

**Report No. 00.46**

2 February 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 performance for the six months ended 31 December 1999.
- To outline various other relevant areas of interest or activity.
- To receive the attached activity reports to 31 December 1999 (Attachment 1).

**2. Divisional Performance for Six Months Ended 31 December 1999**

**2.1 General**

Overall the division has had a good six months, with significant advances made operationally, while financially a good result was achieved. Full details will be provided when the Council reviews the six months' results later this month, however, the position is briefly summarised here.

**2.2 Water Supply**

Financially the position for the six months shows a better than budget surplus of \$514,000. Total expenditure is below the same period last year by \$456,000, mainly as a result of interest savings from reduced debt level. Other direct expenditure is about the same as last year, with depreciation higher.

Capital expenditure is pretty much on track, with no significant issues.

**2.3 Plantation Forestry**

This period was the most successful to date, with an operating surplus of \$142,000. This represents a significant improvement on last year's deficit of \$461,000. This is

very much the result of harvesting better quality trees from the Whakatikei Forest.

<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>					
16,577	Income	15,763	15,774	31,400	31,548
14,377	Expenditure	13,921	14,446	28,031	28,882
<b>2,200</b>	<b>Operating Surplus</b>	<b>1,842</b>	<b>1,328</b>	<b>3,369</b>	<b>2,666</b>
134	Operations Wholesale	470	(10)	487	-
(94)	Operations Network	(49)	1	(4)	19
512	Strategy and Asset	115	-	253	-
1,473	Support Services	1,164	1,232	2,424	2,463
81	Engineering Consultancy	97	40	89	65
74	Laboratory Services	45	65	120	119
<b>2,200</b>	<b>Operating Surplus</b>	<b>1,842</b>	<b>1,328</b>	<b>3,369</b>	<b>2,666</b>
<b>Plantation Forestry</b>					
361	Income	2,183	954	4,412	1,907
822	Expenditure	2,041	735	4,038	1,447
<b>(461)</b>	<b>Operating Surplus/Deficit</b>	<b>142</b>	<b>219</b>	<b>374</b>	<b>460</b>

### 3. **Petone Water Supply**

You will recall that prior to Christmas we wrote to our city customers seeking their views as to the “who pays” argument in terms of providing unfluoridated water to Petone.

Upper Hutt City Council has provided a response and we await Wellington and Porirua Cities’ views.

### 4. **Y2K**

As reported to the Policy and Finance Committee meeting on 1 February 2000, all went very well over this period. It certainly was a very pleasing result.

### 5. **Facilities Management Contract with Wellington City Council**

The current Facilities Management Contract with Wellington City Council expires on 30 June 2000. Officers of Wellington City Council have advised that they intend to develop a new performance based contract to come into effect from 1 July 2000. Apparently no decision has been made as yet as to whether they intend to tender this contract or negotiate solely with ourselves.

**6. Recommendation**

*That the report be received and the information noted.*

DAVID BENHAM  
Divisional Manager, Utility Services

Attachment : 1