

Finance Management Report - Quarter 2 Oct-Dec 22

For the Period Ended 31-Dec-22

Operating Expenditure and Revenue

Description	Q2 - Oct-Dec 22			% of Year Completed				
	Actual	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
REVENUE								
<u>Operating Revenue</u>								
Income - Rates	26,524,513	26,827,292	(302,779)	53,619,383	53,420,548	198,835	106,574,635	50%
Income - Grants & Subsidies	1,326,301	1,288,848	37,454	3,378,256	3,094,220	284,036	8,450,936	40%
Income - NZTA External Cost Recoveries	886,998	1,609,152	(722,154)	2,044,502	3,218,303	(1,173,801)	6,436,607	32%
Income - Consents	3,669,648	3,615,432	54,216	7,552,855	7,396,055	156,800	14,351,938	53%
Income - External Cost Recovery	446,542	241,565	204,977	731,509	483,131	248,378	966,261	76%
Income - Regulatory	1,275,107	1,799,547	(524,440)	2,869,957	3,614,878	(744,921)	6,890,242	42%
Income - Operational	7,374,278	6,661,311	712,967	14,961,406	13,274,875	1,686,531	26,809,914	56%
Total Operating Revenue	41,503,386	42,043,146	(539,760)	85,157,868	84,502,010	655,858	170,480,532	50%
EXPENDITURE								
<u>Personnel Expenditure</u>								
Expenditure - Salaries & Wages	10,210,277	10,870,589	660,312	20,327,679	21,604,854	1,277,175	43,720,151	46%
Expenditure - Salaries & Wages Contract	1,424,353	901,755	(522,598)	3,130,808	1,852,475	(1,278,333)	3,606,715	87%
Expenditure - Health Insurance	124,228	115,691	(8,536)	203,663	231,383	27,720	462,765	44%
Total Personnel Expenditure	11,758,858	11,888,036	129,178	23,662,150	23,688,711	26,561	47,789,631	50%
<u>Operating Expenditure</u>								
Expenditure - Professional Services	726,885	1,382,509	655,625	1,588,233	2,755,519	1,167,285	7,607,038	21%
Expenditure - Legal	2,557,640	1,340,031	(1,217,608)	3,454,340	3,030,062	(424,278)	6,760,125	51%
Expenditure - Stationery	117,047	103,029	(14,018)	196,961	206,058	9,097	412,120	48%
Expenditure - IT & Phones	164,019	242,091	78,072	302,242	488,041	185,798	955,928	32%
Expenditure - Commercial Rent	1,025,299	935,252	(90,048)	2,159,480	1,870,504	(288,976)	3,741,003	58%
Expenditure - Vehicle	228,008	208,355	(19,652)	491,191	416,711	(74,480)	833,422	59%
Expenditure - Power	1,124,021	948,384	(175,636)	2,123,583	1,964,583	(159,000)	3,975,113	53%
Expenditure - Insurance	537,456	537,456	0	1,087,349	1,074,911	(12,437)	2,149,823	51%
Expenditure - Infrastructure Maintenance	9,942,148	9,486,749	(455,399)	19,739,388	19,503,498	(235,890)	38,661,720	51%
Expenditure - Parks & Reserves Maintenance	3,162,201	2,725,938	(436,263)	6,011,252	4,832,618	(1,178,633)	9,771,160	62%
Expense - External Cost On Chargeable	378,144	236,299	(141,845)	664,085	472,598	(191,488)	945,195	70%
Expenditure - Grants	2,018,743	1,765,481	(253,263)	4,441,186	4,212,922	(228,264)	8,886,722	50%
Expenditure - Other	4,128,238	4,733,323	605,085	8,152,627	9,544,363	1,391,736	19,329,291	42%
Total Operating Expenditure	26,109,848	24,644,898	(1,464,950)	50,411,917	50,372,388	(39,529)	104,028,659	48%
<u>Interest and Depreciation</u>								
Expenditure - Interest	3,036,448	2,764,983	(271,465)	5,539,552	5,529,966	(9,586)	11,059,932	50%
Expenditure - Depreciation	11,488,558	11,488,558	0	22,977,116	22,977,116	0	45,954,233	50%
Total Interest and Depreciation	14,525,006	14,253,541	(271,465)	28,516,669	28,507,083	(9,586)	57,014,165	50%
Total Expenditure	52,393,713	50,786,476	(1,607,237)	102,590,736	102,568,182	(22,554)	208,832,456	49%
NET OPERATING SURPLUS/(DEFICIT)	(10,890,327)	(8,743,330)	(2,146,997)	(17,432,868)	(18,066,172)	633,305	(38,351,924)	

