

## Finance Management Report - Q3

For the Period Ended 31-Mar-21

## Operating Expenditure and Revenue

Description	Jan-Mar 2021		Variance to Budget	% of Year Completed			YTD Actuals to Full Year Budget	
	Actual	Adjusted Budget		Year to date Actual	Year to date Adjusted Budget	Year to date Variance		
<b>REVENUE</b>								
<b>Operating Revenue</b>								
Income - Rates	22,268,465	22,230,573	37,892	67,191,058	67,124,719	66,338	89,478,292	75%
Income - Grants & Subsidies	1,006,810	1,435,728	(428,918)	4,992,045	4,702,597	289,448	6,646,735	75% 1*
Income - NZTA External Cost Recoveries	1,379,450	1,215,658	163,792	3,940,464	3,646,974	293,490	4,862,632	81% 2*
Income - Consents	2,533,921	2,999,272	(465,351)	8,366,848	8,997,816	(630,968)	11,997,088	70% 3*
Income - External Cost Recovery	252,009	251,900	109	887,365	755,700	131,665	1,007,600	88% 4*
Income - Regulatory	1,193,353	1,452,475	(259,122)	3,574,198	3,937,725	(363,526)	5,257,036	68% 5*
Income - Operational	5,362,721	5,863,754	(501,034)	18,672,190	17,569,235	1,102,955	23,437,774	80% 6*
<b>Total Operating Revenue</b>	<b>33,996,729</b>	<b>35,449,361</b>	<b>(1,452,632)</b>	<b>107,624,168</b>	<b>106,734,767</b>	<b>889,401</b>	<b>142,687,157</b>	<b>75%</b>
<b>EXPENDITURE</b>								
<b>Personnel Expenditure</b>								
Expenditure - Salaries & Wages	7,957,308	8,756,778	799,470	25,520,058	26,652,670	1,132,613	35,582,476	72% 7*
Expenditure - Salaries & Wages Contract	789,248	830,487	41,239	2,557,107	2,451,462	(105,645)	3,291,949	78% 8*
Expenditure - Health Insurance	108,231	98,909	(9,323)	243,800	296,726	52,926	395,634	62%
<b>Total Personnel Expenditure</b>	<b>8,854,787</b>	<b>9,686,174</b>	<b>831,387</b>	<b>28,320,964</b>	<b>29,400,857</b>	<b>1,079,893</b>	<b>39,270,059</b>	<b>72%</b>
<b>Operating Expenditure</b>								
Expenditure - Professional Services	918,230	1,452,582	534,352	3,346,199	4,357,746	1,011,546	5,426,994	62% 9*
Expenditure - Legal	1,086,548	867,969	(218,578)	3,319,179	2,603,908	(715,271)	3,471,877	96% 10*
Expenditure - Stationery	112,539	87,939	(24,600)	290,710	263,817	(26,893)	351,750	83%
Expenditure - IT & Phones	64,672	251,020	186,348	570,535	753,061	182,526	1,004,077	57%
Expenditure - Commercial Rent	690,082	706,573	16,491	2,024,533	2,119,719	95,186	2,826,260	72%
Expenditure - Vehicle	183,495	135,006	(48,489)	536,596	405,018	(131,578)	540,000	99% 11*
Expenditure - Power	671,192	817,586	146,394	2,348,993	2,452,759	103,766	3,270,206	72%
Expenditure - Insurance	384,636	372,321	(12,315)	1,129,278	1,116,963	(12,315)	1,489,300	76%
Expenditure - Infrastructure Maintenance	7,742,669	7,198,747	(543,922)	25,019,753	22,732,598	(2,287,155)	30,816,520	81% 12*
Expenditure - Parks & Reserves Maintenance	2,858,907	3,290,313	431,406	8,688,030	9,245,000	556,970	12,120,791	72% 13*
Expense - External Cost On Chargeable	282,358	251,900	(30,458)	905,557	755,700	(149,857)	1,007,600	90% 4*
Expenditure - Grants	1,485,950	1,480,010	(5,939)	5,385,613	5,256,725	(128,888)	7,812,157	69% 14*
Expenditure - Other	3,415,808	3,721,980	306,173	10,882,756	11,821,678	938,922	16,224,117	67% 15*
<b>Total Operating Expenditure</b>	<b>19,897,084</b>	<b>20,633,948</b>	<b>736,864</b>	<b>64,447,732</b>	<b>63,884,691</b>	<b>(563,041)</b>	<b>86,361,650</b>	<b>75%</b>
<b>Interest and Depreciation</b>								
Expenditure - Interest	1,093,957	2,239,521	1,145,565	3,476,352	6,718,564	3,242,212	8,958,086	39% 16*
Expenditure - Depreciation	8,795,037	8,795,044	7	26,385,908	26,385,131	(777)	35,180,174	75%
<b>Total Interest and Depreciation</b>	<b>9,888,994</b>	<b>11,034,565</b>	<b>1,145,572</b>	<b>29,862,260</b>	<b>33,103,696</b>	<b>3,241,436</b>	<b>44,138,260</b>	<b>68%</b>
<b>Total Expenditure</b>	<b>38,640,865</b>	<b>41,354,687</b>	<b>2,713,822</b>	<b>122,630,957</b>	<b>126,389,244</b>	<b>3,758,288</b>	<b>169,769,969</b>	<b>72%</b>
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>(4,644,136)</b>	<b>(5,905,327)</b>	<b>1,261,190</b>	<b>(15,006,789)</b>	<b>(19,654,478)</b>	<b>4,647,689</b>	<b>(27,082,812)</b>	

