

Audit, Finance & Risk Committee
14 October 2021

Report for Agenda Item | Rīpoata moto e Rāraki take : 1

Department: Finance, Legal & Regulatory

Title | Taitara 2020:21 August Year to Date Financial Update; June 2020 Debtors Analysis; June 2020 Statement of Financial Position.

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

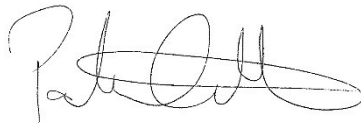
The purpose of this report is to present the 2020:21 August Year to Date (YTD) Actual to Budget financial results and June 2021 Debtors Analysis and Statement of Financial Position to report on any significant transactions and/or variances to budget.

RECOMMENDATION | NGĀ TŪTOHUNGA

That the Audit, Finance & Risk Committee:

1. **Note** the contents of this report.

Prepared by:



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Title: Finance Manager

30/09/2021

Reviewed and Authorised by:



Name: Stewart Burns
Title: GM Finance, Legal &
Regulatory

30/09/2021

CONTEXT | HORPOAKI

- 1 The main objective of this report is to give the Committee an overview of how the Council is performing from a financial perspective. The approach taken is one of management by exception, whereby officials are required to provide explanations when actual expenditure or revenue does not match the budget.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

2021:22 August YTD Actuals to August YTD Budget Overview:

- 2 The 2021:22 August YTD net operating deficit (\$3.1m) shows as \$1.2m favourable to the budget operating deficit of (\$4.3m).
- 3 The August YTD revenue is reduced across all management reporting areas (\$1.2m) with the major variances within Income – Operational (\$0.5m) and (\$0.2m) for each of Income – NZTA External Cost Recoveries, Income – Regulatory and Income – Consents
- 4 The August YTD actuals has additional expenses within Legal (\$0.6m) which is offset by lower Interest expense \$0.7m, net Salary and Wages \$0.6m, Parks & Reserves Maintenance \$0.6m and Infrastructure Maintenance \$0.5m.
- 5 Further in-depth commentary is provided within attachment A1.

2020:21 June Debtors Analysis Overview:

- 6 Total debtors have increased by \$6.9m compared to June 2020 which includes additional NZTA billing \$3.5m and \$1.5m Development Contributions.
- 7 Aged debt across trade, other and rates receivables has reduced by \$2.1m since June 2020 due to improvements in the debt collection process with automatic emailing of statements, payment plan options and use of debt collection when required.
- 8 Further in-depth commentary is provided within attachment A2.

2020:21 Statement of Financial Position Overview:

- 9 Total increase in net assets for the year is \$68m which is made of the following significant movements:
 - \$146m increase in property, plant & equipment from \$13m revaluation for 3Waters infrastructural assets and \$137m of additions for the year;
 - Net increase in total borrowings of \$43m to fund the capital programme;
 - \$19m increase in other current liabilities which includes a \$16m increase to the provision for legal claims as at 30 June 2021.
- 10 Further in-depth commentary is provided within attachment A3.

Options

11 Option 1 This report is for noting only, therefore no options are discussed.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

12 As the review of the financial results is an administrative matter, there are no budget or cost implications arising from this report. No anomalies have been identified and it is not proposed to make any significant changes to any internal practices or procedures.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

13 The following Council policies, strategies and bylaws were considered:

- Long Term Plan 2018:28 and Long Term Plan 2021:2031
- Annual Plan 2020:2021
- Refer to online documents here: <http://www.qldc.govt.nz/policies>

14 The recommended option is consistent with the principles set out in the named policy/policies

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

15 The recommended option:

- The recommended option is consistent with the Council's plans and policies.

ATTACHMENTS | NGĀ TĀPIRIHANGA

| | |
|----|--|
| A1 | Finance Management Report – 2021:22 August Year to Date Actuals to August Year to Date Budget variance |
| A2 | June 2021 Debtors Analysis |
| A3 | June 2021 Statement of Financial Position. |
| | |