Capital Revenue and Expenditure

Description	Q2 - Oct-Dec 22			% of Year Completed				
	Actual	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
<u>Capital Revenue</u>								
Income - Development Contributions	4,488,846	5,301,769	(812,923)	9,898,397	10,603,538	(705,140)	21,207,075	47%
Income - Vested Assets	0	0	0	0	0	0	20,238,850	0%
Income - Grants & Subsidies Capex	11,962,789	11,075,117	887,672	22,921,388	20,650,233	2,271,155	45,375,184	51%
Income - Dividends received	0	0	0	975,130	762,000	213,130	762,000	128%
Income - Gain/(loss) on disposal of property, plant & ec	0	0	0	2,206,000	0	2,206,000	0	0%
Income - Gain/(Loss) on disposal of development prop	0	0	0	0	0	0	23,393,284	0%
Total Capital Revenue	16,451,635	16,376,886	74,750	36,000,916	32,015,771	3,985,144	110,976,394	32%
<u>Capital Expenditure</u>								
Projects/Asset Purchases	46,510,594	61,351,657	14,841,064	89,729,445	110,705,632	20,976,187	232,913,232	39%
Debt Repayment	0	0	0	0	0	0	16,890,000	
Total Capital Expenditure	46,510,594	61,351,657	14,841,064	89,729,445	110,705,632	20,976,187	249,803,232	
NET CAPITAL FUNDING REQUIRED	30,058,958	44,974,772	14,766,314	53,728,530	78,689,861	16,991,042	138,826,838	
<u>External Borrowing</u>								
Loans	100,000,000			463,023,000			479,458,000	
Total Borrowing	100,000,000			463,023,000			479,458,000	

