

Finance Management Report

For the Period Ended 30-Apr-23

Operating Expenditure and Revenue

Description				% of Year Completed			83%	
	Jan-Apr 23 Actual	Jan-Apr 23 Adj. Budget	Variance to Budget	Year to date Actual	Year to date Adj Budget	Year to date Variance	Full Year Adj Budget	YTD Actuals to Full Year Budget
REVENUE								
<u>Operating Revenue</u>								
Income - Rates	35,497,853	35,485,821	12,032	89,117,236	88,906,370	210,866	106,574,635	84%
Income - Grants & Subsidies	2,697,197	2,241,268	455,928	6,075,453	5,335,489	739,964	8,450,936	72%
Income - NZTA External Cost Recoveries	1,944,326	2,145,536	(201,210)	3,988,828	5,363,839	(1,375,011)	6,436,607	62%
Income - Consents	4,373,874	4,496,188	(122,315)	11,925,979	11,892,243	33,736	14,351,938	83%
Income - External Cost Recovery	452,152	322,087	130,065	1,183,661	805,218	378,444	966,261	122%
Income - Regulatory	1,286,836	2,134,682	(847,846)	4,155,753	5,749,560	(1,593,807)	6,890,242	60%
Income - Operational	9,023,913	8,824,687	199,226	23,985,182	22,099,562	1,885,621	26,809,914	89%
Total Operating Revenue	55,276,151	55,650,270	(374,119)	140,432,092	140,152,280	279,812	170,480,532	82%
EXPENDITURE								
<u>Personnel Expenditure</u>								
Expenditure - Salaries & Wages	13,350,318	14,445,632	1,095,314	33,677,997	36,050,486	2,372,489	43,720,151	77%
Expenditure - Salaries & Wages Contract	1,525,680	1,142,388	(383,292)	4,656,488	2,994,862	(1,661,625)	3,606,715	129%
Expenditure - Health Insurance	136,465	154,255	17,790	340,128	385,638	45,510	462,765	73%
Total Personnel Expenditure	15,012,463	15,742,274	729,812	38,674,613	39,430,986	756,373	47,789,631	81%
<u>Operating Expenditure</u>								
Expenditure - Professional Services	1,462,290	1,789,064	326,774	3,050,523	4,544,583	1,494,059	7,607,038	40%
Expenditure - Legal	1,231,060	2,403,375	1,172,315	4,685,401	5,433,437	748,037	6,760,125	69%
Expenditure - Stationery	108,445	137,372	28,927	305,406	343,430	38,024	412,120	74%
Expenditure - IT & Phones	286,558	305,249	18,691	588,800	793,290	204,489	955,928	62%
Expenditure - Commercial Rent	1,291,057	1,247,002	(44,055)	3,450,537	3,117,506	(333,031)	3,741,003	92%
Expenditure - Vehicle	348,468	277,807	(70,660)	839,659	694,518	(145,141)	833,422	101%
Expenditure - Power	1,896,361	1,316,015	(580,346)	4,019,944	3,280,598	(739,346)	3,975,113	101%
Expenditure - Insurance	716,608	716,608	0	1,803,956	1,791,519	(12,437)	2,149,823	84%
Expenditure - Infrastructure Maintenance	9,719,521	12,558,332	2,838,811	29,458,910	32,061,831	2,602,921	38,661,720	76%
Expenditure - Parks & Reserves Maintenance	4,554,118	3,521,748	(1,032,370)	10,565,369	8,354,366	(2,211,003)	9,771,160	108%
Expense - External Cost On Chargeable	550,744	315,065	(235,679)	1,214,829	787,663	(427,167)	945,195	129%
Expenditure - Grants	2,555,330	2,602,498	47,168	6,996,516	6,815,420	(181,096)	8,886,722	79%
Expenditure - Other	5,591,304	6,124,991	533,687	13,743,931	15,669,355	1,925,423	19,329,291	71%
Total Operating Expenditure	30,311,865	33,315,127	3,003,262	80,723,783	83,687,515	2,963,733	104,028,659	78%
<u>Interest and Depreciation</u>								
Expenditure - Interest	8,438,758	3,686,644	(4,752,114)	13,978,310	9,216,610	(4,761,700)	11,059,932	126%
Expenditure - Depreciation	15,318,078	15,318,078	(0)	38,295,194	38,295,194	(0)	45,954,233	83%
Total Interest and Depreciation	23,756,836	19,004,722	(4,752,114)	52,273,504	47,511,804	(4,761,700)	57,014,165	92%
Total Expenditure	69,081,163	68,062,123	(1,019,040)	171,671,899	170,630,305	(1,041,594)	208,832,456	82%
NET OPERATING SURPLUS/(DEFICIT)	(13,805,013)	(12,411,853)	(1,393,160)	(31,239,807)	(30,478,026)	(761,782)	(38,351,924)	

