



Report **05.199**
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Committee **Utility Services**
Author **David Benham, Divisional Manager, Utility Services**

Divisional Report for Period Ending 30 April 2005

1. Purpose

To:

- Comment on the Utility Services Division financial performance for the 10 months ended 30 April 2005.
- Receive the attached activity reports to 30 April 2005 (Attachment 1).

2. Significance of the Decision

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Divisional Financial Performance for 10 Months Ended 30 April 2005

Greater Wellington Water

The potentially most difficult period for our water supply operations, the third quarter, passed with few problems. Generally the weather did its part with the rain arriving when it was needed. It would be fair to say that the system has not really been tested in anger in recent years. Periods with many days of high demand have not been a feature of Wellington's summers of recent years. This will be mainly due to the weather patterns but various water conservation campaigns may be assisting as well.

April, however, was a different story. A combination of a weather event in the Orongorongo catchment, low river levels and a number of mechanical failures produced a testing time for our operational staff. See Operation's report for added detail.

It was pleasing that March finally saw the Masterton District Council (MDC) Water Treatment Plant Management Contract signed.

Financially the water operation continues to perform well.

The debt balance is now \$43.0M which is a \$2.8M reduction since 30 June 2004. Our insurance reserve is now \$7.8M.

Plantation Forestry

Nothing much changes in Forestry with the difficult conditions continuing to prevail. Unfortunately market conditions meant that the volumes that we had hoped to harvest in the March quarter were well down and as a consequence the financial returns were negatively impacted. Consequently our forecasts to 30 June 2005 have been revised from those reported in December 2004. The operating deficit is now forecast to be \$368,000 (\$150,000), and the debt balance to be \$13.1M (\$12.9M).

Just to show how fickle the industry is, April saw a significant turnaround in demand from the mills as they were short of logs. Consequently April was a much better month and therefore, hopefully by year end, we will do a little better than that forecast in March.

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
21,902	Income	22,110	21,967	26,781	26,360
20,400	Expenditure	21,399	22,298	25,957	26,752
1,502	Operating Surplus	711	(331)	824	(392)
351	Operations	690	-	807	-
874	Strategy and Asset	293	-	278	-
332	Support Services	(227)	(269)	(294)	(314)
17	Engineering Consultancy	(56)	9	3	8
(72)	Laboratory Services	11	(71)	30	(86)
1,502	Operating Surplus/(Deficit)	711	(331)	824	(392)
Plantation Forestry					
3,122	Income	3,225	3,988	3,918	4,786
3,259	Expenditure	3,503	4,020	4,286	4,824
(137)	Operating Surplus/(Deficit)	(278)	(32)	(368)	(38)

4. Recommendation

That the report be received and the information noted.

Report prepared by:

David Benham

Divisional Manager, Utility Services

Attachments

- 1 Utility Services Division's Activity Report to 30 April 2005
- 2 Photographs showing damage in the Orongorongo Catchment