Finance Management Report

For the Period Ended 31-Aug-21

Operating Expenditure and Revenue

| Description | | | | % of Year Completed | | | | 17% |
|--|--------------------|-----------------------------|--------------------|---------------------|------------------------------|-----------------------|---------------------------|---------------------------------|
| | August 2021 Actual | August 2021 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 | 8,136,182 | 7,992,162 | 144,021 | 15,965,311 | 15,982,324 | (17,012) | 96,805,942 | 16% |
| Income - Grants & Subsidies | 572,903 | 625,185 | (52,282) | 1,072,790 | 1,250,031 | (177,240) | 6,447,423 | 17% 1* |
| Income - NZTA External Cost Recoveries | 420,434 | 512,240 | (91,807) | 824,296 | 1,024,481 | (200,185) | 6,146,884 | 13% 2* |
| Income - Consents | 974,997 | 1,119,530 | (144,533) | 2,095,862 | 2,252,834 | (156,972) | 12,558,418 | 17% 3* |
| Income - External Cost Recovery | 96,830 | 78,133 | 18,697 | 135,387 | 156,265 | (20,878) | 937,592 | 14% |
| Income - Regulatory | 319,794 | 488,375 | (168,581) | 760,794 | 956,131 | (195,337) | 5,942,984 | 13% 5* |
| Income - Operational | 1,930,406 | 2,261,791 | (331,385) | 4,105,527 | 4,560,254 | (450,727) | 26,887,177 | 15% 6* |
| Total Operating Revenue | 12,451,546 | 13,077,416 | (625,870) | 24,963,969 | 26,182,319 | (1,218,351) | 155,726,420 | 16% |
| EXPENDITURE | | | | | | | | |
| <u>Personnel Expenditure</u> | | | | | | | | |
| Expenditure - Salaries & Wages | 2,869,930 | 3,272,819 | 402,889 | 5,763,960 | 6,545,638 | 781,678 | 39,323,565 | 15% 7* |
| Expenditure - Salaries & Wages Contract | 333,686 | 314,696 | (18,990) | 874,523 | 632,460 | (242,063) | 3,478,512 | 25% 8* |
| Expenditure - Health Insurance | 28,198 | 36,031 | 7,833 | 38,616 | 72,062 | 33,446 | 432,370 | 9% |
| Total Personnel Expenditure | 3,231,814 | 3,623,545 | 391,732 | 6,677,099 | 7,250,160 | 573,061 | 43,234,447 | 15% |
| <u>Operating Expenditure</u> | | | | | | | | |
| Expenditure - Professional Services | 262,112 | 372,806 | 110,694 | 463,490 | 745,613 | 282,123 | 4,733,681 | 10% 9* |
| Expenditure - Legal | 878,211 | 251,846 | (626,365) | 1,137,158 | 503,692 | (633,467) | 3,022,149 | 38% 10* |
| Expenditure - Stationery | 16,858 | 32,870 | 16,012 | 31,543 | 65,740 | 34,196 | 394,437 | 8% |
| Expenditure - IT & Phones | 18,393 | 79,402 | 61,009 | 82,001 | 158,804 | 76,803 | 1,007,691 | 8% 11* |
| Expenditure - Commercial Rent | 282,658 | 287,929 | 5,272 | 459,473 | 575,859 | 116,385 | 3,455,149 | 13% 12* |
| Expenditure - Vehicle | 67,673 | 58,833 | (8,840) | 116,171 | 117,666 | 1,495 | 706,000 | 16% |
| Expenditure - Power | 341,858 | 311,596 | (30,261) | 693,401 | 649,282 | (44,119) | 3,656,725 | 19% |
| Expenditure - Insurance | 150,599 | 130,308 | (20,291) | 303,540 | 260,616 | (42,924) | 1,563,700 | 19% |
| Expenditure - Infrastructure Maintenance | 2,755,074 | 3,039,201 | 284,127 | 5,650,626 | 6,118,402 | 467,776 | 34,394,914 | 16% 13* |
| Expenditure - Parks & Reserves Maintenance | 378,859 | 852,079 | 473,220 | 1,068,640 | 1,698,917 | 630,277 | 12,417,139 | 9% 14* |
| Expense - External Cost On Chargeable | 142,974 | 78,133 | (64,841) | 190,057 | 156,265 | (33,792) | 937,592 | 20% |
| Expenditure - Grants | 700,309 | 671,794 | (28,515) | 1,207,791 | 1,175,486 | (32,305) | 8,443,549 | 14% |
| Expenditure - Other | 1,085,560 | 1,227,311 | 141,751 | 2,009,506 | 2,355,734 | 346,228 | 16,290,597 | 12% 15* |
| Total Operating Expenditure | 7,081,137 | 7,394,108 | 312,972 | 13,413,397 | 14,582,074 | 1,168,676 | 91,023,323 | 15% |
| <u>Interest and Depreciation</u> | | | | | | | | |
| Expenditure - Interest | 471,763 | 746,747 | 274,984 | 795,100 | 1,493,493 | 698,394 | 8,960,960 | 9% 16* |
| Expenditure - Depreciation | 3,585,781 | 3,585,781 | 0 | 7,188,959 | 7,188,959 | 0 | 42,899,010 | 17% |
| Total Interest and Depreciation | 4,057,544 | 4,332,527 | 274,984 | 7,984,059 | 8,682,452 | 698,394 | 51,859,970 | 15% |
| Total Expenditure | 14,370,494 | 15,350,181 | 979,687 | 28,074,555 | 30,514,686 | 2,440,131 | 186,117,739 | 15% |
| NET OPERATING SURPLUS/(DEFICIT) | (1,918,948) | (2,272,765) | 353,817 | (3,110,587) | (4,332,367) | 1,221,781 | (30,391,319) | |

