

## Finance Management Report

## Quarter 3 Full Year Re-Forecast

## Operating Expenditure and Revenue

Description	Full Year Q3 Re-forecast	Full Year Budget	Variance to Budget
<b>REVENUE</b>			
<u>Operating Revenue</u>			
Income - Rates	75,096,862	74,796,862	300,000 1*
Income - Grants & Subsidies	5,921,729	5,372,665	549,064 2*
Income - NZTA External Cost Recoveries	3,077,838	2,238,284	839,554 3*
Income - Consents	13,084,187	13,358,187	(274,000) 4*
Income - External Cost Recovery	1,283,262	2,083,262	(800,000) 5*
Income - Regulatory	6,448,472	6,377,282	71,190
Income - Operational	37,026,638	56,622,528	(19,595,890) 6*
<b>Total Operating Revenue</b>	<b>141,938,987</b>	<b>160,849,069</b>	<b>(18,910,082)</b>
<b>EXPENDITURE</b>			
<u>Personnel Expenditure</u>			
Expenditure - Salaries & Wages	29,972,378	30,375,378	403,000 7*
Expenditure - Salaries & Wages Contract	5,621,637	4,718,366	(903,271) 8*
Expenditure - Health Insurance	328,610	267,500	(61,110)
<b>Total Personnel Expenditure</b>	<b>35,922,626</b>	<b>35,361,245</b>	<b>(561,381)</b>
<u>Operating Expenditure</u>			
Expenditure - Professional Services	4,900,983	4,676,990	(223,993) 9*
Expenditure - Legal	3,215,070	2,973,730	(241,340) 10*
Expenditure - Stationery	365,132	393,299	28,167
Expenditure - IT & Phones	893,688	752,983	(140,706) 11*
Expenditure - Commercial Rent	2,178,336	2,244,021	65,685
Expenditure - Vehicle	665,626	621,300	(44,326)
Expenditure - Power	3,212,101	3,331,870	119,769 12*
Expenditure - Insurance	875,856	720,017	(155,839) 13*
Expenditure - Infrastructure Maintenance	28,044,754	25,118,496	(2,926,258) 14*
Expenditure - Parks & Reserves Maintenance	10,399,777	10,369,038	(30,738)
Expense - External Cost On Chargeable	1,283,262	2,083,262	800,000 5*
Expenditure - Grants	6,580,280	6,580,280	0
Expenditure - Other	14,007,247	13,249,164	(758,083) 15*
<b>Total Operating Expenditure</b>	<b>76,622,112</b>	<b>73,114,451</b>	<b>(3,507,662)</b>
<u>Interest and Depreciation</u>			
Expenditure - Interest	5,717,499	9,289,761	3,572,262 16*
Expenditure - Depreciation	25,148,122	25,148,122	0
<b>Total Interest and Depreciation</b>	<b>30,865,621</b>	<b>34,437,884</b>	<b>3,572,262</b>
<b>Total Expenditure</b>	<b>143,410,359</b>	<b>142,913,579</b>	<b>(496,780)</b>
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>(1,471,373)</b>	<b>17,935,490</b>	<b>(19,406,863)</b>

## Capital Revenue and Expenditure

Description	Full Year Re-forecast	Full Year Adjusted Budget	Variance to Budget
<u>Capital Revenue</u>			
Income - Development Contributions	16,239,175	16,239,175	0
Income - Vested Assets	10,733,077	10,733,077	0
Income - Grants & Subsidies Capex	7,381,167	10,571,695	(3,190,527) 17*
<b>Total Capital Revenue</b>	<b>34,353,420</b>	<b>37,543,947</b>	<b>(3,190,527)</b>
<u>Capital Expenditure</u>			
Projects/Asset Purchases	75,700,498	94,625,622	18,925,124 18*
Debt Repayment	16,890,000	16,890,000	0
<b>Total Capital Expenditure</b>	<b>92,590,498</b>	<b>111,515,622</b>	<b>18,925,124</b>
<b>NET CAPITAL FUNDING REQUIRED</b>	<b>58,237,078</b>	<b>73,971,675</b>	<b>15,734,597</b>
<b>Total External Borrowing</b>	<b>100,000,000</b>	<b>187,082,000</b>	

