

Finance Management Report

2020/21 9+3 Full Year Forecast

Operating Expenditure and Revenue

Description	Full Year 9+3 Forecast	Full Year Adjusted Budget	Variance to Budget
REVENUE			
<u>Operating Revenue</u>			
Income - Rates	89,547,512	89,478,292	69,219
Income - Grants & Subsidies	7,048,963	6,646,735	402,228 1*
Income - NZTA External Cost Recoveries	5,184,993	4,862,632	322,361 2*
Income - Consents	11,206,264	11,997,088	(790,824) 3*
Income - External Cost Recovery	1,068,385	1,007,600	60,785 4*
Income - Regulatory	4,772,287	5,257,036	(484,748) 5*
Income - Operational	24,786,502	23,437,774	1,348,728 6*
Total Operating Revenue	143,614,905	142,687,157	927,748
EXPENDITURE			
<u>Personnel Expenditure</u>			
Expenditure - Salaries & Wages	34,420,008	35,582,476	1,162,467 7*
Expenditure - Salaries & Wages Contract	3,466,752	3,291,949	(174,803) 8*
Expenditure - Health Insurance	363,800	395,634	31,834
Total Personnel Expenditure	38,250,560	39,270,059	1,019,498
<u>Operating Expenditure</u>			
Expenditure - Professional Services	4,960,426	5,426,994	466,569 9*
Expenditure - Legal	4,624,486	3,471,877	(1,152,609) 10*
Expenditure - Stationery	388,203	351,750	(36,453)
Expenditure - IT & Phones	777,351	1,004,077	226,727 11*
Expenditure - Commercial Rent	2,748,785	2,826,260	77,475
Expenditure - Vehicle	711,110	540,000	(171,110) 12*
Expenditure - Power	3,226,463	3,270,206	43,743
Expenditure - Insurance	1,505,723	1,489,300	(16,423)
Expenditure - Infrastructure Maintenance	33,179,734	30,816,520	(2,363,214) 13*
Expenditure - Parks & Reserves Maintenance	11,327,186	12,120,791	793,605 14*
Expense - External Cost On Chargeable	1,039,535	1,007,600	(31,935)
Expenditure - Grants	7,906,198	7,812,157	(94,041)
Expenditure - Other	15,319,308	16,224,117	904,809 15*
Total Operating Expenditure	87,714,509	86,361,650	(1,352,858)
<u>Interest and Depreciation</u>			
Expenditure - Interest	5,285,718	8,958,086	3,672,368 16*
Expenditure - Depreciation	35,180,174	35,180,174	0
Total Interest and Depreciation	40,465,892	44,138,260	3,672,368
Total Expenditure	166,430,962	169,769,969	3,339,008
NET OPERATING SURPLUS/(DEFICIT)	(22,816,057)	(27,082,812)	4,266,756

Capital Revenue and Expenditure

Description	Full Year 9+3 Forecast	Full Year Adjusted Budget	Variance to Budget
<u>Capital Revenue</u>			
Income - Development Contributions	15,296,716	15,296,716	0
Income - Vested Assets	11,095,087	11,095,087	0
Income - Grants & Subsidies Capex	12,781,506	19,884,183	(7,102,677) 17*
Income - Grants & Subsidies Govt	5,140,293	0	5,140,293 18*
Income - Development Property	1,343,727	7,080,000	(5,736,273) 19*
Total Capital Revenue	45,657,329	53,355,986	(7,698,657)
<u>Capital Expenditure</u>			
Projects/Asset Purchases	109,929,000	151,326,796	41,397,796 20*
Debt Repayment	16,890,000	16,890,000	0
Total Capital Expenditure	126,819,000	168,216,796	41,397,796
NET CAPITAL FUNDING REQUIRED	81,161,671	114,860,810	33,699,139
Total External Borrowing	162,000,000	187,082,000	

