

Report 04.32
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Committee Utility Services
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Divisional Report

1. Purpose

To

- Comment on the Utility Services Division financial performance for the six months ended 31 December 2003.
- Receive the attached activity reports to 31 December 2003 (Attachment 1).
- Outline various areas of interest or activity.

2. Divisional Financial Performance for Six Months Ended 31 December 2003

Greater Wellington Water

Overall results are pleasing for the six months to date. Operating expenditure has been held to \$160,000 above the same period last year. The increase has been largely driven by power costs that were associated with using a less efficient operating mode during the 1080 drop in the Hutt Catchment. The capital expenditure programme is proceeding satisfactorily (see separate report elsewhere in order paper). The total debt balance is \$46.6M and our insurance fund balance is \$6.3M, as at 31 December 2003.

Plantation Forestry

A difficult quarter with much of the gains made in October/November being eroded by lower revenue in December. However cumulative YTD operational deficit has been held to \$102,000. Total debt at 31 December 2003 stands at \$12.3M which is a deterioration of only \$300,000 since 30 June 2003.

The latest forecast position to 30 June 2004 though does not make good reading and is based on our assessment of the impact current market conditions will have on our results. Hopefully this is a worse case scenario that won't ultimately transpire.

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
13,117	Income	13,168	13,181	26,339	26,438
12,335	Expenditure	12,495	12,989	25,360	26,103
882	Operating Surplus	673	192	979	335
Plantation Forestry					
45	Operations	86	-	189	-
431	Strategy and Asset	418	-	480	-
355	Support Services	191	183	388	329
29	Engineering Consultancy	13	5	29	3
22	Laboratory Services	(35)	4	(96)	3
882	Operating Surplus/(Deficit)	673	192	979	335
(270)	Operating Surplus/(Deficit)	(102)	116	(457)	229

3. ISO 9001:2000

In 1996 we successfully achieved ISO 9002 certification for water quality within our supply operations. This has since been successfully maintained.

In 2000 the ISO Standards Authority announced that ISO 9002 was to be replaced by a broader ISO 9001 standard which covers all aspects of our operation with particular emphasis on customer service. After much internal debate we decided to upgrade to the new standard.

This has involved considerable effort by staff to reach this new standard and we successfully received full certification to that standard in September 2003.

4. Recommendation

That the report be received and the information noted.

Report prepared by:

David Benham

Divisional Manager, Utility Services

Attachment 1: Utility Services Division's Activity Report to 31 December 2003