

Finance Management Report

For the Period Ended 31-Mar-22

Operating Expenditure and Revenue

Description	March 2022		Variance to Budget	Year to date		Year to date		% of Year Completed	
	Actual	Adjusted Budget		Actual	Adjusted Budget	Year to date	Full Year	Adjusted Budget	YTD Actuals to Full Year Budget
REVENUE									
Operating Revenue									
Income - Rates	8,140,739	8,126,575	14,165	72,796,022	72,827,970	(31,948)	96,805,942		75%
Income - Grants & Subsidies	465,798	461,325	4,473	4,423,943	4,734,291	(310,348)	6,447,423		69% 1*
Income - NZTA External Cost Recoveries	384,062	512,240	(128,179)	3,396,184	4,610,163	(1,213,979)	6,146,884		55% 2*
Income - Consents	1,220,378	1,108,621	111,758	9,433,758	9,630,733	(196,975)	12,558,418		75% 3*
Income - External Cost Recovery	68,782	78,133	(9,351)	626,151	703,194	(77,043)	937,592		67%
Income - Regulatory	256,806	550,235	(293,429)	2,734,618	4,539,718	(1,805,100)	5,942,984		46% 4*
Income - Operational	2,244,857	2,202,674	42,183	16,235,215	20,222,489	(3,987,274)	26,887,177		60% 5*
Total Operating Revenue	12,781,423	13,039,803	(258,380)	109,645,891	117,268,558	(7,622,667)	155,726,420		70%
EXPENDITURE									
Personnel Expenditure									
Expenditure - Salaries & Wages	3,405,092	3,473,770	68,677	27,518,710	29,484,176	1,965,465	39,323,565		70% 6*
Expenditure - Salaries & Wages Contract	437,115	305,576	(131,539)	3,701,225	2,683,992	(1,017,233)	3,478,512		106% 7*
Expenditure - Health Insurance	22,223	36,031	13,808	256,093	324,277	68,185	432,370		59%
Total Personnel Expenditure	3,864,430	3,815,376	(49,053)	31,476,028	32,492,445	1,016,417	43,234,447		73%
Operating Expenditure									
Expenditure - Professional Services	317,083	472,907	155,824	2,330,545	3,795,961	1,465,416	5,084,681		46% 8*
Expenditure - Legal	418,411	251,846	(166,565)	4,605,034	2,266,612	(2,338,422)	3,022,149		152% 9*
Expenditure - Stationery	43,640	32,870	(10,770)	244,273	295,828	51,555	394,437		62%
Expenditure - IT & Phones	66,470	79,402	12,932	594,111	764,177	170,065	1,007,691		59%
Expenditure - Commercial Rent	300,988	287,929	(13,059)	2,347,158	2,591,364	244,206	3,455,149		68% 10*
Expenditure - Vehicle	102,023	58,833	(43,190)	570,002	529,497	(40,505)	706,000		81%
Expenditure - Power	345,998	294,570	(51,428)	2,508,077	2,764,910	256,833	3,656,725		69% 11*
Expenditure - Insurance	160,838	130,308	(30,530)	1,537,357	1,172,772	(364,585)	1,563,700		98% 12*
Expenditure - Infrastructure Maintenance	2,398,744	2,779,201	380,457	24,774,303	25,677,810	903,507	34,394,914		72% 13*
Expenditure - Parks & Reserves Maintenance	1,345,881	1,155,381	(190,500)	8,134,805	9,543,059	1,408,254	12,417,139		66% 14*
Expense - External Cost On Chargeable	68,782	78,133	9,351	603,155	703,194	100,039	937,592		64%
Expenditure - Grants	435,450	543,193	107,743	5,534,121	5,588,243	54,122	8,443,549		66%
Expenditure - Other	1,433,262	1,704,578	271,316	9,761,512	11,759,997	1,998,485	16,981,449		57% 15*
Total Operating Expenditure	7,437,571	7,869,152	431,581	63,544,453	67,453,423	3,908,970	92,065,175		69%
Interest and Depreciation									
Expenditure - Interest	372,358	746,747	374,388	3,595,440	6,720,720	3,125,280	8,960,960		40% 16*
Expenditure - Depreciation	3,577,921	3,577,921	0	32,253,775	32,253,147	(629)	42,899,010		75%
Total Interest and Depreciation	3,950,279	4,324,667	374,388	35,849,215	38,973,867	3,124,652	51,859,970		69%
Total Expenditure	15,252,279	16,009,195	756,916	130,869,696	138,919,735	8,050,039	187,159,591		70%
NET OPERATING SURPLUS/(DEFICIT)	(2,470,856)	(2,969,392)	498,536	(21,223,805)	(21,651,176)	427,371	(31,433,171)		

