

Water

We supply more than 30,000 ML of water to Wellington properties, which we buy from Greater Wellington Regional Council (GWRC). We contract Capacity to manage, maintain and operate our water network and carry out upgrades and renewals. We work with GWRC and other local councils to investigate future water needs and conservation targets.

4.5.5 Water Network

WHAT WE DID

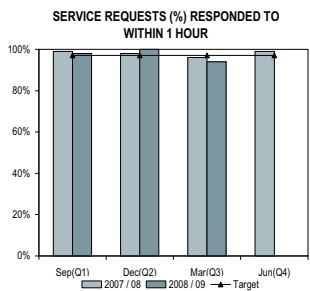
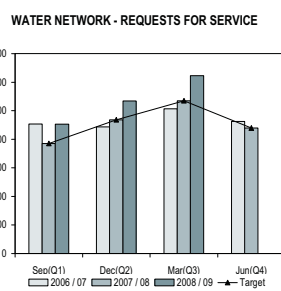
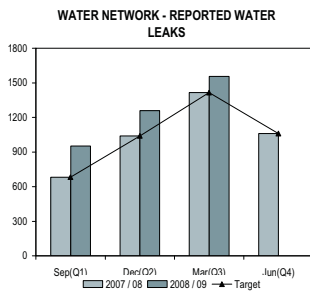
Design and tendering of all originally programmed renewal works was completed. New projects have been brought forward into this year's programme due to construction cost reductions obtained from a very competitive contracting market.

The design of the Messines Road reservoir renewal works progressed as planned.

Funding of the city's Low Level Zone recommendations has been moved out to the 2010/11 year.

Comments were prepared on the draft report for the Johnsonville Zone and the report is being revised.

HOW WE PERFORMED



Monitoring the number of 'reported' water leaks is a proxy for measuring total leakage from the network. We have a programme of installing district water meters that in time will identify high leakage areas. The target is based on exceeding past achievement (i.e. reducing the number of leaks.)

The 94% service request response is lower than expected due to software interface issues and jobs being forwarded to incorrect action officers. This is being actively monitored by contract managers to improve performance.

The increase in reported water leaks and requests for service may be attributable to an increase in proactive leak detection activities coupled with publicity on the desirability of water conservation driving an increase in leaks being reported by residents.

ACTIVITIES FOR THE NEXT QUARTER

All pipe renewal construction works programmed for the current year will be completed.

The design of the Messines Road reservoir renewal works will be completed.

The Johnsonville Zone report will be finalised.

Design of renewal and upgrade works for construction in the 2009/10 year will be progressed.

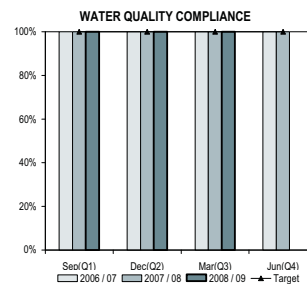
4.6.1 Water Collection and Treatment

WHAT WE DID

Comments on the draft Regional Water Strategy were prepared and provided to GWRC. Greater Wellington's report has been delayed for approximately one month due to some details requiring clarification over interpretation.

A new pricing methodology for bulk water is likely to be based on a fixed cost with a variable component. Each Council will then have the ability to manage water take within an agreed baseline with a variable component being applied for any excess over the agreed take.

HOW WE PERFORMED



Water compliance is assessed against Drinking Water Standards for New Zealand (2005).

ACTIVITIES FOR THE NEXT QUARTER

GWRC will continue the development of the Regional Water Strategy.

Financials

WHAT IT COST

	Actual YTD	Budget YTD	Variance YTD	Full Year Budget
Operational projects \$000				
4.5.5 Water Network				
Expenditure	15,105	12,385	(2,720)	16,511
Revenue	(13)	(23)	(10)	(30)
Net Operating Expenditure	15,092	12,362	(2,730)	16,481
4.6.1 Water Collection and Treatment				
Expenditure	9,484	9,890	406	13,187
Revenue	(1)	0	1	0
Net Operating Expenditure	9,483	9,890	407	13,187
Capital projects \$000				
4.5.5 Water Network				
Expenditure	7,450	8,376	926	13,140
4.6.1 Water Collection and Treatment				
Expenditure	0	0	0	0

Operating Expenditure

4.5.5: The unfavourable expenditure variance is largely due to depreciation exceeding budget as a result of a higher upward revaluation of water assets than anticipated and unbudgeted water assets vested to Council in the year ended 30 June 2008. Depreciation is forecast to be \$3.1m unfavourable at year end.

4.6.1: The favourable expenditure variance is mainly due to a timing variance with actual bulk water consumption.

Capital Expenditure

4.5.5: The favourable expenditure variance is largely due to a delay in the construction of the Messines Road reservoir, which is now due to commence in May 2009. Approximately \$3.1m will be carried forward to 2009/10.

4.6.1: No capital expenditure is budgeted for this activity.

How It Was Funded

These activities are targeted to be 100% rates funded.