

Public Excluded

Report PE-00.85

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Report to the Utility Services Committee
from David Benham, Divisional Manager, Utility Services

Plantation Forestry : Proposed Operating Plans 2000-2010

1. Purpose

To provide a more detailed analysis of Plantation Forestry's Operating Plan for 2000/01.

2. Exclusion of the Public

Grounds for exclusion of the public under section 48(1) of the Local Government Official Information Act 1987 are:

That the public conduct of the whole or relevant part of the meeting would be likely to result in the disclosure of information for which good reasons for withholding exists, i.e. to carry on commercial negotiations.

3. Financial Summary

Income Statement

	<i>2000/01 Budget</i>	<i>1999/00 Budget</i>	<i>Budget Variance</i>	<i>1999/00 Forecast</i>
External Income - Logging	5,530,843	1,856,697	3,674,146 F	4,361,000
External Income - Grazing	10,000	39,000	29,000 U	39,000
Internal Income	-	11,500	11,500 U	11,500
Total External Income	<u>5,540,843</u>	<u>1,907,197</u>	<u>3,633,646 F</u>	<u>4,411,500</u>
Investment Income	5,518	5,205	313 F	5,205
Total Income	<u>5,546,361</u>	<u>1,912,402</u>	<u>3,633,959 F</u>	<u>4,416,705</u>
Direct Expenditure				
Personnel	209,090	190,590	18,500 U	190,590
Materials	136,931	164,799	27,868 F	164,799
Transport	23,821	17,385	6,436 U	17,385
Contractors / Consultants	4,011,825	226,700	3,785,125 U	2,807,000
Internal Contractors				
Utility Support	40,949	39,651	1,298 U	39,651
IT & Support Services	4,850	5,000	150 F	5,000
Resource Planning	-	5,000	5,000 F	5,000
Regional Parks (Operations)	20,764	32,000	11,236 F	32,000
Natural Forestry	-	35,700	35,700 F	35,700
Engineering Consultancy	10,000	10,000	-	10,000
U/H Depot	6,329	6,329	-	6,329
Total Internal Consultants	<u>82,892</u>	<u>133,680</u>	<u>50,788 F</u>	<u>133,680</u>
Total Direct Expenditure	<u>4,464,559</u>	<u>733,154</u>	<u>3,731,405 U</u>	<u>3,313,454</u>
Indirect Expenditure				
Financial Costs	685,200	616,324	68,876 U	630,005
Depreciation	64,045	55,792	8,253 U	45,000
Gain on Sale	-3,000	-7,400	4,400 U	-
Corporate Overhead	52,958	54,492	1,534 F	54,492
Total Indirect Expenditure	<u>799,203</u>	<u>719,208</u>	<u>79,995 U</u>	<u>729,497</u>
Total Expenditure	<u>5,263,762</u>	<u>1,452,362</u>	<u>3,811,400 U</u>	<u>4,042,951</u>
Operating Surplus / (Deficit)	<u>282,599</u>	<u>460,040</u>	<u>177,441 U</u>	<u>373,754</u>
Dividend	-300,000	-300,000	-	-300,000
Adjusted Operating Surplus / (Deficit)	<u>-17,401</u>	<u>160,040</u>	<u>177,441 U</u>	<u>73,754</u>

Statement of Funding

	2000/01 <i>Budget</i>	1999/00 <i>Budget</i>	<i>Budget Variance</i>	<i>1999/00 Forecast</i>
Cash was provided from:				
Operating Activities				
Operating Surplus	-17,401	160,040	177,441 U	73,754
Add Back Dividend	300,000	300,000	-	300,000
Add Back Depreciation	64,045	55,792	8,253 F	45,000
Add Back Gain on Sale	-3,000	-7,400	4,400 U	-
Funds from Operations	<u>343,644</u>	<u>508,432</u>	<u>173,588 U</u>	<u>418,754</u>
Investing Activities				
Asset Disposals	9,000	15,000	6,000 F	-
New Loans	875,204	669,171	206,033 F	765,849
Funds from Investing Activities	<u>884,204</u>	<u>684,171</u>	<u>212,033 F</u>	<u>765,849</u>
Funds provided to:				
Investing Activities				
Reserve Interest	5,518	5,205	313 U	5,205
Investment Additions (Silviculture)	296,379	257,400	38,979 F	257,400
Structures & Other Capital Works	265,000	384,000	119,000 F	384,000
Vehicles	30,000	38,000	8,000 F	29,500
Plant & Equipment	-	5,000	5,000 U	5,500
Debt Repayment	330,951	202,998	127,953 U	202,998
Funds to Investing Activities	<u>927,848</u>	<u>892,603</u>	<u>32,713 F</u>	<u>884,603</u>
Net Cash Flows	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>

4. Variance Explanation

Increased logging revenue is anticipated at this stage due to higher tonnage and the better quality blocks we anticipate logging in 2000/01. However, correspondingly there is an increase in contractor and consultant costs which when combined with lower other income streams and increased financial costs due to a higher opening debt balance, generates a reduced pre-dividend operating surplus.

5. Recommendation

That information be received and comments noted.

DAVID BENHAM
Divisional Manager, Utility Services

Attachments

Utility Services Committee

21 February 2000

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