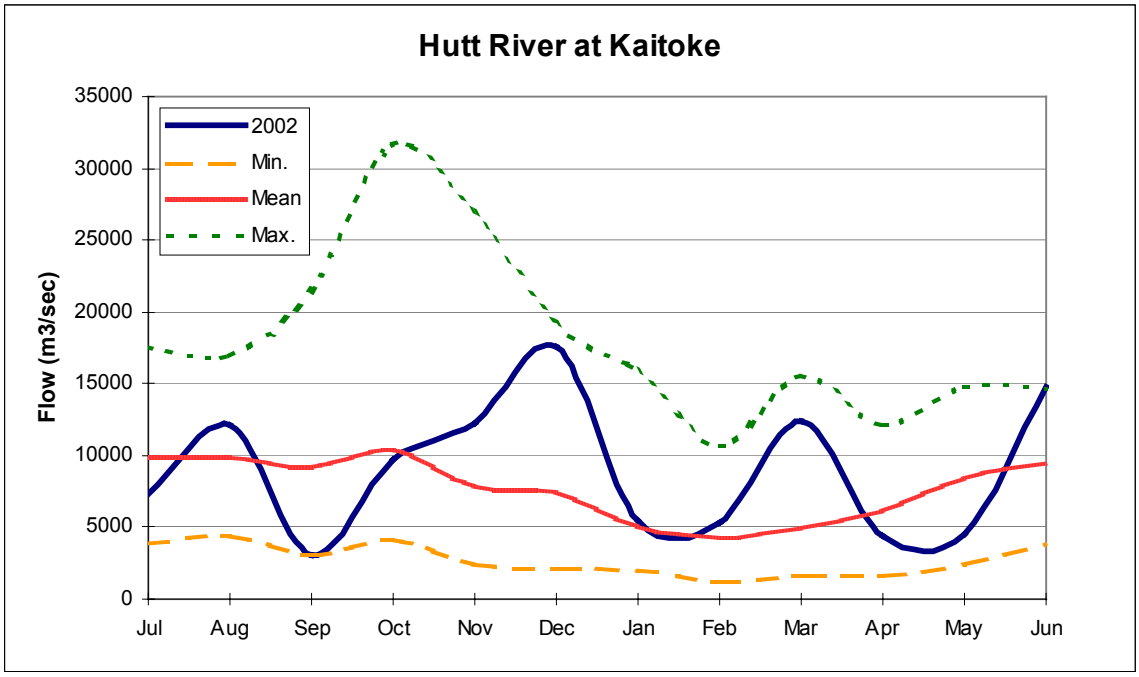
Sources of Supply – Abstraction

New **abstraction consents** have been put in place at each of the river intakes during the report period. These consents require increased minimum river flows downstream of the intakes as follows:

Hutt River at Kaitoke	600 litres/sec (previously no minimum)
Orongorongo River at Truss Bridge	100 litres/sec (previously no minimum)
Wainuiomata River below Manuka Track	100 litres/sec (previously 58 litres/sec in summer and 116 litres/sec during the winter spawning season).

Hutt River Flows

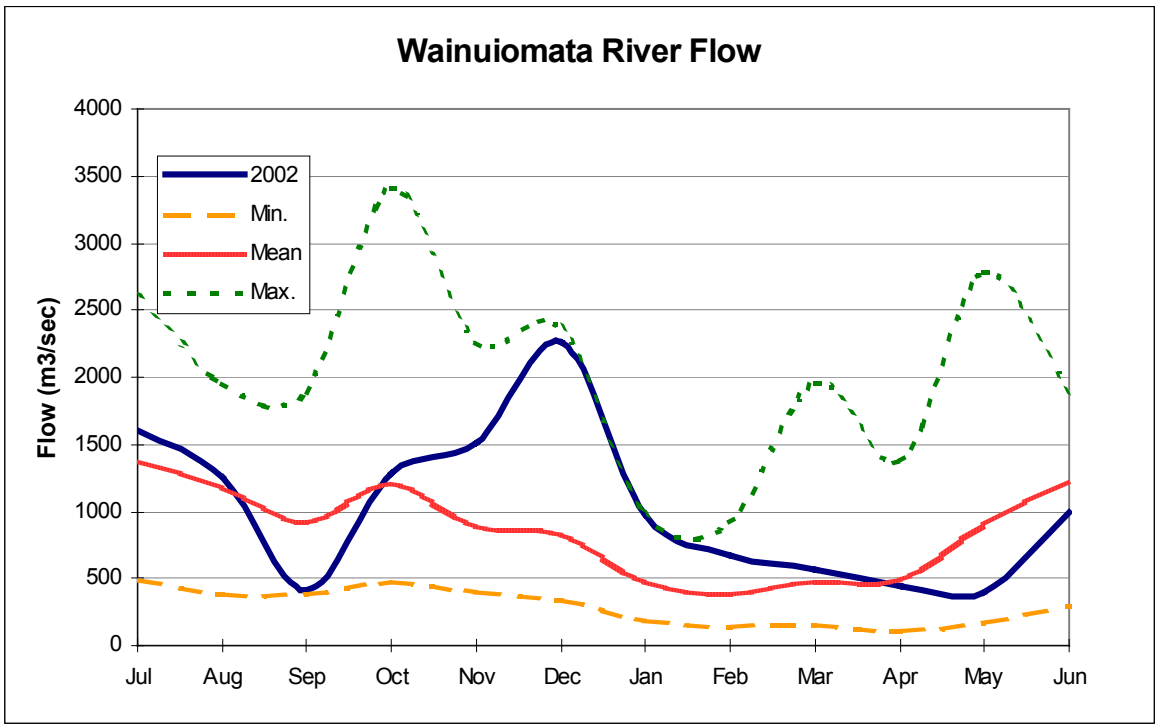
The mean monthly flows in the Hutt River reflect very dry conditions during August and September, a wet summer and another dry spell during autumn.



Minimum, mean and maximum data is for the period 1968 to 2001

Wainuiomata River Flows

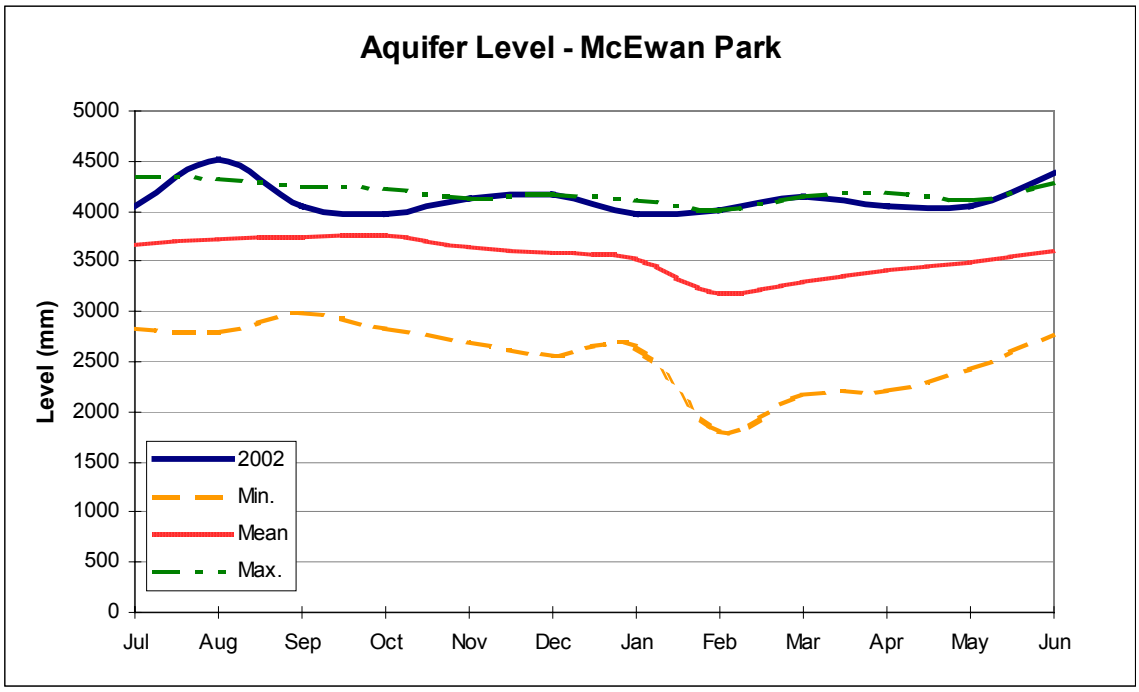
Flows in the Wainuiomata River were at historic maximum levels throughout the summer period and only dropped below average levels briefly, during September and again in autumn.



Minimum, mean and maximum data is for the period 1982 to 2001

Aquifer Level

The water level in the Waiwhetu aquifer remained at near it's maximum throughout the year in review.



Minimum, mean and maximum data is for the period 1971 to 2001

Catchment areas

During the twelve months under review, Landcare provided a presentation on catchment management issues and their recommendations for the future. Landcare's advice was that the catchments are now were characterised by:

- Reducing numbers of large vertebrates, especially in Wainuiomata;
- Improved knowledge about animal numbers and their effects in Wainuiomata;
- Removal of pest plants and improved knowledge of pest plant presence;

and emphasised that we should:

- Continue large vertebrate and pest plant control, so we don't lose current gains;
- Begin possum control operation planning for the Hutt catchment (likely to be a significant community issue with 1080 drop mechanism being advised);
- Continue with short-term monitoring techniques.

Of this list, only the possum control operation scheduled for the Hutt catchment did not proceed, being postponed for operational reasons after consultation with the Council's Landcare Division. This work is likely to attract significant public opposition, in relation to 1080 use, when it is rescheduled.

(Access issues are covered in Section 2.6)

1.2.2 ***Water Treatment Plants***

The major area of potential environmental impact from water treatment plant activity is from chemical spills and sludge discharges. There are no areas of concern to report.

The Waiwhetu aquifer has been confirmed as a secure groundwater. Additional chemical treatment at Waterloo treatment plant is therefore avoided.

1.2.3 ***Distribution System***

The major area of potential environmental impact is from discharges containing abnormal pH or chlorine levels. There are no areas of concern to report.

The efficiency of our distribution system can be gauged by the level of unaccounted-for water (the difference between the volume of water treated and the volume supplied to customer reservoirs). Unaccounted for water (UFW) – either used for mains flushing, due to leaks, or as a result of metering inaccuracy – was just 0.2% of the total treated volume for the year ended June 2002. Our UFW figure has been less than the margin of error for our meters (+/- 1%) for the last two years; a pleasing result.

1.2.4 ***System Management***

The System Optimiser, which operates the Wainuiomata and Waterloo Water Treatment Plants, attempts to minimise the marginal cost of production. There are three elements to the marginal cost, namely: energy, chemicals and waste removal. During the power shortage in August and September 2001 the optimiser software was adjusted to minimise energy costs.

Environmentally it is not possible to determine which method of water production has the least impact. There are environmental and energy impacts in the production of treatment chemicals, however this information is not available to us. Pending any better information, it is intended to produce water on a minimum marginal cost basis.

1.2.5 *New Projects*

A non-compliance with our Korokoro land use consent was received in relation to the OK Main relining contract, due to an additional scour outlet structure being included in the contract and installed after the consent was issued. No action was required as a result of this non-compliance.

1.2.6 *Environmental Discharges*

The Water Group holds 20 discharge consents and three trade-waste discharge permits. Full compliance was achieved against all but one of these resource consents. Supernatant discharge from Wainuiomata treatment plant did not comply with consented conditions for discharge rate and the volume relative to upstream flow. Corrective measures have been identified and are now being implemented to prevent these breaches re-occurring.

Following a request from the consent manager, effluent toxicity testing was carried out on supernatent discharge from Wainuiomata treatment plant. Tests identified minimal impact on fauna but some on algae, a result that was acceptable to the consent manager. Testing was conducted by NIWA during July and August 2001.

1.3 Potential Indirect Environmental Impacts

1.3.1 *Water Take, Treatment and Consumption*

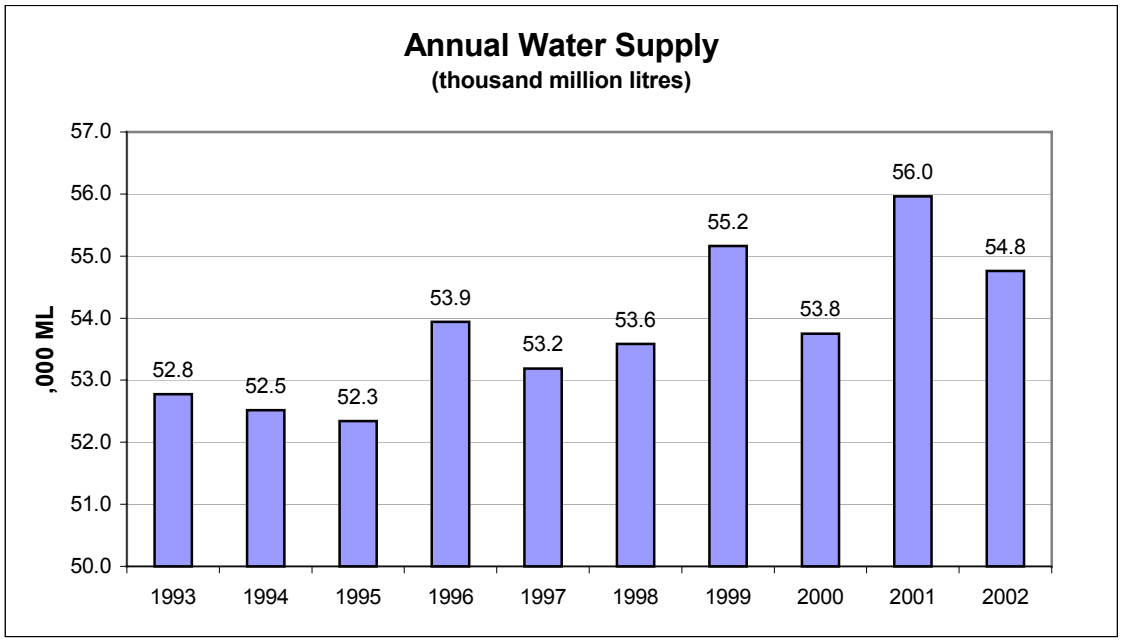
The Water Group holds 10 consents relating to water take for supply. Full compliance with these consents was achieved.

Water take for the twelve months totalled 58.6 thousand million litres (ML). Around 5% of this total (after adjustment for increased storage) is unaccounted for in production figures and was used for various treatment related processes, planned overflow from the Stuart Macaskill Lakes back to the Hutt River and evaporation from the lakes; these activities are not currently metered. Abstraction was 1.5% more than the previous year, with planned overflow from the Macaskill lakes – a measure taken to control algae growth - estimated to account for up to 85% of the net increase.

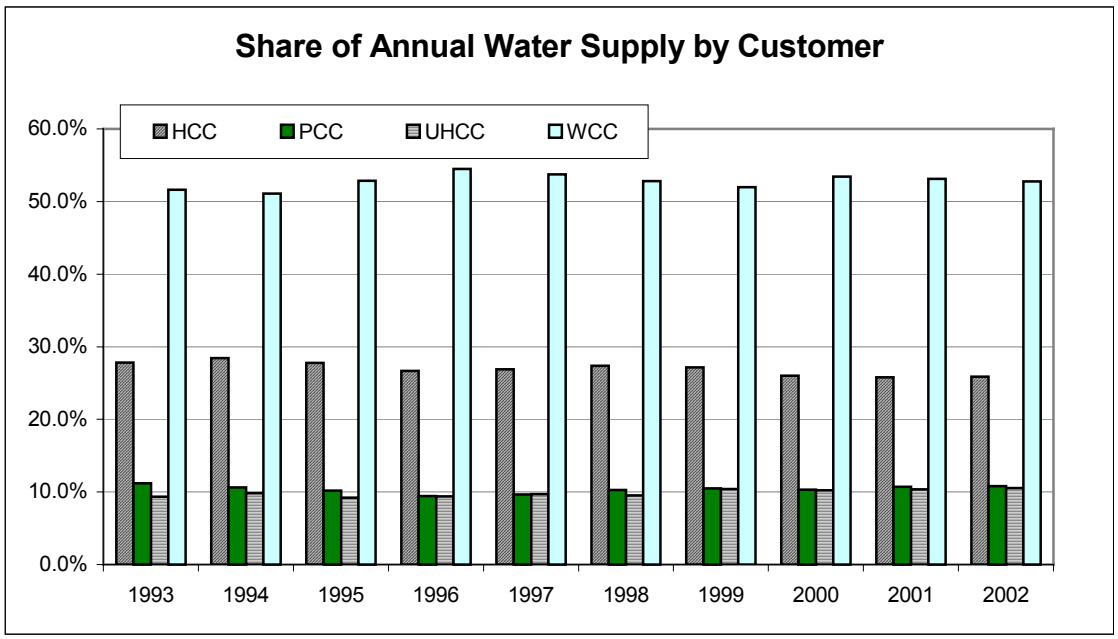
Level of demand for water has a major bearing on resource use and environmental impact of our activities. We treated 54.8 thousand million litres in the year to 30 June 2002, 2.5% less than the previous year. The summer months December-February accounted for 102% of the net year-on-year reduction, reflecting a relatively wet summer compared to the previous year.

Share of production for the year shifted markedly to our surface water plants. Te Marua and Wainuiomata contributed 61% of production compared with 56% in 2001. The main reason was a shift of production from Waterloo to Wainuiomata, due to greater source water availability at Wainuiomata during summer and autumn 2002, and a move to minimise power use (rather than total marginal cost) in response to the Government's call for short-term energy savings during of winter 2001.

Water supplied to our customers totalled 54.8 thousand ML (average 150 ML/day), the third highest supply total over the last 10 years. The maximum day demand was 199ML, well within our demand management target of not exceeding 220ML/d.



Water supplied was 2.1% lower, year on year, with Wellington achieving a 2.8% reduction, Hutt City 1.8%, Porirua 1.3% and Upper Hutt 0.6%.



1.3.2 *Energy Use*

The Draft National Energy Efficiency and Conservation Strategy published by central government, calls for an energy savings target of 20% by 2012. The Water Group aims to reduce power consumption by 3% by 31 December 2004. However, even this modest level of saving will be difficult to manage. The Water Group has some flexibility to reduce power use for water supply, but at the expense of increased

chemical use, waste creation and total cost. Our approach is to continue to minimise total marginal cost therefore the Government's 2012 energy savings target is beyond our reach.

Our electric drive motors are already close to 100% efficient and the pumps we purchase, which are over 80% efficient, are the best available. Therefore, to achieve the requested 20% savings, water use would need to be radically reduced. The only chance of meeting the target would lie in metering. This would involve an estimated capital cost of $25 million, against power savings of approximately 5GW-hours. This is difficult to justify given the associated network charge savings of around $400,000.

Energy use for production and distribution (kWh/ML) was almost 7% lower year on year; due substantially to the share of production from Te Marua and Wainuiomata – plants that utilise gravity to assist distribution – being almost 6% higher than for 2001.

During the August and September 2001 power crisis, the System Optimiser was adjusted to minimise energy use rather than total marginal cost. As a result, energy use per ML of water produced during that period was 11% lower than for the same period in 2000 and 8% lower than the 12-month average to 30 June 2002.

UnitedNetworks, the provider of line services, changed the pricing structure that applies to some of the Water Group's sites on 1 April 2002. There was an option to stay with the current pricing structure or move to the new structure. Most sites changed to the new structure and some minor savings are expected.

During the fourth quarter, tenders were called for a three-year electrical energy supply contract to start on 1 October 2002. Two tenders were received, but the present supplier did not tender because of its inability to contract with an electricity generator. Prices have increased by about 33% compared with the current prices, this is slightly less than the 40% that has been allowed for in the budget.

Electricity Usage	**1999/2000**	**2000/01**	**2001/02**
kWh/MLD	348	365	340

1.3.3 *Chemical Usage*

Following process trials in 1999, we improved chemical use efficiency at our surface water treatment plants (Te Marua and Wainuiomata). We continue to monitor chemical use and attempt to improve the efficiency of our treatment plants by the use of alternative polymers.

The level of chemical usage is dependent on the balance of total production taken from river sources (relatively high-chemical/low-power production requirement) as opposed to aquifer-sourced water. In addition, chemical requirement for treating river water varies depending on how clean the source water is prior to treatment.

Total chemical use per ML of water produced increased by just 0.2% despite a 6% shift to surface water plants. This improvement was due to improved chemical use efficiency at our surface water treatment plants, and in particular to the introduction of powdered polymer.

1.3.4 *Noise Reduction*

Our activities can make a significant noise impact on the environment. A survey of noise measurements on 15 pumping stations during 2001 found that emissions from the majority of pumping stations are at acceptable levels, however three sites were not compliant with the requirement of the relevant territorial authority.

During the fourth quarter, acoustic seals were installed at the Moores Valley Pumping Station. The noise emissions from the pumps at the adjacent residential boundary now comply with the Hutt City Council District Plan. The only remaining pump station where emissions exceed the permissible level is a shared facility with WCC, and it is their equipment that is responsible for the peak emissions. This has been pointed out to WCC but no mitigating action has been taken to date.

1.3.5 *Resource Consents*

The Resource Management Act 1991 requires that the Water Group hold resource consents for all activities that impact on the environment. At 30 June 2002 we held 65 consents, encompassing water use and diversion, land use, and discharges.

Two non-compliant assessments were received from the consent manager; one relating to supernatant discharge from Wainuiomata treatment plant (see 1.2.6 Environmental Discharges) and the second relating to relining of the OK main (see 1.2.5 New Projects).

