

Finance Management Report

For the Period Ended 30-Sep-23

Operating Expenditure and Revenue

Description	% of Year Completed		Variance to Budget
	Year to date Actual	Year to date Adjusted Budget	
REVENUE			
<u>Operating Revenue</u>			
Income - Rates	10,625,854	10,648,000	(22,146)
Income - Grants & Subsidies	546,697	534,949	11,747
Income - NZTA External Cost Recoveries	582,836	556,465	26,370
Income - Consents	1,356,023	1,345,277	10,746
Income - External Cost Recovery	73,323	89,415	(16,092)
Income - Regulatory	695,192	637,802	57,389
Income - Operational	2,270,177	2,462,346	(192,169)
Total Operating Revenue	16,150,101	16,274,255	(124,154)
EXPENDITURE			
<u>Personnel Expenditure</u>			
Expenditure - Salaries & Wages	4,144,562	4,134,207	(10,355)
Expenditure - Salaries & Wages Contract	479,499	341,092	(138,407)
Expenditure - Health Insurance	26,645	40,492	13,847
Total Personnel Expenditure	4,650,706	4,515,792	(134,915)
<u>Operating Expenditure</u>			
Expenditure - Professional Services	240,303	413,990	(173,687)
Expenditure - Legal	349,264	455,157	105,893
Expenditure - Stationery	86,584	33,388	(53,197)
Expenditure - IT & Phones	60,753	68,563	7,810
Expenditure - Commercial Rent	427,029	338,922	(88,107)
Expenditure - Vehicle	66,295	78,000	11,705
Expenditure - Power	503,884	315,315	(188,569)
Expenditure - Insurance	233,876	213,638	(20,238)
Expenditure - Infrastructure Maintenance	3,612,354	3,408,589	(203,765)
Expenditure - Parks & Reserves Maintenance	751,562	703,880	(47,682)
Expense - External Cost On Chargeable	126,106	89,238	(36,867)
Expenditure - Grants	991,164	1,173,185	182,021
Expenditure - Other	3,026,617	1,687,815	(1,338,802)
Total Operating Expenditure	10,475,789	8,979,680	(1,496,109)
<u>Interest and Depreciation</u>			
Expenditure - Interest	1,679,061	1,927,139	248,078
Expenditure - Depreciation	4,627,912	4,627,912	0
Total Interest and Depreciation	6,306,972	6,555,050	248,078
Total Expenditure	21,433,468	20,050,521	(1,382,946)
NET OPERATING SURPLUS/(DEFICIT)	(5,283,366)	(3,776,266)	(1,507,100)

Description	% of Year Completed		Full Year Adjusted Budget	YTD Actuals to Full Year Budget
	Year to date Actual	Year to date Adjusted Budget		
Income - Rates	31,414,826	31,464,000	125,796,000	25%
Income - Grants & Subsidies	2,230,612	1,604,847	10,309,214	22% 1*
Income - NZTA External Cost Recoveries	1,482,634	1,669,396	6,677,583	22% 2*
Income - Consents	3,918,909	4,035,832	16,143,327	24% 3*
Income - External Cost Recovery	502,883	268,245	1,072,982	47% 4*
Income - Regulatory	2,466,312	2,490,356	8,286,381	30%
Income - Operational	7,534,531	7,294,854	29,465,723	26% 5*
Total Operating Revenue	49,550,708	48,827,530	197,751,209	25%
Expenditure - Salaries & Wages	11,691,222	12,402,622	49,710,488	24% 6*
Expenditure - Salaries & Wages Contract	1,442,993	1,023,277	4,093,108	35% 7*
Expenditure - Health Insurance	126,168	121,476	485,903	26%
Total Personnel Expenditure	13,260,382	13,547,375	54,289,499	24%
Expenditure - Professional Services	1,161,058	1,232,302	8,741,743	13%
Expenditure - Legal	1,105,343	1,376,800	5,677,835	19% 8*
Expenditure - Stationery	114,818	100,163	400,651	29%
Expenditure - IT & Phones	199,494	205,690	822,759	24%
Expenditure - Commercial Rent	1,186,895	1,016,765	4,067,058	34% 9*
Expenditure - Vehicle	343,519	234,000	936,000	37% 10*
Expenditure - Power	1,556,808	945,946	3,783,782	41% 11*
Expenditure - Insurance	701,628	640,914	2,563,658	27%
Expenditure - Infrastructure Maintenance	10,963,365	10,628,970	40,552,182	27% 12*
Expenditure - Parks & Reserves Maintenance	2,226,668	2,111,641	10,359,204	21%
Expense - External Cost On Chargeable	423,043	267,715	1,070,860	40% 13*
Expenditure - Grants	2,736,286	2,889,251	9,550,564	26% 14*
Expenditure - Other	6,039,544	5,494,206	20,645,804	30% 15*
Total Operating Expenditure	28,758,469	27,144,363	109,172,100	26%
Expenditure - Interest	6,458,517	5,781,416	23,125,664	28% 16*
Expenditure - Depreciation	13,883,735	13,883,735	55,534,939	25%
Total Interest and Depreciation	20,342,252	19,665,151	78,660,603	26%
Total Expenditure	62,361,104	60,356,888	242,122,202	26%
NET OPERATING SURPLUS/(DEFICIT)	(12,810,396)	(11,529,358)	(44,370,993)	