Capital Revenue and Expenditure

| Description | | | | % of Year Completed | | | | 17% |
|-------------------------------------|--------------------|-----------------------------|--------------------|---------------------|------------------------------|-----------------------|---------------------------|---------------------------------|
| | August 2021 Actual | August 2021 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 | 714,920 | 1,112,881 | (397,961) | 2,573,134 | 2,225,763 | 347,372 | 13,354,575 | 19% 17* |
| Income - Grants & Subsidies Capex | 1,679,544 | 4,953,144 | (3,273,600) | 3,072,744 | 9,906,288 | (6,833,544) | 59,437,726 | 2% 18* |
| Income - Vested Assets | 0 | 0 | 0 | 0 | 0 | 0 | 19,600,000 | 0% |
| Total Capital Revenue | 2,394,464 | 6,066,025 | (3,671,561) | 5,645,878 | 12,132,051 | (6,486,172) | 92,392,301 | 6% |
| Capital Expenditure | | | | | | | | |
| Projects/Asset Purchases | 11,969,101 | 11,969,101 | 0 | 16,808,603 | 16,808,603 | 0 | 285,330,744 | 6% 19* |
| Debt Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 5,588,180 | 0% |
| Total Capital Expenditure | 11,969,101 | 11,969,101 | 0 | 16,808,603 | 16,808,603 | 0 | 290,918,924 | |
| NET CAPITAL FUNDING REQUIRED | 9,574,637 | 5,903,076 | 3,671,561 | 11,162,725 | 4,676,552 | 6,486,172 | 198,526,623 | |
| External Borrowing | | | | | | | | |
| Loans | 188,523,000 | | | 188,523,000 | | | 342,371,497 | |
| Total Borrowing | 188,523,000 | | | 188,523,000 | | | 342,371,497 | |