Capital Revenue and Expenditure

Description	March 2022		Variance to Budget	Year to date		Year to date		% of Year Completed	
	Actual	Adjusted Budget		Actual	Adjusted Budget	Year to date	Full Year	Adjusted Budget	YTD Actuals to Full Year Budget
Capital Revenue									
Income - Development Contributions	1,981,280	1,112,881	868,398	15,312,296	10,015,931	5,296,365	13,354,575		115% 17*
Income - Vested Assets	0	0	0	0	0	0	19,600,000		0%
Income - Grants & Subsidies Capex	2,840,206	4,174,932	(1,334,726)	29,340,502	37,574,391	(8,233,888)	50,099,186		59% 18*
Income - Grants & Subsidies	1,870,998	0	1,870,998	4,869,797	0	4,869,797	0		0%
Total Capital Revenue	6,692,484	5,287,814	1,404,670	49,522,595	47,590,322	1,932,273	83,053,761		60%
Capital Expenditure									
Projects/Asset Purchases	11,168,664	25,453,530	14,284,866	115,327,116	136,285,663	20,958,547	209,600,329		55% 19*
Debt Repayment	0	0	0	0	0	0	16,890,000		
Total Capital Expenditure	11,168,664	25,453,530	14,284,866	115,327,116	136,285,663	20,958,547	226,490,329		
NET CAPITAL FUNDING REQUIRED	4,476,180	20,165,716	12,880,195	65,804,521	88,695,341	19,026,274	143,436,568		
External Borrowing									
Loans	286,250,000						342,400,000		
Total Borrowing	286,250,000						342,400,000		