2. Social Responsibility

2.1 Introduction

A commitment to sustainable development means recognising our role in the wider community. It also relies on building strong relationships with other stakeholders in our operations.

Our stakeholders encompass our direct water supply customers (the four city councils of metropolitan Wellington), government agencies (such as the Ministry of Health), water supply related working groups, the wider community, including water consumers, learning institutions and recreational interest groups, tangata whenua, the media, our councillors, staff, suppliers and contractors.

2.2 Four City Customers

A new integration initiative being undertaken by Wellington, Hutt and Porirua City Councils, is due to be considered by the respective Councils in August.

The Annual Plan process provides a formal opportunity for our customers to have input to the Water Groups future operation. A single submission, from WCC, was received on the proposed 2002/03 Annual Plan, for Water Supply, regarding termination of the Metropolitan Leak Detection Programme. Informal consultation was undertaken with all customers prior to the proposal being submitted to the Committee in February, and it was understood from that process that there was no objection to the programme being ended.

All customers were offered a detailed presentation regarding Water Supply operational plans for the 2002/03 financial year. As a result, presentations were made to UHCC and PCC**.** HCC declined our offer and a suitable date and time could not be found to suit WCC and ourselves. When it became apparent that significant additional costs would be imposed on the water operations, the cities were fully informed of the reasons. Unfortunately the impact of these costs meant the proposed three percent cut of the levy could not be implemented. However, notwithstanding the cost increases, we have been able to hold the levy at the current level.

In December 2001 the Water Group identified that the recovery period for restoration of water supply to the four cities after an earthquake would probably be in excess of four weeks. Water supply and civil defence managers from the four cities and the Regional Council met to discuss a joint approach to providing water in an emergency. As a result of that meeting, a consultant was contracted to draw together the planning and mitigation measures already in place, leading to a draft emergency water supply strategy. A report is expected by 30 November 2003.

The Water Group formally approached Hutt City Council requesting confirmation that it wants to retain an unchlorinated water supply from the Waiwhetu aquifer. This follows various recent incidents from other developed countries of contaminated potable water causing public health problems. HCC is due to formally consider this issue during the 2002/03 financial year.

The lining contract for the OK main along Petone foreshore has resulted in consumers in Petone and Korokoro receiving water containing fluoride and chlorine since January 2002. Hutt City was consulted about management of consumer relations regarding this project, and has been kept informed of the contract's progress.

The Summer Water Conservation Campaign was conducted in consultation with the four city councils, and results of consumer research are shared with them.

2.3 Industry Working Groups

The Water Group is represented on a standards committee that is developing a code of practice for utilities working on public roads. It is also represented on a national Water Supply Managers' Group, which meets regularly to address common interests.

2.4 The Wider Community

A feasibility report for Kapiti Coast being connected to the Council's bulk water distribution network was prepared for KCDC, including approximate costing, This was provided at KCDC's request, to be considered alongside other options for a long-term solution to the area's water supply shortfall.

The balloted Roar Hunt in the Wainuiomata/Orongorongo water catchment area - run by Landcare Division - was again popular, with 175 applications for 40 positions. The ballot hunt has less value as a pest control measure than as a means of accommodating the interests of recreational hunters. Landcare has estimated conservatively that the cost to the Council per animal killed by professional hunters is only a quarter of the equivalent for the ballot hunt.

2.5 ***Water Consumers***

2.5.1 *Water Quality*

A total of 3,608 samples from trunk mains were tested for coliform organisms. One of these samples tested positive.

A total of 727 samples of treated water from treatment plants were tested for faecal coliforms. None of these samples tested positive.

Secchi disc water clarity in the Te Marua Lake 1 (north lake) varied between >1.7 m and 6.0 m, and in Te Marua Lake 2 (south lake) between 2.8 m and 6.3 m. These are considered satisfactory.

The dominant phytoplankton were as follows:

- Te Marua Lake 1 (north Lake): *Staurastrum*, *Oscillatoria*, *Synedra*
- Te Marua Lake 2 (south Lake): *Synedra, Staurastrum, Cosmarium*

Oscillatoria is a filter clogging algae when present in high concentrations. *Botrycoccus* often blooms in hard water lakes. *Asterionella* and *Peridium* produce fishy odours. *Cosmarium* and *Staurastrum* produce a grassy smell when abundant.

Dissolved oxygen (7.9 – 12.9 mg/L) was satisfactory.

pH values were satisfactory (7.0-7.9).

Giardia and *Cryptosporidium* results were as follows:

<u>Te Marua</u>

Lakes	)	No *Giardia*
	)	No *Cryptosporidium*
Intake	)	Low *Giardia*
	)	Low *Cryptosporidium*
Treated Water	)	No *Giardia*
	)	No *Cryptosporidium*

<u>Wainuiomata</u>

Treated Water	)	No *Giardia*
	)	No *Cryptosporidium*
Lower George Creek and George Creek south arm combined)	)	Low *Giardia*
	)	Low *Cryptosporidium*
Orongorongo and Big Huia Intake combined	)	Low *Giardia*
	)	Low *Cryptosporidium*
Wainuiomata intake	)	Low *Giardia*
	)	Low *Cryptosporidium*

Guidelines Criteria

0-10 oocysts = low
10-50 oocysts = medium
>50 oocysts = high

Tritium dating of water within the Waiwhetu aquifer demonstrated that water abstracted from the well-field in Knights Road takes at least 13 months to percolate through the aquifer to the wells. This result confirms that it is a secure groundwater source, as defined by the current NZ Drinking Water Standards, and treatment remains unnecessary.

2.6 *Educational Activities*

Utility Services contributes $50,000 annually to Environment Division's **'Take Action for Water'** programme, officially launched in March 2002. The content of resource material was developed with input from Utility Services. The resource covers water conservation through the whole water cycle, with content that contributes to raising awareness about where our water comes from, how much is used for different purposes and how to conserve water around the home. Participating schools do a self-audit of their water use as part of the programme. The 'Take Action' kit promotes the opportunity to visit a water treatment plant. Since March, 20 schools have taken part in the programme, 6 of which have been fully guided.

Approximately 1,100 visitors attended a water **treatment plant tour** during the year, compared with 900 in the year to 30 June 2000 and 1,000 in 1999. Of note were four delegations from China, investigating governance and management of water supply in New Zealand and the Wellington Region. Our guests were planning officials from Chongqing and the Hebei Urban Environment Project, health officials from the Public Health Institute and the State Inspectorate for Health, Mongolia, and officials from the Water Conservancy Department of Guang Dong province.

Public visits to the water treatment plants at Wainuiomata and Te Marua were arranged as part of the Council's Regional Outdoors Summer Events Programme. The event feedback forms completed gave an average satisfaction score of 4.8 out 5 for guiding and interpretation, a very positive result. A feedback form for treatment plant visits has been introduced and is now provided to all visiting groups.

The reception area and presentation facilities at Wainuiomata treatment plant have been upgraded.

An education consultant was contracted in June 2002 to review the content and presentation of treatment plant tours. Our objective is to attract more primary and intermediate school visits, by producing a **written resource for teachers** that links visit outcomes to school curriculum learning objectives, and by improving the delivery of information to this audience.

The Water Group continued to support Landcare Division in facilitating increased access opportunities to the Wainuiomata/Orongorongo water catchment area while safeguarding the quality of raw water. Landcare reports that 22 clubs/organisations took guided walks in the Wainuiomata catchment during Phase Two of the access plan; this involved some 500 visitors, a doubling of numbers over Phase One. Phase Three, to be implemented in the coming year, will see the introduction of managed

access to the Orongorongo catchment and visitor numbers increased further as volunteer guides are trained to assist WRC rangers. Four study programmes were also approved during the year in accordance with the access plan.

Keith Woolley presented a joint paper on the System Optimiser to the NZWWA Water and Waste Conference, in September 2001. Articles about the System Optimiser have also been published in Energy Wise News, published by EECA (April/May 2002) and Water & Wastes in NZ July/Aug 2002), the journal of the NZWWA.

The fourth **Water Group annual report**, with sustainability as its theme, was published in October 2001. The report contains highlights and a statistical record of the 2000/01 financial year. It was distributed to key stakeholders and made available generally through public libraries and the WRC Internet site. The size and production quality of reporting for the 2001/02 financial year is being reduced, which will lower reporting costs without downgrading availability of information for stakeholders.

2.7 *Staff*

The major staff related focus within the Water Group for the twelve months has revolved around the impact of the loss of the WSA contract with WCC. The 'Review and Reward' performance review for the year ended June 2002 has also been successfully completed.

The loss of the WSA has resulted in a significant reduction in staff – totalling 32. Despite various resignations and transfers within the Council, we unfortunately still had to make 18 staff redundant between 30 November and 31 December 2001. A further four staff left by the end of February 2002. Staff were kept fully informed as to developments and various support services have been provided. They included:

- Arranging seminars, which provided guidance on how to seek alternative employment, how to prepare CVs and what could be expected when attending interviews. Assistance was also subsequently provided in formalising individual CVs. Financial advice was also supplied;
- Providing assistance through our Employee Assistance Programme;
- Providing opportunities to attend alternative employment interviews without loss of pay.

Twenty-six staff, who have worked for the Council for over 10 years, were 'recognised' at the Division's Christmas Barbecue.

2.7.1 *Staff Turnover*

Not yet available.

2.7.2 *Staff Training*

Expenditure on training, seminars and conferences as a percentage of total personnel costs for the Water Group including Operations Network was:

	1999/2000	2000/01	2001/02
Actual	1.4%	1.1%	1.3%
Budgeted	3.2%	2.9%	2.5%

Time spent on training during 2001/02 totalled 551 hours, or 7.8 hours per employee[1]. Comparative data for previous years is not available.

2.8 ***Health and Safety***

The Wellington Regional Council (WRC) Health and Safety Management System – *Keeping Employees Safe at Work* is readily expandable to include the "stakeholders" of the organisation.

The stakeholders of the Utility Services Division may include but not be limited to:

- General public in the greater Wellington region
- Councillors
- Employees
- Customers
- Suppliers
- Contractors

As such it is imperative that the health and safety plan for the Utility Services Division ensures that the commitment to zero work place incidents for all stakeholders is demonstrated.

The CRM Impac Health and Safety Review, December 2000, identified that it was a requirement to develop a health and safety plan with performance objectives which were specific, measurable, obtainable, realistic and time framed.

The Utility Services Division monitors accidents/injuries to produce the:

- incidence rate (number of injuries/number of employees x 100);
- frequency rate (number of injuries/person hours worked x 1,000,000); and
- severity rate (days lost/person hours worked x 1,000,000);

over a 12 month period, commencing 1 January, in the year to be monitored. This will be compared to the previous year's figures and recorded in graphical format. Any trends will be investigated and reported on in the next quarterly report.

[1] Employee numbers averaged 71 over 12 months

A register of incidents will be maintained and these incidents will include accidents and incidents not causing injury, together with accidents and incidents causing injury.

All incidents will be investigated and steps taken to minimise, isolate or eliminate the hazard causing the incident that will be identified and entered on the hazard register. Any recurrence of any incident will be investigated and the steps taken to eliminate, isolate or minimise the hazard causing the incident will be reviewed.

All staff will be encouraged to report incidents whether they cause injury or not as the process of investigation of these incidents may identify the hazard relating to the incident, and it is by the identification of hazards that continual improvement of the Health and Safety Plan will be achieved. The analysis of incidents and of recurring incidents will assist in the hazard identification process. It is accepted that hazards can be location or activity based.

2.8.1 **Initiatives**

During the past twelve months the following initiatives have been undertaken within the Utility Services Division.

(1) Amalgamation of the Earthquake Response Plan into the Incident Management System.

(2) The following health and safety procedures were reviewed and reissued:

HSP-007	Health Monitoring Procedure;
HSP-015	Permit-to-Work and Lock-Out Procedure;
HSP-025	Contract Health and Safety Management Procedure;
HSP-011	Confined Space Safety.
HSP-001	Implementation Procedure
HSP-012	Excavations Procedure
HSP-022	Traffic Management Procedure
HSP-024	Vehicle Operation and Maintenance Procedure

(3) Five people attended a First Aid Refresher Course in August 2001.

(4) An exercise was held on 31 October 2001 to test and evaluate the Water Group's preparedness for an earthquake. This exercise was held in conjunction with the Wellington Lifelines Group and the office of Civil Defence and Emergency Management. The exercise was primarily held to test communication systems between the various participating organisations. In addition, the Water Group evaluated the existing Earthquake Response Plan with a view to submitting recommendations for various improvements. This report has been delayed because of the impact of purchasing the new building in Oxford Terrace.

(5) The Incident Management System has been reviewed to take account for the dissolution of the Network Section.

(6) It has recently been identified that further versions are required to HSP-022 including a complete reissue of the Blue Book to take into account recent modifications to road signage requirements.

(7) Various modifications were made to the Earthquake Response Plan to take into account recommendations made during and after the 31 October 2001 Lifelines exercise. Revisions were issued.

(8) The necessity to monitor the health of our staff has been identified and we continue to augment ensuring Health Monitoring Procedures.

(9) The proposed Health and Safety Amendment Bill identifies the possible increase in harm because of stress in the workplace.

- A Stress Management Workshop was held for all operational staff.

- The main identified problem associated with stress was in the actual determination of whether an individual is actually suffering from the effects of stress.

In an attempt to resolve this identification process, a group of eight staff attended seminars during which "Stress Maps" were completed. This system is an American Publication which has also been well-trialled and utilised within the United Kingdom.

(10) All operational and laboratory staff have undergone hearing tests. Four persons who were identified with particular problems were referred to their medical practicitioners.

(11) All operational staff were tested for Typhoid and related gastrointestinal illnesses.

(12) Noise surveys were undertaken at all water treatment plants.

2.8.2 **Audits**

Three audits were carried out and methods to eliminate, isolate or minimise the hazards identified have been produced and entered on the hazard register where applicable.

It is proposed that monthly audits of all operational sites be undertaken and all staff be encouraged to identify additional hazards with the result that the hazard register will be continually updated.

An audit of Level 4 of the Regional Council Centre, 146 Wakefield Street has been carried out and a hazard register completed. All electrical equipment has now been inspected and a register developed.

The audit also identified that it was necessary to reissue safety helmets to satisfy manufacturers recommendations in accord with current legislation.

2.8.3 Long-Term Performance Indicator

The manner in which we carry out our operations will comply with the Health and Safety in Employment Act 1992, Health and Safety Regulations 1995, relevant Codes and Practice and current legislation.

A hazard identification programme will be undertaken at all work locations in order to eliminate, isolate or minimise the effect of risk to all Utility Services Division staff and contractors working at those locations. These hazards will be entered on a hazard register, which will be continually updated.

A hazard identification programme has been undertaken for all operational sites and hazard registers have been updated.

2.8.4 Short Term Performance Indicator

The Hazard Register will be reviewed on a six-monthly basis. We will assess the effectiveness of the measures taken to eliminate, isolate or minimise risk to all Utility Services Division employees and contractors.

The health and safety plan of all contractors employed by the Utility Services Division will be reviewed prior to their employment. Their activities should comply with the Health and Safety in Employment Act 1992, the Health and Safety Regulations 1995, relevant Codes of Practice and current legislation, and meet or exceed the methods of operation as determined within the various Utility Services Division's Health and Safety Plans. Their activities will be monitored on a regular basis, to ensure that any risk to their employees, employees of subcontractors, Wellington Regional Council staff or the general public is eliminated, isolated or minimised.

During the past twelve months, no incidents have been reported, which have been caused by the activity of contractors employed by WRC.

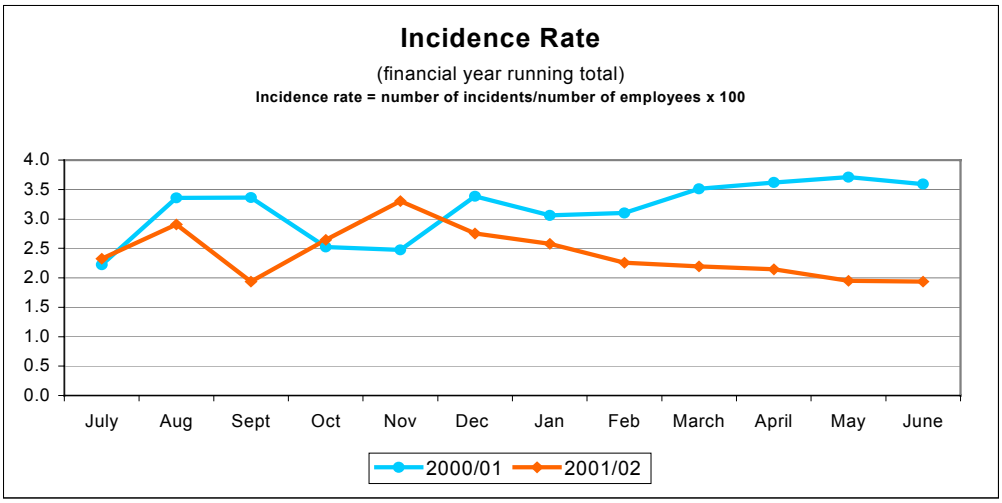
During the past twelve months there have been three incidents in which staff have suffered back strain. It is intended to repeat the manual-handling course for the departments involved.

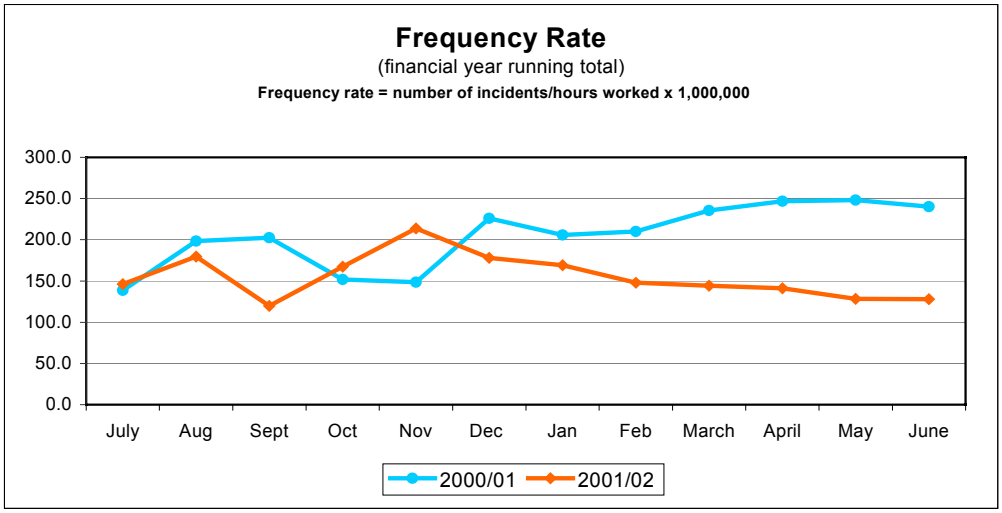
2.8.5 Incident Register

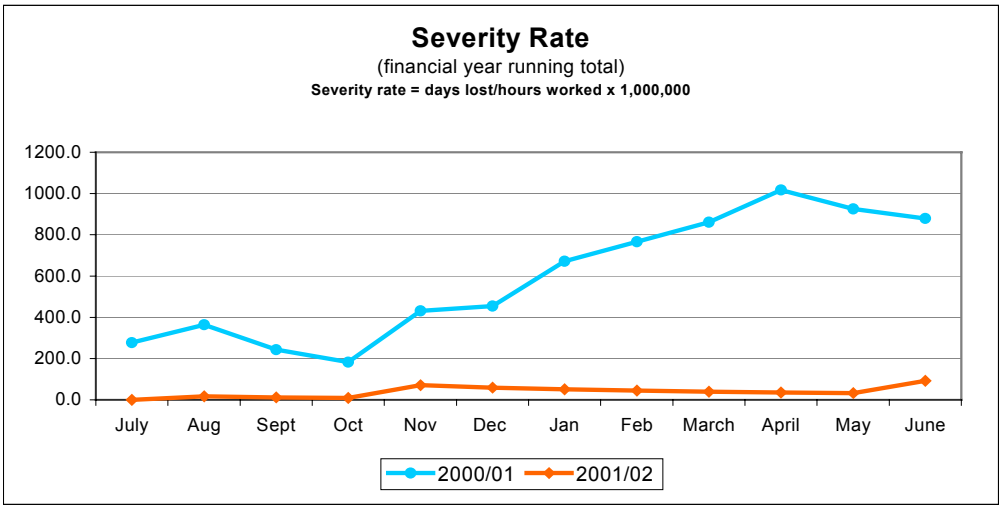
Analysis of incidents occurring over the period 1 July 2001 to 30 June 2002.