Commentary - Operational

- *1 **Income - Grants & Subsidies** - \$177k unfavourable variance with \$216k unfavourable variance within Rooding relating to NZTA subsidised works for maintenance activities (offsets in Infrastructure maintenance costs - See Note 13 below - i.e. \$263k favourable variance). \$41k favourable variance within Libraries relating to the NZLTPP (NZ Libraries & Trust Partnership Program).
- *2 **Income - NZTA External Cost Recoveries** - The \$200k unfavourable variance is mainly within Infrastructure and is due to lower internal time allocations to CAPEX projects of \$215k, predominantly due to salary and wage staff vacancies which are favourable by \$260k.
- *3 **Income - Consents** - The unfavourable variance of \$157k is within Planning & Development with Resource Consents \$192k unfavourable due to lower recoverable hours (internal staff costs \$126k favourable due to vacancies and contractor costs \$78k unfavourable to cover), Building Services \$35k unfavourable (\$73k unfavourable building consents, and \$38k favourable LIM and other income). Engineering Consents \$48k favourable with a greater than budgeted level of recoverable hours.
- *5 **Income - Regulatory** - \$195k below budget. Legal and Regulatory \$161k unfavourable with Parking infringements \$74k below, campervan infringements \$52k below, driven by lockdown restrictions. Premise registrations \$38k under as a result of business closures. Parking fees and permits are \$46k unfavourable (down \$72k in Aug due to lockdown for half the month).
- *6 **Income - Operational** - \$451k unfavourable
 - Community Services \$543k below with Parks & Reserves \$374k down, \$235k due to forestry (volume \$913k down, partially offset by higher yield \$78k) and \$123k due to lower lease rental income (mainly Wakatipu due to Skyline turnover accrual which is based on 20-21 actuals). Sports, Rec, Venues & Facilities \$167k lower, driven mainly by COVID L4 restrictions.
 - Infrastructure \$128k unfavourable, \$60k unfavourable within Property due largely to commercial licence fees for camp grounds, driven by timing of lease negotiations due to reduced tourist market and \$66k lower Refuse income, driven by COVID L4 restrictions.
 - Finance \$108k favourable driven by net BNZ factoring position.
 - \$123k favourable variance in Corporate, driven mainly by income for Economic Development.
- *7 **Expenditure - Salaries and Wages** - \$782k lower with favourable variances in Infrastructure for \$246k, Planning & Development \$200k, CEO \$164k, Community Services \$85k, and Finance \$84k. To note there are currently 77 FTE vacancies.
- *8 **Expenditure - Salaries and Wages Contract** - \$242k above budget with \$166k unfavourable in Planning & Development to cover vacancies, \$98k in Resource Consents and \$48k in Building Inspections. Community higher by \$33k and Infrastructure unfavourable by \$30k.
- *9 **Expenditure - Professional Services** - \$282k favourable with \$198k favourable in Infrastructure with favourable variances of \$92k within Rooding, \$80k within 3 Waters, and \$46k within Infrastructure Admin. CEO \$49k with \$30k favourable Policy and Performance.
- *10 **Expenditure - Legal** - \$633k unfavourable with \$640k unfavourable weather tightness claims related variance in Building Services and \$47k unfavourable variance in Resource Consents relating to appeals and settlement costs.
- *11 **Expenditure - IT & Phones** - \$77k favourable. Information Management \$56k favourable due to lower data usage and system support costs.
- *12 **Expenditure - Commercial Rent** - \$116k favourable with \$109k favourable in Community Services as the Mitre 10 Community centre in Wanaka building lease has not started yet.
- *13 **Expenditure - Infrastructure Maintenance** - \$468k favourable with \$224k favourable in road maintenance costs (offsets unfavourable Grants & Subsidies income variance), \$141k in Refuse (\$104k in landfill costs) and \$97k favourable in Water Supplies with \$106k under in Queenstown water maintenance.
- *14 **Expenditure - Parks & Reserves Maintenance** - \$630k favourable mainly within Community Services (\$579k variance) with \$315k lower stumpage costs relating to reduced forestry output (offset by unfavourable revenue variance), and \$91k favourable parks and reserves maintenance contract costs for Wanaka due to a reduction in vegetation maintenance in July and other Open Space contract costs halving due to lockdown during August.
- *15 **Expenditure - Other** - \$346k favourable. \$99k due to lower staff training in HR, \$89k District Plan (Commissioner costs), \$67k Community (cleaning, property management services etc), \$40k Legal and \$31k Refuse (Education).
- *16 **Expenditure - Interest** - Interest expense is favourable by \$698k due to lower than expected interest rates and timing of capex spend which is mainly within the Property & Infrastructure space where the interest budget is phased straight line and has not been adjusted for projects deferred timing of delivery.
- *17 **Income - Development Contributions** - \$347k favourable YTD.
- *18 **Income - Grants & Subsidies Capex** - \$6.8M unfavourable, largely due to NZTA sub capex variance within Rooding (\$6.6M).
- *19 **Projects - Capital Expenditure** - Main project spend this month included \$4.0M Queenstown Street Upgrades - CIP, \$2.1M Qtn Town Centre Arterials - CIP Stage 1, \$0.9M Lakeview - Thompson St Upgrade, \$0.5M Wanaka Lakefront Development Plan, \$0.4M Recreation Ground new WW Pump Station, \$0.3M Reform Stimulus Delivery Plan (3W).

