

**Audit, Finance & Risk Committee**  
**5 March 2020**

**Report for Agenda Item | Rīpoata moto e Rāraki take 1**

**Department: Finance, Legal & Regulatory**

**Title | Taitara**

**2019:20 Quarter 2 Actual to Quarter 2 Budget Financial Overview;**  
**2019:20 Quarter 2 Full Year Re-forecast to Full Year Budget Overview;**  
**2019:20 Quarter 2 Capital Expenditure Reporting Overview;**  
**2019:20 Quarter 2 Statement of Financial Position;**  
**2019:20 Quarter 2 Debtors Analysis.**

**PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

---

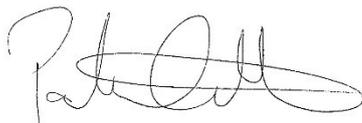
- 1 The purpose of this report is to present the 2019:20 Quarter 2 Actual to Budget, 2019:20 Full Year Quarter 2 Re-forecast to Full Year Actuals and 2019:20 Quarter 2 Capital Expenditure financial results and to report on any significant transactions and/or variances to budget. Also presented for review is the Quarter 2 statement of Financial Position and Quarter 2 Debtors analysis.

**RECOMMENDATION | NGĀ TŪTOHUNGA**

---

- 2 That the Audit, Finance & Risk Committee:
  1. **Note** the contents of this report.

Prepared by:



Paddy Cribb  
Financial Advisory Manager

19/02/2020

Reviewed and Authorised by:



Stewart Burns  
General Manager, Finance, Legal  
& Regulatory  
24/02/2020

## CONTEXT | HOROPAKI

---

- 3 The main objective of this report is to give the Committee an overview of how the Council is performing from a financial perspective. The approach taken is one of management by exception, whereby officials are required to provide explanations when actual expenditure or revenue does not match the budget.

## ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

---

### 2019:20 Quarter 2 Actuals to Full Year Budget Overview:

- 4 The December end actuals has a \$2.3m net operating surplus which is \$4.4m favourable to the Budget net operating deficit of (\$2.1m)
- 5 The December end actuals shows additional revenue of \$2.8m which is predominately within Grants and Subsidies income due to receiving the MBIE TIF grant of \$1.2m. There is also additional capex and NZTA recovery revenue of \$0.4m. Within Operational income turnover based rents are up \$0.4m and \$0.5m for treasury and cashflow management.
- 6 The December end actuals has additional expenses within Infrastructure Maintenance \$1.3m (Net impact \$0.6m after adjusting for NZTA roading subsidised works with a claim still to be made for the flooding events). This is offset by a lower Interest expense charge of (\$3.0m).

### 2019:20 Quarter 2 Full Year Re-forecast to Full Year Budget Overview:

- 7 The Full Year Re-forecast has a (\$7.8m) net operating deficit which is (\$1.8m) favourable to the Budget net operating deficit of (\$9.6m).
- 8 Within revenue, there is reduced total operating revenue of (\$2.0m) which is predominately due to deferring Coronet forest harvest income of (\$5.2m). There is additional income from MBIE for TIF grants of \$1.4m along with net additional revenue within Operational income of \$0.4m, Regulatory income of \$0.5m and NZTA and Capex recoveries of \$0.6m
- 9 Within expenditure there is forecasted additional costs within Infrastructure Maintenance works \$3.5m (NB: Net impact is \$1.7m after adjusting for grants and subsidies and user pays income received). Parks and Reserves maintenance has reduced expenditure from Coronet forest of \$4.5m due to timing of harvest. Interest expense is expected to be less than budget by (\$4.1m).

### 2019:20 Quarter 2 Capital Expenditure Reporting Overview:

- 10 At end of December 2019 Council was delivering 439 projects with an approved FY20 adjusted budget of \$136.9m. This is a \$26.5m decrease from the 2019:20 Annual Plan budget of \$163.4m.
- 11 To date within the FY20 there has been:
  - \$47.2m of projects carried forward from 2019 FY (current projects);

- \$63.4m of deferred projects to future years;
- \$12.1m of net 3 Waters PMO adjustments;
- \$2.8m of new externally funded, and;
- \$0.7m of projects brought forward.

12 Predominately deferrals are due to:

- \$26.2m within Transport due to the various stages of the multiple NZTA business cases;
- \$23.4m Project Connect and Civic Heart costs due to exploring MOU with Ngai Tahu;
- \$7.9m Lakeview works due to working through the site arrangements with the developer and consenting;

13 Overall year to date spend is \$27.6m against expected adjusted full year budget spend of \$136.9m.

14 Average monthly spend YTD is \$4.6m although for the second quarter the average monthly spend was \$5.4m.

15 There will be two more capex re-forecasts completed during this financial year that will go to council for the April and June meeting.

### Options

16 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:

17 Option 1 The report is for noting, therefore no options are discussed.

### FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

---

18 As the review of the financial results is an administrative matter, there are no budget or cost implications arising from this report. No anomalies have been identified and it is not proposed to make any significant changes to any internal practices or procedures.

### COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

---

19 The following Council policies, strategies and bylaws were considered:

- Long Term Plan 2018 – 2028
- Annual Plan 2019:2020
- Refer to online documents here: <http://www.qldc.govt.nz/policies>

20 The recommended option is consistent with the principles set out in the named policy/policies.

**LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA**

---

21 The recommended option:

- The recommended option is consistent with the Council's plans and policies.

**ATTACHMENTS | NGĀ TĀPIRIHANGA**

---

A	Finance Management Report – 2019:20 Quarter 2 Actuals to Quarter 2 Budget.
B	Finance Management Report – 2019:20 Full Year Quarter 2 Re-forecast to Full Year Budget Overview.
C	Finance Management Report – 2019:20 Quarter 2 Capital Expenditure Reporting Overview.
D	2019:20 Quarter 2 Statement of Financial Position.
E	2019:20 Quarter 2 Debtors Analysis