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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 nine months ended 31 March 2002.
- To outline various other relevant areas of interest or activity.
- To receive the attached activity reports to 31 March 2002 (*Attachment 1*).

2. Divisional Performance for 9 Months Ended 31 March 2002

Water Supply

Overall a pretty good quarter with the wet summer meaning the system was not really stretched. This has contributed to cost savings.

Costs for the nine months are below the same period last year and continue the downward trend since 1997.

We are now forecasting that our surplus at year-end should be better than budget by approximately \$1.5M.

Network

The wind up of this operation is virtually complete. Although the accounting result is predicted to be a \$167,500 loss, the final cash position should still be marginally positive at year-end. This takes into account significant redundancy payments (some \$400,000) and repayment of previous years accumulated losses. Overall the closure of this operation will have no rating (or levy) impact.

Plantation Forestry

The March month results were the best for the financial year producing a \$42,000 profit. As outlined later we are hopefully now entering a phase of better prices, better quality logs and hence better returns. We are also forecasting an improvement in the June 2002 position compared to that previously reported, after six months of the current financial year.

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
23,336	Income	21,586	22,480	28,128	29,988
20,889	Expenditure	19,416	21,287	25,392	28,451
2,447	Operating Surplus	2,170	1,193	2,736	1,537
431	Operations Wholesale	580	-	845	-
118	Operations Network	(106)	131	(167)	178
479	Strategy and Asset	473	-	446	-
1,301	Support Services	1,089	1,048	1,453	1,327
70	Engineering Consultancy	88	7	102	23
48	Laboratory Services	46	7	57	9
2,447	Operating Surplus/(Deficit)	2,170	1,193	2,736	1,537
Plantation Forestry					
2,369	Income	2,016	1,770	3,007	2,353
2,463	Expenditure	2,557	2,178	3,680	2,904
(94)	Operating Surplus/(Deficit)	(541)	(408)	(673)	(546)

3. Kapiti Water Workshop

Subsequent to the meeting we have a workshop arranged to discuss Kapiti Water.

4. Recommendation

That the report is received and the information noted.

DAVID BENHAM
Divisional Manager, Utility Services