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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 twelve months ended 30 June 2004.
- Receive the attached activity reports to May/June 2004 (Attachment 1).
- Outline various areas of interest or activity.

### 2. Divisional Financial Performance for 12 Months Ended 30 June 2004

#### Greater Wellington Water

Whilst a full report will be provided to the next meeting, a brief commentary is provided here.

Although we have had what appears to be a pretty routine year on the face of it, you do not have to scratch too deep to find a lot has happened and overall pretty successfully.

Once again, financially, a very good year. Performance continues to improve and costs were held.

In summary, the financial results were:

- Operating surplus before extraordinary items \$2.1M which is \$1.7M ahead of budget, before the estimated annual asset write-off charge of \$1.1M is incurred.
- Total operating expenditure \$232,000 less than last year and \$4.8M less than that incurred in the year to 30 June 1997.
- Debt at 30 June 2004 is \$45.8M, which is \$26M and \$2.3M less than that at 30 June 1997 and 2003 respectively.
- Self-insurance fund balance has reached \$6.9M at 30 June 2004.
- The capital programme went well this year.

## Plantation Forestry

The Forestry year overall was pretty good comparatively, with the second half of the year better than the first. We controlled costs – particularly roading – much better this year and pretty much held our own given a very volatile market and a strong NZ dollar. The year saw just about every variable in the business going against us. This coupled with stop/start demand, both domestically and export-wise, made life very difficult. To produce a result that only saw the actual debt balance exceed the budgeted debt balance at 30 June 2004 by \$100,000 (excluding dividends) was, in my view, a good result.

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>					
26,298	Income	26,460	26,438	26,425	26,438
24,297	Expenditure	24,387	26,103	25,377	26,103
<b>2,001</b>	<b>Operating Surplus</b>	<b>2,073</b>	<b>335</b>	<b>1,048</b>	<b>335</b>
250	Operations	610	-	402	-
1,017	Strategy and Asset	1,121	-	312	-
697	Support Services	391	329	384	329
8	Engineering Consultancy	39	3	30	3
29	Laboratory Services	(88)	3	(80)	3
<b>2,001</b>	<b>Operating Surplus/(Deficit)</b>	<b>2,073</b>	<b>335</b>	<b>1,048</b>	<b>335</b>
<b>Plantation Forestry</b>					
4,101	Income	3,797	4,454	3,832	4,454
4,386	Expenditure	3,967	4,225	4,203	4,225
<b>(285)</b>	<b>Operating Surplus/(Deficit)</b>	<b>(170)</b>	<b>229</b>	<b>(371)</b>	<b>229</b>

### 3. Greater Wellington Water Asset Revaluation

The infrastructure assets revaluation exercise has now been completed and the various changes are currently being incorporated into the finalised 30 June 2004 year-end accounting records. This has involved the assessment and revaluation of approximately 5,000 asset records.

Consequently, we will be recognising on the balance sheet a significant upward movement in the depreciated replacement value of our total infrastructure assets from \$240M to \$308M, an increase of approximately 30 percent.

**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 30 June 2004