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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 two months ended 31 October 2001.
- To outline various other relevant areas of interest or activity.
- To receive the attached activity reports to 31 October 2001 (*Attachment 1*).

2. First Committee Meeting of New Triennium

A warm welcome to new Councillors and those returning. As you will undoubtedly notice from the attached Managers' reports, the activity of this Division is very much operational by nature. While some may consider that we overdo a little the level of detail, we prefer to err on the side of too much information than too little.

The attached Managers' reports also provide a useful formal record of activities throughout each year.

We trust you will find the information appropriate, relevant and informative. Should you have any queries regarding the information provided, or indeed other matters, please do not hesitate to ask – either the relevant manager or myself.

3. Divisional Performance for 4 Months Ended 31 October 2001

Water Supply

The overall financial results for the first four months of the year are satisfactory with operating costs tracking under last year – and well under budget. While this is early on in the year, and a wet or dry summer will impact on costs – it is pleasing that the trend of the last five years continues.

Capital projects, while under budget, are proceeding satisfactorily and we do not foresee any completion difficulties.

Network

This is the area where the contract with Wellington City Council (WCC) is managed. We are comfortable with the financial position to date but much will depend on final payments from WCC.

Plantation Forestry

Better than expected results were achieved for the first quarter of the year with the early completion of harvesting of the outstanding 2000/01 Pakuratahi blocks. October was a poor month, cash flow wise, as the Pakuratahi harvest was complete and harvesting unable to commence in Puketiro forest because of contractual issues. These were resolved and harvesting has now started.

The October figures include the sale of land and trees to Transit NZ associated with the Kaitoke deviation. This one-off transaction improved the result by \$96,000.

Last 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					
10,247	Income	10,147	9,956	29,988	29,988
9,262	Expenditure	9,011	9,418	28,451	28,451
985	Operating Surplus	1,136	538	1,537	1,537
175	Operations Wholesale	350	-	-	-
124	Operations Network	83	53	178	178
68	Strategy and Asset	174	-	-	-
561	Support Services	460	511	1,327	1,327
40	Engineering Consultancy	52	(30)	23	23
17	Laboratory Services	17	4	9	9
985	Operating Surplus	1,136	538	1,537	1,537
Plantation Forestry					
781	Income	1,179	795	2,358	2,358
949	Expenditure	1,289	967	2,904	2,904
(168)	Operating Surplus/(Deficit)	(110)	(172)	(546)	(546)

3. **Update on Water Services Agreement (WSA)
with Wellington City Council**

As at the 30th November 2001, the contract terminates and the work we have done under that contract is taken over by WCC staff directly or contracted out. Most staff from the Network section will have left or will leave the Councils employ by 30 November. Four staff will remain for various short periods beyond this date, to manage final contractual obligations and the dis-establishment of the Mabey Road depot.

4. **Recommendation**

That the report is received and the information noted.

DAVID BENHAM
Divisional Manager, Utility Services

Attachment 1: Utility Services Division's Activity Reports to 31 October 2001