



Report **06.9**
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Committee **Utility Services**
Author **Murray Kennedy, Divisional Manager, Water Supply, Parks and Forests**

Divisional report for period ending 31 December 2005

1. Purpose

To:

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

2. Significance of the decision

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

3. Divisional finance performance for six months ended 31 December 2005

3.1 Greater Wellington Water

Year to date revenue is above budget and expenditure is below budget, this results from a projected deficit of \$493,000 becoming an operating surplus of \$386,000. One of the main areas of under-expenditure is contractors and consultants being \$299,000 less than budget. Considerable activity is expected in the second half of the year related to investigations for a new water source and the current projections are that the year end budgeted deficit of \$817,000 will increase to \$1M.

Capital expenditure for the year is projected to be greater than budget and a separate report requests nearly \$0.5M extra for the current financial year. The detailed reasons for this are explained in the report.

3.2 Plantation Forestry

The volume of logs sold for the first six months of the financial year is above budget but the income is very close to budget. The continued high New Zealand dollar is one of the reasons why the average sales revenue per tonne is lower than expected.

4. Water quality

Just after the end of the period, Porirua City and Upper Hutt City reported a small number of complaints about taste and odour. Investigations showed that this was related to treating river water rather than water from the Stuart Macaskill Lakes. Once this was determined, a switch was made immediately to lake water as a source for the Te Marua water treatment plant. Testing of the river water, which is carried out on a regular basis, was stepped up and although the levels of blue green algae were higher than has been experienced, they were still very low. Samples taken from the treated water in Porirua and Upper Hutt cities confirmed likely taste and odour problems. After a small fresh in the Hutt River, Te Marua water treatment plant reverted back to using this as a water source. No further taste or odour complaints have been received. This is the first time that any staff can recall taste and odour problems occurring as a result of treating river water. The usual solution to this type of problem is to use activated carbon as part of the treatment process. Allowance will be made in an amendment capital works programme to install the equipment next financial year. Preliminary estimates are about \$70,000.

5. Personnel

John Morrison, Manager of Engineering Consultancy Group, will be retiring from full-time work towards the end of February. He will then return on a part-time basis starting in May.

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
13,276	Income	13,579	13,375	27,021	26,827
12,937	Expenditure	13,193	13,868	28,021	27,644
339	Operating Surplus	386	(493)	(1,000)	(817)
Plantation Forestry					
427	Operations	368	-	432	-
96	Strategy and Asset	350	-	(696)	-
(163)	Support Services	(342)	(501)	(746)	(826)
(23)	Engineering Consultancy	(3)	7	(15)	8
2	Laboratory Services	13	1	25	1
339	Operating Surplus (Deficit)	386	(493)	(1,000)	(817)
Plantation Forestry					
2,008	Income	2,112	2,041	4,216	4,083
2,177	Expenditure	2,159	2,216	4,399	4,448
(169)	Operating Surplus (Deficit)	(47)	(175)	(183)	(365)

6. Annual Report

The Water Supply Annual Report for the year ended 30 June 2005 was published at the end of November and distributed to customers, Councillors and other stakeholders. This report supplements the Council's Annual Report in that it provides more comprehensive details of the water supply operations for the year.

7. Continuous improvement

Staff are continuing to strive to find ways of improving the water quality or reducing costs. Some examples of this are mentioned in the attachment and include:

- reducing the amount of lime added at Waterloo by aerating the water. This helps to remove the amount of dissolved carbon dioxide
- modifications at the Te Marua water treatment plant to enable separate streams for the treatment of lake water and river water at the same time
- installation of new valves in the Waterloo wellfield, these have a lower pressure loss across them and therefore will result in a slight reduction in pumping costs.

8. Recommendations

That the Committee:

1. **Receive** the report.
2. **Note** the content of the report.

Report by:

Murray Kennedy

Divisional Manager, Water Supply, Parks and Forests

Attachment 1: Utility Services Division Activity Report to 31 December 2005