

**Report No. 00.440**

13 June 2000

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

### **2. Divisional Performance for 10 Months Ended 30 April 2000**

#### **2.1 General**

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

#### **2.2 Water Supply**

Financially the position for the ten months shows a better than budget surplus of \$790,000. Total expenditure is below the same period last year by \$459,200, 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 works expenditure is below budget and forecast at year end to hit \$3,617,200 with \$400,000 being rebudgeted into next year.

### 2.3 Plantation Forestry

The business continues to maintain an operating surplus of \$242,900 for the ten months to date. This represents a significant improvement on the deficit of \$766,700 for the corresponding period last year. This is very much the result of harvesting better quality trees and higher volumes from the forests.

<b>Last Year Actual \$000s</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>					
27,744.8	Income	26,235.2	26,290.2	31,461.1	31,548.3
23,696.0	Expenditure	23,236.8	24,081.8	28,091.2	28,882.1
<b>4,048.8</b>	<b>Operating Surplus</b>	<b>2,998.4</b>	<b>2,208.4</b>	<b>3,369.9</b>	<b>2,666.2</b>
396.3	Operations Wholesale	639.0	(21.0)	664.5	-
31.1	Operations Network	(102.5)	12.7	(120.0)	18.6
876.5	Strategy and Asset	260.0	-	213.2	-
2,506.4	Support Services	1,999.3	2,053.0	2,381.5	2,463.6
109.9	Engineering Consultancy	147.9	66.9	164.8	65.4
128.6	Laboratory Services	54.7	96.8	65.9	118.6
<b>4,048.8</b>	<b>Operating Surplus/(Deficit)</b>	<b>2,998.4</b>	<b>2,208.4</b>	<b>3,369.9</b>	<b>2,666.2</b>
<b>Plantation Forestry</b>					
684.5	Income	3,532.1	1,682.2	4,311.5	1,907.2
1,451.2	Expenditure	3,289.2	1,209.8	4,049.5	1,447.2
<b>(766.7)</b>	<b>Operating Surplus/(Deficit)</b>	<b>242.9</b>	<b>472.4</b>	<b>262.0</b>	<b>460.0</b>

### 3. Facilities Management Contract with Wellington City Council

Dan Roberts and John Morrison have been involved in a considerable number of meetings with Wellington City Council to develop the new contractual arrangements.

We are pretty close to agreement on most issues. The major changes are that the contract will largely be bulk funded with 15 specific performance indicators that will have an element of risk and reward associated with it.

As a result of changed requirements in the contract we have proposed a new structure for our Network operation at Tory Street which if implemented will see three staff declared surplus to requirements. Staff are currently considering the proposals. After considering any staff views, the new structure will be announced on 28 June 2000.

#### 4. **Water Integration**

The first meeting of the Water Integration Steering Group met on Monday, 12 June 2000, to initiate development of the integration proposal.

As input to that process the Chief Executive Officers of the three Councils have approved a study trip to Australia. Australia provides quite different water supply delivery structures in the different States. The intention is to visit Brisbane, Sydney, Melbourne and Adelaide for a week in July. The cost is approximately \$3,500 per person. The travelling party will be Andrew McKenzie from Wellington City Council, Stephen Garlick from Hutt City Council and myself.

#### 5. **Presentations**

If we have sufficient time we plan two brief presentations at the conclusion of the meeting. They will cover the Benchmarking Results from 1998/99 and the Summer Water Conservation Campaign Results.

#### 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 31 May 2000