Capital Revenue and Expenditure

Description	Q3+1 - Jan-Apr 23 Actual	Q3+1 - Jan-Apr 23 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	4,603,767	7,069,025	(2,465,258)	14,502,164	17,672,563	(3,170,399)	21,207,075	68%
Income - Vested Assets	9,428,255	0	9,428,255	26,545,189	0	26,545,189	20,238,850	131%
Income - Grants & Subsidies Capex	9,304,215	15,541,540	(6,237,325)	32,225,603	36,191,773	(3,966,170)	45,375,184	71%
Income - Dividends received	4,486,348	0	4,486,348	5,461,478	762,000	4,699,478	762,000	717%
Income - Gain/(loss) on disposal of property, plant & e	265	0	265	2,206,265	0	2,206,265	0	0%
Income - Gain/(Loss) on disposal of development proj	0	0	0	0	0	0	23,393,284	0%
Total Capital Revenue	27,822,849	22,610,565	5,212,285	80,940,700	54,626,336	26,314,364	110,976,394	73%
Capital Expenditure								
Projects/Asset Purchases	60,143,313	85,061,178	24,917,865	149,872,759	193,324,037	43,451,278	233,944,949	64%
Debt Repayment	0	0	0	0	0	0	16,890,000	
Total Capital Expenditure	60,143,313	85,061,178	24,917,865	149,872,759	193,324,037	43,451,278	250,834,949	
NET CAPITAL FUNDING REQUIRED	32,320,464	62,450,613	19,705,580	68,932,059	138,697,701	17,136,914	139,858,556	
External Borrowing								
Loans	44,000,000			507,023,000			479,458,000	
Total Borrowing	44,000,000			507,023,000			479,458,000	

Commentary - Operational

*1 **Income - Rates - \$0.2m** Rates Penalties for the year to date at the end of April is \$308k.

*2 **Income - Grants & Subsidies - \$0.7m** favourable variance. **Community Services \$0.1m** favourable due to \$103k from Te Hau Toka funding received for Libraries. **Planning & Development \$0.1m** favourable due to third community housing contribution to the Queenstown Lakes Community Housing Trust as part of its Special Housing Area agreement \$178k. **Property & Infrastructure** have received 3W Transitional funding of **\$0.2m** and the Landfill Levy **\$0.2m** favourable at the end of April.

*3 **Income - NZTA External Cost Recoveries - \$1.4m** unfavourable variance is mainly within **Infrastructure** and is due to lower internal time allocations to CAPEX projects of **\$1.5m**, due in part to staff vacancies and lower than assumed internal time allocations.

*4 **Income - External Cost Recoveries - \$0.4m** favourable mainly due to **Planning & Development** with favourable recoveries in Resource Consents **\$0.2m** and **\$0.05m** in District Plan together with **Property & Infrastructure \$0.1m** favourable cost recoveries. The net impact on the P&L is largely offset by cost, see **Expenditure - External Cost On Chargeable** below.