Department	Date of Incident	Nature of Injury/Incident	Did the Incident Cause Serious Harm	Did the Incident Result in Any Time Lost
Contractor	3 July	Skidder rolled during log extraction	No	No
Laboratory	9 July	Strained wrist whilst applying handbrake in car	No	No
Contractor	17 July	Fell off scaffold	No	No

Department	Date of Incident	Nature of Injury/Incident	Did the Incident Cause Serious Harm	Did the Incident Result in Any Time Lost
Contractor	20 July	Tripped on carpet	No	No
Distribution	31 July	Slipped and twisted back	No	No
Network	3 August	Strained back lifting tapping gear out of Ute	No	0.5 days
Laboratory	15 August	Strained wrist when closing lock at Gracefield Reservoir	No	No
Laboratory	29 August	Hit head on doorway at Gracefield Reservoir	No	No
Distribution	1 October	Foreign matter in eye	No	No
Distribution	23 October	Strained back	No	No
Laboratory	24 October	Burn to three fingers on the right hand	No	No
Laboratory	30 October	Strained knee	No	No
Production	13 November	Squashed finger	No	No
Distribution	19 November	Slipped on grassy slope	No	4 days
Laboratory	20 November	Car hit by truck from behind	No	No
Network	25 November	Split nail	No	No
Laboratory	29 January	Twisted knee join whilst collecting samples	No	No
ECG	13 March	Scraped shin on protruding pipe	No	No
Distribution	3 April	Strained back	No	No
Production	27 June	Fractured chemical line	No	No
Laboratory	June	Twisted knee incident in January - 6 days lost	No	Yes


Incidence Rate
(financial year running total)
Incidence rate = number of incidents/number of employees x 100
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
July
Aug
Sept
Oct
Nov
Dec
Jan
Feb
March
April
May
June
2000/01
2001/02


Frequency Rate
(financial year running total)
Frequency rate = number of incidents/hours worked x 1,000,000
300.0
250.0
200.0
150.0
100.0
50.0
0.0
July
Aug
Sept
Oct
Nov
Dec
Jan
Feb
March
April
May
June
2000/01
2001/02


Severity Rate
(financial year running total)
Severity rate = days lost/hours worked x 1,000,000
1200.0
1000.0
800.0
600.0
400.0
200.0
0.0
July
Aug
Sept
Oct
Nov
Dec
Jan
Feb
March
April
May
June
2000/01
2001/02

2.9 ***Councillors***

With the end of the triennium, Utility Services bade farewell to Councillors Macaskill, McQueen and Shaw.

In recognition of Stuart Macaskill's long service to the Regional Council and water supply in particular, the Council has named the Te Marua Lakes – The Stuart Macaskill Lakes.

2.10 ***Media***

An **education video** describing the development of Wellington's water supply system and the current system and standards was updated to reflect operational changes. It is shown to all water treatment plant visitors.

The annual **Summer Water Conservation Campaign** ran on radio and television during January, February and early March. Maggie Barry has now promoted our 'water-wise' gardening message on TV for the last three years, and awareness of this advertising among the public is encouraging, with 67% awareness generally and over 80% among some target 'gardener' groups.

Corporate Communications ran a face-to-face communications campaign about water conservation during January and February, to trial this communication tool. Utility Services provided advice and support. Post-campaign research indicated the main benefit was that the face-to-face approach made respondents feel positively towards the WRC. The behaviours promoted were generally already known, therefore relatively little attitude or behaviour change was reported. The research indicated a high level of awareness for the 'Maggie' TV commercial and the advice it carried.

Summer 2002 was relatively mild and did not see the extreme daily demand levels typical of that time of year. It remains difficult to gauge the effectiveness of the advertising in reducing water use, as weather patterns have a major bearing on water use levels and thus mask any increase in conservation effort from the public. Research suggests that the advertising has been less successful in effectively modifying behaviour, for reasons that are complex and often deeply ingrained with gardeners. Further research was commissioned during June 2002 to probe in detail how we can overcome this apparent resistance to taking personal responsibility for conserving water during summer. Ultimately, the main thrust of our conservation activity is to help achieve the Council's security of supply standard. That standard was met in the last 12 months.

Seven **media releases** were prepared during the year. Officers also responded to requests from local press and radio journalists for comment on operational matters on various occasions.

2.11 ***Tangata Whenua*** – nothing to report.

3. Economic Performance

3.1 Introduction

To demonstrate a commitment to sustainable development an organisation must be financially sound.

The bulk of this quarterly report concentrates on the financial performance of our water supply operations. The key results are as follows:

- Costs reductions continue with expenditure down on last year;

- Debt has reduced by $5.0 M to $52.2 M, since the year ended 30 June 2001.
- Both the laboratory services and engineering consultancy business units continue to produce surpluses.

Delivering Sustainability Within Plantation Forestry June 2002 - Update

The Regional Council holds significant tracts of land as future water catchment areas. Approximately 3,700 hectares of this area has been planted in exotic forestry. These areas are managed as a forest business to both give Council a return and to maintain the "health" of the area for future catchment use.

The lead-time available, prior to any of these areas being converted to active catchments, is sufficient to enable any exotic species to be harvested and the area prepared for catchment use.

1. Environmental Responsibility

1.1 Introduction

A key requirement of any organisation committed to sustainable development is evidence that it is continually improving its environmental performance in balance with social and financial results.

Plantation Forestry (PF) Department recognises its responsibilities in this regard and introduced an Environmental Management System in February 2001.

In summary the PF Department, with regard to its environmental obligation undertakes to:

- Comply with all relevant laws and with any standards to which the Wellington Regional Council subscribes.
- Monitor the environmental effects and risks of all activities, and through the adoption of "best industry practice" avoid, remedy or mitigate any adverse effects.
- Minimise pollution of the environment by the adoption of procedures for the handling and disposal of hazardous substances and waste.
- Recognise and operate within the natural limits of renewable resources, and conserve non-renewable resources such as fuels and materials.
- Aim for no net loss of significant habitats or ecosystems.
- Consider, and take into account, the environmental implications of business decisions.
- Ensure that all staff is aware of the importance of the environmental performance of the department and the environmental implications of the activities they undertake.
- Specify the environmental requirements to be met by third parties engaged by the department.

- Where practicable, include consideration of environmental performance in the selection of contractors and suppliers

- Continuously monitor environmental performance by the department with a view to identifying any areas where performance can be improved.

- Make this environmental policy available to the public with all other such policies adopted by Council.

- Review this policy and the supporting systems on a regular basis.

- Report annually on the environmental performance of the department.

Our activities have a direct impact on the environment in a number of specific areas. They include:

- Ecosystems or Significant Habitats
- Heritage Assets
- Water Courses and Potential Filtration
- Soils and Potential Erosion
- Roading and Land Use Impacts
- Harvesting Trees Thereby Reducing Carbon Absorption
- Planting Trees and Thereby Increasing Carbon Absorption
- Landscape Appearance
- Environmental Discharges.

Of a more indirect nature we can affect or have some influence over the environment generally through our resource use in the following areas:

- Energy Use;
- Material Use.

The intention therefore would be to report annually the outcome in all these areas.

For the purpose of reporting quarterly we will note any significant variances against our year end June 2001 position where apparent.

1.2 Potential Direct Environmental Impacts

1.2.1 *Ecosystems or Significant Habitats*

As planning for specific blocks is undertaken significant ecosystems or habitats are identified and strategies developed for their protection. Where these areas have been planted the harvest methodology is tailored to the area and the aspects to be protected. After harvest any replanting is “set back” to ensure any future harvesting will not impact on the area.

There have been no issues with this aspect within the reporting period.

1.2.2 *Heritage Assets*

Known heritage assets will be protected by specific conditions in any work contracts for activities in the vicinity.

All harvest contracts include provisions, which require work to stop should any previously unknown heritage items be discovered. Work will not be permitted to recommence in that particular area until the items have been assessed and if necessary a specific harvest methodology developed to ensure no damage will result.

There have been no issues with this aspect in the reporting period.

1.2.3 *Water Courses and Potential Siltation*

Both clearfell harvesting and more particularly road and track construction and maintenance have the potential to increase the silt loadings within watercourses during weather events.

The harvesting carried out in the Pakuratahi Forest over the past five years has shown that there is very little scouring from the cutover slopes and that vegetation (other than the planted trees) re-establishes within about three months. Future harvested blocks will be monitored to ensure that this trend continues.

All road and track constructions and maintenance in accordance with the Soil and Water Plans and include provision for the control of surface water. Culverts are installed at regular intervals and these have stillage basins at the upstream end. Where culverts are laid in waterways care is taken to ensure that they are installed at the gradient of the waterway so that they do not induce unnecessary scouring.

All activities in relation to harvesting are reviewed by an independent soil scientist who submits regular reports on his findings.

The last quarter has been unusually wet but as almost all the harvesting has been by hauler which was sited well above the valley floor any effect on waterways has been minimal.

1.2.4 *Soils and Potential Erosion*

Prior to commencing harvest activities the area is surveyed by a soil scientist who takes core samples to ascertain the soil types and to assess their propensity for erosion. The findings from this survey are then considered when developing the harvest plan for the area. Actual harvest activity is reviewed on a regular basis with emphasis on those areas known to be prone to erosion.

Apart from some minor slippage on the roads there have been no significant incidents of erosion attributable to the logging activities.

1.2.5 *Roading and Land Use Impact*

The basic roading system for the major forest blocks are now in place and suitable for use by current log haulage vehicles. As each block comes due for harvesting there will be a requirement to upgrade the tracks within the blocks. There will be two standards of upgrade. Those intended for use by the loaded logging trucks which will

have more favourable grades and corner radii, and those intended for use by ground based skidders which will have steeper grades and tighter radii on corners.

Generally only the main access road into the block will be retained after replanting of the block is completed. The other roads and tracks will be ripped and/or mounded to avoid the problems which arise from compaction. Where possible within the constraints of gradient and curvature, roads and tracks will be sited to minimise any potential for adverse effect on the environment.

We are having ongoing maintenance problems in both Puketiro and Valley View following the recent persistent rain. We are slowly overcoming the problems and are successfully controlling water run off. While there has been some localised impacts none of these will have an ongoing effect on the environment.

1.2.6 The Effects of Harvesting on Carbon Absorption

The current policies for the management of the Plantation Forests include: -

- the requirement to work towards a sustainable yield.
- the requirement to ensure riparian set backs meet current practice.
- newly created riparian areas may be allowed to regenerate with native vegetation or may be directly planted with a suitable final or nursery crop.

As these policies come to fruition the effects on carbon absorption will reduce as a "steady state" forest profile evolves. At this time the only ongoing effect would be slower growth rates of native vegetation compared with pinus radiata.

Replanting at Pakuratahi was completed in late June and subsequently replanting commenced in Puketiro. Planting will continue into September providing climatic conditions remain favourable.

1.2.7 *Landscape*

Harvesting forests undoubtedly alters the landscape by presenting first a bare cutover visage with or without exposed tracks. Within about 4 to 6 months these areas will have "greened" and those areas replanted in pinus radiata will have seedlings about 1 metre high within 2 years, and 5 metres high within 5 to 6 years. Total canopy closure would usually occur around 20 years.

These areas represent a "working landscape" and the attractiveness or otherwise of the landscape is very much a matter of personal choice.

There still have been no adverse comments regarding the landscape in Puketiro Forest.

1.2.8 *Environmental Discharges*

There are a number of discharges inherent in a plantation forestry business. These will include:-

Discharges to Air

- Carbon Dioxide
- Carbon monoxide

- Sulphur
- Particulates

All relating to the use of internal combustion engines in the process of tending and harvesting the forests.

- Fertiliser dust
- Spray residues
- Methanes

Discharges to Land

- Tannins
- Fertilisers
- Sprays

Potential Discharges to Land

- Fuels
- Oils
- Lubricants

Discharges to Water

- Road and track runoff

Potential Discharges to Water

- Fuel, Oil Lubricant residues
- Silt
- Slash

The harvesting and management of the forest is carried out in the full knowledge of the above discharges and potential discharges. Activities are planned to minimise the risk of unintentional discharges and in the knowledge of the action required to mitigate the effects should a discharge occur. Such planning includes:

- No refuelling or maintenance where an accidental spill could end up in a waterway;

- Runoff from roads and tracks controlled through water tables and culverts to ensure volumes and speed do not reach levels where siltation and or scouring could become an issue;

- No tracking allowed in watercourses. Right angle crossing only permitted at purpose built fords or by way of bridges or culverted crossings.

We are not aware of any events of the nature listed above having occurred during the period under review.

1.3 Potential Indirect Environmental Impacts

1.3.1 *Energy Use*

- *Electricity*

  The activity of plantation forestry does not in itself impose any marked increase in electricity usage, however if the harvested product is milled domestically rather than exported as a log there will be increased electricity usage involved in the further processing of the logs.

- *Fuel*

  Given the location of many of the forestry blocks there is an ongoing fuel use related to the day to day management of the estate. This usage increases while silviculture activities take place and reaches a peak at the time of clearfell harvesting.

1.3.2 *Chemical Usage*

- 1080 for possum control
- various selective weedsprays
- various selective pesticide and fungicide sprays
- various selective fertilisers

Chemicals are applied only where there is a demonstrable need or a clear benefit. All chemicals are applied by certified operators who are required to demonstrate "best industry practice"

No incidents of this nature have occurred during the period under review.

1.3.3 *Noise*

The predominant noise from a plantation forest is from the use of chainsaws. This may be associated with either silviculture activities or at clearfell. In the latter situation the noise of chainsaws will be accompanied by the noise of the associated haulers, skidders, loaders and trucks.

No complaints have been received during the period under review.

1.3.4 *Resource Consents*

The Resource Management Act 1991 requires Plantation Forestry Department to hold resource consents for the following activities:

- Roading and tracking;
- Installation of culverts in waterways;
- Construction of bridges and fords;

- Harvesting.

Issues or Transgressions

Despite prior knowledge of the lead time required for Resource Consents, the need to undertake an activity requiring a resource consent can arise at relatively short notice and thus delays can occur awaiting receipt of the necessary approvals.

Both independent inspections and compliance monitoring by the consent issuing authority are carried out on an ongoing basis. All contracts include specific provisions requiring all activities to be in accordance with the RMA legislation.

2. Social Responsibility

2.1 Introduction

A commitment to sustainable development means recognising our role in the wider community. It also relies on building strong relationships with other stakeholders in our operations.

Our stakeholders are:

- The Community
- Customers
- Suppliers and Contractors
- Councillors
- The Government
- Educational Institutions and Educators
- Recreationalists
- The Media
- Tangata Whenua
- Business and Community Group
- Staff

From an annual perspective we would expect to report activity across all stakeholders. From a quarterly reporting perspective we will report any specific issues that have arisen during the period under review and any major variances.

2.2 Staff

Current staffing arrangements are just proving adequate.

There are no outstanding staff issues.

2.2.1 ***Staff Turnover***

There have been no staff changes in the review period.

2.2.2 ***Staff Training***

No specific staff training undertaken in the review period.

2.3 **Health and Safety**

There were no health and safety incidents during the period.

2.4 **The Community**

There has been little comment from the community on the activities of this department.

2.5 **Customers**

As the sale of the harvested logs is contracted to Rayonier NZ, we do not have customers as such. Rayonier report that the all weather access to the harvest blocks is seen as an advantage by the domestic mill owners.

2.6 **Councillors**

- Councillors are kept appraised of the activities of the department through the regular reports presented at each Utility Services Committee meeting. A much more comprehensive report is presented in September/October of each year. This report summarises the activities of the previous year and sets out the proposed programme for the forthcoming year. The report also seeks specific permission for replanting on a harvested block by block basis.

- New Councillors are invited to attend special workshops to enable them to be made aware of the short term plans within the department.

2.7 **The Government**

The Government is presently promoting the Kyoto Protocol as an action to mitigate the effects of Global warming. As it stands, the protocol would require the country to reduce emissions of greenhouse gasses to 1990 levels by the year 2008. As an alternative to reducing emissions the country can trade “carbon credits” earned on the basis of the carbon sequestered by the forests. Part of these credits would be taken by Government and part would be available to the forester. It is likely that any strategy introduced by Government will include a “carbon tax” to discourage further use of emission generating products. This move is most likely to impose additional costs on forest owners and further erode their competitiveness within various international markets.

Another potential effect is the transfer of overseas based investment capital to competing countries who are not signatories to the protocol. It should be noted that the USA does not intend to sign and that the agreement under which both Russia and Japan may sign are nowhere near as restrictive as that being considered by the New Zealand Government.

Should the Government claim a proportion of the "carbon credits" it is unclear who or how this would be made up following the harvest of a forest where the land was not replanted.

The Council does not support the ratification of the Kyoto Protocol until a number of requests have been progressed. These include:-

- accurate and complete information that documents the economic, social and environmental costs and benefits of ratification to be provided.

- Government clarifies its expectations of local government response to climate change.

- That central government place a higher priority on working with local government to co-ordinate methods that will assist communities to "adapt" to climate change; this includes better information about the regional effects of climate change.

- That accurate information is available which will enable decisions to be taken about the relative return on local authority investment that will accrue from non-market and co-benefit greenhouse gas emission reduction initiatives.

- Assistance from central government with developing inventories, targets, templates, and programmes that will guide and give focus to local initiatives (e.g. those developed by ICLEI's Cities for Climate Protection programme and EECA).

- That uncertainties surrounding use of the RMA in managing climate change be addressed – specifically this refers to excluding CO2 from the RMA, and providing guidance on using RMA to better facilitate activities that have climate change co-benefits.

- That in establishing a national inventory as part of the proposed Climate Protection Bill Part 1, information is collected and reported in such a way as to provide for assessment of emissions at a regional and local level wherever possible.

2.8 Educational Institutions etc.

There are occasional requests for information and addresses for visiting classes but most of these types of activity are carried out by the Landcare Division personnel.

2.9 Recreationalists Issues

- Harvesting in areas where there is traditional recreational activity requires the change in circumstances to be controlled. This control is exercised through the Recreation section and by the issue of permits. There is an agreed "no go" area which is protected by signage and the shared areas operate with logging having

preference on weekdays and recreational users having preference on weekend. Thus far there has been good understanding from this sector of the community.

- There are two potential issues – the first are trespassers who access the forests from neighbouring properties and who would not hesitate to enter the logging area.

- The second are generally horse riders who overestimate the control and timidity of their mounts. Despite being warned that there is machinery operating in the area these people claim there is no risk as their horses are accustomed and trained. It regularly turns out that this is not the case.

There have not been any incidents of this nature reported during the period under review .

2.10 Media

As this has been an ongoing activity of Council for a number of years there is little interest from the press.

2.11 Tangata Whenua

There has been little specific interest in the activities of this department from Tangata Whenua and thus their interests have been addressed as part of the overall consultation during the annual planning process.

2.12 Business and Community Groups

Rayonier act as our agents in the marketplace and hence the majority of approaches are made to them. From time to time we are invited to make financial contributions to forthcoming projects or to pledge the output of our forests but to date we have declined in favour of regular competitively tendered management contracts.

Council is a member of The Forest Owners Association and the Local Bodies Forestry Group and has close links with The Farm Foresters Association, The Forest Research Institute and the Log Industry Research Organisation.

3. Economic Performance

To demonstrate a commitment to sustainable development an organisation must be financially sound. Our concerns in relation to debt levels have been expressed in this area previously.

The Water Group

Water Supply (Excluding Operations Network)

Operating Surplus / (Deficit)

30 June 2001 Actual		30 June 2002 Actual	30 June 2002 Budget
83.3	Engineering Consultancy	**78.3**	**22.7**
36.3	Laboratory Services	**26.0**	**8.8**
761.2	Operations - Excluding Network	950.3	
658.2	Strategy and Asset	**836.4**	
1,738.7	Support Services	1,449.1	1,327.6
3,277.7	**Total Water Supply**	**3,340.1**	**1,359.1**

Operations Network (WCW)

Operating Surplus / (Deficit)

30 June 2001 Actual		30 June 2002 Actual	30 June 2002 Budget
277.8	**Surplus before Abnormais**	**121.1**	**178.1**
	Abnormal Items		
188.8	Final FMC Settlements 1998 - 2000	-	-
(60.1)	2000 - 2001 Restructuring Costs		
	2001 - 2002 Redundancy Costs	**(429.4)**	
(180.0)	Redundancy Provision Reversal	180.0	
(31.4)	Mabey Road Relocation Costs		
	Total Loss on Asset Disposals	(32.1)	
195.1	**Surplus after Abnormals**	**(160.4)**	**178.1**

Water Supply Excluding Operations Network

Capital Expenditure

30 June 2001 Actual		30 June 2002 Actual	30 June 2002 Budget
4,213.3	**Total Capital Expenditure**	**3,643.7**	4,243.0

Plantation Forestry

Operating Surplus / (Deficit)

30 June 2001 Actual		30 June 2002 Actual	30 June 2002 Budget
(303.7)	**Operating Surplus / (Deficit)**	**(649.1)**	**(546.1)**

Explanation of Forecast 2001 - 2002 Year End Surplus / (Deficit) Variances
For the Twelve Months ended 30 June 2002

Water Supply	Operating Surplus / (Deficit) Actual June 2002 $000's	Forecast March 2002 $000's	Forecast Variance $000's	Variance Explanation
Engineering Consultancy	78.3	101.7	(23.4)	* The increase in the WCC capex workload for the first nine months, was not sustained through the final quarter of the financial year.
Laboratory Services	26.0	57.4	(31.4)	* A largely fixed cost base and decreasing revenue opportunities in the final quarter are reflected in the bottom line for the year.
Operations - Excluding Network	**950.3**	845.1	105.2	* Greater than anticipated cost recoveries arising from the annual year end review of operational improvements eligible for capitalisation.
Strategy & Asset	836.4	446.3	390.1	* The one off Wainui Pipeline easement payment of $500k was not reflected in the March forecast, due to accounting treatment uncertainties at the time. * Estimated further increase of $75k to $300k for the water infrastructure asset write off charge covering the period 1999 - 2002. * A decision was made at year end to write off $60k of capex investigation related expenses, previously recorded as capex work in progress.
Support Services	1,449.1	1,452.5	(3.4)	* Just couldn't quite make that ambitious March forecast!!
Total Excluding Network	**3,340.1**	**2,903.0**	**437.1**	
Operations - Network	(160.4)	(167.5)	7.1	* It appears that the final bottom line position didn't crystalise quite as badly as anticipated in March.
Total Water Supply	**$179.7**	**2,735.5**	**444.2**	

Plantation Forestry	Operating Surplus / (Deficit) Actual June 2002 $000's	Forecast March 2002 $000's	Forecast Variance $000's	Variance Explanation
	(649.1)	**(673.0)**	**23.9**	* Significant improvement in operating conditions sustained, with demand for wood continuing to exceed supply and consequently higher product prices still being obtained.

