



**Report**                    **05.19**  
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**Committee**            **Utility Services**  
**Author**                **David Benham, Divisional Manager, Utility Services**

## **Divisional Report for Period Ending 31 December 2004**

### **1. Purpose**

To:

- Comment on the Utility Services Division financial performance for the 6 months ended 31 December 2004
- Receive the attached activity reports to 31 December 2004 (Attachment 1).

### **2. Divisional Financial Performance for 6 Months Ended 31 December 2004**

#### **Greater Wellington Water**

Operationally things have ticked along well for the first six months. Specific issues are detailed in managers' reports.

Financially the water operation continues to perform well. Excluding depreciation, our operating costs are \$222,000 below the same period last year. Even if interest savings from lower debt are excluded, other operating costs are only \$8,000 ahead of last year.

The debt balance is now \$43.6 million, which is a \$2.2 million reduction since 30 June 2004.

#### **Plantation Forestry**

Very difficult market conditions continue to prevail, with a strong New Zealand dollar and freight rates making exporting a marginal opportunity at best. This, coupled with the stop/start supply requirement from domestic mills, is making life pretty demanding. Notwithstanding all of this, the harvesting operation produced a cash surplus of \$367,000 after all roading and silviculture costs are taken into account. Interestingly, this is a very similar result to the first quarter last year.

However, once all other non-harvesting costs are included, principally being financial costs, the overall debt position has deteriorated by \$165,000 in the quarter to stand at \$12.7 million as at 30 December 2004.

Over the remainder of the financial year, we will be trying to increase our volumes into the market in an attempt to balance the books.

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
<b>Water Supply</b>					
13,168	Income	13,272	13,180	26,733	26,360
12,495	Expenditure	12,933	13,415	26,138	26,752
<b>673</b>	<b>Operating Surplus</b>	<b>339</b>	<b>(235)</b>	<b>595</b>	<b>(392)</b>
86	Operations	427	-	780	-
418	Strategy and Asset	96	-	114	-
191	Support Services	(163)	(204)	(317)	(314)
13	Engineering Consultancy	(23)	9	4	8
(35)	Laboratory Services	2	(40)	14	(86)
<b>673</b>	<b>Operating Surplus/(Deficit)</b>	<b>339</b>	<b>(235)</b>	<b>595</b>	<b>(392)</b>
<b>Plantation Forestry</b>					
1,882	Income	2,008	2,393	4,381	4,786
1,984	Expenditure	2,177	2,412	4,531	4,824
<b>(102)</b>	<b>Operating Surplus/(Deficit)</b>	<b>(169)</b>	<b>(19)</b>	<b>(150)</b>	<b>(38)</b>

### 3. 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 2004