

Finance Management Report

For the Period Ended 31-Aug-20

Operating Expenditure and Revenue

Description				% of Year Completed				
	August 2020 Actual	August 2020 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								
Operating Revenue								
Income - Rates	7,456,113	7,456,524	(411)	14,843,356	14,836,049	7,307	89,478,292	17%
Income - Grants & Subsidies	608,449	592,023	16,426	1,456,258	1,184,046	272,212	6,646,735	22% 1*
Income - NZTA External Cost Recoveries	457,124	405,219	51,904	941,030	810,439	130,591	4,862,632	19% 2*
Income - Consents	919,012	999,757	(80,746)	1,907,859	1,999,515	(91,656)	11,997,088	16%
Income - External Cost Recovery	100,426	83,967	16,459	183,833	167,933	15,900	1,007,600	18%
Income - Regulatory	343,590	420,534	(76,944)	674,570	846,784	(172,213)	5,257,036	13% 3*
Income - Operational	3,288,991	1,946,314	1,342,677	4,981,914	3,892,629	1,089,285	23,437,774	21% 4*
Total Operating Revenue	13,173,705	11,904,339	1,269,366	24,988,820	23,737,394	1,251,426	142,687,157	18%
EXPENDITURE								
Personnel Expenditure								
Expenditure - Salaries & Wages	2,780,503	2,779,259	(1,244)	5,861,868	5,868,446	6,578	35,582,476	16%
Expenditure - Salaries & Wages Contract	259,193	270,162	10,970	574,483	540,325	(34,158)	3,241,949	18%
Expenditure - Health Insurance	19,851	32,970	13,118	32,264	65,939	33,675	395,634	8%
Total Personnel Expenditure	3,059,547	3,082,391	22,844	6,468,614	6,474,709	6,096	39,220,059	16%
Operating Expenditure								
Expenditure - Professional Services	363,607	428,833	65,226	703,614	857,666	154,052	5,145,995	14% 5*
Expenditure - Legal	455,028	289,323	(165,705)	638,484	578,646	(59,837)	3,471,877	18%
Expenditure - Stationery	25,143	29,313	4,170	45,248	58,626	13,378	351,750	13%
Expenditure - IT & Phones	57,863	83,673	25,810	136,154	167,347	31,192	1,004,077	14%
Expenditure - Commercial Rent	163,280	235,524	72,245	328,227	471,049	142,821	2,826,260	12% 6*
Expenditure - Vehicle	55,848	45,002	(10,846)	126,015	90,004	(36,011)	540,000	23%
Expenditure - Power	289,405	272,529	(16,876)	627,550	545,058	(82,492)	3,270,206	19%
Expenditure - Insurance	124,107	124,107	0	248,214	248,214	0	1,489,300	17%
Expenditure - Infrastructure Maintenance	2,913,117	2,775,409	(137,708)	5,881,007	5,550,818	(330,188)	30,916,520	19% 7*
Expenditure - Parks & Reserves Maintenance	890,355	853,831	(36,524)	1,690,052	1,780,899	90,847	12,020,791	14%
Expense - External Cost On Chargeable	116,298	83,967	(32,331)	218,494	167,933	(50,561)	1,007,600	22%
Expenditure - Grants	748,966	749,980	1,014	1,227,321	1,229,350	2,029	7,812,157	16%
Expenditure - Other	1,121,373	1,167,072	45,699	2,727,769	2,864,336	136,566	16,224,118	17% 8*
Total Operating Expenditure	7,324,390	7,138,564	(185,826)	14,598,150	14,609,945	11,796	86,080,651	17%
Interest and Depreciation								
Expenditure - Interest	415,168	746,507	331,339	830,336	1,493,014	662,678	8,958,086	9% 9*
Expenditure - Depreciation	2,931,679	2,931,681	2	5,863,358	5,863,362	4	35,180,174	17%
Total Interest and Depreciation	3,346,847	3,678,188	331,341	6,693,694	7,356,377	662,683	44,138,260	15%
Total Expenditure	13,730,783	13,899,143	168,359	27,760,458	28,441,032	680,574	169,438,969	16%
NET OPERATING SURPLUS/(DEFICIT)	(557,078)	(1,994,804)	1,437,726	(2,771,638)	(4,703,638)	1,932,000	(26,751,813)	

