



Report 07.313
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Committee Utility Services
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Water Supply, Parks and Forests

Divisional report for period April 2007

1. Divisional performance (Water and Plantation Forestry)

1.1 Greater Wellington Water

Councillor Kirton and I have made presentations to Wellington City Council, Upper Hutt City Council and Porirua City Council about the proposed water levy for 2007/08 and water related issues as part of the Annual Plan presentations. The Hutt City Council has also invited us to make a presentation; this will be subsequent to the Utility Services Committee meeting.

I attended a seminar in Palmerston North organised by Local Government NZ (LGNZ) and the Ministry of Health (MoH) to discuss differences resulting from the proposed Drinking Water legislation. The meeting was useful in that both MoH and LGNZ gained a better understanding of the other's position and there is considerable common ground. As it stands, the Drinking Water Bill will not give rise to any significant issues for Greater Wellington Water.

Shortly after the end of the period, a communications contractor, not working for the Greater Wellington Regional Council, pierced the Kaitoke to Karori water main with a horizontal drill. This was on the edge of the State Highway 1 carriageway between Johnsonville and Churton Park. Unfortunately, the contractor set up the drill at a depth lower than had been agreed and instead of going over the water main, went into it. There were extensive delays to peak hour traffic as the motorway had to be restricted to one lane while the water pipe was repaired. To counteract a media release by another party that the cause of the traffic delay was a burst water main, Greater Wellington put out its own media release indicating that a contractor had punctured the water main.

1.2 Marketing

Water consumption charging to the city councils is based on a metering year that runs from the last Wednesday in March of each calendar year. Problems within Wellington City during the year just completed meant it is not possible to get a year on year trend that is meaningful. However, even with the excess consumption in Wellington City, it is pleasing to note that the total consumption for the year ended March 2007 is less than the year ended March 2006. The increased consumption in Wellington City is offset by a relatively wet summer period resulting in lower garden water usage.

Research is about to be undertaken on consumer behaviour and attitudes towards water use and conservation issues. While this survey will not be identical to one undertaken about 14 years ago, it will be interesting to see if there have been changes over that period.

1.3 Forestry

Harvesting has started again in the Wairarapa. While log prices have trended downwards over the last few months, they are still much higher than the same time last year.

1.4 Laboratory

Negotiations with the preferred tenderer were completed in mid May and the tender of ELS Ltd has now been accepted. The transition plan is being finalised and the Greater Wellington Laboratory is scheduled to close at about the end of June.

2. Financial performance as at 30 April 2007

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
	Water Supply				
22,488	Income	22,634	22,632	27,253	27,245
21,876	Expenditure	22,687	24,337	28,025	29,264
612	Operating Surplus (Deficit)	(53)	(1,705)	(772)	(2,019)
477	Operations	291	-	168	-
664	Strategy and Asset	1,319	-	1,051	-
(523)	Support Services	(1,697)	(1,727)	(2,074)	(2,043)
(30)	Engineering Consultancy	14	27	30	31
24	Laboratory Services	30	(5)	25	(7)
612	Operating Surplus (Deficit)	(53)	(1,705)	(772)	(2,019)
	Plantation Forestry				
3,289	Income	4,115	4,216	7,703	7,693
3,426	Expenditure	4,835	5,762	5,901	6,913
(137)	Operating Surplus (Deficit)	(720)	(1,546)	1,802	780

3. Insurance reserve

Several years ago when there was a large increase in insurance premiums without a perceived increase in risk, it was decided that the Council would self-insure its tunnels, water storage lakes and pipelines. Initially, a sum of \$0.5M was set aside each year; this was subsequently increased in 2003/04 to \$0.75M. The purpose of the reserve is to provide for major disaster events, for example, an earthquake. Minor events are paid for out of the ordinary operational expenditure.

Last year, there was a slip in the Orongorongo valley that destroyed a section of the pipeline between the Orongorongo weir and the tunnel that leads to the Wainuiomata Water Treatment Plant. It took several months to clear the slip and repair the pipeline. Costs for the work to date have totalled \$104,000. Any additional costs will be minor. If the cost of the work is to be funded from the insurance reserve, then a Council resolution is needed to affect the transfer of the funds. What it would mean is the insurance reserve would decrease by \$104,000 and the water debt would also be reduced by the same amount. It is an accounting transaction and does not affect Water Supply's overall cash position. It is suggested that the amount in question is insufficient to utilise the insurance reserve account. Accordingly, it is recommended that the cost of the work remain as a charge to Water Supply operations. The attached photo gives some indication of the size of the slip.



4. Fire Services review

The Government recently invited submissions in response to a framework document for New Zealand's fire and rescue services. The proposals have an impact on this division's Water Supply assets, reserve and plantation forestry, and recreational forests. It also impacts on other parts of the Council. This division will coordinate a submission to be considered by the Policy, Finance and Strategy Committee at the end of June.

5. Carbon neutrality

Earlier this year, the Government announced that the 34 core public service departments would begin immediate work to achieve carbon neutrality as part of the Government push towards sustainability.

Within Greater Wellington, Water Supply operations is probably the largest user of energy. Approximately 20 million kilowatt hours of electricity are purchased each year for water treatment and pumping purposes, together with fuel for the vehicle fleet and other lesser amounts of energy. While significant progress has been made over the years on demand side energy management, we have so far not tackled the supply side of the energy equation. If the Water Supply operations are to become carbon neutral, then we would need to start looking at our own resources for electricity generation, these include land and access to water. Any proposals are subject to obtaining resource consents.

The purpose of raising this issue is to indicate to the Committee that it is proposed to look at what it would take to make the Water Supply operations carbon neutral.

6. Recommendations

That the Committee:

1. *Receive the report.*
2. *Note the content of the report.*
3. *Agree that the slip clearance and pipeline repair work in the Orongorongo valley costing approximately \$104,000 should remain as operational expenditure.*

Report prepared by:

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Attachment 1: Water Supply, Engineering Services, Forestry, Marketing and Design, and Laboratory reports for April 2007