Debtors Analysis

| As at 30 June 2021 | Council | | | |
|--|------------------|------------------|--------------------|----|
| | Jun-21 \$'000 | Jun-20 \$'000 | Variance \$'000 | |
| From non-exchange transactions | | | | |
| Trade receivables | 3,896 | 2,333 | 1,563 | *1 |
| Infringement receivables | 2,096 | 2,145 | (49) | |
| Rates receivables | 5,275 | 6,443 | (1,168) | *2 |
| New Zealand Transport Agency | 6,608 | 3,082 | 3,526 | *3 |
| Other | 152 | 116 | 36 | |
| Allowance for doubtful debts | (1,851) | (1,925) | 74 | |
| | 16,176 | 10,950 | 5,226 | |
| From exchange transactions | | | | |
| Trade receivables | 7,217 | 6,427 | 790 | *4 |
| Other | 6,916 | 4,549 | 2,367 | *5 |
| Allowance for doubtful debts | (1,119) | (829) | (290) | |
| | 13,014 | 11,391 | 1,623 | |
| | 29,189 | 22,341 | 6,848 | |
| Age analysis | | | | |
| Trade and other receivables (excluding rates) | | | | |
| | Jun-21 | Jun-20 | Variance | |
| | \$'000 | \$'000 | \$'000 | |
| Current (0-30 days) | 20,394 | 11,276 | 9,118 | *6 |
| 31-60 days * | 1,477 | 1,570 | (93) | |
| 61-90 days * | 366 | 701 | (335) | |
| 90 days + * | 4,649 | 5,106 | (458) | |
| | 26,885 | 18,653 | 8,232 | |
| Rates receivables | | | | |
| Current year rates (overdue) * | 3,988 | 5,119 | (1,131) | *2 |
| Previous years rates * | 1,286 | 1,323 | (37) | |
| | 5,274 | 6,442 | (1,168) | |
| Allowance for doubtful debts | (2,970) | (2,754) | (216) | |
| | 29,189 | 22,341 | 6,848 | |

* Amounts are considered past due.

Commentary

- *1 Increase in non-exchange debtors relates entirely to a \$1.5m increase in outstanding development contribution invoices. The movement is made up of a \$2.0m increase in current and 30days overdue and a \$700k decrease in >90days overdue.
- *2 Decrease in rates receivable relates to current years rates overdue due to the extension of instalment 4 due date last year to 31 July 2020 as a Covid-19 relief response.
- *3 NZTA claim higher due to timing of 3 year capital programme with significant June claims for minor improvements projects along with NZTA budget reallocations approved in June. June relates to the May claim invoiced in June and June works claim accrual, NZTA receivable is always current with payment received the following month.
- *4 APL debtors have increased by \$1.4m for 2 large turnover rents invoices outstanding at June 2021.
- *5 There is a \$1.2m reduction in the year end Skyline accrual for FY21 turnover rent, offset with \$600k additional year-end infrastructure revenue recovery accruals compared to FY20 and increased GST refund owing at year end.
- *6 Increase in current aging of debtors relates to NZTA and development contribution invoices as noted above. Our decrease in overdue invoices is through improvements in our debt collection process with automatic emailing of statements, payment plan options and use of debt collection when required.

Statement of Financial Position (Council only)