Commentary - Operational

*1 Income - Grants & Subsidies - \$310k unfavourable variance with NZTA subsidy roading maintenance costs due to timing.
*2 Income - NZTA External Cost Recoveries - The \$1.2m unfavourable variance is mainly within Infrastructure and is due mainly to lower internal time allocations to CAPEX projects of \$1.0m, due in part to staff vacancies and lower than assumed internal time allocations.
*3 Income - Consents - Unfavourable variance of \$197k of which \$265k is within Planning & Development. Resource Consents \$681k unfavourable due to lower recoverable hours \$484k (hours 14% lower than budget), driven partly by the onboarding of new resources in Q1. In addition, there have been some credits issued as historical account queries are worked through \$203k. This has been partially offset by Engineering Consents \$220k favourable with a greater than budgeted level of recoverable hours (26% higher than budget) and \$196k due to a number of smaller favourable variances across the other departments.
*4 Income - Regulatory - \$1.8m below budget. Legal and Regulatory \$1.0m unfavourable with Parking fees and infringements \$620k below, this is 66% of prior years actuals YTD due to tourism downturn/lockdowns. Campervan infringements \$211k below, driven by international border delays and lockdown restrictions (81 campervan infringements issued YTD vs 2,310 to YTD Mar 19/20 (pre covid). Premise registrations \$155k under as a result of business closures, suspensions and level 4 & 3 restrictions. Infrastructure Parking income \$833k unfavourable due to lower volume driven by lockdowns and international border delays.
*5 Income - Operational - \$4.0m unfavourable - Property & Infrastructure \$1.7m unfavourable of which \$734k is due to lower Refuse income, driven mainly by the transfer station due to Aug/Sep lockdown and budget assumptions not being aligned to a new contract model. Property \$1.1m unfavourable due to lower lease rental income with Wanaka Airport \$300k driven mainly by lower Nasa income. Commercial licence fees are lower by \$457k within campgrounds due to rental assessments based on actual trading results instead of a base rent due to the impact of COVID and unfavourable \$161k Lakeview base rent reductions due to the ongoing development on this site. Unfavourable variances have been partially offset by higher than assumed revenue for bus stop repairs as received extra funding from Waka Kotahi. - Community Services \$1.5m below with Parks & Reserves \$1.3m down, \$303k due to lower forestry volumes and reduction in yield which has started to improve (offset by expenditure, net impact +\$136k). Community Property \$669k unfavourable due to lower lease rental income (mainly Wakatipu due to Skyline which is based on 20-21 actuals). Venue hire revenue lower by \$346k due in part to the delayed opening of the Wanaka Youth & Community Centre (\$281k) and lower revenue within Sport & Rec pool activities (\$132k) due to a decrease in pool memberships and admissions, and the waterslide being closed due to staff shortages. - Finance \$1.2m lower with net interest driven by BNZ factoring position - Corporate \$326k favourable variance in Corporate, driven mainly by income for Economic Development \$162k being unbudgeted income relating to Welcoming Communities and Lifetime value of a visitor and \$164k Civil Defense from MBIE - COVID recovery. Income offset by expenditure.
*6 Expenditure - Salaries and Wages - \$2.0m lower with favourable budget variances in Infrastructure & Property of \$1.0m, Planning & Development \$743k, Corporate \$271k, and Finance, Legal & Regulatory \$154k, Community \$190k higher than budget. The favourable variance is being driven by 69 (Feb: 65) vacancies across all directorates, an increase of 4 since last month.
*7 Expenditure - Salaries and Wages Contract - \$1.0m above budget with \$888k unfavourable in Planning & Development to cover vacancies, \$517k in Resource Consents, \$227k in Building Services and \$138k within Engineering. The balance is spread across a number of directorates.
*8 Expenditure - Professional Services - \$1.5m lower with \$949k favourable in Infrastructure of \$494k within Roding and \$410k within 3 Waters due to timing. Corporate \$551k with \$388k favourable in Other Consultants and \$170k in Policy and Performance due to timing of projects within Spatial plan. Community \$221k favourable due to mainly to timing, of which the majority is likely to be spent before year end. Partially offset by unfavourable P&D costs of \$408k within District Plan due to higher than budgeted Ladies Mile, appeal and hearing costs.
*9 Expenditure - Legal - \$2.3m unfavourable with \$2.2k unfavourable weather tightness variance in Building Services.
*10 Expenditure - Commercial Rent - \$244k favourable with \$466k favourable in Community Services as the Wanaka Youth & Community Centre building lease has not started. Lease starting 1 May 22.
*11 Expenditure - Power - \$257k favourable due to the delay of the Wanaka Youth & Community Centre lease, lower Lakeview utilisation and a number of smaller variances across 3W infrastructure.
*12 Expenditure - Insurance - \$365k adverse due to an increase in premiums following the renewal of the policy.
*13 Expenditure - Infrastructure Maintenance - \$904k favourable of which \$613k is being driven by 3W maintenance due to timing and less unscheduled maintenance work (\$462k less than prior year to date). The balance is due to other smaller favourable variances within Roding and Refuse due to timing.
*14 Expenditure - Parks & Reserves Maintenance - \$1.4m favourable largely within Community Services. \$439k lower stumpage costs relating to reduced YTD forestry output (offset by unfavourable revenue variance due to August covid lockdown and poor weather in July), and \$352k favourable Parks and Reserves Open Space contract costs due to Covid in August and the timing of maintenance. \$273k due to amenity lighting, pest control and environmental protection work due to timing. Community Services unfavourable spend in March is due to higher than assumed forestry felling volumes \$134k and Venues & Facilities maintenance costs for QEC due to the cricket \$71k.
*15 Expenditure - Other - \$2.0m favourable due largely to timing. \$1.0m in Planning & Development due mainly to favourable District Plan commissioner costs, \$528k in Corporate mainly due to HR Staff Training & KM Service Contracts and \$207k in Community due to a number of smaller items.
*16 Expenditure - Interest - favourable by \$3.1m due to lower than expected interest rates and timing of capex spend which is mainly within the Property & Infrastructure space (\$2.8m) where the interest budget is phased straight line and has not been adjusted for projects deferred timing of delivery. Balance made up of a number of smaller items across other directorates.
*17 Income - Development Contributions - \$5.3m favourable. \$4.3m favourable within Infrastructure roading and Community Parks & Reserves \$1.1m favourable.
*18 Income - Grants & Subsidies Capex \$8.2m unfavourable - \$3.8m within NZTA Subsidy target income due to the late notification of NLTP budgets in September, which coupled with changes to Waka Kotahi activities, has caused a delay with developing the 3 year work programme to align with funding approved. Budgets have now been more closely aligned through the December 2021 reforecast and the Capex subsidy budget has been adjusted down by \$4.6m. Deferrals proposed in the April Reforecast will reduce the capex subsidy budget by a further \$2.4M. - \$5.0m within CIP Subsidy - Queenstown Town Centre Arterials CIP - The Target Outturn Cost (TOC) estimate based on the 30% detailed design was approved in December 2021. The main contract works construction is progressing in line with the CIP funding agreement amendment milestones which were approved on 24 November 2021. Queenstown Street Upgrades CIP - Construction is continuing on Brecon St, Park St, Beach St and Rees St. The deferral of \$2.9M for Arterials proposed in the April Reforecast will reduce the capex subsidy budget by a further \$1.7M. - \$0.5m favourable within Grants includes \$348k from the Otago Community Trust and \$166k from MBIE Funding for Twin Rivers, (two slips), Old School road, Kelvin heights.
*19 Projects - Capital Expenditure - \$115.3m year to date spend vs budget of \$136.3m. Main project spend this month included \$2.6m Queenstown Street Upgrades CIP, \$1.7m Qtn Town Centre Arterials - Stage 1, \$1.2m Reform Stimulus Delivery Plan (3W), \$0.8m Shotover Country WS new WTP, \$0.8m Western Wanaka Level of Service (WS), \$0.7m Lakeview Development Road & Public Realm, \$1.0m Lakeview Development (Other INF) & \$0.6m Wakatipu - Sealed Road Resurfacing.