

Report 03.319
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Committee Utility Services
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Divisional Report

1. Purpose

To:

- Comment on the Utility Services Division financial performance for the eleven months ended 31 May 2003.
- Receive the attached activity reports to 31 May 2003 (Attachment 1).
- Outline various areas of interest or activity.

2. Divisional Financial Performance for Eleven Months Ended 31 May 2003

2.1 Water Supply

Our activities in this area continue to perform satisfactorily with no major adverse variances to report. Detailed issues are covered by the various Managers' reports.

2.2 Plantation Forestry

The persistent strengthening of the NZ/US dollar exchange rate continues to adversely restrict financial performance. However, we are still confident that when the full year accounts are finalised, the bottom line actual deficit will not be significantly worse than the current forecast, whilst being better than budget.

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
24,237	Income	23,962	23,856	26,247	26,032
21,534	Expenditure	22,091	23,262	24,429	25,468
2,703	Operating Surplus	1,871	594	1,818	564
687	Operations	308	-	247	-
599	Strategy and Asset	889	-	867	-
1,328	Support Services	644	591	675	562
61	Engineering Consultancy	(2)	2	5	1
28	Laboratory Services	32	1	24	1
2,703	Operating Surplus/(Deficit)	1,871	594	1,818	564
Plantation Forestry					
2,652	Income	3,825	2,888	4052	3,151
3,300	Expenditure	4,063	3,093	4,170	3,375
(648)	Operating Surplus/(Deficit)	(238)	(202)	(118)	(224)

3. Annual Plan Meetings with Customers

The Committee Chairman and Divisional Manager of Utility Services made presentations on the Proposed Annual Plan for 2003/4 and beyond to the four city councils during May and June (the Upper Hutt City Council presentation occurs on 11 June).

Generally information presented was well received with few substantive issues in contention. Probably the main ongoing disagreement is with Wellington City Council and their view that the speed of debt repayment is too fast and unequitable to current generations. Clearly we have different views on this. It should be noted however (as reported at P, F & S yesterday) that the absorption of additional net costs of approximately \$300,000 per annum has the effect of levelling out future debt repayment over the next 10 years.

4. Greater Wellington Water Signage

It is pleasing to report that new signage at our various sites is now being installed. This has been on hold for some two years awaiting the rebranding finalisation. Some 35 signs will be installed over the next month.

5. 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 31 May 2003