

**Report** 04.235  
**Date** 30 April 2004  
**File** O/02/01/10

**Committee** Utility Services  
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## Divisional Report

### 1. Purpose

To

- Comment on the Utility Services Division financial performance for the nine months ended 31 March 2004.
- Receive the attached activity reports to March 2004 (Attachment 1).
- Outline various areas of interest or activity.

### 2. Divisional Financial Performance for Nine Months Ended 31 March 2004

#### Greater Wellington Water

Overall financial results are pleasing for the nine months to date. Operating expenditure (excluding intra divisional revenue and expenses) is now \$189,000 below the same period last year. The capital expenditure programme is proceeding satisfactorily. The total debt balance is \$46.2M and our insurance fund balance is \$6.6M, as at 31 March 2004.

From an operational perspective, the system continues to function very well. Detail of notable activities are included in the departmental reports.

#### Plantation Forestry

Overall not a bad quarter and certainly better than we had been predicting at the half year. Significant windthrow occurred as a result of the February storms and felled 20 – 30 hectares which has meant we had to adjust our cutting programmes to recover these trees where possible. Our measure of success has been the ability to limit the increase in debt (ex-dividend) during the last quarter to just \$120,000. If we can hold to a similar movement in the final quarter, we will be pretty happy, given the very difficult market conditions.

<b>Last Year to Date</b>		<b>Year to Date Actual \$000s</b>	<b>Year to Date Budget \$000s</b>	<b>Year End Forecast \$000s</b>	<b>Year End Budget \$000s</b>
<b>Water Supply</b>					
19,643	Income	19,757	19,765	26,425	26,438
18,342	Expenditure	18,448	19,378	25,377	26,103
<b>1,301</b>	<b>Operating Surplus</b>	<b>1,309</b>	<b>387</b>	<b>1,048</b>	<b>335</b>
(10)	Operations	289	-	402	-
722	Strategy and Asset	748	-	312	-
534	Support Services	301	380	384	329
18	Engineering Consultancy	26	4	30	3
37	Laboratory Services	(55)	3	(80)	3
<b>1,301</b>	<b>Operating Surplus/(Deficit)</b>	<b>1,309</b>	<b>387</b>	<b>1,048</b>	<b>335</b>
<b>Plantation Forestry</b>					
3,107	Income	2,708	3,341	3,832	4,454
3,320	Expenditure	2,880	3,168	4,203	4,225
<b>(213)</b>	<b>Operating Surplus/(Deficit)</b>	<b>(172)</b>	<b>173</b>	<b>(371)</b>	<b>229</b>

### 3. Customer Meeting

A meeting was held on Thursday, 29 April, with representatives from Hutt City Council (HCC), Porirua City Council (PCC), Upper Hutt City Council (UHCC) and Wellington City Council (WCC), and the HCC and WCC's new water management unit Capacity, to discuss the 2004/05 Annual Plan and related issues. Issues discussed included population changes and demand management in addition to proposed capital expenditure programmes and operating expenditure. This was a very constructive discussion and no disagreements emerged.

The Chairman of the Committee and I also attended the relevant committee meeting at UHCC on Wednesday, 28 April to discuss the Proposed Annual Plan and related issues. This was also a constructive and useful exchange of information and views.

### 4. Upcoming Reports

One advantage of a financial year end is that it defines and forces certain things to be completed!!! This is simply to signal that a number of reports will be presented at our June meeting and they include detail relating to our revised Asset Management Plan, a report on demand management and an options paper on the Lower Dam at Wainuiomata.

**5. Recommendation**

*That the report be received and the information noted.*

Report prepared by:

**David Benham**

Divisional Manager, Utility Services

**Attachment 1:** Utility Services Division's Activity Report to 31 March 2004