## Capital Revenue and Expenditure

Description	Jan-Mar 2021		Variance to Budget	% of Year Completed			YTD Actuals to Full Year Budget	
	Actual	Adjusted Budget		Year to date Actual	Year to date Adjusted Budget	Year to date Variance		
<b>Capital Revenue</b>								
Income - Development Contributions	2,896,698	3,824,179	(927,481)	12,004,695	11,472,537	532,157	15,296,716	78% 17*
Income - Vested Assets	0	0	0	5,248,939	5,248,939	0	11,095,087	47%
Income - Grants & Subsidies Capex	5,905,414	4,147,696	1,757,718	9,243,018	12,443,089	(3,200,071)	19,884,183	46% 18*
Income - Grants & Subsidies	351,382	0	351,382	5,191,675	0	5,191,675	0	0% 19*
Income - Operational	0	0	0	1,343,727	0	1,343,727	7,080,000	19% 20*
<b>Total Capital Revenue</b>	<b>9,153,494</b>	<b>7,971,875</b>	<b>1,181,618</b>	<b>33,032,053</b>	<b>29,164,565</b>	<b>3,867,488</b>	<b>53,355,986</b>	<b>62%</b>
<b>Capital Expenditure</b>								
Projects/Asset Purchases	25,721,434	41,295,931	15,574,497	64,641,856	101,696,521	37,054,665	151,326,796	43% 21*
Debt Repayment	0	0	0	0	0	0	16,890,000	
<b>Total Capital Expenditure</b>	<b>25,721,434</b>	<b>41,295,931</b>	<b>15,574,497</b>	<b>64,641,856</b>	<b>101,696,521</b>	<b>37,054,665</b>	<b>168,216,796</b>	
<b>NET CAPITAL FUNDING REQUIRED</b>	<b>16,567,940</b>	<b>33,324,055</b>	<b>14,392,878</b>	<b>31,609,803</b>	<b>72,531,956</b>	<b>33,187,176</b>	<b>114,860,811</b>	
<b>External Borrowing</b>								
Loans	150,865,000						187,082,000	
<b>Total Borrowing</b>	<b>150,865,000</b>						<b>187,082,000</b>	

