

Finance Management Report

For the Period Ended 31-Dec-20

Operating Expenditure and Revenue

Description	Oct-Dec 2020		Variance to Budget	Year to date		% of Year Completed		YTD Actuals to Full Year Budget
	Actual	Adjusted Budget		Actual	Adjusted Budget	Year to date Variance	Full Year Adjusted Budget	
REVENUE								
<u>Operating Revenue</u>								
Income - Rates	22,502,160	22,478,573	23,587	44,922,593	44,894,146	28,447	89,478,292	50%
Income - Grants & Subsidies	1,376,069	1,513,321	(137,252)	3,985,235	3,266,869	718,366	6,646,735	60% 1*
Income - NZTA External Cost Recoveries	1,190,528	1,215,658	(25,130)	2,561,014	2,431,316	129,698	4,862,632	53% 2*
Income - Consents	2,820,542	2,999,272	(178,730)	5,819,886	5,998,544	(178,658)	11,997,088	49% 3*
Income - External Cost Recovery	311,522	251,900	59,622	635,356	503,800	131,556	1,007,600	63% 4*
Income - Regulatory	1,100,183	1,245,236	(145,053)	2,380,845	2,485,250	(104,404)	5,257,036	45% 5*
Income - Operational	6,261,811	5,838,538	423,273	13,298,306	11,705,481	1,592,825	23,437,774	57% 6*
Total Operating Revenue	35,562,814	35,542,498	20,316	73,603,235	71,285,406	2,317,829	142,687,157	52%
EXPENDITURE								
<u>Personnel Expenditure</u>								
Expenditure - Salaries & Wages	8,823,737	9,099,771	276,034	17,562,750	17,895,892	333,142	35,582,476	49% 7*
Expenditure - Salaries & Wages Contract	878,661	810,487	(68,174)	1,767,859	1,620,974	(146,884)	3,241,949	55% 8*
Expenditure - Health Insurance	83,451	98,909	15,458	135,569	197,817	62,248	395,634	34%
Total Personnel Expenditure	9,785,849	10,009,167	223,318	19,466,177	19,714,684	248,506	39,220,059	50%
<u>Operating Expenditure</u>								
Expenditure - Professional Services	1,189,371	1,465,082	275,711	2,427,970	2,930,164	502,194	5,476,994	44% 9*
Expenditure - Legal	1,133,886	867,969	(265,917)	2,232,631	1,735,939	(496,692)	3,471,877	64% 10*
Expenditure - Stationery	97,272	87,939	(9,333)	178,171	175,878	(2,293)	351,750	51%
Expenditure - IT & Phones	288,120	251,020	(37,099)	505,863	502,041	(3,822)	1,004,077	50%
Expenditure - Commercial Rent	685,636	706,573	20,937	1,334,451	1,413,146	78,695	2,826,260	47%
Expenditure - Vehicle	185,965	135,006	(50,959)	353,101	270,012	(83,089)	540,000	65%
Expenditure - Power	770,175	817,586	47,411	1,677,801	1,635,173	(42,628)	3,270,206	51%
Expenditure - Insurance	372,321	372,321	0	744,642	744,642	0	1,489,300	50%
Expenditure - Infrastructure Maintenance	8,584,544	7,338,346	(1,246,198)	17,309,399	15,583,851	(1,725,549)	30,916,520	56% 11*
Expenditure - Parks & Reserves Maintenance	3,285,835	3,180,331	(105,504)	5,796,808	5,904,687	107,879	12,020,791	48% 12*
Expense - External Cost On Chargeable	264,017	251,900	(12,117)	623,199	503,800	(119,399)	1,007,600	62%
Expenditure - Grants	1,946,381	1,820,388	(125,992)	3,899,663	3,776,714	(122,949)	7,812,157	50% 13*
Expenditure - Other	3,611,063	4,008,908	397,845	7,466,948	8,099,697	632,749	16,224,117	46% 14*
Total Operating Expenditure	22,414,585	21,303,370	(1,111,215)	44,550,648	43,275,743	(1,274,905)	86,411,650	52%
<u>Interest and Depreciation</u>								
Expenditure - Interest	1,161,648	2,239,521	1,077,874	2,382,395	4,479,043	2,096,648	8,958,086	27% 15*
Expenditure - Depreciation	8,795,037	8,795,044	7	17,590,074	17,590,087	13	35,180,174	50%
Total Interest and Depreciation	9,956,685	11,034,565	1,077,880	19,972,469	22,069,130	2,096,661	44,138,260	45%
Total Expenditure	42,157,119	42,347,102	189,983	83,989,295	85,059,557	1,070,262	169,769,969	49%
NET OPERATING SURPLUS/(DEFICIT)	(6,594,304)	(6,804,604)	210,299	(10,386,059)	(13,774,151)	3,388,092	(27,082,812)	