| | Actual Jun-21 \$'000 | Actual Jun-20 \$'000 | Actual Variance \$'000 | Annual Plan Jun-21 \$'000 | Actual Jun-20 \$'000 |
|--|----------------------------|----------------------------|------------------------------|---------------------------------|----------------------------|
| As at 30 June 2021 | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 1,007 | 6,624 | (5,617) *1 | 3,511 | 6,624 |
| Trade and other receivables from non-exchange transactions | 16,176 | 10,950 | 5,226 *2 | 10,042 | 10,950 |
| Trade and other receivables from exchange transactions | 13,014 | 11,391 | 1,623 *2 | 9,256 | 11,391 |
| Inventories | 44 | 64 | (20) | 53 | 64 |
| Other financial assets | - | 13 | (13) | 15 | 13 |
| Other current assets | 3,705 | 2,278 | 1,427 | 912 | 2,278 |
| Asset held for Sale | - | 1,237 | (1,237) *3 | 1,237 | 1,237 |
| Development property | - | - | - | 28,393 | - |
| Total current assets | 33,945 | 32,557 | 1,388 | 53,419 | 32,557 |
| Non-current assets | | | | | |
| Investment in subsidiaries | 5,412 | 5,412 | - | 9,430 | 5,412 |
| Other financial assets | 3,628 | 2,028 | 1,600 *4 | 2,703 | 2,028 |
| Property, plant and equipment | 2,093,383 | 1,946,950 | 146,433 *5 | 1,923,369 | 1,946,950 |
| Forestry Assets | 950 | 1,467 | (517) | - | 1,467 |
| Intangible assets | 4,989 | 5,383 | (394) | - | 5,383 |
| Investment property | 47,335 | 56,000 | (8,665) *6 | 17,428 | 56,000 |
| Development property | 15,766 | 11,266 | 4,500 *7 | - | 11,266 |
| Total non-current assets | 2,171,463 | 2,028,506 | 142,957 | 1,952,930 | 2,028,506 |
| Total assets | 2,205,408 | 2,061,063 | 144,345 | 2,006,349 | 2,061,063 |
| Current liabilities | | | | | |
| Trade and other payables from exchange transactions | 51,914 | 24,656 | 27,258 *8 | 29,480 | 24,656 |
| Borrowings | 25,005 | 47,682 | (22,677) *9 | 69,000 | 47,682 |
| Other financial liabilities | 1,382 | 1,248 | 134 | 25,746 | 1,248 |
| Other current liabilities | 42,154 | 22,756 | 19,398 *10 | - | 22,756 |
| Employee entitlements | 2,840 | 2,673 | 167 | - | 2,673 |
| Total current liabilities | 123,295 | 99,015 | 24,280 | 124,226 | 99,015 |
| Non-current liabilities | | | | | |
| Borrowings | 136,918 | 71,119 | 65,799 *9 | 208,452 | 71,119 |
| Other financial liabilities | 2,780 | 5,876 | (3,096) *11 | - | 5,876 |
| Other non-current liabilities | - | 10,933 | (10,933) *12 | - | 10,933 |
| Total non-current liabilities | 139,698 | 87,928 | 51,770 | 208,452 | 87,928 |
| Total liabilities | 262,993 | 186,943 | 76,050 | 332,678 | 186,943 |
| Net assets | 1,942,415 | 1,874,120 | 68,295 | 1,673,671 | 1,874,120 |
| Equity | | | | | |
| Reserves | 1,192,656 | 1,146,723 | 45,933 | 962,448 | 1,146,723 |
| Accumulated funds | 749,759 | 727,397 | 22,362 | 711,223 | 727,397 |
| Total equity attributable to Council | 1,942,415 | 1,874,120 | 68,295 | 1,673,671 | 1,874,120 |

Commentary

- *1 Movement in cash on hand due to timing of creditor payments.
- *2 Refer to Debtors Analysis for commentary.
- *3 Sale of Lot 11 Lakeview which was classified as asset held for sale.
- *4 \$500k Community loan advance for Wanaka Community Housing Charitable Trust and \$1m additional LGFA borrower notes.
- *5 Movement includes \$13.3m revaluation for 3 waters infrastructural assets and \$137m of additions for the year ended 30 June 2021 reduced with \$40m depreciation expense for the year.
- *6 Investment property year end revaluation increase of \$1.8m offset with future Lakeview lots and reserve land transferred to development property and PPE.
- *7 Increase for development property WIP balance at year end and Lakeview future lots transferred from investment property.
- *8 Trade creditors make up \$23.9m of this balance compared to \$13.6m at June '20 which is consistent with the increase in capex spend in the FY21. There is a \$14.7m repayment accrued to QAC for the Wanaka Airport lease and assets.
- *9 Increase in total borrowing to fund capital programme and a \$20m portion of the current borrowings being repaid during the year.
- *10 \$16.3m increase in provision for legal claims as at 30 June 2021
- *11 Reduction to recognising the FY21 movement in interest rate swaps.
- *12 Removal of previously recognised Wanaka Airport long term lease which is now a current payable to QAC at 30 June 2021.

| Borrowing Limits (%) | Actual Jun-21 | Annual Plan Jun-21 | Borrowing Limit | Actual Jun-20 | Actual Jun-19 |
|---|------------------|-----------------------|--------------------|------------------|------------------|
| Interest Expense/Rates < 30% (2019/20: < 30%) | 4.9% | 9.5% | 30.0% | 4.2% | 7.5% |
| Interest Expense/Total Revenue < 20% (2019/20: < 20%) | 3.1% | 6.0% | 20.0% | 2.3% | 4.1% |
| Net Debt/Total Revenue < 280% (2019/20: < 250%) | 114.4% | 192.0% | 280.0% | 75.3% | 57.2% |

- Measure is well within the borrowing limit
- Measure is within 5% of the borrowing limit
- Measure is outside of the borrowing limit