Commentary - Operational Full Year Forecast to Full Year Budget Adjustments

*1 Income - Grants & Subsidies - The \$402k favourable annual forecast variance includes \$539k additional NZTA subsidised roading recoveries (includes \$158k of new Emergency reinstatement funding from NZTA) offset with (\$138k) less income for refuse landfill government levy (additional funding in prior year was not replicated in 20/21).
*2 Income - NZTA External Cost Recoveries - The \$322k favourable annual forecast variance includes \$942k increase for NZTA Opex internal time recoveries (offset in roading/Infrastructure maintenance) which is partially offset with (\$605k) decrease in internal time capex recoveries (predominantly due to vacancies which is offset with reduced personnel costs).
*3 Income - Consents - The \$791k unfavourable annual forecast variance is under budget in Resource Consents \$781k (\$567k below for labour recoveries and \$213k below for other income) and \$357k Building Consents (\$524k below for labour recoveries offset with \$101k up for LIM revenue and \$66k favourable other income). Engineering Consents \$296k above budget due to higher labour recoveries with more consents received/issued than expected than the 20% reduced post Covid budget adjustment.
*4 Income - External Cost Recovery - The \$61k favourable annual forecast variance includes \$115k additional Resource Consent Recoveries and \$57k for Enforcement Bylaw (for monitoring). Offset with Community (\$99k) unfavourable in income external cost recoveries (which nets to zero with a favourable external cost recovery variance).
*5 Income - Regulatory - The \$485k unfavourable annual forecast variance is under budget (\$176k) in Parking fees & permits (due to reduced visitors and implementation of temporary free evening parking), (\$292k) within Provision for Doubtful Debts (Resource Consents) and (\$241k) in Campervan infringements offset by \$106k favourable Court fee recoveries.
*6 Income - Operational - Favourable annual forecast variance of \$1.3M. Corporate net \$465k increase includes \$450k within Civil Defence for COVID recovery funding from MBIE; Community Services net \$1.1M increase includes \$342k additional Coronet Harvest income, \$435k pools revenue, \$127k Golf Centre revenue, \$108k Track Funding for flood repairs from the Trails Trust and \$169k turnover rent lease income; Property & Infrastructure net (\$130k) variance includes \$279k unbudgeted insurance monies received for the Thompson St water main claim and \$95k Legal Road Closure income (offset with road legalisation costs) offset with (\$449k) reduced Camp Ground license fee income due to 50% reduction agreed as a result of COVID; Legal & Regulatory net (\$174k) decrease includes (\$127k) waterways commercial licence fees requiring a new structure for collection.
*7 Expenditure - Salaries and Wages - The expected favourable variance of \$1.1m for salaries and wages is due to carrying vacancies throughout the year currently at 45 FTE.
*8 Expenditure - Salaries and Wages Contract - There is an additional \$175k of contract staff costs most of which is unbudgeted spend in Corporate Services and Regulatory offset by staff vacancies and reduced spend of \$154k within Planning & Development.
*9 Expenditure - Professional Services - The \$467k favourable annual forecast variance includes reduced costs of \$294k within Corporate (Spatial plan, Climate change & corp projects timeline shifted due to COVID). Property & Infrastructure forecast \$383k favourable (being \$60k for Glenorchy Airport which is held for the management agreement still under negotiation, \$269k savings within Roading which offsets road maintenance costs, \$53k in 3 Waters & \$44k within refuse). Offset with additional \$253k costs in Planning & Development due to additional District Plan costs.
*10 Expenditure - Legal - \$1.2M unfavourable annual forecast variance includes a \$1.6M related to Wanaka Airport Judicial Review, Weather Tightness claims and Appeals & settlements, offset with \$178k savings across Regulatory and Enforcement (including Liquor Licensing \$68k and Enforcement Bylaw \$71k).
*11 Expenditure - IT & Phones - Forecast annual savings of \$233k. \$149k decrease within Phones (due to a credit received from Spark for a service not received) and \$71k decrease within Data (Audit on Spark contract identified a data lines service maintenance charge which was no longer required).
*12 Expenditure - Vehicles - Forecast additional cost of \$171k 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.
*13 Expenditure - Infrastructure Maintenance - The \$2.4M unfavourable annual forecast variance is predominantly with Roading with a \$2.1M increase (Includes \$800k Minor Events & Emergency reinstatement costs, \$150k Environmental maintenance and \$1.1M Internal time which is offset with \$539k additional NZTA income and \$942k Internal Time recoveries); Refuse \$267k increase (predominantly due to transfer station subsidy costs being higher than anticipated due to an increase in numbers of kerbside bins expected). 3 Waters are on budget.
*14 Expenditure - Parks & Reserves Maintenance - The annual forecast favourable variance of \$794k includes \$689k within Community Services with \$181k due to lower than budgeted stumpage costs for Forestry (offsets against favourable forestry revenue variance of \$231k), \$242k variance for toilet supplies (lower spend as cleaning and toilet supplies were purchased in-house and timing of delivery for new TIF toilets), and \$152k favourable high profile turf/sports turf maintenance in Parks & Reserves - Wanaka/Wakatipu. Property & Infrastructure has a \$140k decrease in maintenance costs (\$73k within Ladies Mile as building and fields not operational) and \$41k within Heritage Buildings (unable to get contractor to complete works by June).
*15 Expenditure - Other - The \$905k favourable annual forecast variance includes Community \$174k favourable (predominantly within parks toilets cleaning); Infrastructure \$195k favourable (incl Cleaning savings of \$147k in Council Offices and \$30k for 516 Ladies Mile); Planning & Development \$770k favourable (\$645k of which is in District Plan due to timing of hearings). Offset with Legal & Regulatory (\$175k) unfavourable (\$270k of which is due to Parking Enforcement for increased number of Court fee costs, parking control costs and bad debt expenses) offset with reduced Waterways Control costs of \$41k.
*16 Expenditure - Interest - Forecast interest expense is favourable by \$3.7M due to lower than expected interest rates and timing of capex spend.
*17 Income - Grants & Subsidies Capex - Reduced funding forecast of \$7.2M. Wakatipu: Lakeview development \$2.2M not subsidised, Arterials \$1.6M (funded under CIP); Wanaka \$250k sub budget used for Wanaka state highway underpass which was a contribution to NZTA as delivered by NZTA directly. Ballantyne Rd \$450k funding deferred to 21/22 in March reforecast, Crown Range Sealed Road pavement Maint \$915k @ 90% FAR budget was surplus in March reforecast.
*18 Income - Grants & Subsidies Govt - 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).
*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 (offset with a \$129k Lakeview affordable housing contribution within Expenditure - Grants)
*20 Projects - Capital Expenditure - Forecast \$109.9M spend or 73% against the full year adjusted budget of \$151.3M. See Capital Expenditure Report for further details.