

Finance Management Report

For the Period Ended 30 April 2020

Operating Expenditure and Revenue

Description	Apr 2020 Actual	Apr 2020 Adjusted Budget	Variance to Budget	% of Year Completed				83%
				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	7,031,164	6,965,653	65,511	71,099,222	71,020,844	78,378	85,136,522	84%
Income - Grants & Subsidies	346,140	484,469	(138,329)	6,153,392	4,813,990	1,339,402	6,119,688	101% *1
Income - NZTA External Cost Recoveries	540,536	318,423	222,112	4,083,772	3,184,231	899,541	3,821,077	105% *2
Income - Consents	642,430	1,241,800	(599,370)	10,486,890	11,938,002	(1,451,113)	14,421,603	73% *3
Income - External Cost Recovery	186,351	110,043	76,308	1,105,614	1,100,432	5,182	1,320,518	84%
Income - Regulatory	(152,378)	587,056	(739,434)	4,867,564	5,779,556	(911,991)	6,860,284	71% *4
Income - Operational	1,360,762	1,903,048	(542,285)	24,820,010	24,271,674	548,336	33,972,502	73% *5
Total Operating Revenue	9,955,005	11,610,493	(1,655,487)	122,616,463	122,108,728	507,735	151,652,194	81%
EXPENDITURE								
<u>Personnel Expenditure</u>								
Expenditure - Salaries & Wages	2,914,634	2,890,055	(24,579)	27,413,934	28,821,857	1,407,924	34,607,578	79% *6
Expenditure - Salaries & Wages Contract	246,442	395,315	148,873	4,937,371	3,953,151	(984,220)	4,743,781	104% *7
Expenditure - Health Insurance	28,000	30,996	2,996	280,208	309,958	29,750	371,950	75%
Total Personnel Expenditure	3,189,076	3,316,366	127,290	32,631,513	33,084,966	453,454	39,723,309	82%
<u>Operating Expenditure</u>								
Expenditure - Professional Services	208,216	378,534	170,318	3,809,730	3,808,638	(1,092)	4,565,705	83%
Expenditure - Legal	247,841	282,070	34,230	2,300,548	2,820,701	520,154	3,384,841	68% *8
Expenditure - Stationery	3,762	34,524	30,762	355,611	343,240	(12,371)	412,300	86%
Expenditure - IT & Phones	66,563	73,820	7,257	734,233	794,203	59,970	921,840	80%
Expenditure - Commercial Rent	217,741	209,551	(8,190)	2,184,807	2,111,010	(73,797)	2,530,226	86%
Expenditure - Vehicle	81,254	59,391	(21,863)	560,994	606,410	45,416	724,700	77%
Expenditure - Power	190,287	277,837	87,551	2,475,651	2,779,670	304,020	3,335,353	74% *9
Expenditure - Insurance	136,358	94,727	(41,631)	1,261,056	947,270	(313,786)	1,136,700	111% *10
Expenditure - Infrastructure Maintenance	2,366,688	2,348,688	(18,000)	26,183,994	23,712,455	(2,471,539)	28,673,153	91% *11
Expenditure - Parks & Reserves Maintenance	320,410	670,203	349,793	6,407,350	6,865,825	458,475	13,745,291	47% *12
Expense - External Cost On Chargeable	154,040	107,608	(46,432)	1,126,661	1,076,077	(50,585)	1,291,292	87%
Expenditure - Grants	483,532	517,740	34,208	5,751,513	5,736,282	(15,232)	7,657,543	75%
Expenditure - Other	1,907,609	973,493	(934,116)	12,855,782	11,719,044	(1,136,738)	15,193,973	85% *13
Total Operating Expenditure	6,384,301	6,028,187	(356,114)	66,007,929	63,320,823	(2,687,106)	83,572,917	79%
<u>Interest and Depreciation</u>								
Expenditure - Interest	405,315	951,754	546,439	4,370,897	9,517,543	5,146,646	11,421,051	38% *14
Expenditure - Depreciation	2,209,905	2,209,905	0	22,099,046	22,099,046	0	26,518,855	83%
Total Interest and Depreciation	2,615,220	3,161,659	546,439	26,469,943	31,616,589	5,146,646	37,939,906	70%
Total Expenditure	12,188,597	12,506,212	317,615	125,109,384	128,022,378	2,912,994	161,236,132	78%
NET OPERATING SURPLUS/(DEFICIT)	(2,233,591)	(895,719)	(1,337,872)	(2,492,921)	(5,913,650)	3,420,729	(9,583,939)	