Capital Revenue and Expenditure

Description	% of Year Completed		Variance to Budget
	Year to date Actual	Year to date Adjusted Budget	
<u>Capital Revenue</u>			
Income - Development Contributions	1,113,752	1,643,998	(530,246)
Income - Vested Assets	0	0	0
Income - Grants & Subsidies Capex	2,745,369	3,109,040	(363,671)
Income - Dividends received	0	0	0
Total Capital Revenue	3,859,121	4,753,038	(893,916)
<u>Capital Expenditure</u>			
Projects/Asset Purchases	11,323,693	17,783,762	6,460,069
Debt Repayment	0	0	0
Total Capital Expenditure	11,323,693	17,783,762	6,460,069
NET CAPITAL FUNDING REQUIRED	7,464,572	13,030,724	7,353,985
<u>External Borrowing</u>			
Loans	(4,000,000)		
Total Borrowing	(4,000,000)		

Description	% of Year Completed		Full Year Adjusted Budget	YTD Actuals to Full Year Budget
	Year to date Actual	Year to date Adjusted Budget		
Income - Development Contributions	4,007,425	5,292,308	20,645,405	19% 17*
Income - Vested Assets	0	0	20,673,385	0%
Income - Grants & Subsidies Capex	6,529,848	7,853,402	40,255,916	16% 18*
Income - Dividends received	7,172,306	7,172,306	7,423,000	97%
Total Capital Revenue	17,709,579	20,318,016	88,997,707	20%
Projects/Asset Purchases	36,198,837	48,315,444	245,371,496	15% 19*
Debt Repayment	0	0	16,890,000	
Total Capital Expenditure	36,198,837	48,315,444	262,261,496	
NET CAPITAL FUNDING REQUIRED	18,489,257	27,997,427	173,263,789	
Loans	559,731,671		626,900,000	
Total Borrowing	559,731,671		626,900,000	

Commentary - Operational

*1 Income - Grants & Subsidies - \$0.6m favourable due to NZTA Subsidies recovery of \$0.5m more than budget.
*2 Income - NZTA External Cost Recoveries - \$0.2m unfavourable variance within Property & Infrastructure and is due to lower internal time allocations to CAPEX projects of \$0.3m .
*3 Income - Consents - \$0.1m unfavourable variance in Planning and Development following \$60k in resource consent credit notes processed in July and \$60k of Discounts processed in August for Statutory timeframes exceeded relating to consents processed and finalised over an extended period.
*4 Income - External Cost Recoveries - \$0.2m favourable mainly due to Planning & Development with favourable recoveries in Resource Consents \$0.2m together with Property & Infrastructure \$0.1m favourable cost recoveries. The net impact on the P&L is offset by Expenditure - External Cost On Chargeable .
*5 Income - Operational - \$0.2m favourable variance in Community Services of \$0.2m in Sport and Rec for memberships, swimming lessons and retail sales.
*6 Expenditure - Salaries & Wages - \$0.7m lower than budget due to underspend as a result of staff vacancies.
*7 Expenditure - Salaries & Wages Contract - \$0.4m higher than budget variance. Planning & Development \$0.2m 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. These overspent variances are driven by increase utilisation of contractors due to staff vacancies, offset against the underspend in Salaries and Wages.
*8 Expenditure - Legal - \$0.3m YTD lower than budget variance. Planning & Development is \$0.3m lower than budget, due to general underspend YTD.
*9 Expenditure - Commercial Rent - \$0.2m YTD unfavourable budget variance. Property & Infrastructure is \$0.1m unfavourable due to rates increases.
*10 Vehicles - \$0.1m YTD overspent on budget due to August including a June 2023 fleet invoice.
*11 Power - \$0.6m overspent on budget due to Property and Infrastructure \$0.4m due to increased electricity cost for 3 Waters sites in relation to consumption, electricity unit cost increases and infrastructure expansion. Community Services \$0.2m due to cost and consumption increased for the swimming pools gas and electricity following Electricity unit cost increases higher than those budgeted and increased site consumption.
*12 Infrastructure Maintenance - \$0.3m YTD overspent in Property and Infrastructure, specifically for Roading Infrastructure maintenance. Further analysis is being completed to understand the spending variance.
*13 Expenditure - External Cost on Chargeable - \$0.2m YTD overspent in Planning & Development with increased spend in Resource Consents \$0.2m together with Property & Infrastructure \$0.1m increased spend. The net impact on the P&L is offset by Income - External Cost On Chargeable .
*14 Expenditure - Grants - \$0.2m underspent against budget due to the timing of grant payments made to date.
*15 Expenditure - Other - \$0.7m overspent due to \$1.8m in costs incurred for the Extraordinary Event which is offset by Planning & Development \$0.5m on District Plan Commissioner Fees underspend due to timing of matters. Strategy & Policy \$0.5m underspent by \$150k for Climate Action and \$350k due to timing of Program initiatives and Event Sponsorships. Corporate \$0.2m underspent in Service Contracts for Knowledge Management.
*16 Interest - \$0.7m higher than budgeted cost due to higher interest rates.
*17 Development Contributions - Three waters receipts \$1.3m unfavourable compared to budget. Other contributions in line with budgeted amounts.
*18 Grants & Subsidies Capex - \$6.5m year to date funding received vs budget of \$7.6m. Variance of \$1.3M includes \$1.0M for NZTA/Waka Kotahi Capex subsidy and \$0.4m for CIP projects due to timing of subsidised roading construction works.
*19 Projects/Asset Purchases - \$36.2m year to date spend vs budget of \$48.3m (75%). Main project spend this month includes \$3.1m Qtn Town Centre Arterials - Stage, \$1.6M Road to Zero Minor Improvements LCLR, \$1.1m Project Shotover Wastewater Treatment Plant Upgrade, \$0.8M Queenstown Street Upgrades CIP & \$0.5M lakeview Thomson Street Upgrade. Note an extensive review has been undertaken as part of the 2024-34 Long Term Plan budget process to defer a significant amount of expenditure to later years (2026/27 or later) due to funding constraints in the first 2 years of the new long term plan. Changes will be highlighted in the December 2023 reforecast council paper.