*5 **Income - Regulatory - \$1.6m** unfavourable variance. **Regulatory & Enforcement \$0.9m** unfavourable due to lower traffic and parking infringements \$0.5m, environmental health \$0.2m with premises registration is lower and staff vacancies affecting audit numbers, Liquour Licensing \$0.1 unfavourable due to fewer events. **Property and Infrastructure \$0.5m** unfavourable due to lower parking fees income from paid parking removed in the arterial project in addition to a reduction in paid parking from 6pm- 9pm. **Planning & Development \$0.2m** unfavourable due to an increase in Engineering doubtful debt provision.

*6 **Income - Operational - \$1.9m favourable variance. Community Services \$3m** favourable due to forestry proceeds of \$2.8m (which is offset by forestry maintenance expenses of \$2.8m as per the Expenditure - Parks & Reserves Maintenance commentary below). Forestry harvest has taken longer (was due to finish in July 22) than expected due to finding a market for lower quality wood. Sport and Recreation \$0.3m favourable across all their cost centres due to an increase in usage across swim school and golf facilities. **Property & Infrastructure \$2.0m** unfavourable due to lower transfer station receipts in Queenstown \$1.1m and a refund to CODC \$0.6m for Environmental Trading Scheme credits, see Infrastructure Maintenance for more detail. Property is \$0.3m unfavourable driven by Commercial Property \$0.3m as a result of the Wanaka Airport hanger leases lower than budget and Lakeview Rental lower due to the removal of cabins. **Finance \$0.7m** favourable bank interest received YTD.

*7 **Expenditure - Salaries & Wages - \$2.4m** lower than budget due to underspends in **Property & Infrastructure \$1.4m**, **Corporate Services \$0.6m** and **Planning & Development \$0.5m**. The lower spend was driven by vacancies across directorates. These lower spends are offset by higher than budget spending on contractor salary & wages, see **Expenditure - Salaries & Wages Contract** below.

*8 **Expenditure - Salaries & Wages Contract - \$1.7m** higher than budget variance. **Planning & Development \$0.8m** over due to higher variances in Engineering \$0.3m, Resource Consents \$0.3m and Building Services \$0.1m. **Property & Infrastructure** are **\$0.6m** overspent on budget. These overspent variances are driven by increase utilisation of contractors due to permanent staff vacancies as details in **Expenditure - Salaries & Wages** above.

*9 **Expenditure - Professional Services - \$1.5m** lower than budget variance. **Property & Infrastructure \$0.8m** underspent to lower than budget variances in Roading \$0.5m and 3 Waters \$0.2m. **Strategy & Policy \$0.3m** under due to underspend in Other Consultants of \$0.3m in the Strategy cost centre due to timing with the better off funding expenditure. **Corporate Services \$0.3m** underspent due to variance in Other Consultants of \$0.3m resulting from the timing of expenditure.

*10 **Expenditure - Legal - \$0.7m** YTD lower than budget variance. **Community Services** is overspent by **\$0.3m** due to the contract renegotiation in relation to the Skyline rent review. **Planning & Development** is **\$1m** lower than budget, due to lower than assumed costs in relation to weather tightness claims \$0.9m, \$0.25m lower spend within Resource Consents due to greater use of the inhouse legal team which has been partially offset by higher District Plan (\$0.2m) resulting from the resource management act change which wasn't budgeted.

*11 **Expenditure - IT & Phones - \$0.2m** lower than budget variance. \$33k underspent on Data Usage after audit on connections found savings, \$135k System Support because of less requirement for Non project consultancy.