Water Supply - Total Excluding Network

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's		Full Year Mar F'cast $000's	Full Year Budget $000's
23,241.3	Wholesale Water Levy	22,776.5	22,776.5	0.0	U	22,776.5	22,776.5
349.4	investment & Reserve Interest	277.1	275.6	1.5	F	275.6	275.6
1,179.6	External Revenue	1,139.3	620.9	518.4	F	641.1	620.9
2,796.5	Internal Revenue	2,809.1	2,609.9	199.1	F	2,691 .O	2,609.9
27,566.8	**Total Revenue**	**27,001.9**	**26,282.9**	**719.1**	**F**	**26,384.2**	**26,282.9**
3,630.9	Personnel Costs	3,476.2	3,748.6	272.4	F	3,470.0	3,748.6
4,841.4	Materials, Supplies & Services	4,660.6	5,228.1	567.5	F	4,617.0	5,228.1
172.3	Travel & Transport	167.4	185.9	18.5	F	146.0	185.9
1,686.8	Contractors & Consultants	1,438.4	1,894.2	455.8	F	1,347.0	1,894.2
2.171.7	Internal Contractors	2,139.4	2,070.3	69.2	U	2,150.5	2,070.3
12,503.0	**Total Direct Expenditure**	11,882.1	13,127.1	1,245.0	F	11,730.5	13,127.1
4,943.5	Financial Costs	4,496.5	4,897.2	400.7	F	4,500.0	4,897.2
(0.4)	Bad Debts, incl Provision	(0.9)	-	0.9	F	(0.8)	-
5,117.1	Depreciation	5,319.2	5,219.5	99.7	u	5,378.0	5,219.5
(14.0)	Loss / (Gain) on Sale	256.4	(32.2)	288.6	U	163.7	(32.2)
10,046.3	**Total Indirect Expenditure**	10,071.2	10,084.5	13.3	F	10,040.9	10,084.5
765.6	Net Corporate Overhead	766.8	766.8	0.0	u	766.8	766.8
974.2	Corporate Rent / Internal Charges	941.7	945.4	3.7	F	943.0	945.4
1,739.8	**Total Corporate Costs**	1,708.5	1,712.2	3.7	F	1,709.8	1,712.2
24,289.0	**Total Expenditure**	**23,661.8**	**24,923.8**	**1,262.0**	**F**	**23,481.2**	**24,923.8**
3,277.7	**Surplus / (Deficit)**	**3,340.1**	**1,359.1**	**1,981.0**	**F**	**2,903.0**	**1,359.1**
	Capital Expenditure						
	Asset Acquisition & Disposal Summary						
246.4	Acquisitions	186.6	409.0	222.4	F	**247.2**	**409.0**
(30.6)	Disposals	(58.1)	(71.0)	12.9	u	(82.8)	(71.0)
215.8		128.4	338.0	209.6	F	164.4	338.0
3,997.5	Capital Projects	3,515.3	3,905.0	389.7	F	3,382.6	3,905.0

Water Supply - Total Excluding Network

Movement in Equity and Debt
For the Twelve Months ended 30 June 2002

Statement of Movement in Equity	**30 Jun 01 Actual** $000's	**30 Jun 02 Actual** **$0003**
Retained Earnings Opening Balance	57,853	**62,622**
Surplus for Period	3,278	**3,340**
Other Reserve & Equity Movements	1,491	**343**
Asset Revaluation Reserve	135,083	135,083
Departmental Reserve (note 1)	1,050	**707**
Closing Equity	**198,755**	**202,095**

Notes

1 **Departmental Reserves at 30 June 2001**

Chemical Contingency Reserve	**520**	
Asset Refurbishment Reserve	**530**	
Opening Balance 1 July 2001		**1,050**
Transfer from Asset Refurbishment Reserve (incl interest)	(1,435)	
Transfer to Reserves (incl interest)	1,092	
Closing Balance at 30 June 2002		**707**

2 **Movement in Debt**

Opening Balance 1 July 2001		**57,201**
New Debt for 2001/02 Capital Expenditure	**2,080**	
Debt Repayment for 2001/02 Matured Loans	(7,040)	
Closing Balance at 30 June 2002		**52,241**

Water Supply - Total Excluding Network

Statement of Financial Position
As at 30 June 2002

30 Jun 01 $000's		30 Jun 02 $000's
	EQUITY	
62,622.2	Retained Earnings	66,305.7
135,083.0	Asset Revaluation Reserve	135,083.0
1,049.8	Departmental Reserve	**706.4**
198,755.0	**Total Equity**	**202,095.1**
	Represented By:	
	ASSETS	
	Current Assets	
2,378.1	Receivables	2,150.8
11.5	Accrued Revenue & Prepayments	69.1
1,462.7	Stocks	1,433.8
3,852.3	**Total Current Assets**	3,653.7
	Investment	
3,655.3	Insurance Investment	4,310.6
1,049.8	Capital Reserve	706.4
4,705.0	**Total Investment**	5,017.0
	Fixed Assets	
256,801.9	Cost or Valuation	261,038.7
(11.112.1)	less: Accumulated Depreciation	(16,504.8)
245,689.8	**Total Fixed Assets**	244,533.9
5,561.6	**Capital Works in Progress**	4,785.6
259,808.7	**Total Assets**	**257,990.2**
	LIABILITIES	
	Current Liabilities	
2,350.9	Creditors	2,351.9
695.4	Employee Provisions	615.3
806.0	Treasury Payables	686.5
3,852.3	**Total Current Liabilities**	3,653.7
57,201.4	**Public Debt**	52,241.4
61,053.7	**Total Liabilities**	**55,895.1**
198,755.0	**Net Assets**	**202,095.1**

Water Supply - Total Excluding Network

Statement of Funding
For the Year Ended 30 June 2002

	30 Jun 01 $000's	30 Jun 02 $000's
FUNDING FROM OPERATING ACTIVITIES		
Funds were provided from:		
Levies	23,241.3	22,776.5
Interest received	349.4	277.1
Other activities	3,976.0	3,948.4
	27,566.8	27,001.9
Funds were applied to :		
Operating activities	(14,242.4)	(13,589.7)
Interest paid	(4,943.5)	(4,496.5)
	(19,185.8)	(18,086.2)
Net Funding from Operating Activities / Cash Operating Surplus	**8,380.9**	**8,915.7**
FUNDING FROM INVESTING ACTIVITIES		
Funds were provided from:		
Sale of assets	30.6	58.1
Transfer from reserves	2.500.4	1.435.4
	2,531 .O	1,493.5
Funds were applied to :		
Purchase of land	(1.2)	-
Purchase of vehicles	(219.4)	(133.0)
Purchase of office equipment	(2.5)	(33.5)
Purchase of plant and equipment	(14.9)	(15.9)
Purchase of computer equipment	(8.4)	(4.2)
Capital projects	(3,997.5)	(3,515.3)
Transfer to reserves (incl interest)	(1,022.3)	(1,092.0)
Investment additions	(711.7)	(655.3)
	(5,977.9)	(5,449.2)
Net Funding from Investing Activities	**(3,446.9)**	**(3,955.7)**
FUNDING FROM FINANCING ACTIVITIES		
Funds were provided from:		
New loans	1,480.9	2.079.9
	1,480.9	2,079.9
Funds were applied to :		
Debt repayment	(6,415.0)	(7,039.9)
	(6,415.0)	(7,039.9)
Net Funding from Financing Activities	**(4,934.1)**	**(4,960.0)**
Net Increase / (Decrease) in Funds Held	0.0	**(0.0)**

Water Supply - Total Excluding Business Units

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's	Full Year Mar F'cast $000's	Full Year Budget $000's
23,241.3	Wholesale Water Levy	22,776.5	22,776.5	0.0 U	22,776.5	22,776.5
349.4	Investment & Reserve Interest	**277.1**	275.6	1.5 F	**275.6**	**275.6**
419.7	External Revenue	**600.4**	**37.9**	**562.6** F	**86.1**	**37.9**
1,195.1	Internal Revenue	1,284.1	1,087.4	196.7 F	1,201.8	1,087.4
25,205.5	**Total Revenue**	**24,938.1**	**24,177.4**	**760.7 F**	**24,340.0**	**24,177.4**
2,409.0	Personnel Costs	2,368.7	**2,577.0**	**208.3** F	2,410.0	2,577.0
4,635.0	Materials, Supplies & Services	4,529.6	5,063.4	533.7 F	**4,487.0**	5,063.4
133.1	Travel & Transport	132.9	146.8	13.9 F	116.0	146.8
1,586.1	Contractors & Consultants	1,367.4	1,851.2	483.8 F	1,291 .o	1,851.2
1,998.9	Internal Contractors	1,956.9	1,903.8	53.1 u	1,967.4	1,903.8
10,762.2	**Total Direct Expenditure**	10,355.5	11,542.1	1,186.6 F	10,271.4	11,542.1
4,943.5	Financial Costs	4,496.5	4,897.2	400.7 F	4,500.0	4,897.2
(0.4)	Bad Debts, incl Provision	**(0.9)**	**-**	0.9 F	**(0.8)**	**-**
5,046.7	Depreciation	5,265.5	5,112.6	152.9 u	5,321 .O	5,112.6
(10.9)	Loss / (Gain) on Sale	262.7	(25.8)	288.5 U	178.7	(25.8)
9,978.9	**Total Indirect Expenditure**	10,023.8	9,984.0	39.8 U	9,998.9	9,984.0
552.4	Net Corporate Overhead	581.8	581.8	0.0 u	581.7	581.8
754.0	Corporate Rent / Internal Charges	741.3	741.9	0.7 F	**744.1**	741.9
1,306.4	**Total Corporate Costs**	1,323.0	1,323.7	0.7 F	1,325.8	1,323.7
22,047.4	**Total Expenditure**	**21,702.3**	**22,849.8**	**1,147.5 F**	**21,596.1**	**22,849.8**
3,158.1	**Surplus / (Deficit)**	**3,235.8**	**1,327.5**	**1,908.2 F**	**2,743.9**	**1,327.5**
	Capital Expenditure					
	Asset Acquisition & Disposal Summary					
213.7	Acquisitions	140.1	279.0	138.9 F	144.7	279.0
(26.9)	Disposals	(51.8)	(55.0)	3.2 U	**(60.5)**	**(55.0)**
186.8		88.3	224.0	135.7 F	**84.2**	**224.0**
3,997.5	Capital Projects	3,515.3	3,905.0	389.7 F	3,382.6	3,905.0

Note
These numbers represent the total for Operations, Strategy and Asset and Support Services departments.

Quality: Long-term

The quality of water supplied will continually meet the Ministry of Health's Drinking-Water Standards. The related water supply infrastructure will continue to be maintained and improved to meet the standards specified in the *Regional Water Supply Asset Management Plan.*

All water that The Water Group treats currently meets Ministry of Health Drinking Water Standards. The Regional Council has a policy to target an A grade standard for each of its water treatment plants. This means the water supplied to its customers is completely satisfactory, with minimal levels of health risk.

Waterloo and Gear Island Treatment Plants are graded B. This would be upgraded to A if chlorine was added to the treated water, although Hutt City Council requested that this should not occur.

Wainuiomata Water Treatment Plant is graded C. Te Marua Water Treatment Plant is currently graded A.

The Water Group holds certification to ISO 9002 for its wholesale water supply operations.

Quality: Short-term

By 30 June 2002:

The collection, treatment and delivery of water will be managed to ensure the quality of water supplied complies with the Ministry of Health's Drinking-Water Standards for New Zealand 2000.

No significant breaches of this standard occurred during the year.

Water testing will be carried out by an International Accreditation New Zealand (IANZ) registered laboratory at sampling points defined by the Quality Assurance Section of The Water Group, not less than five days out of every seven. Expenditure will not exceed the budget of $436,000.

Expenditure for water testing for the year was $441,580, which was slightly more than budget, due to additional miscellaneous testing requirements.

The Wainuiomata Water Treatment Plant will be regraded to an A or A1 grading.

New Drinking Water Standards were introduced in January 2001 at short notice. These are much more onerous than the 1995 standards. For example, compliance has to be achieved for individual filters, whereas previously it was for the combined filtered water. A number of issues have arisen with the new standards and the Ministry of Health is preparing amendments. During the year new instrumentation was installed for compliance purposes. At year-end though there are still doubts about whether an A Grading can be achieved without changing the filter material. This should be known in the coming year. Twelve months of complying records are required in order to apply for a new grading.

Vegetation management measures will be carried out in the Council's water supply catchments, in accordance with the Council's Forestry Management Plan and within a budget of $159,000, so that the treatment plants receive good quality water.

Work by Regional Park Operations was carried out according to a programme weighted towards the second half of the year. Annual expenditure of $91,830 was incurred against a budget of $159,000. An additional $85,000 for 1080 bait purchases was rebudged into the next financial year

A ranger service for the Wainuiomata/ Orongorongo Water Supply Catchment will be obtained from the Landcare Division at a cost not exceeding $116,000.

Work by Regional Park Operations was carried out according to a programme weighted towards the second half of the year. Annual expenditure of $104,304 was incurred against a budget of $115,789.

Security of Supply: Long-term

Sufficient water will be available on a daily basis to meet the 1 in 50 year return period drought situation. The related water supply infrastructure will continue to be maintained and improved to meet the standards specified in the *Regional Water Supply Asset Management Plan*.

Projections using a computer based sustainable yield model show that the Council's water supply infrastructure is sufficient to meet a 1 in 50 year return period event until at least 2020, at current growth rates. The 1 in 50 year drought strategy has been adopted after consultation with our customers.

In the event of a major emergency, appropriate contingency plans will be in place.

The Council manages water supply assets in accordance with a planned programme of maintenance. Council policy is that there is no deferred maintenance. The Asset Management Plan was prepared in accordance with the National Asset Management Steering Group guidelines.

The Council has a "n-1" policy for security of water supply. This means that either Te Marua or Waterloo Water Treatment Plants could be out of commission and the daily base water requirement of 145 ML still met.

Security of Supply: Short-term

By 30 June 2002:

The security of supply to Pinehaven will be enhanced by the replacement of the asbestos main, to accepted engineering standards, within a budget of $230,000.

Replacement of the pipeline has now been deferred as investigation work identified that the existing pipe condition is still sufficient for the purpose. Hence, cumulative project costs of $13,571 have been expensed within the annual accounts.

The pipeline across the Hutt River at Silverstream is vulnerable to major floods and seismic events. Investigations into an alternative river crossing will be completed, at a cost not exceeding $30,000.

Investigations into an alternative river crossing were completed at a cost of $22,748.

The security of the Johnsonville Pumping Station will be improved by replacing the electrical switchboard, within a budget of $160,000.

The scale of the project was amended following investigations and design work, as it now includes new pumps. Costs for the year were $250,972. A further $50,000 will be spent in 2002/03 to complete the work.

The OK pipeline from Randwick to Korokoro will be refurbished to accepted engineering standards, at a cost not exceeding $1,250,000.

Problems encountered by the contractor have delayed completion of the project beyond 30 June 2002, by a few weeks. Expenditure of $1,130,209 has been incurred to date and it is still anticipated that the project will be completed well within the budget of $1,250,000.

Environmental Management: Long-term

All water supply activities will be undertaken in an environmentally sympathetic manner according to the principles of the Resource Management Act 1991.

The Council acquires and seeks to comply with all appropriate resource consents. Abstraction consents govern the quantity of water that can be drawn from each source and how much must remain. Consents are also sought for any discharges from the treatment plants. Most by-products from the plants are processed through waste water recovery plants and removed off-site.

The Council holds certification to ISO 14001 (the International Standard Organisation's environmental management benchmark) for its wholesale water supply activities.

Environmental Management: Short-term

By 30 June 2002:

All appropriate resource consents will be complied with, within a budget of $80,000.

Annual ongoing consent charges of $53,540 for 2001/02 have been reviewed and agreed with the Environment Division.

Resource consent compliance will be demonstrated to an auditable standard and a report on compliance for 2000/01 will be prepared by 30 November 2001.

The Report was published before 30 November 2001.

Water conservation will be promoted by way of an education campaign during the 2000/01 summer, at a cost not exceeding $70,000.

Water conservation advertising on TV took place during the summer of 2001/02 for a total actual cost of $42,937.

Funding of $180,000 will be provided towards leak detection activities within the customer authorities' retail networks. Customers to report on outcomes by 30 November 2002.

Customers have been invited to submit programmes for 2001/02. A review of the expenditure has been carried out. The Utility Services Committee approved concluding the programme at 30 June 2002.

Selected reservoir high level probes will be replaced at a cost not exceeding $30,000 in order to avoid reservoir overflows.

Work has currently been delayed on this project because of higher priority work. Expenditure of $5,978 was incurred in the current financial year.

Health and Safety: Long-term

The manner in which we carry out our operations will comply with the *Health and Safety in Employment Act 1992*, *Health and Safety Regulations 1995*, relevant Codes of Practice and current legislation.

A hazard identification programme will be undertaken at all work locations in order to eliminate, isolate or minimise the effect of risk to all Utility Services Division staff and contractors working at those locations. These hazards will be entered on a hazard register, which will be continually updated.

A hazard identification programme has been undertaken for all operational sites and hazard registers have been updated.

Health and Safety: Short-term

By 30 June 2002:

The Hazard Register will be reviewed on a six monthly basis. We will assess the effectiveness of the measures taken to eliminate, isolate or minimise risk to all Utility Services Division employees and contractors.

The health and safety plans of all contractors employed by the Utility Services Division will be reviewed prior to their employment. Their activities should comply with the Health and Safety in Employment Act 1992, the Health and Safety Regulations 1995, relevant Codes of Practice and current legislation, and meet or exceed the methods of operation as determined within the various Utility Services Division's Health and Safety Plans. Their activities will be monitored on a regular basis, to ensure that any risk to their employees, employees of subcontractors, Wellington Regional Council staff or the general public is eliminated, isolated or minimised.

During the past twelve months no incidents have been reported which have been caused by the activity of contractors employed by WRC.

During the past twelve months there have been three incidents where staff have suffered back strains. It is intended to repeat the manual-handling course for the departments involved.

Customer Service: Long-term

The Council will continue to demonstrate that it has a high standard of customer service. It will provide customers with up-to-date and relevant information, as well as listening and responding to their needs.

The Water Group maintains regular communication with customer organisations at various levels of seniority.

Customer Service: Short-term

By 30 June 2002:

Customers will be provided with a business report by 30 November 2001 which will include the following information**:**

- Financial results for the 2000/01 year.
- Operating costs that are benchmarked against Watercare Services Ltd. Structural anomalies will be removed as far as possible to allow relevant comparisons.
- Actual quality compared with targeted performance.
- A list of incidents where supply has been interrupted, together with the time taken to respond and repair.
- A report on compliance with resource consent requirements.

The business report was distributed in November 2001. It included all the subjects listed in the above bullet points.

Business Efficiency: Long-term

To demonstrate a reduction in the operational costs of collecting, treating and delivering wholesale water over time, while maintaining levels of service agreed externally and internally.

The annual costs of running the operation, excluding changes in depreciation rates, have reduced by $6.6 M or 29% between 1997 and 2002, whilst service levels have been maintained.

Business Efficiency: Short-term

By 30 June 2002:

Direct operating costs for the wholesale water supply for 2001/02 will be minimised and not exceed the budget of $14,100,000.

Final full year expenditure of $12,823,800 was incurred whilst carrying out activities according to requirements.

Operations

Operational Review

Manager's Commentary

At the commencement of the year, the Operations group consisted of two organisations, an operational group consisting of the Production and Distribution Sections and a contracting group, the Network Section responsible under contract for the maintenance of the reticulation system within Wellington City.

In September it was decided not to submit a tender for the future maintenance contracts as produced by Wellington City.

Therefore our involvement with the City was effectively terminated at the end of November with the dissolution of the Network Section and it should be noted that at the end of the contract with Wellington City Council (WCC) the annual expenditure (2000-01) was $3.5 million. The terms and conditions of the agreement were being met or exceeded and the section received a percentage bonus to reward them for exceeding the targets included within the contract.

In the Production and Distribution Sections the actual operating expenditure has reduced appreciably over the last five years even though there has been a marked increase in the cost of power, chemicals and individual wage rises. It is believed that the actual operational expenditure will remain constant over the next couple of years as it would appear that the majority of possible savings have been realised.

One might speculate as to why the cost of water to individual consumers has not been reduced by a similar percentage.

An analysis of the quantity of water supplied from the treatment plants since 1997 has been carried out which identifies the annual variation and the anticipated dependency on climatic variation. The maximum daily average quantity of water supplied per year was 158 ML during 1998-99 and the minimum quantity of water supplied was 150 ML during 1999-00.

The average quantity per day over the five-year period was 153 ML.

The treatment plants are now operating satisfactorily and it can be stated with reasonable confidence that they will all now operate for 96 hours with no attendance producing quality treated water in accordance with the Drinking Water Standards for New Zealand 2000.

There are now only minor improvements to be made to them although further assessment of Te Marua is necessary to demonstrate its ability to treat blended water and establish its ability to treat maximum flows for extended periods of time. A proposal for this review is being prepared for implementation during the next financial year.