Capital Revenue and Expenditure

Description	Oct-Dec 2020		Variance to Budget	Year to date		Full Year		YTD Actuals to Full Year Budget
	Actual	Adjusted Budget		Actual	Adjusted Budget	Year to date Variance	Adjusted Budget	
<u>Capital Revenue</u>								
Income - Development Contributions	5,669,052	3,824,179	1,844,873	9,107,997	7,648,358	1,459,639	15,296,716	60% 16*
Income - Vested Assets	0	0	0	0	0	0	11,095,087	0%
Income - Grants & Subsidies Capex	2,409,118	4,147,696	(1,738,578)	3,337,604	8,295,393	(4,957,789)	19,884,183	17% 17*
Income - Grants & Subsidies 3 Waters Reform	4,840,293	0	4,840,293	4,840,293	0	4,840,293	0	0% 18*
Income - Development Property	0	0	0	1,343,727	0	1,343,727	7,080,000	19% 19*
Total Capital Revenue	12,918,463	7,971,875	4,946,588	18,629,621	15,943,751	2,685,870	53,355,986	35%
<u>Capital Expenditure</u>								
Projects/Asset Purchases	19,803,899	47,179,803	27,375,904	38,920,423	73,363,473	34,443,051	183,578,249	21% 20*
Debt Repayment	0	0	0	0	0	0	16,890,000	
Total Capital Expenditure	19,803,899	47,179,803	27,375,904	38,920,423	73,363,473	34,443,051	200,468,249	
NET CAPITAL FUNDING REQUIRED	6,885,436	39,207,928	22,429,316	20,290,802	57,419,723	31,757,181	147,112,264	
<u>External Borrowing</u>								
Loans				150,508,000			275,777,333	
Total Borrowing				150,508,000			275,777,333	

