

Report No. 00.327

9 May 2000

File: O/2/1/10

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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 2000.
- To outline various other relevant areas of interest or activity.
- To receive the attached activity reports to 30 April 2000 (Attachment 1).

2. Divisional Performance for 9 Months Ended 31 March 2000

2.1 General

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

2.2 Water Supply

Financially the position for the nine months shows a better than budget surplus of \$570,500. Total expenditure is below the same period last year by \$285,000, 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 expenditure is below budget but on track to meet target completion dates. Total expenditure for the nine months is \$2,817,600 compared to a budget of \$3,702,200 for the current year and actual expenditure of \$3,898,200 for the corresponding period in 1998/99. To date project work, with a budget of \$400,000, has already been identified for potential re-budgeting into the 2000-2001 financial year.

2.3 Plantation Forestry

This period was the most successful to date, with an operating surplus of \$253,300. This represents a significant improvement on last year's deficit of \$712,000. This is very much the result of harvesting better quality trees from the Whakatikei Forest and Pakuratahi blocks.

Last Year Actual \$000s		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
24,984.7	Income	23,653.2	23,661.2	31,461.1	31,548.3
21,395.6	Expenditure	21,110.6	21,689.1	28,091.2	28,882.1
3,589.1	Operating Surplus	2,542.6	1,972.1	3,369.9	2,666.2
378.4	Operations Wholesale	504.5	(31.5)	664.5	-
(28.0)	Operations Network	(86.3)	9.8	(120.0)	18.6
797.9	Strategy and Asset	165.7	-	213.2	-
2,259.4	Support Services	1,773.6	1,847.7	2,381.5	2,463.6
90.2	Engineering Consultancy	144.3	60.2	164.8	65.4
91.2	Laboratory Services	40.8	85.9	65.9	118.6
3,589.1	Operating Surplus/(Deficit)	2,542.6	1,972.1	3,369.9	2,666.2
Plantation Forestry					
589.7	Income	3,256.8	1,569.6	4,311.5	1,907.2
1,301.7	Expenditure	3,003.5	1,091.1	4,049.5	1,447.2
(712.0)	Operating Surplus/(Deficit)	253.3	478.5	262.0	460.0

3. Facilities Management Contract with Wellington City Council

As you are aware, we have reached agreement with Wellington City Council to extend the contract for a further year. Given that agreement we are now working with Wellington City Council officers to improve aspects of the current contract for both parties. Once details are finalised Committee approval will be sought.

4. **Visits to City Council Customers**

Last week Councillor McQueen, Murray Kennedy and I made brief presentations on our Annual Plan 2000/2001 and our Long Term Financial Strategy to Wellington City Council, Hutt City Council and Upper Hutt City Council. Generally I think those presentations went fairly well. Hutt City Council and Upper Hutt City Council seem reasonably comfortable but the indications from Wellington City Council were that they would be seeking a bigger levy reduction and as a consequence happy to maintain a higher debt level.

A conflict of timings has meant that the presentation to Porirua City Council has not been possible prior to annual plan submissions close. However, indications are that Porirua City Council is comfortable with the proposed position.

5. **Petone Water Supply**

The Hutt City Council and Wellington Regional Council have resolved the non-fluoridation of the Petone water supply issue. A formal agreement is to be prepared. In the meantime sufficient funds have been allocated to allow detailed design work to start for changes to the water supply system and a works programme prepared. A report will be submitted at the Utility Services Committee meeting on 21 June.

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 April 2000