In addition, we are still concerned as to how best to manage the Stuart Macaskill Lakes and it is hoped that the management plan will assist in this initiative.

The last year has again been a bit of a roller coaster ride during which we have attempted to reduce costs and improve quality. Whilst there are still some cost saving opportunities in the system, I would not anticipate that we will be able to maintain these cost reductions as the

majority of available savings have been driven out of the operation. I would anticipate that in view of the increased, cost of rates and insurance, the indirect expenditure will continue to rise, and that in view of the increased cost of chemicals and power, the direct expenditure will remain the same for 2002-03, and then commence to rise. As stated previously, it will be difficult if not impossible to identify additional direct operational savings to compensate for these cost increases over which we have no control. It is noted that the cost of power is now set for a period of three years thanks to the newly negotiated contract.

Social

The earlier section on Health and Safety incorporates some social reporting aspects of our operation.

In early December a team building exercise was held at Wainuiomata Water Treatment Plant during which various levels of intellectual expertise were tested and evaluated. Special mention should be made of the technical ability of one of the Water Treatment Technicians who managed to remotely obtain control of the limbs and vocal chords of several staff members. It was an excellent afternoon thoroughly enjoyed by all.

A further training session was held for the Production and Distribution Sections – exercises held again demonstrated the capability of the staff. One team of four constructing the highest tower using timber laths and plastic gloves ever seen by the facilitator in New Zealand.

All Network Staff benefited from the seminars arranged for them to receive guidance in job search, preparation for interviews and formatting CVs.

The project to improve the visitor centre at Wainuiomata Water Treatment Plant has been completed

Subsequent to September 11, a review of the security installations was carried out and following a period of increased site security, the existing systems have been upgraded.

It was a pleasure to entertain a Mrs Pope, during the third quarter, who used to live in the caretaker's house in the Orongorongo catchment. She provided some valuable insights into life in the catchment in the 1950s. It was a great afternoon made even more enjoyable by good weather.

Various visits have occurred to the treatment plants. Two of note were by a delegation of executives from the Guangzhou province in China and a party from the Australian Senate.

A further team building exercise was held in Wainuiomata where 26 staff members gathered together and discovered both the advantages of working together and the advantages of accepting the best individual efforts to achieve an optimum outcome.

Environmental

Accreditation for ISO 14001 has been maintained and the continual improvement necessary to maintain accreditation is obtained by addressing matters raised within the improvement opportunity procedure.

Work is proceeding on the review of waste produced from the water treatment plants. This will result in a new contract being let for its disposal.

Production Section

- No problems have been experienced with meeting the daily demand which peaked at 198.4ML on 3 February 2002.
- It has been possible to maintain the Stuart Macaskill Lakes at a satisfactory level and at the end of March the lakes were full.
- A decision has been taken to move the staff from the treatment plant at Waterloo to the newly purchased 44 Oxford Terrace building across the road. This has resulted in the work on the noise reduction of the pumps being discontinued.
- Work on the commissioning of the chlorine and fluoride plant at Gear Island has been completed.
- Reprogramming of the Control Systems at the treatment plants have been completed.
- Improved performance of the Wainuiomata Water Treatment Plant has been achieved because of the introduction of powdered polymer. This has resulted in improved quality and reduced cost. Powdered polymer has now been introduced at the Te Marua Water Treatment Plant.
- Many other minor improvement works have been completed at the treatment plants following the principle of continual improvement.

Distribution Section

During the last quarter the section has again concentrated on maintenance activities on various sections of the distribution system and installations.

- Maintenance of the 1050mm pipeline between Korokoro valve chamber and Gear Island.
- Repairs to the cross connection valves from the 750mm cast iron main to the OK main at Wainuiomata were carried out.
- The scour and line valves on the Paremata double mains at Staithes Drive were rehoused and repaired.
- A new meter and valve chamber was installed at Karori.
- The 200mm cast iron main, south of the Paremata bridge, was repaired.
- Maintenance work was carried out on the pipeline easements.

In addition, negotiations have taken place with WCC to ensure that the integrity of the system operation will be preserved and it is pleasing to note the system operation continues satisfactorily, no problems have been experienced since the operation responsibility changed.

Operations - Distribution

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's		Full Year Mar F'cast $000's	Full Year Budget $000's
1,704.7	Wholesale Water Levy	1,986.1	1,986.1	0.0	u	1,986.1	1,986.1
80.8	External Revenue	25.8		25.8	F	14.9	
221.3	Internal Revenue	203.4	149.1	54.3	F	198.3	149.1
2,006.9	**Total Revenue**	**2,215.3**	**2,135.2**	80.0	**F**	**2,199.3**	**2,135.2**
559.9	Personnel Costs	488.6	573.0	84.4	F	510.0	573.0
684.6	Materials, Supplies & Services	702.3	796.7	94.4	F	710.0	796.7
60.1	Travel & Transport	45.4	55.7	10.3	F	38.0	55.7
250.3	Contractors & Consultants	162.9	166.0	3.1	F	156.0	166.0
296.4	Internal Contractors	326.1	295.6	30.5	u	329.0	295.6
1,851.2	**Total Direct Expenditure**	1,725.2	1,887.0	161.8	F	1,743.0	1,887.0
(0.4)	Bad Debts, incl Provision	(0.9)	-	0.9	F	(0.8)	-
74.2	Depreciation	71 .o	75.7	4.7	F	70.0	75.7
(10.0)	Loss / (Gain) on Sale	(20.7)	(3.0)	17.7	F	(20.7)	(3.0)
63.8	**'Total Indirect Expenditure**	**49.4**	72.7	23.3	F	48.5	72.7
103.3	Net Corporate Overhead	100.0	100.0	0.0	U	100.0	100.0
74.8	Corporate Rent / Internal Charges	75.5	75.5	0.0	u	75.5	75.5
178.1	**Total Corporate Costs**	175.6	175.6	0.0	u	175.5	175.6
2,093.2	**Total Expenditure**	**1,950.2**	**2,135.2**	**185.0**	**F**	**1,967.0**	**2,135.2**
(86.3)	**Surplus / (Deficit)**	**265.1**		**265.1**	**F**	232.3	
	Asset Acquisition & Disposal Summary						
146.6	Acquisitions	40.3	70.0	29.7	F	40.3	70.0
(10.2)	Disposals	(32.6)	(12.0)	20.6	F	(32.6)	(12.0)
136.4		7.8	58.0	50.2	F	7.7	58.0

Operations - Production

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's		Full Year Mar F'cast $000's	Full Year Budget $000's
6,025.7	Wholesale Water Levy	5,921.5	5,921.5	0.0	u	5,921.5	5,921.5
38.5	Reserve Interest	41.6	41.6	0.0	u	41.6	41.6
11.5	External Revenue	0.6		0.6	F	0.2	
48.4	Internal Revenue	64.2		64.2	F	43.5	
6,124.2	**Total Revenue**	**6,027.9**	**5,963.1**	64.8	**F**	**6,006.8**	**5,963.1**
801.5	Personnel Costs	833.1	849.2	16.1	F	875.0	849.2
2,875.8	Materials, Supplies & Services	3,078.0	3,431 .o	352.9	F	3,050.0	3,431 .o
49.7	Travel & Transport	44.7	48.8	4.2	F	42.0	48.8
582.4	Contractors & Consultants	460.9	704.0	243.1	F	510.0	704.0
750.7	Internal Contractors	674.5	650.6	23.9	u	687.8	650.6
5,060.1	**Total Direct Expenditure**	5,091.1	5,683.5	592.4	F	5,164.8	5,683.5
83.2	Depreciation	78.0	92.4	14.4	F	80.0	92.4
1.8	Loss / (Gain) on Sale	(6.4)	(14.8)	8.4	U	(14.8)	(14.8)
84.9	**Total Indirect Expenditure**	71.6	77.6	6.0	F	65.2	77.6
155.7	Net Corporate Overhead	159.5	159.5	-		159.5	159.5
43.6	Corporate Rent / Internal Charges	46.3	42.4	3.9	u	46.0	42.4
199.4	**Total Corporate Costs**	205.8	201.9	3.9	u	205.5	201.9
5,344.4	**Total Expenditure**	**5,368.6**	**5,963.1**	**594.5**	**F**	**5,435.5**	**5,963.1**
779.7	**Surplus / (Deficit)**	**659.3**	**(0.0)**	**659.3**	**F**	**571.3**	**(0.0)**
	Asset Acquisition & Disposal Summary						
31.5	Acquisitions	46.8	79.0	32.2	F	51.4	79.0
(7.6)	Disposals	(6.4)	(25.0)	18.6	u	(15.0)	(25.0)
23.9		40.5	54.0	13.5	F	36.4	54.0

Operations - Administration

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's	Full Year Mar F'cast $000's	Full Year Budget $000's
493.1	Wholesale Water Levy	454.0	454.0	0.0 u	454.0	454.0
-	External Revenue	0.1		0.1 F		
-	Internal Revenue	54.0		54.0 F		
493.1	**Total Revenue**	**508.1**	454.0	54.1 **F**	454.0	454.0
148.3	Personnel Costs	155.4	152.4	3.0 u	140.0	152.4
30.6	Materials, Supplies & Services	14.2	35.4	21.2 F	12.0	35.4
4.8	Travel & Transport	11.2	8.4	2.8 U	12.0	8.4
6.9	Contractors & Consultants	72.0		72.0 U	15.0	
131.6	Internal Contractors	134.0	154.4	20.4 F	136.5	154.4
322.2	**Total Direct Expenditure**	386.8	350.6	36.2 U	315.5	350.6
10.3	Depreciation	10.9	12.3	1.4 F	11 .0	12.3
-	Loss / (Gain) on Sale	(5.3)	(5.0)	0.3 F	(5.3)	(5.0)
10.3	**Total Indirect Expenditure**	5.6	7.3	1.7 F	5.7	7.3
52.6	Net Corporate Overhead	57.3	57.3	-	57.3	57.3
40.1	Corporate Rent / Internal Charges	32.6	38.8	6.2 F	34.0	38.8
92.7	**Total Corporate Costs**	**89.9**	96.1	6.2 F	91.3	96.1
425.2	**Total Expenditure**	482.3	454.0	28.3 **U**	**412.5**	454.0
67.9	**Surplus / (Deficit)**	25.8	**(0.0)**	25.8 **F**	**41.5**	**(0.0)**
	Asset Acquisition & Disposal Summary					
-	Acquisitions	25.7	35.0	9.3 F	25.7	35.0
-	Disposals	(7.1)	(10.0)	2.9 u	(7.1)	(10.0)
		18.6	25.0	6.4 F	18.6	25.0

Operations - Network

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's		Full Year Mar F'cast $000's	Full Year Budget $000's
(13.6)	Reserve Interest	(1.2)	1.5	2.7	U	5.0	1.5
3,741.2	External Revenue	1,731.2	3,704.0	1,972.8	U	1,734.9	3,704.0
9.3	Internal Revenue	3.7		3.7	F	3.8	-
3,736.9	**Total Revenue**	**1,733.7**	**3,705.5**	**1,971.8**	**U**	**1,743.7**	**3,705.5**
1,421.5	Personnel Costs	926.4	1,270.4	344.0	F	993.7	1270.4
806.2	Materials, Supplies & Services	110.7	838.2	727.5	F	115.0	838.2
155.1	Travel & Transport	62.5	218.6	156.1	F	63.0	218.6
521.7	Contractors & Consultants	256.8	509.5	252.8	F	260.0	509.5
268.4	Internal Contractors	324.9	266.6	58.3	U	266.6	266.6
3,173.0	**Total Direct Expenditure**	1,681.3	3,103.3	1,422.1	F	1,698.3	3,103.3
(5.7)	Bad Debts, incl Provision	1.5		1.5	u	1.5	-
82.2	Depreciation	43.2	143.0	99.9	F	43.2	143.0
(4.5)	Loss / (Gain) on Sale	32.1	10.0	22.1	u	32.1	10.0
71.9	**Total Indirect Expenditure**	76.7	153.0	76.3	F	76.8	153.0
3,245.0	**Total Controllable Expenditure**	**1,758.0**	**3,256.4**	**1,498.3**	**F**	**1,775.1**	**3,256.4**
492.0	**Surplus Pre Uncontrollable Expend**	(24.3)	**449.1**	473.5	**F**	**(31.4)**	**449.1**
256.9	Net Corporate Overhead	116.7	233.3	116.7	F	116.7	233.3
40.0	Corporate Rent / Internal Charges	19.4	37.7	18.3	F	19.4	37.7
296.9	**Total Corporate Costs**	136.1	271 .O	134.9	F	136.1	271 .O
3,541.9	**Total Expenditure**	**1,894.1**	**3,527.4**	**1,633.3**	**F**	**1,911.2**	**3,527.4**
195.1	**Surplus / (Deficit)**	**(160.4)**	**178.1**	338.5	**U**	**(167.5)**	**178.1**
	Asset Acquisition & Disposal Summary						
2.3	Acquisitions		324.0	324.0	F	-	324.0
(5.3)	Disposals	(13173)	(24.0)	107.3	F	(131.3)	(24.0)
(3.1)		(131.3)	300.0	431.3	F	(131.3)	300.0

Operations - Network
Statement of Financial Position
As at 30 June 2002

30 Jun 01 $000's		30 Jun 02 $000's
	EQUITY	
206.6	Retained Earnings	0.0
(38.7)	Departmental Reserves	7.5
167.9	**Total Equity**	7.5
	Represented By:	
	ASSETS	
	Current Assets	
455.6	Receivables	-
72.3	Accrued Revenue & Prepayments	-
57.2	Stocks	-
68.6	Treasury Receivables	33.5
653.6	**Total Current Assets**	33.5
	Investment	
(38.7)	Reserve Investments	7.5
(38.7)	**Total Investments**	7.5
	Fixed Assets	
453.9	Cost or Valuation	-
(247.4)	less: Accumulated Depreciation	-
206.6	**Total Fixed Assets**	-
821.5	**Total Assets**	**41 .o**
	LIABILITIES	
	Current Liabilities	
423.1	Creditors	4.8
230.6	Employee Provisions	28.7
	Treasury Payables	
653.6	**Total Current Liabilities**	33.5
-	**Public Debt**	
653.6	**Total Liabilities**	33.5
167.9	**Net Assets**	7.5

Operations - Network
Statement of Funding
For the Year Ended 30 June 2002

	30 Jun 01 $000's	30 Jun 02 $000's
FUNDING FROM OPERATING ACTIVITIES		
Funds were provided from:		
Operating activities	3,750.5	1,734.9
Interest received	(13.6)	(1.2)
	3,736.9	1,733.7
Funds were applied to :		
Operating activities	(3,464.2)	(1,818.9)
Interest paid		
	(3,464.2)	(1,818.9)
Net Funding from Operating Activities / Cash Operating Surplus	272.7	(85.2)
FUNDING FROM INVESTING ACTIVITIES		
Funds were provided from:		
Sale of assets	5.3	131.3
Transfer from reserves		
	5.3	131.3
Funds were *applied to :		
Purchase of vehicles	-	-
Purchase of office equipment	-	-
Purchase of computer equipment		
Purchase of structures	(2.3)	-
Transfer to reserves	(275.8)	(46.1)
	(278.1)	(46.1)
Net Funding from Investing Activities	**(272.7)**	85.2
Net Increase / (Decrease) in Funds Held	**(0.0)**	0.0

Strategy and Asset

Manager's Commentary

- For the Strategy and Asset Group, the last financial year has probably been more of a routine year than the previous years. The Group was not affected by the changes following the winding up of the network contract with Wellington City. Also, there were no changes in personnel.

- A hydraulic model was completed and calibrated during the year and this will be extremely useful for future modelling work.

- The sustainable yield model has been updated with another five years worth of data and several enhancements added to it.

- Reporting water compliance has been very difficult due to the adoption of the Drinking Water Standard 2000 by the Ministry of Health at very short notice. The changes in the standard have proved to be much more significant than was initially thought. The new instruments required for compliance purposes are now in place, and this will make reporting much easier.

- The Public Health Service is promoting the use of a risk management plan and work has started on these. By the end of the year, 17 plans had been produced. Legislation though, that will make adopting the plans compulsory, is still awaited. It is expected that new grading rules for the water treatment plants and distribution systems will be issued shortly.

- The depreciation model that is part of the Hansen asset management system has been adopted, but the software proved to have a number of omissions in it, and this has taken a considerable amount of work to rectify. Very few organisations are using the depreciation module so to some extent by default, we have ended up as one of the test beds for Hansen.

- The capital works programme was completed with an out turn of $3.515M. After adjustment for the late addition to the programme of the new building at Waterloo, the out turn is very close to the predictions made at the time of the December and March quarterly reviews.

- The major capital works project for the year was the relining of the OK main along the Petone foreshore. The project has taken longer than expected due to a number of factors.

- Work on the condition assessment of pipelines has started, three were assessed during the year.

- There has been considerable thinking during the year as to whether to adopt ISO9001:2000. Shortly after the end of the year, a decision was made to proceed with this.

- The asset management plan that was scheduled for revision during the year was not revised. It was largely due to resources, with much more time spent than was anticipated on water quality compliance, the Hansen depreciation module and starting the risk management plans.

- Regrading of the Wainuiomata WTP from a C to an A was not achieved during the year, essentially because the Ministry of Health lifted the compliance standards.

- An article on the benefits of the system optimiser was submitted and published by the Energy Efficiency and Conservation Authority (EECA) in its magazine. As a result of this, EECA asked that the article formed the basis of an entry into its annual awards. Beca Applied Technology, the consultants for the optimiser, have also entered it into the Association of Consulting Engineers awards. The judges met with representatives of the Strategy and Asset Group, and preliminary indications are that there is some likelihood of Becas receiving an award for their work on the optimiser.

- Marketing work has focused on enhancing the schools programme with a sustainability theme. The presentation to school groups at the various treatment plants is being revised and will be completed in the next financial year. This is in line with the Environment Division's "Take Action" programme.

- Agreement was reached with the Hutt City Council for the City to use the Wainuiomata water tunnel for a waste water pipeline. Half a million dollars was received in return for granting an easement, in perpetuity.

- The education video has been refreshed and this should give it a life of another three years or so.

- A new brochure, about water treatment and distribution called *Fresh* has been produced and this will replace a number of individual brochures.

- Water conservation advertisements were shown on the television over the summer period and these were supported by radio advertising. This programme was approved by our customers and a contribution received from Kapiti Coast District Council. It is difficult to judge the effectiveness of the campaign as the summer of 2001/02 was relatively wet.

- A technical report was prepared for the Kapiti Coast District Council indicating how the Regional Council could assist with its water supply problem by supplying water from Wellington.

- Seven media releases were made during the year.

- The format of the annual report for 2001/02 is being revised and hence the content will be reduced compared to previous years. The 2000/01 report was published in November 2001 – this was the fourth annual report.

- Work has started on a project to supply limited quantities of water in an extreme emergency when pipelines are not available.

- A tender was let for a three year electricity contract starting 1 October 2002.

- The water levy for 2002/03 has been held even though there has been a large increase in insurance costs and infrastructure rates payable from 1 July 2002.

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's	Mar	Full Year F'cast $000's	Full Year Budget $000's
12,953.5	Wholesale Water Levy	12,681.4	12,681.4	0.0	U	12,681.4	12,681.4
310.9	Investment & Reserve Interest	235.5	234.0	1.5	F	234.0	234.0
327.4	External Revenue	573.2	37.9	535.3	F	70.0	37.9
-	Internal Revenue	0.2		0.2	F	-	
13,591.9	**Total Revenue**	**13,490.4**	**12,953.3**	**537.1**	**F**	**12,985.4**	**12,953.3**
279.1	Personnel Costs	302.6	389.6	87.1	F	300.0	389.6
1,011.6	Materials, Supplies & Services	698.1	746.5	48.4	F	680.0	746.5
6.3	Travel & Transport	9.7	15.9	6.2	F	10.0	15.9
744.8	Contractors & Consultants	667.0	936.2	269.2	F	600.0	936.2
820.1	Internal Contractors	816.1	803.2	12.9	u	806.4	803.2
2,861.9	**Total Direct Expenditure**	2,493.5	2,891.5	398.0	F	2,396.4	2,891.5
4,943.5	Financial Costs	4,496.5	4,897.2	400.7	F	4,500.0	4,897.2
4,868.6	Depreciation	5,096.1	4,894.5	201.6	U	5,150.0	4,894.5
-	Loss / (Gain) on Sale	295.0	(3.0)	298.0	U	219.5	(3.0)
9,812.0	**Total Indirect Expenditure**	9,887.6	9,788.7	98.9	U	9,869.5	9,788.7
184.3	Net Corporate Overhead	200.9	200.9	-		200.9	200.9
75.5	Corporate Rent / Internal Charges	72.0	72.3	0.3	F	72.3	72.3
259.8	**Total Corporate Costs**	272.8	273.1	0.3	F	273.2	273.1
12,933.8	**Total Expenditure**	**12,653.9**	**12,953.3**	**299.4**	**F**	**12,539.1**	**12,953.3**
658.2	**Surplus / (Deficit)**	836.4	(0.0)	836.4	**F**	446.3	**(0.0)**
	Capital Expenditure						
	Asset Acquisition & Disposal Summary						
1.2	Acquisitions	23.0	25.0	2.0	F	23.0	25.0
-	Disposals	(5.8)	(8.0)	2.2	u	(5.8)	(8.0)
1.2		17.2	17.0	0.2	u	17.2	17.0
3,997.5	Capital Projects	3,515.3	3,905.0	389.7	F	3,382.6	3,905.0

Engineering Consultancy

Manager's Commentary

The operating surplus of the Group for the year was $78,300 compared to the budget of $22,700.