Capital Revenue and Expenditure

Description	Apr 2020 Actual	Apr 2020 Adjusted Budget	Variance to Budget	% of Year Completed				83%
				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	1,871,799	1,618,460	253,339	18,734,184	16,184,596	2,549,588	19,421,515	96% *15
Income - Vested Assets	0	0	0	0	0	0	10,733,077	0%
Income - Grants & Subsidies Capex	281,605	792,115	(510,510)	4,430,739	8,571,149	(4,140,410)	26,226,083	17% *16
Income - Operational	0	0	0	0	0	0	27,800,000	0%
Total Capital Revenue	2,153,404	2,410,574	(257,170)	23,164,923	24,755,745	(1,590,822)	84,180,675	28%
Capital Expenditure								
Projects/Asset Purchases	3,763,769	9,750,698	5,986,929	45,556,451	76,240,496	30,684,045	106,058,532	43% *17
Debt Repayment	0	0	0	0	0	0	16,890,000	0%
Total Capital Expenditure	3,763,769	9,750,698	5,986,929	45,556,451	76,240,496	30,684,045	122,948,532	
NET CAPITAL FUNDING REQUIRED	1,610,365	7,340,124	6,244,100	22,391,528	51,484,752	32,274,867	38,767,858	
External Borrowing								
Loans	0	0	0	0	0	0	0	0%
Bonds	119,661,000	0	119,661,000	0	0	0	187,082,000	0%
Total Borrowing	119,661,000	0	119,661,000	0	0	0	187,082,000	

Commentary - Operational

*1 Income - Grants & Subsidies - The year to date favourable variance of \$1.3m includes additional income of \$180k for NZTA Rooding subsidised works for maintenance activities (offsets in Infrastructure maintenance costs - See Note. 11 below) and payments totalling \$1.1m from MBIE for TIF (Tourism Infrastructure Fund) funded toilets in the district received in September and November.
*2 Income - NZTA External Cost Recoveries - The \$828k favourable year to date variance is due to additional internal time allocations to CAPEX projects of \$464k and OPEX (NZTA recoveries) of \$512k.
*3 Income - Consents - The April variance of \$599k is due to unfavourable labour recoveries revenue within building \$346k and Resource management \$189k. This is a result of level 4 lockdown with reduced consent applications received and inspectors were not allowed on site during this time. The year to date unfavourable variance of \$1.5m is due to less than budgeted engineering labour recoveries \$302k, less than budgeted number of resource management applications received \$592k and reduced other building income \$556k.
*4 Income - Regulatory - The \$739k unfavourable variance for April was due to level 4 lockdown where Parking and Campervan patrols were limited to complaint investigations and there was no revenue from Pay&Display Machines. April also includes a provision for doubtful debts adjustment of \$254k which is based on age of receivables. The \$912k year to date unfavourable variance includes reduced Traffic & Parking infringements of \$428k, Campervan infringements \$301k and a provision for doubtful debts of \$449k. This is offset with increased year to date carpark revenue via Pay&Display machines of \$217k.
*5 Income - Operational - The April unfavourable variance of \$542k includes reduced lease income of \$382k and refuse revenue down by \$361k due to Transfer station closure as a result of Covid-19. Sport and Recreation income is down \$360k due to Alert level 4 restrictions which is offset with favourable net interest of \$579k. The favourable year to date variance of \$548k includes favourable net interest of \$802k and Queenstown Airport dividends for \$6.2m which is \$844k above Full Year budget. This is offset with reduced Sport & Rec income of \$874k and Venues & Facilities Income of \$143k (due to QEC Closure from roof ventilation replacement and Covid-19 restrictions) along with reduced refuse income of \$304k.
*6 Expenditure - Salaries and Wages - There is an actual year to date saving of \$1.4m which includes an allowance for vacancies. This is offset by an increase in contractor costs.
*7 Expenditure - Salaries and Wages Contract Staff - There is an expected \$0.7m additional expenditure for increase use of contractors. This is partially to cover vacancies, and also consenting contractors (partially offset with income) and capital programme project management costs (largely offset with capex recoveries). There is also \$111k additional non-chargeable disbursements costs within P&D.
*8 Expenditure - Legal - Legal costs for the District Plan are tracking \$520k favourable year to date due to programming of the district plan (timing) and additional resourcing in the legal team.
*9 Expenditure - Power - The month favourable variance is due to alert level 4 closure of Sport and recreation venues \$64k. The year to date favourable variance includes reduced electricity and gas expense from the Alpine Aqualand pool closure \$195k.
*10 Expenditure - Insurance - The year to date unfavourable variance of \$313k is due to higher than expected insurance premiums on infrastructural assets.
*11 Expenditure - Infrastructure Maintenance - The unfavourable year to date variance of \$2.5m includes Rooding \$1.8m, 3 Waters \$340k and Refuse \$309k increased costs. Rooding includes \$1.1m minor events and emergency reinstatement costs along with additional costs of \$197k for the street lighting contract and \$554k for internal time (Offset with additional income of \$180k per Grants and subsidies Note. 1 and \$43k increase in NZTA contributions to the street lighting contract). Note a request for NZTA funding for emergency reinstatement will be requested in May. Additional NZTA roading subsidy income can be reallocated towards year end from underspent roading activities. Refuse includes additional waste and recycling collection contract costs of \$288k and landfill costs of \$345k (due to increasing volumes of waste) offset with reduced refuse disposal costs of \$324k (carbon credits, glass to landfill, tyres). 3 Waters includes \$171k storm water costs in April due to the December and February flooding events. There is \$132k additional costs year to date within Cardrona Wastewater due to the ongoing need to truck excess waste to Project Pure. Wanaka wastewater includes additional costs of \$85k which have been on-charged to BroadSpectrum.
*12 Expenditure - Parks & Reserves Maintenance - The favourable April variance of \$350k is a result of level 4 lockdown and non-essential work that wasn't able to be carried out (high profile turf). The year to date underspend was expected to be caught up by year-end with noxious spraying at Matakauri park, Wakatipu sports fields renovations and goat pest control planned in the coming months (timing) but some of these budgets will now reflect a permanent underspend as the parks team have worked to provide operational savings as a response to covid-19 impacts.
*13 Expenditure - Other - The unfavourable April variance of \$943k is mostly due to Covid 19 Welfare response \$1.2m and \$54k for the December Flood event offset by reduced staff expenses (training & recruitment) and maintenance cost in Sport and Recreation. The \$1.1m unfavourable year to date variance includes \$402k bad debt expenses (unbudgeted) within regulatory enforcement.
*14 Expenditure - Interest - Interest expense is favourable by \$5.1m 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.

