

Finance Management Report

For the Period Ended 31-Dec-23

Operating Expenditure and Revenue

Description				% of Year Completed				
	Oct-Dec 2023 Actual	Oct-Dec 2023 Adjusted Budget	Variance to Budget	Year to date Actual	Year to date Adjusted Budget	Year to date Variance	Full Year Adjusted Budget	YTD Actuals to Full Year Budget
REVENUE								
<u>Operating Revenue</u>								
Income - Rates	31,399,809	31,734,000	(334,191)	62,814,636	63,198,000	(383,364)	125,796,000	50% 1*
Income - Grants & Subsidies	2,378,130	1,765,273	500,357	4,608,742	3,370,120	1,238,622	10,309,214	42% 2*
Income - NZTA External Cost Recoveries	1,581,086	1,669,396	(88,310)	3,063,719	3,338,791	(275,072)	6,677,583	46% 3*
Income - Consents	3,708,210	4,035,832	(327,622)	7,653,747	8,071,663	(417,916)	16,143,327	47% 4*
Income - External Cost Recovery	189,799	268,245	(78,446)	692,683	536,491	156,192	1,072,982	65% 5*
Income - Regulatory	1,925,600	1,974,496	(48,897)	4,391,779	4,467,918	(76,139)	8,286,381	53% 6*
Income - Operational	7,652,932	7,343,070	309,862	15,187,463	14,592,925	594,539	29,465,723	61% 7*
Total Operating Revenue	48,835,566	48,790,313	(67,247)	98,412,769	97,575,908	836,861	197,751,209	50%
EXPENDITURE								
<u>Personnel Expenditure</u>								
Expenditure - Salaries & Wages	11,762,480	12,402,622	640,142	23,453,702	24,805,244	1,351,542	49,710,488	47% 8*
Expenditure - Salaries & Wages Contract	1,433,967	1,023,277	(410,690)	2,876,959	2,046,554	(830,405)	4,093,108	70% 9*
Expenditure - Health Insurance	146,109	121,476	(24,633)	272,277	242,952	(29,325)	485,903	56%
Total Personnel Expenditure	13,342,556	13,547,375	204,819	26,602,938	27,094,750	491,812	54,289,499	49%
<u>Operating Expenditure</u>								
Expenditure - Professional Services	1,723,985	1,146,836	(577,149)	2,885,043	2,379,139	(505,905)	8,741,743	33% 10*
Expenditure - Legal	1,744,893	1,365,471	(379,423)	2,850,236	2,742,271	(107,965)	5,677,835	50% 11*
Expenditure - Stationery	107,275	100,163	(7,112)	222,093	200,326	(21,767)	400,651	55%
Expenditure - IT & Phones	193,861	205,690	11,829	393,355	411,379	18,024	822,759	48%
Expenditure - Commercial Rent	1,256,253	1,132,083	(124,170)	2,648,910	2,264,166	(384,744)	4,528,332	58% 12*
Expenditure - Vehicle	276,071	234,000	(42,071)	619,590	468,000	(151,590)	936,000	66% 13*
Expenditure - Power	1,177,229	945,946	(231,283)	2,734,037	1,891,891	(842,146)	3,783,782	72% 14*
Expenditure - Insurance	706,215	640,914	(65,301)	1,407,843	1,281,829	(126,014)	2,563,658	55% 15*
Expenditure - Infrastructure Maintenance	12,515,539	9,737,766	(2,777,773)	23,478,905	20,366,737	(3,112,168)	40,552,182	58% 16*
Expenditure - Parks & Reserves Maintenance	2,657,414	2,702,467	45,052	4,884,082	4,814,108	(69,974)	10,359,204	47%
Expense - External Cost On Chargeable	280,406	267,715	(12,691)	703,449	535,430	(168,019)	1,070,860	66% 17*
Expenditure - Grants	2,046,080	2,214,619	168,540	4,576,603	4,923,552	346,949	9,089,290	50% 18*
Expenditure - Other	4,513,002	4,961,064	448,062	10,678,546	10,455,270	(223,276)	20,645,804	52% 19*
Total Operating Expenditure	29,198,223	25,654,734	(3,543,489)	58,082,692	52,734,097	(5,348,595)	109,172,100	53%
<u>Interest and Depreciation</u>								
Expenditure - Interest	6,456,353	5,781,416	(674,937)	12,914,871	11,562,832	(1,352,039)	23,125,664	56% 20*
Expenditure - Depreciation	13,883,735	13,883,735	0	27,767,470	27,767,470	0	55,534,939	50%
Total Interest and Depreciation	20,340,088	19,665,151	(674,937)	40,682,340	39,330,301	(1,352,039)	78,660,603	52%
Total Expenditure	62,880,867	58,867,260	(4,013,607)	125,367,971	119,159,148	(6,208,822)	242,122,202	52%
NET OPERATING SURPLUS/(DEFICIT)	(14,045,301)	(10,076,947)	(4,080,854)	(26,955,201)	(21,583,240)	(5,371,962)	(44,370,993)	