This is a very positive result considering the reduction in both workload and staff numbers during the year.

Following termination of the WSA, and a slight reduction in internal work, staff numbers were reduced by four. Consequently there were reductions in actual expenditure and revenue for the Group of approximately nine percent and five percent respectively.

Capex revenue of $347,800 from WCC was $117,800 greater than budget for the year. However this amount of future work is not assured, although a number of projects are ongoing into the 2002-03 financial year.

The revenue from non-water group internal clients was $29,200 higher than budgeted. This is an area of the business where we are focussing our efforts to try to encourage future growth.

Engineering Consultancy

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's		Full Year Mar F'cast $000's	Full Year Budget $000's
713.2	External Revenue	**493.9**	533.0	39.1	u	510.0	533.0
824.2	Internal Revenue	798.1	822.0	23.9	u	760.0	822.0
1,537.4	**Total Revenue**	**1,292.0**	**1,355.0**	63.0	**U**	**1,270.0**	**1,355.0**
837.7	Personnel Costs	735.1	836.9	101.8	F	690.0	836.9
100.1	Materials, Supplies & Services	40.1	44.8	4.8	F	45.0	44.8
19.9	Travel & Transport	15.5	22.5	6.9	F	12.0	22.5
25.1	Contractors & Consultants	6.7	3.0	3.7	u	11.0	3.0
123.5	Internal Contractors	131.0	116.8	14.3	u	130.9	116.8
1,106.3	**Total Direct Expenditure**	928.5	1,024.0	95.5	F	888.9	1,024.0
27.3	Depreciation	14.1	32.4	18.3	F	16.0	32.4
-	Loss / (Gain) on Sale	(6.3)	(4.0)	2.3	F	(12.0)	(4.0)
27.3	**Total Indirect Expenditure**	7.7	28.4	20.7	F	4.0	28.4
145.5	Net Corporate Overhead	121.3	121.3	0.0	u	121.3	121.3
175.0	Corporate Rent / Internal Charges	156.2	158.7	2.5	F	154.1	158.7
320.5	**Total Corporate Costs**	277.4	279.9	2.5	F	275.4	279.9
1,454.1	**Total Expenditure**	**1,213.7**	**1,332.3**	**118.7**	**F**	**1,168.3**	**1,332.3**
83.3	**Surplus / (Deficit)**	78.3	22.7	55.6	**F**	**101.7**	22.7
	Asset Acquisition & Disposal Summary						
-	Acquisitions	22.0	30.0	8.0	F	23.0	30.0
-	Disposals	(6.3)	(10.0)	3.7	u	(15.3)	(10.0)
		15.6	20.0	4.4	F	7.7	20.0

Engineering Consultancy

Statement of Financial Performance For the Twelve Months Ended 30 June 2002
Split between WCC and Other Clients

	ECG Internal & Other External Clients		ECG WCC WSA & Capex Work		Total Department		
	30 Jun 02 Actual	30 Jun 02 Budget	30 Jun 02 Actual	30 Jun 02 Budget	30 Jun 02 Actual	30 Jun 02 Budget	Variance
External Revenue	16,047		477,821	533,000	493,868	533,000	-39,132
Internal Revenue							
Wholesale Water Projects	746,273	793,000			746,273	793,000	-46,727
Operations - Network	19,000	19,000			19,000	19,000	-
Plantation Forestry	3,660	10,000			3,660	10,000	-6,340
Other Internal Clients	29,157				29.157		29.157
Total Internal Income	798,090	822,000	-	-	798,090	822,000	-23,910
Total Income	**814,137**	**822,000**	**477,821**	**533,000**	**1.291.958**	**1.355.000**	**-63.042**
Direct Expenditure							
Personnel	510,898	507,712	224,190	329,210	735,088	836,922	101,834
Materials	33,366	44,832	6,708		40,074	44,832	4,758
Transport	15,535	22,475			15,535	22,475	6,940
Contractors / Consultants	1,830	3,000	4.908		6,738	3,000	-3,738
	561,629	578,019	235,806	329,210	797,435	907,229	109,794
Internal Consultants							
Network (WCC Capex)			560		560		-560
Distribution (WCC Capex)			13,157		13,157		-13,157
Utility Services Support	116,755	116,755			116,755	116,755	-
Other Internal Suppliers	178		396		574		-574
Total Internal Consultants	116,933	116,755	14,113		131,046	116,755	-14,291
Total Direct Expenditure	**678,562**	**694,774**	**249,919**	**329,210**	**928,481**	**1,023,984**	**95,503**
Indirect Expenditure							
Departmental O/h Allocat'n	-193,452	-193,452	193,452	193,452			
Depreciation	14,057	32,405			14,057	32,405	18,348
Loss / (Gain) on Sale	-6,332	-4,000			-6,332	-4,000	2,332
Total Indirect Expenditure	-185,727	-165,047	193,452	193,452	7,725	28,405	20,680
Total Direct and Indirect	**492,835**	**529,727**	**443,371**	**522,662**	**936,206**	**1,052,389**	**116,183**
Corporate Charges							
Corporate Overhead	121,274	121,274			121,274	121,274	-
RCC Rent	81,115	81,115			81,115	81,115	-
IT and Support Services	75,060	77,540			75.060	77.540	2.480
	277,449	279,929	-	-	277,449	279,929	2,480
Total Expenditure	**770,284**	**809,656**	**443,371**	**522,662**	**1,213,655**	**1,332,318**	**118,663**
Operating Surplus	**43,853**	**12,344**	**34.450**	**10.338**	**78.303**	**22.682**	**55.621**

Statement of Funding
For the Year Ended 30 June 2002

	30 Jun 01 $000's	30 Jun 02 $000's
FUNDING FROM OPERATING ACTIVITIES		
Funds were provided from:		
Operating activities	1,537.4	1,292.0
	1,537.4	1,292.0
Funds were applied to :		
Operating activities	(1,426.8)	(1,205.9)
Interest paid	0.0	
	(1,426.8)	(1,205.9)
Net Funding from Operating Activities / Cash Operating Surplus	**110.6**	**86.0**
FUNDING FROM INVESTING ACTIVITIES		
Funds were provided from:		
Sale of assets		**6.3**
Transfer from reserves		
		6.3
Funds were applied to :		
Purchase of vehicles		(22.0)
Purchase of office equipment		
Purchase of plant and equipment	-	-
	-	(22.0)
Net Funding from Investing Activities		**(15.6)**
Net Increase / (Decrease) in Funds Held	**110.6**	70.4

Laboratory Services

Manager's Commentary

An operating surplus of $26,000 was achieved by the Laboratory this year – down on March expectations but comfortably ahead of our annual budget. Contributing to this, the cost of wages and subcontracted work was higher than anticipated. This was offset to a degree by less expenditure on consumables and services.

Laboratory prices were held as for the previous year despite increases in operating costs. Price rises across the board were absorbed. Our 'comparator' laboratory listed about a 3% increase in their schedule for the same period.

Laboratory Accreditation has been maintained to the ISO 9002 : Guide C5 standard following the IANZ assessment in November. Pleasingly we sought and achieved additional signatory power as well as gaining an extension in scope for both microbiological and chemical testing.

We were also granted accreditation in the new field of Drinking Water Testing. We will be listed and advertised in the MoH Register of Approved Drinking Water Laboratories.

With reference to methods of analysis for microbiological compliance with the DWSNZ 2000 we have completed laboratory trials and have submitted documentation for IANZ assessment.

Laboratory equipment acquisitions included the purchase (internal transfer) of a 4WD utility vehicle to facilitate access to the more demanding sample sites. A Total Organic Carbon/Total Nitrogen (TOC/TN) Analyser has been approved for purchase and will go some way to retaining work presently being subcontracted. A replacement centrifuge was purchased out of necessity. Other 'major' items have required attention to remain operational.

With regard to the refurbishment of premises at 44 Oxford Terrace, drawings and specifications for the new laboratory fit-out have been completed. Tenders were let to several prospective service providers with a closing date of 4 July, with a subsequent decision made to determine the successful tenderer.

Laboratory personnel numbers have decreased effectively from nine to seven and have included the resignation of both Field Officers for various reasons. Earlier resignations of both part-time Field Officers, and a Technician, were accepted and duties assimilated. These posts remain vacant but recently a fixed-term contracted Technician become a permanent staff member.

Laboratory Services

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's	Full Year Mar F'cast $000's	Full Year Budget $000's
46.6	External Revenue	45.0	50.0	5.0 u	45.0	50.0
777.2	Internal Revenue	726.8	700.5	26.3 F	729.2	700.5
823.8	**Total Revenue**	**771.9**	750.5	21.4 **F**	774.2	750.5
384.2	Personnel Costs	372.5	334.7	37.8 U	370.0	334.7
106.3	Materials, Supplies & Services	90.9	119.9	29.0 F	85.0	119.9
19.3	Travel & Transport	19.0	16.7	2.3 U	18.0	16.7
75.6	Contractors & Consultants	64.3	40.0	24.3 U	45.0	40.0
49.3	Internal Contractors	51.4	49.7	1.7 u	52.2	49.7
634.6	**Total Direct Expenditure**	598.1	561 .O	37.1 u	570.2	561 .O
43.2	Depreciation	**39.7**	74.5	34.8 F	41 .o	74.5
(3.1)	Loss / (Gain) on Sale		(2.4)	2.4 U	(3.0)	(2.4)
40.1	**Total Indirect Expenditure**	**39.7**	72.1	32.4 F	38.0	72.1
67.7	Net Corporate Overhead	63.8	63.8	0.0 u	63.8	63.8
45.1	Corporate Rent / Internal Charges	44.3	44.8	0.5 F	44.8	44.8
112.9	**Total Corporate Costs**	108.1	108.6	0.5 F	108.6	108.6
787.5	**Total Expenditure**	745.8	741.7	4.2 **U**	**716.8**	**741.7**
36.3	**Surplus / (Deficit)**	26.0	8.8	17.2 **F**	57.4	8.8
	Asset Acquisition & Disposal Summary					
32.6	Acquisitions	24.5	100.0	75.5 F	79.5	100.0
(3.7)	Disposals		(6.0)	6.0 U	(7.0)	(6.0)
28.9		24.5	94.0	69.5 F	72.5	94.0

Laboratory Services

Statement of Funding
For the Year Ended 30 June 2002

	30 Jun 01 $000's	30 Jun 02 $000's
FUNDING FROM OPERATING ACTIVITIES		
Funds were provided from:		
Operating activities	823.8	771.9
	823.8	771.9
Funds were applied to :		
Operating activities	(747.4)	(706.2)
	(747.4)	(706.2)
Net Funding from Operating Activities / Cash Operating Surplus	76.4	65.7
FUNDING FROM INVESTING ACTIVITIES		
Funds were provided from:		
Sale of assets	3.7	
Transfer from reserves	8.4	
	12.1	-
Funds were applied to :		
Purchase of vehicles	(19.4)	(13.0)
Purchase of furniture & fittings	-	(11.5)
Purchase of plant and equipment	(4.9)	-
Purchase of computer equipment	(8.4)	-
Purchase of structures		
Transfers to Reserves	-	(60.0)
	(32.6)	(84.5)
Net Funding from Investing Activities	(20.5)	(84.5)
Net Increase / (Decrease) in Funds Held	**55.8**	**(18.8)**

Support Services

Support Services

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's		Full Year Mar F'cast $000's	Full Year Budget $000's
2,064.2	Wholesale Water Levy	1,733.5	1,733.5	0.0	u	1,733.5	1,733.5
-	External Revenue	0.7		0.7	F	1.0	
925.3	Internal Revenue	962.3	938.3	24.0	F	960.0	938.3
2,989.5	**Total Revenue**	**2,696.5**	**2,671.8**	24.7	**F**	**2,694.5**	**2,671.8**
620.2	Personnel Costs	**589.0**	612.8	23.8	F	585.0	612.8
32.5	Materials, Supplies & Services	37.1	53.8	16.8	F	35.0	53.8
12.3	Travel & Transport	21.9	17.9	4.0	u	14.0	17.9
1.7	Contractors & Consultants	4.6	45.0	40.4	F	10.0	45.0
-	Internal Contractors	6.3		6.3	U	7.7	
666.6	**Total Direct Expenditure**	**658.9**	**729.6**	70.6	F	651.7	729.6
10.4	Depreciation	9.5	37.7	28.2	F	10.0	37.7
(2.7)	Loss / (Gain) on Sale						
7.7	**Total Indirect Expenditure**	9.5	37.7	28.2	F	10.0	37.7
56.4	Net Corporate Overhead	64.0	64.0	-		64.0	64.0
520.0	Corporate Rent / Internal Charges	514.8	512.9	1.9	u	516.3	512.9
576.4	**Total Corporate Costs**	**578.9**	577.0	1.9	u	580.3	577.0
1,250.8	**Total Expenditure**	**1,247.3**	**1,344.2**	**96.9**	**F**	**1,242 .O**	**1,344.2**
1,738.7	**Surplus / (Deficit)**	**1,449.1**	**1,327.5**	**121.6**	**F**	**1,452.5**	**1,327.5**
	Asset Acquisition & Disposal Summary						
34.5	Acquisitions	4.3	70.0	65.7	F	4.3	70.0
(9.2)	Disposals						
25.3		4.3	70.0	65.7	F	4.3	70.0

Plantation Forestry

Manager's Commentary

Harvesting

We completed the harvest in Pakuratahi without too much drama although the last of the wood did not come out until November 2001. Net returns for the first six months averaged around $15.80 per tonne. This was predominately Pakuratahi but included some road lining product as we opened up Puketiro.

By way of contrast the second six months averaged around $36.00 peaking in June with $48.94. This shows what will be the norm when we get into fully tended stands on a full time basis.

In terms of volume we extracted 40,452t for the year and I guess this is a wake up call because if we want to maintain an ongoing 65,000t per annum in future years we are going to have to be really organised.

We commenced logging in Puketiro on the MOT blocks but due to demand and the low quality of wood on the ridges we "drifted" into the Harris South block. There have been very good pruned trees below the ridgelines which has been reflected in the returns. However in the best maxim of no free lunches the MOT blocks remain to be felled. Part of this is dependant on the access through the Tse block and if this is successful the terms of any deal we can do with Toomey. If neither of these come to pass we will start these blocks in late Spring and look forward to some expensive and extensive roading.

Interestingly even with the volumes we are harvesting there appears to be an ongoing shortage of wood. Davis's mill at Featherston is regularly unable to work a full week due to a lack of timber. Renall's new mill at Waingawa is in an even worse position with both a shortage of logs and a lack of suitable logs.

We have now got the block set up in such a way that the hauler can work off the ridgeline for the balance of the winter.

Tuckey's new hauler is working well and appears to be ideal for our type of country.

Financial

Although production was really slow during the changeover from Pakuratahi to Puketiro, the good wood out of the Harris South block in particular has resulted in a total output of 40,452 tonnes and a total revenue of $2,804,100. This is $452,000 better than budget. Given that the current contract has three years to run, provided the markets remain viable, we should be able to better this result at least in tonnage terms in future.

All costs except Contractors and Consultants and internal costs were held below budget levels. Internal costs exceeded budget by $6,900 due primarily to additional costs relating to 1080 drops. Contractor costs exceeded budget by some $701,300 made up of costs associated with maintenance on the Valley View/Puketiro road and the initial roading within the Puketiro blocks required to commence harvesting. These costs were exacerbated during June when the continuous rain significantly increased maintenance costs far above expectations.

Roading

Although we thought we had commenced our roading programme early enough to allow the roads to settle with 21,900t coming out by 30 June 2002, we were living in a "fool's paradise" and when the rain finally arrived we have had serious problems maintaining the roads in a suitable condition. Strangely the Rallywoods hill which caused so much grief while we built it has been almost trouble free.

The crux of our problem has been the metal. It is "laced" with dirt and while in the dry it performs satisfactorily, as soon as it comes under pressure the rock shatters and when it rains the weight of the trucks pump up the dirt. The result is up to 150mm of mud on the running surface. While it rains the trucks can usually continue operating but as it dries it forms a slippery layer over the hard base and the trucks lose grip firstly with their steer axles which causes them to reduce speed at which point unless they are experts, they stall. Often they cannot restart.

The other type of problem is where the trucks actually break through the formed surface and start to create a hole. In short order these can become 600mm deep or worse. We think we have located two sources of reasonable metal, one on Road 6 at Harris South in Puketiro and one at the Woolshed in Valley View. We are looking to screen the metal to achieve a maximum size of between 65 and 100mm so we can spread off the vehicle tailgate. This should provide better binding of the surface and better traction. It should also be much cheaper as less metal needs to be spread. For new roading projects we are looking to increase the specification for the initial road construction by including a requirement to compact the surface with a 20t roller or equivalent and have a maintenance period following construction. Whether this will work remains to be seen.

We have scheduled a Metal Road Maintenance course for 30 July and invited the contractors to attend.

We are also planning the roading needed for the next two blocks. What is becoming obvious is that a roading plan created in a computer may not necessarily be the best route and the only real answer is to walk the block, normally more than once.

Silviculture

There were a number of Pakuratahi blocks remaining to be pruned at year-end. The reason for this was that we had been using the contractors to assist with daylighting the Valley View/Puketiro roads and to assist with the application of metal. This contractor was only successful with one block in the 2002/03 tender round so it is anticipated that all silviculture will be back on schedule by year-end.

2001 – 2005 Harvest Contract

Although this contract was supposed to be finalised in June 2001 it was not until mid-October that agreement was reached over the terms with Rayonier NZ Ltd and the documents signed. Since that time production has increased to a level which has given us very satisfactory returns for the latter six months of the year. We had one quieter month while the contractor introduced a new hauler but they are now up to full speed and are anticipating production levels of around 5000t per month. I do not believe that they can sustain this level and feel 4000 – 4500t to be a more realistic target.

Relationships with Rayonier are good and they are meeting all their obligations under the contract.

Statement of Financial Performance
For the Year Ended 30 June 2002

30 Jun 01 Actual $000's		30 Jun 02 Actual $000's	30 Jun 02 Budget $000's	YTD Variance $000's	Full Year Mar F'cast $000's	Full Year Budget $000's
17.9	Reserve & Landsale Interest	3.8	3.8	0.0 u	3.8	3.8
3,199.0	External Revenue	2,904.7	2,354.3	550.4 F	3,001.8	2,354.3
-	Internal Revenue	0.9		0.9 F	0.9	
3,216.9	**Total Revenue**	**2,909.4**	**2,358.1**	**551.3 F**	**3,006.5**	**2,358.1**
179.9	Personnel Costs	183.2	219.8	36.6 F	185.0	219.8
82.6	Materials, Supplies & Services	81.5	124.8	43.2 F	90.0	124.8
17.4	Travel & Transport	18.1	22.4	4.3 F	17.0	22.4
2,350.7	Contractors & Consultants	2,273.6	1,572.3	701.3 u	2,400.0	1,572.3
76.1	Internal Contractors	84.7	77.8	6.9 U	84.7	77.8
2,706.6	**Total Direct Expenditure**	2,641.2	2,017.0	624.2 U	2,776.7	2,017.0
698.9	Financial Costs	**793.7**	746.2	47.5 u	780.0	746.2
50.9	Depreciation	60.9	68.8	7.9 F	60.0	68.8
-	Loss / (Gain) on Sale	(12.4)	(3.0)	9.4 F	(12.4)	(3.0)
749.8	**Total Indirect Expenditure**	842.1	812.0	30.1 u	827.6	812.0
53.0	Net Corporate Overhead	59.9	59.9	0.0 F	59.9	59.9
11.2	Corporate Rent / Internal Charges	15.3	15.3	-	15.3	15.3
64.2	**Total Corporate Costs**	75.2	75.2	0.0 F	75.2	75.2
3,520.6	**Total Expenditure**	**3,558.5**	**2,904.2**	654.3 **U**	**3,679.5**	**2,904.2**
(303.7)	**Surplus / (Deficit)**	**(649.1)**	(546.1)	103.0 u	(673.0)	(546.1)
	Capital Expenditure					
	Asset Acquisition & Disposal Summary					
-	Acquisitions	32.4	30.0	2.4 U	32.4	30.0
-	Disposals	(12.4)	(9.0)	3.4 F	(12.4)	(9.0)
		20.0	21 .0	1.0 F	20.0	21 .0
627.0	Capital Projects	102.0	80.0	22.0 u	88.7	80.0

Log Harvest	Actual Volume (tonnes)	Budget Volume (tonnes)	Actual Revenue $000's	Budget Revenue $000's
1 July to 30 September 2001	18,119	8,192	1,015,785	592,900
1 October to 31 December 2001	3,171	8,192	179,795	592,800
1 January to 30 March 2002	9,422	8,192	716,445	580,000
1 April to 30 June 2002	9,740	8,192	892,057	586,400
Total Year 2001/02	**40,452**	**32,768**	**2,804,082**	**2,352,100**
1 July to 30 September 2000	9,880	14,500	557,300	1,385,200
10 October to 31 December 2000	9,917	14,500	599,500	1,380,200
1 January to 30 March 2001	18,398	14,500	1,172,000	1,380,700
1 April to 30 June 2001	16,236	14,500	832,400	1,384,700
Total Year 2000/01	**54,438**	**58,000**	**3,161,200**	**5,530,800**

Silviculture Payments	2000/01 Actual (Note 1)	2001/02 Actual (Note 2)	2001/02 Budget (Note 3)
July	4,200	11,445	11,175
August	10,122	15,435	11,175
September	11,550	15,842	11,175
October	11,465	7,678	11,175
November	10,290	7,484	11,175
December	42,525	8,321	11,175
January	5,145	-	11,175
February	10,290	3,238	11,175
March	27,225	3,248	11,175
April	36,030	9,712	11,175
May	7,630	8,547	11,175
June	7,265	2,345	11,175
	183,737	**93,295**	**134,100**

Note 1: Includes some 1999/00 payments that were accrued. The values stated are on a “cash” basis.