Commentary - Operational

*1 Income - Rates - \$198k favourable variance due to \$287k Rates penalties applied.
*2 Income - Grants & Subsidies - \$332k favourable variance. Planning & Development \$137k favourable due to third community housing contribution to the Queenstown Lakes Community Housing Trust as part of its Special Housing Area agreement received \$178k. Community Services \$103k favourable due to Te Hau Toka funding received for Libraries. The first instalment of the 3W Transitional has also been received \$105k.
*3 Income - NZTA External Cost Recoveries - \$1.2m unfavourable variance is mainly within Infrastructure and is due to lower internal time allocations to CAPEX projects of \$953k and NZTA Opex of \$143k, due in part to staff vacancies and lower than assumed internal time allocations.
*4 Income - Consents - \$157k favourable due to. Planning & Development with favourable labour recoveries in Engineering Consents \$274k and Building Services \$248k, offset by unfavourable labour recoveries in Resource Consents (\$415k).
*5 Income - Regulatory - \$745k unfavourable variance. Regulatory & Enforcement \$723k unfavourable due to lower traffic and parking infringements \$462k and Environmental Health \$128k premises registration. Property and Infrastructure \$174k unfavourable due to lower parking fees income \$215k. Planning & Development \$171k favourable due to an improvement in the Doubtful Debt provision \$165k. (GM - we able to identify this)
*6 Income - Operational - \$1.7m favourable variance. Community Services \$2.0m favourable due to forestry proceeds of \$1.3m (which is offset by forestry maintenance expenses of \$1.3m as per the Expenditure - Parks & Reserves Maintenance commentary below) and Sport and Recreation \$231k favourable across all their cost centres. Property & Infrastructure \$367k unfavourable due to lower transfer station receipts in Queenstown \$310k. Assurance, Finance & Risk \$279k favourable due to interest received MBIE fund \$471k unfav net interest. Corporate Services favourable \$321k due to additional dividend income \$213k and \$118k MBIE funding
*7 Expenditure - Salaries & Wages - \$1.3m lower with favourable variances in Property & Infrastructure \$705k, Corporate Services \$294k and Planning & Development \$281k. Favourable variances driven by vacancies across all directorates. Favourable variances offset by unfavourable variance in contractor salary & wages, see Expenditure - Salaries & Wages Contract below.
*8 Expenditure - Salaries & Wages Contract - \$1.3k unfavourable variance. Planning & Development \$718k over due to unfavourable variances in Resource Consents \$265k, Engineering Consents \$257k and Building Services \$172k departments. Property & Infrastructure \$411k over. Corporate Services \$108k over due to unfavourable variance in Human Resources. Unfavourable variances driven by increase utilisation of contractors due to permanent staff vacancies as details in Expenditure - Salaries & Wages above.
*9 Expenditure - Professional Services - \$1.2m favourable variance. Property & Infrastructure \$556k under due to favourable variances in Network Investigations \$315k, Roading \$278k and 3 Waters \$173 due to timing. Strategy & Policy \$273k under due to favourable Other Consultants variance of \$273k in the Strategy cost centre due to timing with the better off funding expenditure. Corporate Services \$181k under due to favourable variance in Other Consultants of \$182k.
*10 Expenditure - Legal - \$424k unfavourable variance. Community Services \$320k over due to unfavourable variance in rent review fees \$365k.
*11 Expenditure - IT & Phones - \$186k Favourable variance. \$24k fav Data Usage after audit on connections found savings, \$90k System Support because of less requirement for Non project consultancy. Fav Computer software \$27k Library and \$15k Communications.
*12 Expenditure - Commercial Rent - \$289k unfavourable variance. Property & Infrastructure \$152k over due to unfavourable variances in 3 Waters \$48k and Roading \$70k which is offset with \$100k donation received (Rod Durry). Corporate Services \$103k over due to unfavourable variance in Knowledge Management due to operating lease expenses of \$104k for last quarter of 2021/22 processed in 2022/23 and some large orders to cover supply chain issues.
*13 Expenditure - Power - \$150k unfavourable variance, Community \$137k Unfavourable due to increase in Gas prices and an increase in gas consumption for heating pools. Property & Infrastructure \$20k Over due to increase in electricity in wastewater.
*14 Expenditure - Infrastructure Maintenance - \$236k unfavourable variance. Property & Infrastructure \$312k under due unfavourable timing variance in water supply maintenance \$601k for unscheduled maintenance costs which is offset by favourable variances due to timing in wastewater \$134k and storm water maintenance \$336k.
*15 Expenditure - Parks & Reserves Maintenance - \$1.1m unfavourable variance. Community Services \$1.0m over due to an unfavourable variance of \$1.6m in forestry maintenance (which is offset by forestry proceeds of \$1.6m as per the Income - Operational commentary above). \$350k F in Community Buildings & Ground Maintenance due to timing and \$250k F in the Open Spaces contract due to CPI YTD adjustment due.
*16 Expenditure - Grants - \$237k unfavourable variance. Planning & Development \$137k unfavourable 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 \$100k unfavourable due to a contribution to ferries due to timing of payment.
*17 Expenditure - Other - \$1.2m favourable variance. Planning & Development \$637k under due to a favourable District Plan Commissioner Fees variance of \$557k due to timing of matters. Strategy & Policy \$323k under due to a favourable Climate Action variance of \$326k due to timing of expenses. Corporate Services \$184k under due to a favourable Staff Training variance of \$121k due to timing and vacancies across all directorates.
*18 Income - Grants & Subsidies Capex - \$2.3m favourable year to date variance includes additional \$3.6m for CIP projects (Crown Infrastructure Partners) funding for Queenstown Arterials and Street Upgrades, offset with \$1.2m unfavourable for NZTA & ORC CAPEX Subsidy income due to timing of renewals and improvements programme. Offset with \$0.2m Third Party funding including \$65k for Wanaka Cricket & \$120k from the Otago Community Trust for the Wanaka Mitre10 Community Centre.
*19 Income - Dividends received - \$213k favourable variance due to higher dividends received from QAC.
*20 Income - Gain/(loss) on disposal of PP&E - \$2.2m favourable variance. Proceeds from disposal of property - Old Wanaka swimming pool.
*21 Projects/Asset Purchases - \$89.7m year to date spend vs budget of \$110.7m. Main project spend this month includes \$2.9m Queenstown Street Upgrades CIP, \$2.5m Qtn Town Centre Arterials - Stage 1, \$1.1M for Wanaka Airport Runway, \$0.8m Project Pure WWTP upgrade, \$0.5M Marine Parade Upgrade - Parks and \$0.3m for North Wanaka Conveyance WW.