

Public Excluded

Report PE-99.57

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Report to the Utility Services Committee
from David Benham, Divisional Manager, Utility Services

Plantation Forestry : Proposed Operating Plans 1999-2007

1. Purpose

To provide a more detailed analysis of Plantation Forestry's Operating Plans.

2. Exclusion of the Public

Grounds for exclusion of the public under section 48(1) of the Local Government Official Information Act 1987 are:

That the public conduct of the whole or relevant part of the meeting would be likely to result in the disclosure of information for which good reasons for withholding exists, i.e. to carry on commercial negotiations.

3. Financial Summary

Income Statement

	1999/00 Budget	1998/99 Budget	Budget Variance	1998/99 Forecast	1997/98 Actual
External Income - Logging	1,856,697	1,157,837	698,860 F	994,000	922,900
External Income - Grazing	39,000	39,000	-	-	-
Internal Income	11,500	11,500	-	-	-
Total External Income	<u>1,907,197</u>	<u>1,208,337</u>	<u>698,860 F</u>	<u>994,000</u>	<u>922,900</u>
Investment Income	5,205	5,003	202 F	5,003	4,200
Total Income	<u>1,912,402</u>	<u>1,213,340</u>	<u>699,062 F</u>	<u>999,003</u>	<u>927,100</u>
Direct Expenditure					
Personnel	189,090	189,232	142 F	160,000	143,900
Materials	166,299	143,982	22,317 U	144,000	155,200
Transport	17,385	16,582	803 U	15,000	10,500
Contractors/Consultants	484,100	689,133	205,033 F	650,000	681,100
Internal Contractors					
Utility Support	39,651	41,230	1,579 F	41,229	45,051
IT and Support Services	5,000	1,400	3,600 U	5,760	7,569
Resource Planning	5,000	3,000	2,000 U	4,176	2,918
Recreation	32,000	32,000	-	32,000	-
Natural Forestry	35,700	35,616	84 U	31,700	96,312
Engineering Consultancy and general	10,000	5,000	5,000 U	3,421	5,997
U/H Depot	6,329	6,324	5 U	6,329	1,392
P/H Rent	-	-	-	-	-
Total Internal Consultants	<u>133,680</u>	<u>124,570</u>	<u>9,110 U</u>	<u>124,615</u>	<u>159,239</u>
Total Direct Expenditure	<u>990,554</u>	<u>1,163,499</u>	<u>172,945 F</u>	<u>1,093,615</u>	<u>1,149,939</u>
Indirect Expenditure					
Financial Costs	645,376	535,872	109,504 U	560,000	453,895
Depreciation	51,784	29,784	22,000 U	38,000	28,020
Loss/(Gain) on sale	-7,400	-2,400	5,000 F	-2,400	-7,811
Corporate Overhead	54,492	40,957	13,535 U	40,957	40,644
Total Indirect Expenditure	<u>744,252</u>	<u>604,213</u>	<u>140,039 U</u>	<u>636,557</u>	<u>514,748</u>
Total Expenditure	<u>1,734,806</u>	<u>1,767,712</u>	<u>32,906 F</u>	<u>1,730,172</u>	<u>1,664,687</u>
Operating Surplus / (Deficit)	<u>177,596</u>	<u>-554,372</u>	<u>731,968 F</u>	<u>-731,169</u>	<u>-737,587</u>
Dividend	-300,000	-300,000	-	-300,000	-300,000
Adjusted Operating Deficit	<u>-122,404</u>	<u>-854,372</u>	<u>731,968 F</u>	<u>-1,031,169</u>	<u>-1,037,587</u>

Cash Flow Statement

	1999/00 Budget	1998/99 Budget	Budget Variance	1998/99 Forecast	1997/98 Actual
Cash was provided from:					
Operating Activities					
Operating Surplus	-122,404	-854,372	731,968 F	-1,031,169	-1,037,587
Add Back Dividend	300,000	300,000	-	300,000	300,000
Add Back Depreciation	51,784	29,784	22,000 F	38,000	-
Gain on Sale	-7,400	-2,400	5,000 F	-2,400	-1,000
Funds from Operations	<u>221,980</u>	<u>-526,988</u>	<u>758,968 F</u>	<u>-695,569</u>	<u>-738,587</u>
Investing Activities					
Asset Disposals	15,000	10,000	5,000 U	10,000	15,000
New Loans	476,747	1,193,000	716,253 U	1,376,900	1,274,287
Funds from Investing Activities	<u>491,747</u>	<u>1,203,000</u>	<u>721,253 U</u>	<u>1,386,900</u>	<u>1,289,287</u>
Funds provided to:					
Investing Activities					
Reserve Interest	5,205	5,003	202 U	5,000	-
Buildings & other Capital Works	160,000	198,000	38,000 F	213,331	215,000
Vehicles	43,000	38,000	5,000 U	38,000	-
Debt repayment	205,522	135,009	70,513 U	135,000	35,700
Funds to Invest Activities	<u>413,727</u>	<u>376,012</u>	<u>37,715 U</u>	<u>391,331</u>	<u>250,700</u>
Net Cash Flows	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>

4. Variance Explanation

Increased logging revenue is anticipated at this stage due to higher tonnage and the better quality blocks we anticipate logging in 1999/00. The reduction in internal contractors and consultants primarily reflects greater efficiencies associated with the silviculture contract work programme. Financial costs have risen because of an increase in the opening balance of debt.

5. Recommendation

That information be received and comments noted.

DAVID BENHAM
Divisional Manager, Utility Services

Attachments