Capital Revenue and Expenditure

Description				% of Year Completed				
	August 2020 Actual	August 2020 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	1,286,913	1,274,726	12,187	2,385,548	2,549,453	(163,904)	15,296,716	16% 10*
Income - Vested Assets	0	0	0	0	0	0	11,095,087	0%
Income - Grants & Subsidies Capex	229,159	1,719,352	(1,490,192)	595,149	3,438,703	(2,843,554)	23,925,616	2% 11*
Income - Development Property	0	590,000	(590,000)	1,343,727	1,180,000	163,727	7,080,000	19% 12*
Total Capital Revenue	1,516,072	3,584,078	(2,068,006)	4,324,425	7,168,156	(2,843,731)	57,397,419	8%
Capital Expenditure								
Projects/Asset Purchases	5,725,055	9,198,456	3,473,401	10,744,723	13,918,965	3,174,242	293,221,005	4% 13*
Debt Repayment	0	0	0	0	0	0	16,890,000	
Total Capital Expenditure	5,725,055	9,198,456	3,473,401	10,744,723	13,918,965	3,174,242	310,111,005	
NET CAPITAL FUNDING REQUIRED	4,208,983	5,614,378	5,541,406	6,420,298	6,750,809	6,017,973	252,713,585	
External Borrowing								
Loans	118,940,000						187,082,000	
Total Borrowing	118,940,000						187,082,000	

Commentary - Operational

*1 Income - Grants & Subsidies - The additional income of \$272k is predominantly due to Roothing NZTA subsidised works for maintenance activities offset with additional Maintenance costs.
*2 Income - NZTA External Cost Recoveries - The \$131k favourable year to date variance is due to additional OPEX (NZTA recoveries) of \$213k offset with lower internal time allocations to CAPEX projects of (\$83k).
*3 Income - Regulatory - \$172k unfavourable year to date due to an increase in the provision for doubtful debts (\$210k) from large unpaid development contribution invoices which are now greater than 6 months overdue. This is partially offset by additional traffic and parking infringement income \$63k due to a higher level of parking activity.
*4 Income - Operational - The \$1.1m favourable year to date variance includes \$141k additional Sport & Recreation income and Net Interest is \$685k favourable due to timing of capital spend.
*5 Expenditure - Professional Services - The favourable year date variance of \$154k is due to timing of spend within Property & Infrastructure (\$92k) and Corporate (\$74k).
*6 Expenditure - Commercial rent - The \$143k favourable year to date variance includes Council offices lease costs which are \$109k favourable due to landlord concessions as a result of Covid
*7 Expenditure - Infrastructure Maintenance - The unfavourable year to date variance of \$330k includes \$173k of minor flooding events and emergency reinstatement costs along with timing of expenditure on environmental maintenance
*8 Expenditure - Other - The underspend includes an expected savings within the Open Spaces contract for toilet cleaning and timing of spend for District Plan Commissioner costs and Staff training.
*9 Expenditure - Interest - Interest expense is favourable by \$663k due to lower than expected interest rates and timing of capex spend which is mainly within the Property & Infrastructure space where the interest budget is phased straight line and has not been adjusted for projects deferred timing of delivery.
*10 Income - Development Contributions - Development contribution invoices across 80 applications around the District were generated in July and August totalling \$2.4m. The largest was \$0.4m to Queenstown Commercial for stage 7 lots at the Queenstown Country Club and \$0.4m to Marina Terrace 2015 LP for Marina Terrace apartments Lakeside Rd, Wanaka. Totals for the year to date by programme are Parks and Reserves \$0.6m, Transport \$0.6m, Waste Water \$0.6m, Water Supply \$0.5m and Storm Water \$0.1m.
*11 Income - Grants & Subsidies Capex - \$0.6m claimed against a year to date budget of \$3.4m. A number of NZTA budgets are still awaiting approval including Lakeview Development - Transportation (\$3.6m), Queenstown PT Improvements - Hub \$2.7m, Arterials Designation (\$1.6m). Approved funding is dependent on business cases being finalised and agreed, which are in progress but has resulted in further deferrals of the NZTA subsidised Capex work programme.
*12 Income - Development Property - Revenue to date includes gain on sale from Lakeview Lot 11 as part of a land exchange with Wellsmart Holdings Ltd.
*13 Projects - Capital Expenditure - \$10.7m spend against a year to date budget of \$13.9m. A significant number of budgets were deferred from 2019/20 to 2020/21 which has a flow on effect for further deferrals beyond 20/21. Reasons for deferrals include transport projects awaiting NZTA approval, joint venture agreement negotiations for Civic heart and Project Connect, CIP funded projects implementation structure, various stages of HIF and Lakeview developer agreements, bundled approach to 3 waters delivery, impact of Covid-19 and re-prioritisation as part of the 2021-31 LTP process. The first 2020:21 capex re-forecast is currently underway and will be presented at the 29th of October council meeting.