Note 2: Includes some 2000/01 payments that were accrued. The values stated are on a “cash” basis.

Note 3: The 2001/02 Budget figures represent a silviculture contract value for the full year of $134,100

Statement of Financial Performance for Financial / Admin, Logging & Maintenance
For the Twelve Months Ended 30 June 2002

	Fin 'l & Admin ($000's)	***Logging*** ($000's)	***Maintenance*** ($000's)	***Total*** ($000's)
Total Revenue	7.8	2,900.7	0.9	2,909.4
Personnel Costs	112.6	43.0	27.6	183.2
Materials, Supplies & Services	54.6	17.2	9.7	81.5
Travel & Transport	18.1			18.1
Contractors & Consultants	24.6	2,164.8	84.2	2,273.6
Internal Contractors	76.5	0.8	22.7	100.0
Total Direct Expenditure	286.4	2,225.8	144.2	2,656.4
Financial Costs (excl. FEL)	**459.7**			**459.7**
FEL Costs	334.0			334.0
Depreciation	60.9			60.9
Loss / (Gain) on Sale	-12.4			-12.4
Corporate Overhead	59.9			59.9
Total Indirect Expenditure	902.1			902.1
Total Expenditure	1,188.5	2,225.8	144.2	3,558.5
Operating Surplus / (Deficit)	(1,180.7)	674.9	(143.3)	(649" 1)

Plantation Forestry

Statement of Financial Position
As at 30 June 2002

30 Jun 01 $000's		30 Jun 02 $000's
	EQUITY	
2,121 .0	Retained Earnings	1,643.0
59.8	Asset Revaluation Reserve	59.8
71 .0	Departmental Reserve	50.0
2,251.8	**Total Equity**	**1,752.8**
	Represented By:	
	ASSETS	
	Current Assets	
8.2	Receivables	0.4
29.9	Accrued Revenue	28.5
221.3	Treasury Receivables	109.1
259.4	**Total Current Assets**	138.0
	Investments	
71 .0	Reserve Investments	50.0
9,470.3	Investment in Plantation Forests	9,661.3
9,541.3	**Total Investments**	9,711.3
759.8	**Capital Work In Progress**	**349.4**
	Fixed Assets	
2,676.2	Cost or Valuation	3,191.5
(253.3)	less: Accumulated Depreciation	(284.6)
2,422.9	**Total Fixed Assets**	2,906.9
12,983.5	**Total Assets**	**13,105.6**
	LIABILITIES	
	Current Liabilities	
212.5	Creditors	96.1
46.9	Employee Provisions	41.9
259.4	**Total Current Liabilities**	138.0
10,172.2	**Public Debt**	11,214.8
10,431.7	**Total Liabilities**	**11,352.9**
2,551.8	**Net Assets**	**1,752.8**

Statement of Funding

For the Year Ended 30 June 2002

	30 Jun 01 $000's	30 Jun 02 $000's
FUNDING FROM OPERATING ACTIVITIES		
Funds were provided from:		
Operating activities	3,199.0	2,905.6
Interest received	17.9	3.8
	3,216.9	2,909.4
Funds were applied to :		
Operating activities	(2,770.8)	(2,716.3)
Interest paid	(385.1)	(459.7)
Interest paid on Forestry Encouragement Loans	(313.8)	(334.0)
	(3,469.7)	(3,510.0)
Net Funding from Operating Activities / Cash Operating Surplus	**(252.8)**	**(600.6)**
FUNDING FROM INVESTING ACTIVITIES		
Funds were provided from:		
Sale of assets		12.4
Transfer from reserves	3.8	24.8
	3.8	37.3
Funds were applied to :		
Purchase of vehicles		(32.4)
Purchase of office equipment	-	-
Capital projects	(627.0)	(102.0)
Investment additions (Silviculture costs)	(296.7)	(191.0)
Transfer to reserves (incl interest)	(24.8)	(3.8)
	(948.6)	(329.3)
Net Funding from Investing Activities	**(944.7)**	**(292.0)**
FUNDING FROM FINANCING ACTIVITIES		
Funds were provided from:		
New loans	1,638.5	1,405.2
	1,638.5	1,405.2
Funds were applied to :		
Debt repayment	(291.0)	(362.6)
	(291.0)	(362.6)
Net Funding from Financing Activities	**1.347.5**	**1.042.6**
Net Increase / (Decrease) in Funds Held	**150.0**	**150.0**

Appendix 1

Staff and Vehicle Information

Staff and Vehicle Information
As at 30 June 2002

Utility Services Division

Staff Numbers as at:-	**30 June 00**	**30 June 01**	**30 June 02**
Wholesale Supply	26	27	26
Strategy and Asset	6	5	5
Network Operations (WCW)	30	21	
Engineering Consultancy	14	14	11
Laboratory Services	8	9	
Utility Support	8	8	
Plantation Forestry	3	3	3
Total Utility Services	**95**	**87**	**59**

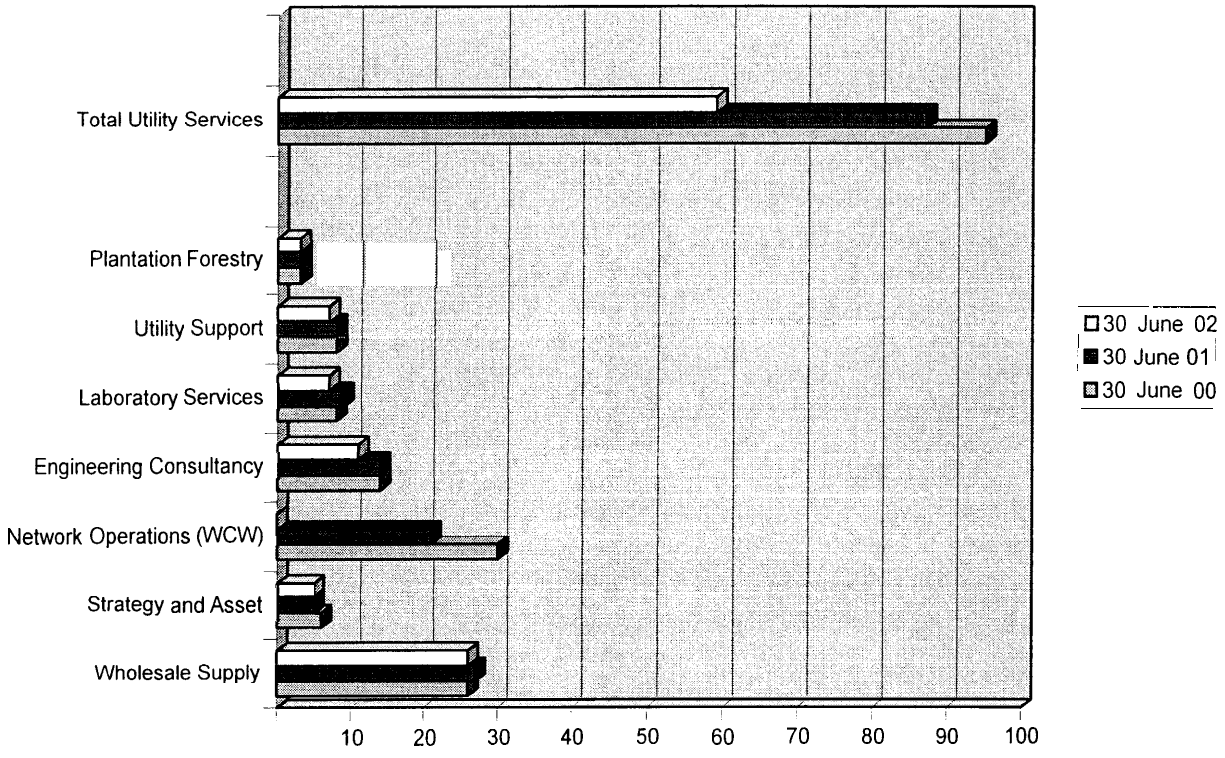
Overtime Paid	**Year To Date 30 June 00**	**Year To Date 30 June 01**	**Year To Date 30 June 02**
Wholesale Supply	127,500	108,410	83,286
Strategy and Asset	406		
Network Operations (WCW)	180,727	111,525	35,818
Engineering Consultancy	9,009	11,385	4,096
Laboratory Services	9,333	12,049	8,273
Utility Support	5,370	110	
Plantation Forestry	4,795	10,957	13,209
Total Utility Services	**337,140**	**254,436**	**144,682**

Vehicles Operated as at:-	**30 June 00**	**30 June 01**	**30 June 02**
Wholesale Supply	23	24	24
Strategy and Asset			
Network Operations (WCW)	22	17	
Engineering Consultancy	5	5	4
Laboratory Services	4	4	5
Utility Support			
Plantation Forestry	3	3	3
Total Utility Services	**59**	**55**	**38**

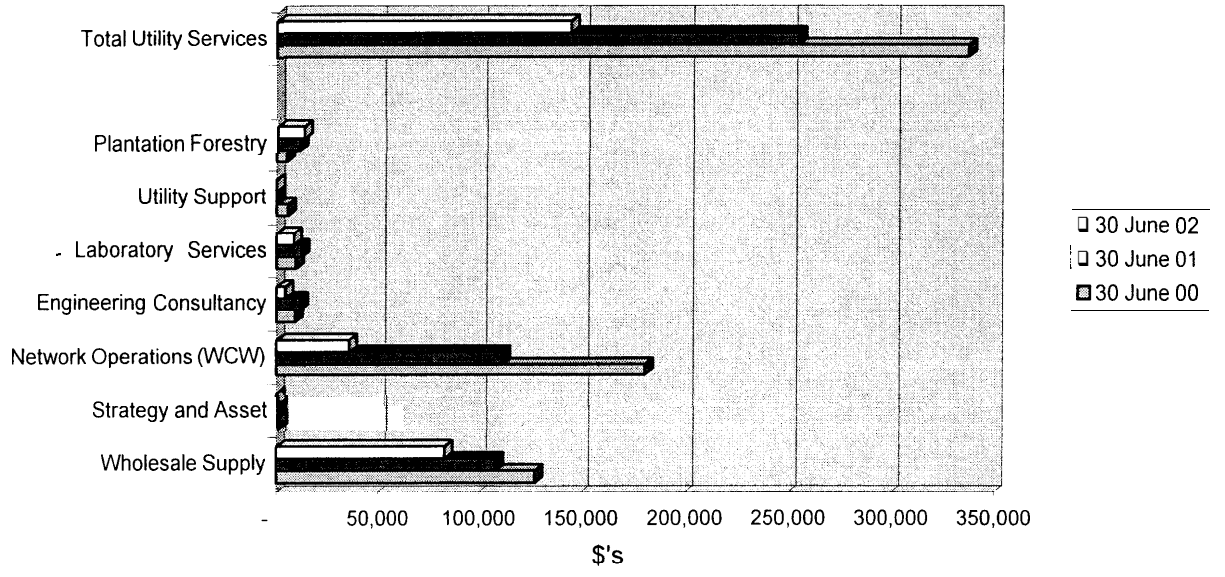
It is also of interest to note that:-

Staff Numbers as at:-	**30 June 96**
Wholesale Supply / Strategy and Asset	39
Network Operations (WCW)	30
Engineering Consultancy	23
Laboratory Services	7
Utility Support	
Plantation Forestry	3
Total Utility Services	**109**

Staff Numbers



Overtime Paid



Appendix 2

Debtors Information

DIVISIONAL DEBTORS

30 JUNE 2002

Debtor Code	Debtor Name	3 + months	2 months	1 month	Current	Balance as at 30 Jun 2002	Resp	Comment
	PLANTATION FORESTRY							
14011	Frank Stammers	-	-	-	162.50	162.50	Barry	Debt being pursued with the third party concerned.
		-	**-**	**-**	**162.50**	**162.50**		
	OPERATIONS DISTRIBUTION							
12624	Doug Meiklen	-	-	-	4,346.87	4,346.87	Ian	Former employee, whose liability is currently being settled at $25 per week. **# Meiklen debt is fully provided against = $3,863.88 (GST excl).**
Various	City Councils	-	-	-	8,539.47	8,539.47	Bevan	Six monthly private supplies billing. All payments received during July.
11088	Aon Risk Services Group	-	-	-	7,325.97	7,325.97	Dan	Reflects an agreed insurance claim reimbursement, received in July.
14884	H G Inghams	-	-	-	1,237.50	1,237.50	Bevan	Third party pipe sale.
		-	**-**	**-**	**21,449.81**	**21,449.81**		
	ENGINEERING CONSULTANCY							
Various	Miscellanous Debtors	-	-	-	236.93	236.93	John	Total value settled in full during July.
12215	WCC - Capex Works	-	-	-	28,638.00	28,638.00	John	Total value settled in full during July.
		-	**-**	**-**	**28,874.93**	**28,874.93**		
	LABORATORY SERVICES							
Various	Miscellanous Debtors	-	-	-	4,848.82	4,848.82	Peter	Debts being pursued with various third parties for settlement. ($389.26 outstanding 8 August).
		-	**-**	**-**	**4,848.82**	**4,848.82**		
	STRA TEGY & ASST							
11481	Hu ttCity Council	-	-	-	13,426.82	13,426.82	O'Brien	Constitutes a recovery of legal fees incurred on the Wainui Pipeline easement. Paid during July.
Various	Miscellanous De'bt rs	-	-	-	914.97	914.97	O'Brien	Miscellaneous rental fees for clubs using Gear Island facilities. ($130.71 outstanding 8 August).
		-	**-**	**-**	**14,341.79**	**14,341.79**		
	UILITY SUPPORT							
Various	Miscellanous Debts	-	-	-	24.00	24.00	Ian	Outstanding debt paid in full during July.
Various	City Councils	-	-	-	2,085,355.40	2,085,355.40	Ian	June bulk water levy payments, subsequently all received in July.
		-	**-**	**-**	**2,085,379.40**	**2,085,379.40**		
	Grand Tota$	**-**	**-**	**-**	**2,155,057.25**	**2,155,057.25**		

Appendix 3

Capital Expenditure Summary

2001/2002 Capital Works Programme - Summary of Changes

	30-Dec-01		31-Mar-02		30-Jun-02		Comments
Savings:	$	Total $	$	Total $	$	Total $	
Projects not proceeding:							
Replacement of Pinehaven Branch Main	227,000		227,000		227,000		Replacement not required for at least ten years
Ascot Park Pump Station	113,000		115,000		115,000		Deferred subject to satisfactory system performance
Meters Database			15,000		15,000		Current reporting process satisfactory.
Total		340,000		357,000		357,000	
Projects where scope has been reduced:							
Investigation of Intake Improvements	51,000		52,000		55,000		Less investigation work required than anticitpated.
Wamui Lime System Upgrade	125,000		128.000		122,000		Full upgrade too expensive Minor upgrade only
Miscellaneous & Minor	59,000		17,000				
Diversion of Kaitoke Main at Silverstream			8,000		7,000		Scope of investigation reduced.
Total		235,000		205,000		184,000	
Projects where cost savings have been made:							
Te Marua Roading Reseals	5,000						
Te Marua Controls Replacement	25,000		30,000		28,500		Recent upgrade has reduced requirement for replacement
Waterloo Motor Protectton	10,000		11,000		11,000		Majority of work completed in 2000-01 financial year
OK Main Refurbishment Randwick/Korokoro	190,000		155,000		120,000		Tender price lower than estimate
Reservoir Probes	25,000		33,000		24,000		Work proved cheaper than anticipated
Meter Replacement	32,500		25.000		16.000		Replacement programme now complete
System Hydraulic Model			7,000		13,000		Small saving against against estimate
Data Warehouse	243,000		243,000		271.000		Cheaper technology with reduced functionality being installed
Total		530,500		504,000		483,500	
Projects Deferred or Delayed:							
Te Marua Dry Polymer Dosing	25,000		25,000		27,000		Process trials underway. Focus on Wainui dry polymer installation
Waterloo Norse and Vibration Reduction	65,000		145,000		176.000		Oxford Terrace move should eliminate requirement for further work
Stokes Valley Branch Replacement	12,000		14,000		20,000		Investigation show pipe does not need replacement. Costs expensed.
Warwick St Pump Station Pump and SWBD Replacement	12,000		11,000		12,000		Project behind programme
Karon Pump Station Pump and SWBD Replacement	30,000		35,000		34,000		Project behind programme
Accomodation of Equipment in Orongorongo Valley			10,000		10,000		Best siting and vehicle use strategy to be determined.
System Optimiser	50,000		50,000		50,000		Stage 2 deferred because of lack of economic return.
Total		194,000		290,000		329,000	
Total Savings:		1,299,500		1,356,000		1,353,500	
Additional Costs:							
New Projects:							
Investigate Orongorongo River Crossing	16,000		16,000		16,000		Strengthenmg of bridge as light vehicle crossing investigated but found to be too expensive
Wainui Dry Polymer Dosing	55,000		55,000		59,500		Use of dry polymer has significant advantages
Replacement of Valves					25,000		Some replacement of inoperative valves required, but not budgetted
Sustainable Yield Model Upgrade	100.000		113,000		109,000		Upgrade and update of SYM model
Total		171,000		184,000		209,500	
Projects where scope has increased:							
Wamui Road Sealing	17,500		10,000		9,000		Additional section of road sealed
Diversion of Kaitoke Main at Silverstream	10,000						
Johnsonville PS Replace SWBD and Pumps	55,000		40,000		91,000		The inclusion of VSDs will improve efiuency of pump operation significantly
Miscellaneous & Minor					1,000		
Minor Treatment Plant Upgrading Work	60,000		80.000		127,500		A range of improvements and replacements have been undertaken, Including major upgrade of security arrangements
Total		142,500		130,000		228,500	
Projects where additional costs have been incurred:							
Gear Island Gas Chlorination Plant	77,000		80,000		64.000		Higher costs than anticipated were accrued, mainly due to the difficulty of working within an existing operational plant.
Te Marua Filter Outlet Valves			5,000		16,000		Costs increased by the limitations of working on a live plant, which cannot be shut down for more than a few hours
Total		77,000		85,000		100,000	
Completion of 2000/2001 Projects:		34,000		35,000		24,000	
Total Additional Costs		424,500		434,000		562,000	
Waterloo Admin Centre:							
Building Purchase			300,000		300,000		
Operations Fitout			50,000		91,000		
Laboratory Fitout			50,000		11,000		
Total				400,000		402,000	
Net Savings 2001/2002		875.000		522.000		369.500	
Original 2001/2002 Wholesale Water Capital Works Budget		3,905,000		3,905,000		3,905,000	
Revised Forecasts for Dec'01 & March'02 + Actual June'02:		3,030,244		3,382,631		3,515,330	
Variance Reconciliation		674,756		522,369		389,670	