## Commentary - Operational Full Year Re-forecast to Full Year Budget Adjustments

*1 Income - Rates - There is an expected \$300k additional rates penalties income. Note \$600k Rates penalties budget was reclassified from Operational Income in Q3.
*2 Income - Grants & Subsidies - \$549k increase includes \$662k additional roading NZTA funding (Emergency reinstatement \$236k, Footpath maint \$102k, Environ maint \$225k, SPRs retained at 100%/90% NZTA funding \$99k). \$200k TIF Toilet funding received from MBIE offset with \$300k grant accrual reversal from Central Lakes Trust for Wanaka Rec Centre.
*3 Income - NZTA External Cost Recoveries - Following an internal chargeable time review there is an expected \$735k increase in internal time capex recoveries and \$105k increase in NZTA opex recoveries.
*4 Income - Consents - There is expected to be an additional \$146k income from consent processing hours which is fully offset by \$420k reduction in other consenting revenue including LIM and admin fees, credit notes issued and RMA discounts.
*5 Income - External Cost Recovery - Reduced income of \$887k due to \$650k decreased resource consent external cost recoveries (offset with reduction in on-chargeable consultant exp). \$300k recoveries for Parks Planning removed. \$100k increase for Infrastructure recoveries.
*6 Income - Operational - Commonage land sale timing has been deferred to 2019:20 financial year which has been partially offset with \$1.8m Lakeview proceeds from Well Smart Investment Holdings Ltd, \$490k additional Refuse income, \$433k additional dividends and a \$359k increase in Lakeview Rental income. Note the \$600k Rates penalties budget has been reclassified to Rates Income in Q3.
*7 Expenditure - Salaried and Wages - Full year forecast saving of \$403k based on actuals year to date and vacancies.
*8 Expenditure - Contract Staff - There is \$653k additional expenditure expected for increase use of contractors and associated non-chargeable costs within P&D (Offset above in No. 3 Income - Consents and against reduced permanent salaries due to carrying vacancies) and \$221k additional within Infrastructure to cover vacancies as well as partly offset with increased NZTA External Cost Recovery income.
*9 Expenditure - Professional Services - Following a review of the District Plan's expected programming there will be an additional \$110k for technical review of the District Plan and there is an \$86k increase for Regulatory enforcement of Significant Natural Areas.
*10 Expenditure - Legal - There are a number of current appeals within Resource Management which will require additional expenditure \$430k which is offset by (\$300k) reduction in District Plan's legal costs due to internal capability. \$91k required for Regulatory due to a Navigation safety Bylaw review. \$50k additional cost with Property & Infrastructure due to the Traffic & Parking Bylaw and Speed Bylaw reviews.
*11 Expenditure - IT & Phones - \$87k increase in Knowledge Management for wide area network locations and \$45k additional telephone costs.
*12 Expenditure - Power - Favourable by \$120k due to reduction in power for Wanaka Pool and Recreation Centre.
*13 Expenditure - Insurance - Unfavourable variance of \$156k is predominantly due to an increase in 3 Waters Insurance premiums
*14 Expenditure - Infrastructure Maintenance - Unfavourable year to date variance of \$2.9m made up of Roading \$1m, Refuse \$1.5m & 3 Waters \$380k. Roading \$1m includes \$550k Emergency reinstatement Costs, \$200k Footpath maint (offset with \$0.7m NZTA sub income per *) and \$190k non-sub roading works and \$100k internal time. Refuse \$1.5m increase based on current volumes + additional carbon credits, glass & tyre disposal costs (offset with \$0.5m additional income per note *7). 3 Waters \$380k includes \$160k for additional operators to expand capacity in main contract, \$80k additional sludge disposal costs, \$60k Lake Hayes new connections, \$130k Project Shotover specialist maint. Overall net impact is \$2.0m (after adjusting for grants & subsidies and user charges received)
*5 Expenditure - External Cost On Chargeable - Reduction in costs of \$800k includes \$600k decreased Resource Consent on-chargeable consultant exp (offset with reduction in external cost recoveries revenue - See note *5). Removed \$300k Parks on-chargeable consultant exp. \$130k increase in Infrastructure on-chargeable consultant exp offset with increase in income recoveries.
*15 Expenditure - Other - Increases totalling \$758k include \$108k placement costs for HR, \$100k District Plan Commissioner costs, \$75k Council Offices cleaning, \$50k for the visitor levy referendum, \$55k for IT Service Contracts and \$272k for Parking Enforcement costs offset with additional income from parking infringements and pay and display income.
*16 Expenditure - Interest - Re-forecast costs have adjusted due to lower than expected interest rates and timing of capex spend.

## Commentary - Capital Revenue and Expenditure Full Year Re-forecast to Full Year Budget Adjustments

*17 Income - Grants & Subsidies Capex - Variance reflects the updated full year adjusted capex position for NZTA subsidised projects.
*18 Project Expenditure - Full year adjusted budget has been updated to reflect the 2017:18 carry forwards and 2018:19 deferred, brought forward and new budgets as approved by Council. The re-forecast reflects 80% of the Full Year Adjusted Budget in-line with the master schedule. A substantial amount of projects are in early stages of design so remaining budgets for ongoing projects will be carried forward into 2019:20 which will be reviewed in the June re-forecast. Note the forecast and budget excludes the purchase of 516 Ladies Mile (Completed in April).