## Commentary - Operational

*1 <b>Income - Grants &amp; Subsidies</b> - The year to date favourable variance of \$289k includes additional income of \$470k for Roading NZTA subsidised works for maintenance activities (offsets in Infrastructure maintenance costs - See Note.12 below). Partially offset by \$104k less income for refuse landfill government levy, and \$88k less for roading petrol tax.
*2 <b>Income - NZTA External Cost Recoveries</b> - The \$293k favourable year to date variance is due to additional OPEX (NZTA recoveries) of \$706k offset with lower internal time allocations to CAPEX projects of (\$369k) due to vacancies.
*3 <b>Income - Consents</b> - The year to date variance is under budget in Resource Consents \$662k (\$465k labour recoveries and \$195k other consenting income) and \$258k Building Consents (\$309k below for labour recoveries, and \$89k up for LIM revenue). Engineering Consents \$242k above budget due to higher labour recoveries with more consents received/issued than expected with the 20% reduced post Covid budget.
*4 <b>Income - External Cost Recovery</b> - There is a \$198k favourable year to date variance in Resource Consents due to increased on-chargeable consultants costs. This variance is offset with an increase of (\$210k) in External Cost On Chargeable Expenses.
*5 <b>Income - Regulatory</b> - The \$364k unfavourable year to date variance includes (\$182k) unbudgeted provision for doubtful debts movement with \$261k unfavourable movement in Planning & Development partially offset by \$61k favourable movement in Legal & Regulatory. The year to date variance also includes (\$135k) Parking fees & permits and (\$214k) Campervan infringements offset by \$48k favourable Traffic & parking infringements and \$85k favourable Court fee recoveries.
*6 <b>Income - Operational</b> - Favourable variance of \$1.1M YTD includes \$572k favourable variance in Sports & Rec as revenue performing better than initial Covid assumption being a reduction of 20%. Parks & Reserves \$410k favourable variance with \$217k due to higher gross revenue from forestry felling, and \$169k in lease income. Water Supplies \$244k favourable variance as received \$279 insurance monies for the Thompson St water main claim. \$414k favourable variance in Civil Defence in Other Income which relates to MBIE funding for Covid recovery this is offset with expenditure. \$200k favourable variance in Finance mainly (\$140k) net interest. These favourable variances are partially offset by \$113k unfavourable in Regulatory & Enforcement (\$95k being waterways commercial licence fees requiring a new structure for collection), \$392k in Property (including reduced Lakeview cabin income of \$161k and Camp Ground License income of \$274k), and \$124k in Refuse (due to lower transfer station recoveries).
*7 <b>Expenditure - Salaries and Wages</b> - There is an actual year to date saving of \$1.1m. This includes an allowance for vacancies at 3.5%, however vacancies are currently tracking at 11.1% which accounts for the majority of the variance. Main YTD variances by directorate include \$411k favourable in CEO Admin (\$342k) favourable in centralised budget held by Human Resources which includes an organisational wide provision for staff movements, \$170k favourable in Information Management, \$126k favourable Customer Services, \$231k favourable in P&D (\$150k in Resource Consents), and \$483k favourable in Infrastructure.
*8 <b>Expenditure - Salaries and Wages Contract</b> - \$183k favourable variance in Planning & Development, offset by unfavourable variances of \$96k in Corporate, \$66k in Legal & Regulatory, \$49k in Community and \$72k in Infrastructure.
*9 <b>Expenditure - Professional Services</b> - The favourable year to date variance of \$1.1M includes \$534k within Property & Infrastructure (partly due to timing of spend for 3 Waters and forecast underspends in refuse, property and roading); \$264k underspend with Corporate (Spatial plan, Climate change & corporate projects timeline shifted due to COVID) and \$161k within Planning & Development.
*10 <b>Expenditure - Legal</b> - Additional spend of (\$715k) within Legal is related to Wanaka Airport Judicial Review, Weather Tightness claims and Appeals & settlements. This is offset with savings within Resource Consents (as has reduced the number of planning as opposed to legal questions) to legal/external legal counsel), within District Plan (due to timing of hearings) and within Regulatory By Law Enforcement (permanent savings due to reduced activity).
