

Report No. 00.538

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Report to the Utility Services Committee
from David Benham, Divisional Manager, Utility Services

Divisional Report

1. Purpose

- To comment on the Utility Services Division's financial performance for the eleven months ended 31 May 2000.
- To outline various other relevant areas of interest or activity.
- To receive the attached activity reports to 30 June 2000 (Attachment 1).

2. Divisional Performance for 11 Months Ended 31 May 2000

The financial year to June 2000 has now been completed and the year end accounts preparation is in full swing. The position reported here is for eleven months but we do not expect any major variations for the full year.

2.1 General

Overall the division has had a good eleven months. The position is briefly summarised here.

2.2 Water Supply

Financially the position for the eleven months shows a better than budget surplus of \$908,200. Total expenditure is below the same period last year by \$525,400, as a result of interest savings from reduced debt level and other direct expenditure reductions. However, the depreciation cost is higher due to the charge now being calculated on the higher re-valued asset base figures.

Capital works expenditure is below budget and forecast at year end to hit \$3,617,200 with \$400,000 being rebudgeted into next year.

2.3 Plantation Forestry

The business has produced an operating surplus of \$357,100 for the eleven months to date. This represents a significant improvement on the deficit of \$673,300 for the corresponding period last year. This is very much the result of harvesting better quality trees and higher volumes from the forests.

Last Year Actual \$000s		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
30,491.7	Income	28,904.1	28,919.3	31,461.1	31,548.3
26,076.5	Expenditure	25,551.1	26,474.5	28,091.2	28,882.1
4,415.2	Operating Surplus	3,353.0	2,444.8	3,369.9	2,666.2
600.6	Operations Wholesale	704.2	(10.5)	664.5	-
(118.7)	Operations Network	(121.4)	15.7	(120.0)	18.6
922.5	Strategy and Asset	330.8	-	213.2	-
2,759.6	Support Services	2,201.3	2,258.3	2,381.5	2,463.6
127.6	Engineering Consultancy	190.4	73.6	164.8	65.4
123.6	Laboratory Services	47.7	107.7	65.9	118.6
4,415.2	Operating Surplus/(Deficit)	3,353.0	2,444.8	3,369.9	2,666.2
Plantation Forestry					
881.0	Income	3,799.0	1,794.7	4,311.5	1,907.2
1,554.3	Expenditure	3,441.9	1,328.5	4,049.5	1,447.2
(673.3)	Operating Surplus/(Deficit)	357.1	466.2	262.0	460.0

3. Facilities Management Contract with Wellington City Council

We have now reached agreement with Wellington City Council on the Facilities Management Contract. This is a one-year agreement which expires on 30 June 2001.

An explanation of the content of that agreement will be provided when considering this item in Public Excluded business.

4. New Laboratory Manager

Mr Peter Nugent joined us on the 5th July 2000 to replace Karin Bradshaw who is going to Christchurch to take up a medical laboratory role.

I would just like to record my thanks to Karin for her efforts on our behalf over the last year.

5. Presentations

If we have sufficient time we plan two brief presentations at the conclusion of the meeting. They will cover the Benchmarking Results from 1998/99 and the Summer Water Conservation Campaign Results.

6. Recommendation

That the report be received and the information noted.

DAVID BENHAM
Divisional Manager, Utility Services

Attachment 1: Utility Services Division's Activity Reports to 30 June 2000