<p>*12 Expenditure - Commercial Rent - \$0.3m higher than budget variance. Property & Infrastructure \$0.2m overspent due to overspend in 3 Waters \$0.1m due to water rates and roading costs \$0.1m. Corporate Services \$184k overspent due to Knowledge Management operating lease expenses of \$104k for last quarter of 2021/22 processed in 2022/23.</p>
<p>*13 Expenditure - Vehicles - \$0.1m is higher than budget due to higher rental charges, fuel costs and an increase in fleet size.</p>
<p>*14 Expenditure - Power - \$0.7m higher than budget due to Property and Infrastructure \$0.6m mainly due to increased electricity cost for 3 Waters sites in relation to consumption, cost increases and site additions. Community \$150k due to cost and consumption increased for the swimming pools gas \$100k and electricity \$50k following rate increases higher than those budgeted.</p>
<p>*15 Expenditure - Infrastructure Maintenance - \$2.6m lower than budget in Property & Infrastructure \$2.6m which is underspent due to a \$3.4m favourable adjustment processed in April for waste management as a result of a reduction in the Emissions factor used for calculating the Environmental Trading scheme credits, this was offset by 3W overspend of \$600k which was mainly due to regulatory requirements of Shotover WW disposal fields, Pure Project and Veolia contract transition and Roding overspend of \$250k relating to Minor Events & Emergency Reinstatement Road, Roding power supply and Transport cost.</p>
<p>*16 Expenditure - Parks & Reserves Maintenance - \$2.2m higher than budget due to Community Services \$2.1m overspent as a result of \$2.8m in forestry maintenance (which is offset by forestry proceeds of \$2.8m as per the Income - Operational commentary above), Ground Maintenance & Open Spaces partly due to procurement savings (toilet consumables) \$0.2m, reduced spend on the Tracks & Trails maintenance \$0.2m, and amenity lighting & roading lower spend on maintenance due to contractor unavailable \$0.2m.</p>
<p>*17 Expenditure - External Cost On Chargeable - \$0.4m higher than budget due to Planning & Development Resource Consents \$0.2m overspent, Building Services \$0.1m overspent and Property & Infrastructure overspent by \$0.1m. These costs are largely offset by higher than budget Income - External Cost Recoveries, see above.</p>
<p>*18 Expenditure - Grants - \$0.2m higher than budget due to Planning & Development \$95k overspent due to third community housing contribution to the Queenstown Lakes Community Housing Trust as part of its Special Housing Area which is offset with a grant received, see Income - Grants & Subsidies above. Property & Infrastructure \$86k overspent due to a contribution to ferries and Community Services.</p>
<p>*19 Expenditure - Other - \$1.9m lower than budget due to Planning & Development \$1.2m underspent as a result of District Plan Commissioner Fees underspend of \$1.2m due to timing of matters. Strategy & Policy \$0.6m underspent due largely to a favourable Climate Action variance of \$0.5m which is expected to be caught up by the end of June.</p>
<p>*20 Interest - \$4.8m higher than budget cost due to an increase in debt incurred in this year for Weather Tightness claim settlements and higher than assumed interest rates.</p>
<p>*21 Grants & Subsidies Capex - \$4.0m unfavourable year to date variance includes \$1.2m below budget for CIP projects (Crown Infrastructure Partners) funding for Queenstown Arterials and Street Upgrades, \$2.4m unfavourable for NZTA & ORC CAPEX Subsidy income due to timing of renewals and improvements programme (which has seen construction of some subsidised projects deferred to 2023/24) and \$0.6m within Capital Grants.</p>
<p>*22 Income - Dividends received - \$4.7m favourable variance due to higher dividends received from QAC which was not anticipated when the budget was set.</p>
<p>*23 Income - Gain/(loss) on disposal of PP&E - \$2.2m favourable variance. Proceeds from disposal of property - Old Wanaka swimming pool.</p>
<p>*24 Projects/Asset Purchases - \$149.9m year to date spend vs budget of \$193.3m. Main project spend for the January to April months includes \$7.6M for the Purchase of Mt Iron Reserve Land, \$11.6m Qtn Town Centre Arterials - Stage 1, \$6.4m Queenstown Street Upgrades CIP, \$4.9m Project Pure WWTP upgrade, \$1.8m Lakeview Development Transportation and \$2.1m for Lakeview Development Road & Public Realm.</p>