Commentary - Capital

*15 Income - Development Contributions - Development contribution invoices across 15 applications around the District were generated in April totalling \$1.9m. The largest was \$418k to Alpine Estate Ltd to undertake a 96 Lot residential subdivision at Cardrona Valley Rd - Stage 5. Totals for the year to date by programme are Water Supply \$3.3m, Waste Water \$5.6m, Storm Water \$0.6m, Transport \$4.6m, and Parks and Reserves \$4.2m. To note Development Contributions are \$2.5m above budget for this financial year.
*16 Income - Grants & Subsidies Capex - \$4.4m has been claimed against a year to date budget of \$8.6m. A number of NZTA budgets are still awaiting approval including Arterials (\$5.7m), Queenstown Town Centre Pedestrianisation (\$3.8m), Queenstown Public Transport Hub in CBD (\$5.3m), Wanaka Town Centre Masterplan (\$2.3m), Travel Management Queenstown (\$1.8m), Park and Ride Transport Services (\$1.3m) and Water taxi services/ferry network (\$1.1m). 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. Wakatipu Active Travel (\$8.4m budget) has been agreed to be partly delivered and funded directly by NZTA.
*17 Projects - Capital Expenditure - \$45.5m spend against a year to date budget of \$76.2m. A significant number of budgets were deferred from 2019/20 to 2020/21 in the November 2019 and March 2020 Reforecasts which were adjusted for in December and April. The major reasons for change in timing of delivery include transport projects awaiting NZTA approval, joint venture agreement for Civic heart and Project Connect, various stages of HIF (Housing Infrastructure Fund), Lakeview developer agreements, land agreement and consenting process for 3 waters projects and bundled approach to 3 waters delivery. A significant delay to Construction activities has also occurred during the Covid-19 lockdown in April. The largest actual spends per project for April were Recycle centre plant upgrade \$481k, Recreation Ground new WW Pump Station \$322k and Shotover Country Rising Main (Bridge) \$285k.