Commentary - Operational

*1 Income - Grants & Subsidies - The year to date favourable variance of \$718k includes additional income of \$512k for Roading NZTA subsidised works for maintenance activities (offsets in Infrastructure maintenance costs - See Note.9 below) and a \$253k unbudgeted grant received for Responsible camping.
*2 Income - NZTA External Cost Recoveries - The \$129k favourable year to date variance is due to additional OPEX (NZTA recoveries) of \$513k offset with lower internal time allocations to CAPEX projects of (\$383k) due to vacancies.
*3 Income - Regulatory - The \$104k unfavourable year to date variance includes \$270k provision for doubtful debts and \$69k Campervan infringements offset by \$210k favourable Traffic & parking infringements.
*4 Income - Consents - \$179k unfavourable year to date which includes Resource Consents (\$429k), as fewer consents received/issued to date than budgeted resulting in lower labour recoveries. Offset with Engineering Consents \$225k above budget, due to higher labour recoveries with more consents received/issued than expected with the 20% reduced post Covid budget.
*5 Income - External Cost Recovery - \$158k favourable YTD in Resource Consents is due to more than budgeted on chargeable consultants. Favourable revenue variance offsets the unfavourable cost variance.
*6 Income - Operational - The \$1.6m favourable year to date variance includes \$278k insurance monies for the Thompson St water main claim, \$169k received from ORC for bus stop infrastructure and \$165k for Entrusted Works Agreement for the Shotover Country Bores Water Supply bridge Crossing (which are all offset with Capex costs). Net interest is favourable by \$170k, Coronet Forest harvest income \$125k and Wakatipu Reserve Land incomes is up \$345k (including \$310k for Turnover rents partly due to timing of budget phasing and \$31k unbudgeted income from Mico Developments for an Airspace Licence at Hallenstein St) and there is \$79k unbudgeted revenue invoicing for Brecon St car park associated with the surrounding construction activity. Within Sport and Recreation there are favourable variances across Wanaka Pool and Recreation Centre \$76k, Alpine Aqualand \$152k, Swim School \$57k and Golf Centre \$75k.
*7 Expenditure - Salaries and Wages - There is an actual year to date saving of \$333k which includes an allowance for vacancies. This is offset by an increase in contractor costs
*8 Expenditure - Salaries and Wages Contract - There is an expected \$147k additional expenditure for increase use of contractors. This is partially to cover vacancies, and also consenting contractors (partially offset with income) and capital programme project management costs (largely offset with capex recoveries). There is also \$90k additional non-chargeable disbursements costs within Planning and Development.
*9 Expenditure - Professional Services - The favourable year date variance of \$502k is due to timing of spend within Property & Infrastructure (\$283k) and Corporate (\$147k) which is expected to be spent by the year end.
*10 Expenditure - Legal - Additional spend within Legal is related to Wanaka Airport Judicial Review \$176k and \$434k costs for defending Weather Tightness claims
*11 Expenditure - Infrastructure Maintenance - The unfavourable year to date variance of \$1.7m is largely within Roading (\$1.5m) which includes \$526k of minor flooding/wind events and emergency reinstatement costs (permanent difference) along with additional internal time allocations of \$564k (offset with additional NZTA External Cost Recoveries) and Downer roading maintenance contract costs of \$614k (due to timing of spend as expected to be within target cost by year end).
*12 Expenditure - Parks & Reserves Maintenance - The underspend includes an expected savings within the Open Spaces contract for toilet cleaning and timing of spend within building maintenance.
*13 Expenditure - Grants - The additional spend is relating to \$129k Lakeview affordable housing contribution which is offset with income received for Lakeview. (see Note. 17 below)
*14 Expenditure - Other - The \$632k underspend includes reduced costs of \$467k for District Plan Commissioner costs (timing), Cleaning \$125k, Staff Training \$96k and IT Service Contracts \$79k. This is offset with an unfavourable variance of \$329k relating to Covid recovery costs (offset by MBIE & Charitable funding).
*15 Expenditure - Interest - Interest expense is favourable by \$2.1m 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.
*16 Income - Development Contributions - Development contribution invoices across 37 applications around the District were generated in December totalling \$1.1m. The largest was \$426k to RCL Henley Downs Ltd - for Consent to subdivide remaining 85 Lots. Totals for the year to date by programme are Transport \$2.5m, Parks and Reserves \$2.0m, Waste Water \$2.2m, Water Supply \$2.2m and Storm Water \$0.2m. To note, development contribution revenue is \$1.4m favourable YTD.
*17 Income - Grants & Subsidies Capex - There has been \$3.3m claimed against a year to date budget of \$8.2m. Deferrals from the September Capex Reforecast total \$4.0m have been adjusted for in October. NZTA budgets not approved include Lakeview Development - Transportation (\$3.6m) and Arterials Designation (\$1.6m). Significant works are programmed over the coming months for the balance to be recovered including Minor Improvements and Ballantyne Road.
*18 Income - Grants & Subsidies 3 Waters Reform - Tranche 1 government funding \$4.9m for 3 Waters Reform Stimulus offset with additional capital programme costs.
*19 Income - Development Property - Revenue to date includes gain on sale from Lakeview Lot 11 as part of a land exchange with Wellsmart Holdings Ltd.
*20 Projects - Capital Expenditure - \$38.8m spend against a year to date budget of \$73m. See Dec 2020 Capex Project Report and Summary for further details.