Appendix 4

Operations Network

Final Forecast Cash Position

200112002 Wholesale Water Capital Works Status 30 September 2002 - Sht 1 Summary

Project	Job Number	Project Manager	Programme Status	Last Completed Milestone	Current Phase	Next Milestone	Expected Completion Oats	200112002 Finance Budget AP	Budget Allocated	Expenditure $, YTD	Prev $	Total Project Finance To Date $	Budget $	Forecast Final $	Comments
Sources															
Kaitoke Intake Improvements	668110612	John Duggan	On Programme	Preliminary report	Investigations	Consider further work	Jun-04	30,000	30,000	2,190	0	2,190	510,000	510,000	Inspection to take place 2002103 summer
Te Marua Roading Reseals	668110812	Kate Zwartz	On Programme	Completed sealing	Maintenance		Feb.02	60,000	60,000	60,752	0	60,752	60,000	62,000	Mamtenance retentions about to be released.
Waterloo Wellhead and Pump upgrade.	668120811	Chris Laidlow	Complete							9,777	81,112	90,889	90,000	91,000	Final invoice to come.
Light Vehicle for Orongorongo Valley	668130111							10,000	10,000		31,952	31,952	55,000	42,000	Deferred
Orongorongo Intake Rehabilitation	668131011	Kate Zwartz	On Programme	Confirmed proposal	Design	Install Gabion baskets	Apr-03	40,000	40,000	12,784	9,294	22,078	500,000	205,000	
Waterloo Wells Upgrading	668180316	Chris Laidlow	Complete							50	94.5 14	94,564	60,000	95,000	Consider upgrade two wells sewer next year.
Orongorongo River Crossing Upgrade	668132511	Kate Zwartz	On Programme	Confirmed proposal	Determine route	Form track to river	Mar-03			16,221	0	16,221		30,000	Resource consent requirements to be confirmed.
Total Sources								140,000	140,000	101,774	216,872	318,646	1,275,000	1,035,000	
Treatment Plants															
Te Marua WTP Replace Controls	668/113/1	Chris Laidlow	On	Programme	Minor purchase		Jun-02	30,000	30,000	1,412		1,412	700,000	700,000	
Wainui WTP Roading Reseals	668132011	Kate Zwartz	On Programme	Completed sealmg	Maintenance		Feb-02	50,000	50,000	59,119		59,119	190,000	190,000	Mamtenance retentions about to be released.
Wainui WTP Lime System Upgrade	668131411	Chris Laidlow		Confirm revised scope	Construct new bund	Re-locate tanks	Jun-02	155,000	155,000	33,211		33,211	155,000	27,000	$14k of materials to be delivered by end of this month. Approx. $5k labour to come.
Te Marua WTP Filter Outlet Valves	668/114/1	Chrrs Laidlow	Awaiting	delivery	Installation	Testmg	Jun-02	50,000	50,000	66,165		66,165	50,000	55,000	Installation commence Waiting rain so that shutdown can happen
Ta Marua WTP Dry Polymer Dosing	668111511	Chrrs Laidlow				Carry out trials	Dec-02	45,000	45,000	1 7.708		17,708	45,000	55,000	Poly trials planned for next month. Equipment to be ordered upon completion (by end May)
Waterloo Motor Protection Naenae/Gracefield Pumps	668120411	Chris Laidlow	Complete					15,000	15,000	3.987	113,164	117,151	115,000	117,000	
Waterloo WTP Noise & Vibration Reduction	668120711	Danny Sparkes	On programme	revised. Columns installed	Fatigue study	Measure floor vibration	Aug-02	200,000	200,000	23,804	30,000	53,804	230,000	85,000	Offices will be relocated. Study to confirm long tern durability of the structure.
Water Treatment Plant Refurbishment	668190011							250,000							
Te Marua Lightning Protection	668/116/1	Chris Laidlow	Complete						1,000	-212	31,309	31,097	20,000	32,000	
Te Marua Lime Room Floor Refurbishment	668111811	Chris Laidlow	Complete						5,000	4.854	4,498	9,352	10,000	9,400	
Te Marua Tunnel Transducer	668112011	Chrrs Laidlow	Complete	Delivery	Installation	Testmg			1,000	945	4,087	5,032	5,000	5,000	
Te Marua FAC Analyser at Pump Station	668/121/1	Chris Laidlow	Complete				May-02		16,000	11,315		11,315	16,000	16,000	Installation costs to come
Te Marua WTP Security Upgrade	668112211	Chrrs Laidlow	Complete						13,000	18,335		1 8,335	13,000	18,335	
Waterloo and Gear Island Lightning Protection	668120511	Chrrs Laidlow	Complete						1,000	*744*	*29.780*	30,524	25,000	30,500	
Waterloo. Gracefield NO1 Drive shaft replacement	668121111	Chris Laidlow	Complete						1,000	55	8,682	8,737	10,000	8,737	
Waterloo. Refurbish Pump 577851409	668121311	Chris Laidlow	Complete						23,000	20,479		20,479	23,000	20,500	
Waterloo. Replace Citect PC	668121411	Chris Laidlow	Complete						2,000	2,096		2,096	2,000	2,096	
Waterloo WTP Security Upgrade	668121511	Chris Laidlow	Complete						7,000	8,176		8,176	7,000	8,071	
Waterloo Abbey Systems Backup PC.	668121911	Chris Laidlow							6,500				6,500	6,500	
Wainui Lightning Protection	668/321/1	Chris Laidlow	Complete						1,000	1,355	14,383	15,738	15,000	15,738	

2001/2002 Wholesale Water Capital Works Status Report 30 June 2002 - Sht 1 Summary

Project	Job Number	Project Manager	Programme Status	Last Completed Milestone	Current Phase	Next Milestone	Expected Completion Date	2001/2002 Finance Budget AP	2001/2002 Finance Budget Allocated	2001/2002 Finance Expenditure $, YTD	Prav $	Total Project Finance To Date $	Total Project Finance Budget $	Forecast Final $	Comments
Wainui WTP Replacement OIU	668/326/1	Chris Laidlow	Complete						12,000	8,602		6,602	12,000	9,000	
Wainui WTP FAC and pH analyser	666132711	Chris Laidlow		Issue order	Installation	Testing	~~May02~~		21,000	21,509		21,509	21,000	21,000	
Wainui WTP Upgrade Visitor facilities	666132611	Murray Kennedy	Complete						16,000	17,844		17,844	18,000	17,000	
Wainui WTP Security Upgrade	668132911	Chris Laidlow	Complete	Installation	Testing				40,000	45,329		45,329	40,000	45,000	
Wainui Replacement Controls	666133011	Chris Laidlow	Complete						2,000	2,052	0	2,052	2,000	2,202	
Wainui WTP Dry Polymer Dosing	668133311	Chris Laidlow	70% complete		Installation	Testing	Jun-02		55,000	59,408		59,408	55,000	55,000	Software and testing to come. Will be complete by end June. May be 1-2k over budget
Wainui WTP Access to Fire Sprinklers	668133611	Chris Laidlow			Investigations	Decide how	Dec.02		2,000	2,139		2,139	TBD	15,000	ECG to report
Wainui WTP Replacement Citect Comm Card	668/337/1	Chns Laidlow	Ordered						6,000	5,990					
Gear Island Chlorine Gas Plant	668140211	Murray Kennedy	Complete	Installation					35,000	11 a.972	146,104	265,076	180,000	265,076	Job closed
Gear Island Minor Refurbishment	666140911	Nick Simpson	Complete				Nov.01		5,000	1,108		1,108	5,000	1,108	
Gear Island WTP Security Upgrade	666141011	Chris Laidlow	Complete						10,000	a.724		a.724	10,000	7,731	
Gear Island VSO Harmonic Filters	666141211	Chris Laidlow			Order Equipment	Installation	Jun-02		10,000	12,331		12,331	10,000	10,000	Installation by end of May. Waiting for ram before shutdown can happen
Replace Gear Island Control Panel	668141311	Chris Laidlow							a.000				20,000	20,000	Replacement of old unreliable and badly sited PLC.
Minor Equipment Replacement (Production)	666190111	AJMcC							100,000	148,805		148,805	100,000	100,000	
Subtotal								250,000	401,500	520,955	238,843	753.808	625,500	740,994	
Total Treatment Plants								795,000	946,500	726,361	382,007	1,102,378	2,110,500	1,969,994	
Pipelines															
Diversion of Kaitoke Main at Silverstream Bridge	668150111	Keith Woolley	Complete				~~2003~~	~~30,000~~	~~30,000~~	22.748	36,864	59,612	2,500,000	2,500,000	Review of UHCC strengthening proposal
Distribution Network Valve Replacements	666150311	Bevan Heath				Replace Ngauranga bp	Jun.01			25,346	353,685	379,231		369,885	
OK Main Korokoro Stm Crossing	668/506/2	Kate Zwartz	Complete				Jun-02			289	10,253	10,542		10,542	Installation work included in Randwick/Korokoro Refurb.
OK Main Refurbish Thorndon/Riggi	668150712 & 668150713	Kate Zwartz	Complete				Apr-01			10,563	806,083	616,646	1,000,000	615,563	Maintenance period ended and the retentions have been released.
OK Main Refurb Tunnel to WTP	668/5 1611	Kate Zwartz	Complete				Jun-01			1,995	163,892	1 65,887	100,000	165,892	
OK Main Refurb Randwick/Korokoro	666151711	Kate Zwartz	Behind programme	Approx. SO % complete	Grouting	Hydraulic test	Jun-02	1,250,000	1,250,000	1,130,209	9,971	1,140,180	1,250,000	1,150,000	
Pinehaven Branch Replace AC	668/519/1	John Saxton	Complete				Jun-18	230,000	230,000	-8,666	8.666	0	250,000	0	Replacement of pipeline deferred as existing pipe str has sufficient strength and capacity.
Stokes Valley Branch Replacement	668/524/1	John Duggan	Complete				Jun-18	20,000	20,000	0			270,000	270,000	Preliminary assessment indicates pipeline replacement can be deferred.
Total Pipelines								1,530,000	1,530,000	1,182,484	1,389,614	2572,098	5,370,000	5,281,902	
Pumping Stations															
Johnsonville PS Replace SWB & Pumps	1668152011	Jayatunga Milla / Danny Sparkes	On Programme	MCC installed	Installation	Commission No.1 pump	Sep.02	160,000	160,000	250,972	5,040	256,012	165,000	295,000	$50k programmed 02-03 to complete installation.

2001/2002 Wholesale Water Capital Works Status Report 30 June 2002 - Sht 1 Summary

Project	Job Number	Project Manager	Programme status	last Completed Milestone	Current Phase	Next Milestone	Expected Completion Date	200112002 Finance Budget AP	200112002 Finance Budget Allocated	200112002 Finance Expenditure $, YTD	Prev $	Total Project Finance To Date $	Total Project Finance Budget $	Forecast Final $	Comments
Warwick St PS Replace Equipment	668152111	Jayatunga Milla l Kate Zwartz	Behind Programme '	SWB assessment	Completing design report	Distribute report	Jun-03	20,000	20,000	7.888		7.888	90,000	80.000	Scope of work to be confirmed.
Karori Pump Station Replace Equipment	668152511	Jayatunga Milla l Kate Zwartz	Behmd Programme	SWB assessment	Completing design report	Distribute report	Jun-03	50,000	50,000	16,365		16,365	470,000	450,000	Scope of work to be confirmed.
Moorer Valley PS Noise Reduction	668152611	Terry Pmfold	On Programme	Complete			Jun-02	15,000	15,000	14,466		14,466	15,000	14,000	
Ascot Park Pump Station	668/528/1	Terry Pmfold	On Programme	Operating satisfactorily	Monitoring	Monitor next summer	Apr-02	120,000	120,000	5,020	8,697	13,717	130,000	15,000	Reservoir water level was maintained over 2001102 summer. To be monitored again over 2002/03
Total Pumping Station								365,000	365,000	294,711	13,737	308,448	870,000	854,000	
Reservoirs															
Reservoir HL Probes	668152311	Bevan Heath				Install telem'y Pinehaven & Kingsley	Jun-02	30,000	5,000	5.978	21,998	21,998	70,000	30,000	
Replace Reservoir Float Valves	668152711	Terry Pinfold	On Programme	Installed	Commission	Complete	Jun.02	35,000	35,000	43,808			35,000	27,000	Will not be installing a remote controlled valve at Paremata HL reservoir.
PLC for Kelburn Reservoir	668153911	John Morrison	On Programme	PLC ordered	Construction of reservoir	Installation	Jun-03			3,428				5,000	Installed as part of WCC reservoir replacement contract
Total Reservoirs								65,000	40,000	53,214	21.998	21,998	105,000	62,000	
Monitoring and Control															
Meter Replacement (total from tht 2)	6681511	Danny Sparkes	Complete				Jun.02	50,000	48,000	33.774	778,351	812,125	1,000,000	812,125	
System Optimiser	668180511	Keith Woolley	Commissioning complete stgl	Commissioning	Operational proving	Stage 2 Deferred	200112002	50,000	50,000	0	352,517	352,517	430,000	512,000	No current commitment to stg 2.
Hydraulic Model	668180711	Keith Woolley	Complete				Ju-02	70,000	70,000	57.254	88,138	145,392	190,000	190,000	
Data Warehouse	668180611	Keith Woolley					Jan-03		100,000	-29,801	22,758	-7,043		0	
Citect Plant2Business stgl	668/806/1/1	Chris Laidlow		Check continuity & validity of data	Set up sample reports		Jun-02		35,000	33,384		33,384		35.000	Waiting for final software patch from Cltect to enable back filling.
Cltect Plant2Business stg2	668/806/1/2	Chris Laidlow		Prove Bailey/Citect comms	Build New Cltect pages for Te Marua	Build New Cltect pages at Ta Marua	Jun-02		20,000	28,945		28,945		20,000	Possible delay due to equrpment damaged during delivery. May need to carry over up to $10k to next FY, depending on time taken for equipment repair.
Cltect Plant2Net	668/806/1/3	Chris Laidlow			Investigations	Set up	Aug.02		26,000	21,876		21,876		26,000	
Data Warehouse. SYM Model	668180613	Keith Woolley	Complete	Final report			May02		100,000	108,692		108,692		109,000	Further calibration on Aquifer model to be carried out. Budget say $10,000 to $20,000
Subtotal								325,000	181,000	163,096	22.758	185,854	450,000	190,000	
Meter Database	668180612						Jun-01	15,000	15,000		33,228	33,228	26,000	33,228	Current system working OK.
Total Monitoring and Control								5 10,000	364,000	254,124	1,274,992	1,529,116	1,906,000	1,547,353	
~~Miscellaneous~~															
Minor Work (total from sheet 2)								200,000	173,200	213,017	122,732	335,749	278,200	432,781	
Seismic Protection (total from Sht 21								300,000	398,300	287,911	420,563	657,110	660,500	726,369	
Waterloo Administration Building Purchase	668190311	Dan Roberts					Apr-02			300,168				337,500	
Waterloo Administration Building. Ops Fitout	668190312	Dan Roberts					Sep-02			90,762				299,013	
Waterloo Administration Building. Lab Fitout	668/903/3	Dan Roberts					Oec-02			10,804				212,438	
Transfor to Opex															
Total Miscellaneous								500,000	571,500	902,662	543,295	992,859	938,700	2.010.101	
TOTALS								**3,905,000**	**3,957,000**	3.515.330	**3,842,515**	6.845.543	**12,575,200**	**12,760,350**	

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Project	Job Number	Project Manager	Programme Status	last Completed Milestone	Current Phase	Next Milestone	Expected Completion Date	2001~2002 Finance Budget AP	2001~2002 Finance Budget Allocated	2001~2002 Finance Expenditure $, YTD	Prev $	Total Project Finance To Date $	Total Project Finance Budget $	Forecast Final $	Comments
Meters															
Ngauranga Meter Replacement	6681511132	Danny Sparkes	Complete				Jun.02		20,000	5,664	969	6,633	20,000	6,633	
Estuary Bridge Insertion meter	6681511133	Nick Simpson	Complete							155	3,218	3,373		3,373	Meter not required
Te Marua Poly Dose Meter	6681511134	John Duggan	Complete				Apr-02		3,000	1,976	2,298	4,274	5,000	4,274	
Wainui Poly Dose Meter	6681511135	John Duggan	Complete				Mar.02		3,000	2,676	2,298	4,974	5,000	4,974	
Little Huia Flow Meter	6681511136	John Duggan	Complete				Feb.02		12,000	10,340		10,340	12,000	10,340	
Bell Road Meter Replacement	6681511137	Bevan Heath	Complete				Mar.02		10.000	12,963		12,963	10,000	11,500	
Total Meters								50,000	48,000	33,774	8,783	42,557	52,000	41,094	
Minor Works															
Te Marua Mods to S/N Discharge Pipe	668/107/1	John Duggan	Complete				Jul.01		2,000	2,174		2,174		2,174	
Waterloo WTP Mobile Generator Accom	668121 6/1	Danny Sparkes	On Programme	Report prepared	Detailed design	Complete drawings	Jun.03		2,000	4,447		4.447		80.000	Decision to be made on final form
Waterloo Wellfield Cabinet Insulation	668121811	Chris Laidlow							4,000	13,892			10.000	17,000	
Big Huia leaf Screen	66813021111	John Duggan	Complete				Jul.01		2,000	955	4,394	5,349		5.349	
House No.3 Wainui Upgrade	668132311	AJMcC	Complete	Complete					1,200	1,177		1,177	1,200	1,200	
Wainui Weir Flow Recorder	668132411	Chris Laidlow	Complete				Jun.01		1,000	2,313	6,403	8,716	6,000	6,000	
Wainui WTP Intake Telemetry	668133411	Chris Laidlow			Installation	Testing	Apr-02		3,000	6,481		6,481	3,000	3.000	On hold pending possible use of new Drongo Repeater.
Power Supply to Truss Bridge	6681133511	Chris Laidlow	Complete						7,000	20,133		20,133	7,000	16,000	Existing duct had to be replaced due to severe damage and cable crimping.
Gear Island Domestic Sewer	668140711	Nick Urtich	On Programme	Complete			Feb.02		12,000	28,407	3,560	31,967	12,000	32,560	
Gear Island Wellfield Scour	668141 1/1	John Saxton	Behind programme	Draft drawing	Design of scour	Complete design	Apr.03		10,000	1,459		1,459	10,000	10,000	
Turbidity Meters in Network	668152211	Bevan Heath	On Programme		Fourth unit in storage	Install fourth unit at Randw'k	Jun-01		6,000	-8	27,500	27,492	25,000	28,500	
Point Howard Sample Point	668153311	Bevan Heath	Complete						3,000	4,072		4,072	3,000	4,055	
Stream Crossing at Whitby Golf Course	668153411	John Saxton	Complete				Apr-02		5,000	15,715	0	15,715	5,000	16,000	
Rocky Point Valve Chamber Platforms	668153511	Bevan Heath	Complete						6,000	5,800		5,800	6,000	5,800	
Korokoro VC Safety Platform	668153811	Bevan Heath	Complete						6,000	5,706		5,706	6,000	5,706	
Provision of Safe Access	668180111	Chris Laidlow			preparing estimates				10,000	12,029		12,029	10,000	15,000	Work identified to date is over the present budget, but no more than $15k will be completed this year. Remainder to be done next FY.
Refurbish Raw Water Main Kaitoke	668180213	Danny Sparkes	Behind programme	Substantially complete	Minor repairs	Complete	Nov-02		-3.000	-2,423	76,685	79,108	80,000	79,185	Repairs to eroded concrete pipe.
Telemetry for McEwans Park	6681803115	Chris Laidlow	Complete						2,000		4,190	4,190	6000	6.000	Provided direct info on aquifer level.
Install pressure transducers in network	6681803117	Bevan Heath		Comms problems rectified	Investigating power supplies				21,000	26,160		26,160	21000	21.000	Power Supply for Whitby transducer to be installed.

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Replace Air Valves Hutt Road	668/803/18	Bevan Heath	Planning progressing	Survey	Awaiting guidance from ECG				10,000	9,464		9,464	10000	20,000	
Wainui WTP Auxiliary Power Supply to Houses	6681803119	Chris Laidlow	Complete	Nissan hut dist board made safe	Installing supply to street lights	Testing			4,000	5,220		5,220	4000	6,000	Power supply to Nissan hut, rain gauge and street lights. Cable had to be run u/g instead of o'head.
Wainui Catchment Wheel Wash	6681803120	John Ouggan	Programme	Draft drawing	Complete design		Mar.03		10,000	6,008		6,008	10000	15,000	
Halford Pl. Drainage Improvements	6681803121	John Saxton	Complete				Feb-02		5,000	3,252		3,252	5000	3,252	25% contribution to be sought from clubs.
Driver for Alien Bradley PLC	668181211	Chris Laidlow							12,000	5,438	5,438	12000 12,000	for	confirmation	Waiting of arrival of Citect engineer from Australia. This will determine completion date. May need to carry over $5k or so.
TCP/IP Comms Upgrade	668181311	Chris Laidlow							6,000	4,829	4,829	6000	7,000	for	Waiting Steve Moate
Replacement of minor Distribution Assets	668190211	AJMcC							20,000	25,471		25,471	20,000 20,000	Replacement of failed equipment which is not repairable.	
Total Minor Works								200,000	173,200	213,017	122.732	321,857	278.200	432,781	
Seismic Protection															
Administration1 Investigation	668180211	Keith Woolley							2000	-94,069	94299	230		2,299	
Te Marua Tower Isolating Valves	668180212	Danny Sparkes	Complete				Jun.0	1	4,000	5,955	199,429	205,384	210,000	205,384	
Estuary Bridge Pipe Strengthening	668180216	Nick Simpson	Complete				Apr-01		47,366 300	-32,334		35,000		47,334	
Big Huia Pipeline Refurbishment	668180217	Nick Simpson	Complete				Apr-01	2,000	1,747	43,571		45,318	91,500	45,318	
Kaitoke Main Rerouting SH2 to SH58	668180218	Keith Woolley	Complete				Jun.0	1	20,000	27,343	16,236	43,579	42,000	30,000	Investigation work only
Review of Seismic Repair Stocks	668/802/9	John Ouggan	Behind programme	Report completed	Consider report	Purchase materials	Jun-03		5,000	3,575	2,115	5,690	TBO	TBO	Dan Roberts to prepare report to committee meeting
Geo. Insp. of No 1 and 2 Tunnels	6681802110	Danny Sparkes	Complete				May-01	0		-7,990	7,990	0	6,000	0	
Investigate Tunnel Pipe Restraint	668/802/11	Danny Sparkes	Complete				Jun.02		3,000	16,977	9,557	26,534	10,000	26,534	
Investigate Fault Crossing at Te Marua	6681802112	Terry Pinfold	Behind programme	Briefed	Investigation	Prepare draft report	Jun.02		10,000	1867				3,000	
Investigate Seismic Strength of PS Build's	6681802113	Kate Zwartz	Behind programme	Briefed	Investigation	Prepare draft report	Jun-02		20,000	3,291				6,500	
Tunnel Access Improvements (3,4,5 & Rocky Point)	6681802114	Oanny Sparkes	On programme	Approx 95% complete	Construction	Complete construction	Jul-02		266,000	274,699	274,699		266,000	315,000	
Pipe Restraints in Tunnels 3,4,5 & Rocky Point	668/802/15	Danny Sparkes	On programme	Approx 95% complete	Construction	Complete construction	Jul.02		Included above	8,342		8,342			
Gear Island-Roof to Wall Fixings	6681802116	Oanny Sparkes	On programme	Approx 80% complete	Installation	Complete installation	Jun.02		53,000	36,227				37,000	
Gear Island-PS#1 Roof Truss Fixings	6681802117	Oanny Sparkes	On programme	Approx 50% complete	Installation	Complete installation	Jun-02		13,000	9,979				10,000	
Total Seismic Protection								300,000	398.300	287.911	420,563	657.110	660,500	728,369	
TOTALS												0 1,021,524	619,500	534,702	5 2 , 0 7 8