Capital Revenue and Expenditure

Description	Oct-Dec 2023 Actual	Oct-Dec 2023 Adjusted Budget	Variance to Budget	Year to date Actual	Year to date Adjusted Budget	Year to date Variance	Full Year Adjusted Budget	YTD Actuals to Full Year Budget
Capital Revenue								
Income - Development Contributions	9,502,615	5,100,883	4,401,732	13,510,040	10,393,191	3,116,850	20,645,405	65% 21*
Income - Vested Assets	0	0	0	0	0	0	20,673,385	0%
Income - Grants & Subsidies Capex	8,704,674	10,248,194	(1,543,520)	15,234,522	18,101,596	(2,867,074)	40,255,916	38% 22*
Income - Dividends received	0	0	0	7,172,306	7,172,306	0	7,423,000	97%
Total Capital Revenue	18,207,289	15,349,077	2,858,212	35,916,868	35,667,093	249,775	88,997,707	40%
Capital Expenditure								
Projects/Asset Purchases	42,649,769	42,345,452	(304,317)	78,848,606	90,660,896	11,812,290	181,428,241	43% 23*
Debt Repayment	0	0	0	0	0	0	0	
Total Capital Expenditure	42,649,769	42,345,452	(304,317)	78,848,606	90,660,896	11,812,290	181,428,241	
NET CAPITAL FUNDING REQUIRED	24,442,480	26,996,376	(3,162,529)	42,931,738	54,993,804	11,562,515	92,430,535	
External Borrowing								
Loans	23,291,329			583,023,000			626,900,000	
Total Borrowing	23,291,329						626,900,000	

Commentary - Operational

*1 Income - Rates - \$0.4m unfavourable due to changes in the rateable value of a number of QV property valuation objections that resulted in both rate adjustments subsequent to the rate setting.
*2 Income - Grants & Subsidies - \$1.2m favourable due to NZTA Subsidies recovery of \$0.7m in excess of the planned budget. This additional income is offset by the additional expense for NZTA Internal Time, reported below in Infrastructure Maintenance. The increase cost and income is due to increased activity year-to-date, however, there is a fixed budget for the year in total and therefore the continued income/spend for the remainder of the year will be lower than that budgeted. Additionally, council received increased Landfill Levy from Government of \$0.1m which offsets with increased Waste Management Education cost in Infrastructure Maintenance. This increase relates to higher volumes of waste disposal. Furthermore a \$0.3m in government grants received which offset with Grant Expenditure for Property and Infrastructure.
*3 Income - NZTA External Cost Recoveries - \$0.3m unfavourable variance within Property & Infrastructure which is due to lower internal time allocations to CAPEX projects of \$0.6m , partly offset by higher NZTA Internal Opex time claimed back from NZTA.
*4 Income - Consents - \$0.4m unfavourable variance in Planning and Development due to \$180k of credits processed for either statutory timeframes not achieved, or invoices queried by the applicant relating to the previous financial year, and the number consents received/processed, together with a reduced complexity resulted in lower consent income to the expected budgeted amounts.
*5 Income - External Cost Recoveries - \$0.2m favourable mainly due to Planning & Development with favourable recoveries in Resource Consents \$0.1m and District Plan cost recoveries. The net impact on the P&L is offset by Expenditure - External Cost On Chargeable .
*6 Income - Regulatory - \$0.1m unfavourable due to lower parking fees \$0.4m collected which is offset by increased traffic & parking infringements \$0.3m collected for the year to date.
*7 Income - Operational - \$0.6m favourable variance in Community Services is \$0.5m favourable following increased Sport and Recreation income generated specifically in Gym memberships, swimming lessons and retail sales; and property lease income.
*8 Expenditure - Salaries & Wages - \$1.4m lower than budget due to underspend as a result of staff vacancies mainly in Planning and Development underspent by \$0.5m and Property and Infrastructure underspent by \$0.6m . These underspends are offset by positions covered by contract staff, see S&W Contract below.
*9 Expenditure - Salaries & Wages Contract - \$0.8m higher than budget variance. Planning & Development \$0.3m higher than budget spend due to utilisation of contractor costs per hour set lower than actual cost incurred. Property & Infrastructure is \$0.2m overspent on budget. Community Services is \$0.2m overspent on budget. These overspent variances are driven by increase utilisation of contractors due to staff vacancies, offset against the underspend in Salaries and Wages.
*10 Expenditure - Professional Services - \$0.5m YTD higher than budget. Planning & Development is \$0.2m higher than budget, due to general timing of spend relating to the District Plan, Community Services \$0.2m and Strategic planning \$0.2m.
*11 Expenditure - Legal Fees - \$0.1m YTD higher than budget. Planning & Development is \$0.4m higher than budget due to spend relating to the District Plan Ladies Mile hearings. The overspend is offset by underspends for the other directorates YTD.

