

Report 99.201

22 April 1999

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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 performance for the nine months ended 31 March 1999.
- To outline various other relevant areas of interest or activity.
- To receive the attached activity reports to 31 March 1999 (Attachment 1).

2. Divisional Performance for 9 Months Ended 31 March 1999

The division is performing well with an operating surplus in water supply \$1,638,900 ahead of budget. This is also \$536,900 better than at the same stage last year. Savings are being generated from reduced debt servicing costs and operating costs.

Plantation Forestry is \$259,000 behind budget. This is mainly due to lower revenue than expected. The revenue we receive very much depends on the quality of the stands we are harvesting at the time, the degree of difficulty of harvesting, and indeed market conditions. We are, however, now in blocks with much better quality logs and as the forecast shows, expect to almost break even for the final quarter.

Capital expenditure is slightly behind schedule. Financially we are \$822,800 under budget for water supply and \$82,600 under budget for Plantation Forestry.

A more detailed analysis of the financial performance of the Division will be provided in the Chief Financial Officer's review of performance for the 9 months ended 31 March 1999. (This is subsequent to the General Managers' quarterly review of performance currently being conducted). The expectation is that this report will be available at the Council Meeting on 18 May 1999.

The summarised financial position is as follows:

1997/98		1998/99	1998/99	1998/99	1998/99
Year to Date		Year to Date	Year to Date	Year End	Year End
Actual		Actual	Budget	Outlook	Budget
\$000s		\$000s	\$000s	\$000s	\$000s
Water Supply					
25,691.7	Income	24,984.8	24,559.2	33,218.0	32,745.7
22,639.5	Expenditure	21,395.7	22,609.0	28,933.9	30,127.2
3,052.2	Operating Surplus	3,589.1	1,950.2	4,284.1	2,618.5
	(Operations	350.3	(47.2)	334.9	(69.9)
2,878.1	(Strategy and Assets	757.9	(23.8)	919.5	0
	(Support Services	2,259.5	1,809.8	2,786.2	2,409.4
74.6	Engineering Consultancy	90.2	124.2	115.9	165.6
99.5	Laboratory Services	91.2	87.2	127.6	113.4
3,052.2	Operating Surplus	3,589.1	1,950.2	4,284.1	2,618.5
Plantation Forestry					
647.2	Income	589.7	910.0	999.0	1,213.3
1,133.2	Expenditure	1,301.7	1,325.0	1,781.2	1,767.7
(486.0)	Operating Deficit	(712.0)	(415.0)	(782.2)	(554.4)

3. Annual Plan

Meetings have been held with Porirua City and Upper Hutt City Councils to discuss levy issues (and integration proposals) on 24 and 25 March respectively.

Meetings with Hutt City and Wellington City have yet to be finally set.

4. Fluoridation – Petone Water Supply

A special meeting has been set to discuss the issue with Hutt City on 11 May. We are proposing that our presentation to that meeting will be the same that we provided for our workshop.

5. NZWWA Water Conference – Wellington 22/23 April

Robert Shaw, Murray Kennedy and I attended this conference.

A couple of interesting points that emerged were that both the international visitors (from Scotland and Australia), advised that they were heading for 'price harmonisation' across their respective areas. The New Zealand view of this would probably be cross subsidisation.

The Minister of Commerce, Max Bradford, gave no hints as to the contents of the Water and Waste Review but did advise that the discussion paper would not be released until the end of May (previously early April had been the release date targetted).

6. Recommendation

That this report be received and contents noted.

DAVID BENHAM
Divisional Manager, Utility Services

Attachment 1: Monthly Reports for Period Ended 31 March 1999