

Report 99.131

17 March 1999

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US99131

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 eight months ended 28 February 1999.
- To outline various other relevant areas of interest or activity.
- To receive the attached activity reports to 28 February 1999 (Attachment 1).

2. Divisional Performance for 8 Months Ended 28 February 1999

The division is performing well with an operating surplus in water supply \$1,423,400 ahead of budget. This is also \$432,200 better than at the same stage last year.

Plantation Forestry is \$152,900 worse than 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.

Capital expenditure is slightly behind schedule. Financially we are \$984,600 under budget for water supply and \$77,300 under budget for Plantation Forestry.

A more detailed analysis of the financial performance of the Group is provided in the February month financial statements. These will be forwarded to you shortly.

The summarised financial position is as follows:

Year to Date Actual \$000s		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
17,241.3	Income	16,577.3	16,372.8	33,037.4	32,745.6
15,147.0	Expenditure	14,376.4	15,076.9	29,073.2	30,127.2
2,094.3	Operating Surplus	2,200.9	1,295.9	3,964.2	2,618.4
	(Operations	39.7	(38.1)	(98.5)	(70.0)
1,932.7	(Strategy and Assets	512.1	(15.4)	766.5	0
	(Support Services	1,494.1	1,207.0	2,980.2	2,409.4
84.6	`	80.7	82.8	163.8	165.6
77.0	Laboratory Services	74.3	59.6	152.2	113.4
2,094.3	Operating Surplus	2,200.9	1,295.9	3,964.2	2,618.4
Plantation Forestry					
407.6	Income	360.6	606.7	999.0	1,213.3
655.1	Expenditure	821.9	882.6	1,730.2	1,767.7
(247.5)	Operating Deficit	(461.3)	(275.9)	(731.2)	(554.4)

3. Business Plans/Annual Plans

We are currently completing internal reviews of these plans and are on target for the Committee review on 24 February.

4. Fluoridation – Petone Water Supply

We are yet to have a formal request from Hutt City regarding their desired approach to this issue. We expect that request this week. We plan to arrange a workshop within the next month to discuss the background and associated issues. Prior to that meeting we will circulate background material.

5. Wainuiomata/Orongorongo Catchment

The new Ranger for this area began work in early January and I understand is already having a significant impact on security in the area.

6. Electricity Cost

Subsequent to this meeting we would like to spend a little time explaining changes that are occurring in electricity pricing and our management of those costs within our business.

7. Recommendation

That this report be received and contents noted.

DAVID BENHAM
Divisional Manager, Utility Services

Attachment 1: Monthly Reports for Period Ended 31 December 1998
Attachment 2: Detailed Capital Expenditure Reports