<p>*12 Expenditure - Commercial Rent - \$0.3m YTD unfavourable budget variance. Property & Infrastructure and Community Services is \$0.4m overspent due to increases in property rates on owned properties and increased in site lease cost used by Alliance.</p>
<p>*13 Vehicles - \$0.2m YTD overspent on budget due to August including a June 2023 fleet invoice and currently including the cost for 4 ambassador vehicles looking after responsible camping.</p>
<p>*14 Power - \$0.8m overspent on budget in Property and Infrastructure \$0.6m following increased electricity cost for 3 Waters sites in relation to consumption, and the first year of the electricity contract attracting the highest unit cost of the four year contract with the lowest cost paid in year 4. There is also an additional impact with the new sites commissioned. Community Services \$0.2m due to cost and consumption increased for the swimming pools gas of \$0.1m and electricity \$0.1m following unit cost increases higher than those budgeted and increased site consumption.</p>
<p>*15 Insurance - \$0.1m unfavourable due to insurance premium increases in November 2022 and May 2023 exceeding the anticipated annual increases.</p>
<p>*16 Infrastructure Maintenance - \$3.1m YTD overspent in Property and Infrastructure, Roding Infrastructure maintenance is \$2.1m ahead of budget due to roading costs incurred for the September weather event of \$1.0m to date, \$0.2m cost increase NZTA Internal Time claimed for work completed (offset in NZTA income) and \$0.3m for roading power supply cost increases, and roading maintenance completed ahead of schedule \$0.6m for line marking, sealed pavements and culvert cleaning. Water Infrastructure Maintenance \$1.3m ahead of budgeted spend for unscheduled maintenance of \$0.6m following the Crypto outbreak, costs to repair communication systems of \$0.2m directly impacted by the September weather event, \$0.3m of unscheduled maintenance relating to prior year, \$0.2m of establishment cost associated with the change in supplier, \$0.2m due to the September floods, offset partially by lower than expected scheduled maintenance of \$0.2m. Waste Management is lower by \$0.3m driven mainly by the ETF being lower than budgeted (actual 0.274 vs budget 0.91), offset partially by higher than budgeted landfill costs.</p>
<p>*17 Expenditure - External Cost on Chargeable - \$0.2m YTD overspent in Planning & Development with increased spend in Resource Consents and District Planning of \$0.2m. The net impact on the P&L is offset by Income - External Cost On Chargeable.</p>
<p>*18 Expenditure - Grants - \$0.3m underspent against budget due to the timing of grant payments made to date.</p>
<p>*19 Expenditure - Other - \$0.2m overspent due to an accrual for \$0.3m for roading maintenance work still to be completed relating to the September Weather Event which was offset by underspends in Planning & Development and Strategy & Policy.</p>
<p>*20 Interest - \$1.4m higher than budgeted cost due to higher interest rates.</p>
<p>*21 Development Contributions - \$3.0m favourable compared to budget due to favourable receipts for Three waters \$1.2m, Roding \$0.6m and Other contributions for Community Services \$1.2m.</p>
<p>*22 Grants & Subsidies Capex - \$15.2m year to date funding received vs budget of \$18.1m. Variance of \$2.9m includes \$1.1m for NZTA/Waka Kotahi Capex subsidy and \$1.5m for CIP projects due to timing of subsidised roading construction works.</p>
<p>*23 Projects/Asset Purchases - \$78.8m year to date spend vs budget of \$90.7m (87%). Main project spend this month includes \$3.5m Qtn Town Centre Arterials - Stage, \$1.4M Project Shotover Wastewater Treatment Plant Upgrade, \$2.5m UV Compliance response, \$0.8M Lakeview - Isle Street Upgrades & \$0.6M Wanaka - Sealed rd resurfacing. The approved adjusted full year budget of \$181.4m includes deferrals of \$63.9M per the December Reforecast Council Paper.</p>