*11 <b>Expenditure - Vehicles</b> - Forecast additional cost of \$132k due to move to electric vehicle fleet and 20% budget reduction due to COVID which was not achievable. Costs on a par with prior years.
*12 <b>Expenditure - Infrastructure Maintenance</b> - The unfavourable year to date variance of (\$2.3m) is largely within Roading (\$2.1m) which includes \$1.3m unfavourable variance in Road Maintenance costs due to an additional (\$673k) of unbudgeted minor flooding/wind events and emergency reinstatement costs, and (\$343k) Downer roading maintenance contract costs (due to timing of spend as expected to be within target cost by year-end). The Roading variance also includes (\$783k) of additional internal time allocations (offset with additional NZTA External Cost Recoveries). Overall, net roading costs after deducting for grants and subsidies and NZTA cost recoveries is \$612k unfavourable. Refuse is (\$233k) unfavourable mainly due to Transfer Station Subsidy costs due to an increase in the number of kerbside bins along with a payment (\$51k) for 2019:20 commodity trading gain/pain share due to the market for recyclable recoveries.
*13 <b>Expenditure - Parks &amp; Reserves Maintenance</b> - The year to date favourable variance of \$557k includes \$398k within Community Services with \$141k due to lower than budgeted stumpage costs for Forestry (offsets against a favourable revenue variance of \$217k), \$113k variance in Community Administration (for major sporting events coming up) and \$186k variance for toilet supplies (lower spend as cleaning and toilet supplies were purchased in-house and timing of delivery for new TIF toilets).
*14 <b>Expenditure - Grants</b> - The additional spend is relating to \$129k Lakeview affordable housing contribution which is offset with income received for Lakeview under capital revenue. (see Note. 20 below)
*15 <b>Expenditure - Other</b> - The \$939k underspend includes \$772k on District Plan Commissioner costs due to timing of hearings, Cleaning \$190k and Staff training related expenses \$158k due to Covid alert level restrictions limiting out of district travel. This is offset with an unfavourable variance of (\$450k) relating to Covid recovery costs (offset by MBIE & Charitable funding).
*16 <b>Expenditure - Interest</b> - Interest expense is favourable by \$3.2m due to lower than expected interest rates and timing of capex spend which is mainly within the Property & Infrastructure space (\$2.7m) where the interest budget is phased straight line and has not been adjusted for projects deferred timing of delivery. Community Services is \$0.5m favourable for the same reason.
*17 <b>Income - Development Contributions</b> - Totals for the year to date by programme are Transport \$3.0m, Parks and Reserves \$2.4m, Waste Water \$3.2m, Water Supply \$3.1m and Storm Water \$0.3m. Development contribution revenue is \$532k favourable YTD with Community Services \$1.3m favourable and Infrastructure \$0.8m below budget.
*18 <b>Income - Grants &amp; Subsidies Capex</b> - Year to date variance of \$3.2m unfavourable as \$3.9m unfavourable Roading variance, partially offset by \$0.6m favourable Water Supply variance for the Shotover Country Bores Water Supply Bridge Crossing entrusted works agreement. Roading is \$3.3m under for Wakatipu, \$2.4m under for Wanaka, partially offset by favourable variances of \$0.9m for Crown Range and \$1.0m favourable for Glenorchy.
*19 <b>Income - Grants &amp; Subsidies Govt</b> - Includes Tranche 1 Government funding of \$4.2m for 3 Waters Reform Stimulus along with \$896k for Instalment 1 & 2 Provisional Growth Fund Hall upgrades and \$50k from MBIE within Community Parks & Reserves for the Marine Parade Water Front Redevelopment Business Case (offset with additional capital programme costs).
*20 <b>Income - Development Property</b> - Revenue to date includes gain on sale from Lakeview Lot 11 as part of a land exchange with Wellsmart Holdings Ltd (offset with a \$129k Lakeview affordable housing contribution per Note 14 Expenditure - Grants)
*21 <b>Projects - Capital Expenditure</b> - \$63.4m spend against a year to date budget of \$128.3m. The largest actual spends per project for the January to March 2021 quarter were Recreation Ground new WW Pump Station \$2.8m, Ballantyne Road Reseal \$2.2m, Crown Range Road Resurfacing \$1.8m, Queenstown CIP Street Upgrades \$1.4m, Willow Place WWPS Rising Main Upgrade \$1.1m, and Cardrona new Wastewater Pipeline \$1.0m.