

Audit, Finance & Risk Committee

7 March 2024

Report for Agenda Item | Rīpoata moto e Rāraki take [2]

Department: Assurance, Finance & Risk

Title | Taitara: December YTD 2023 Financial Overview including the following reports

- 2023:24 December YTD Actual to December YTD Budget Financial Overview;
- 2023:24 December Capital Expenditure Reporting Overview;
- 2023:24 December Debtors Analysis;
- 2023:24 December Statement of Financial Position

Purpose of the Report | Te Take mō te Pūroko

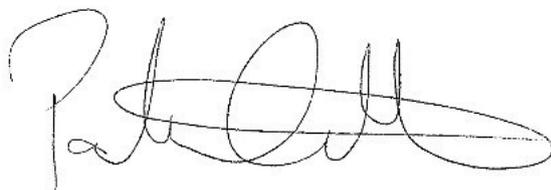
The purpose of this report is to present the 2023:24 December Year to Date (YTD) Actual to Budget financial results, Capital Expenditure financial results and December 23 Debtors Analysis and Statement of Financial Position and to report on any significant transactions and/or variances to budget.

Recommendation | Kā Tūtohuka

That Audit, Finance & Risk Committee:

1. **Note** the contents of this report.

Prepared by:



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Title: Finance Manager
12 February 2024

Reviewed and Authorised by:



Name: Stewart Burns
Title: GM Finance, Assurance & Risk
12 February 2024

Context | Horopaki

1. 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 officers are required to provide explanations when actual expenditure or revenue does not match the budget.

Analysis and Advice | Tatāritaka me kā Tohutohu

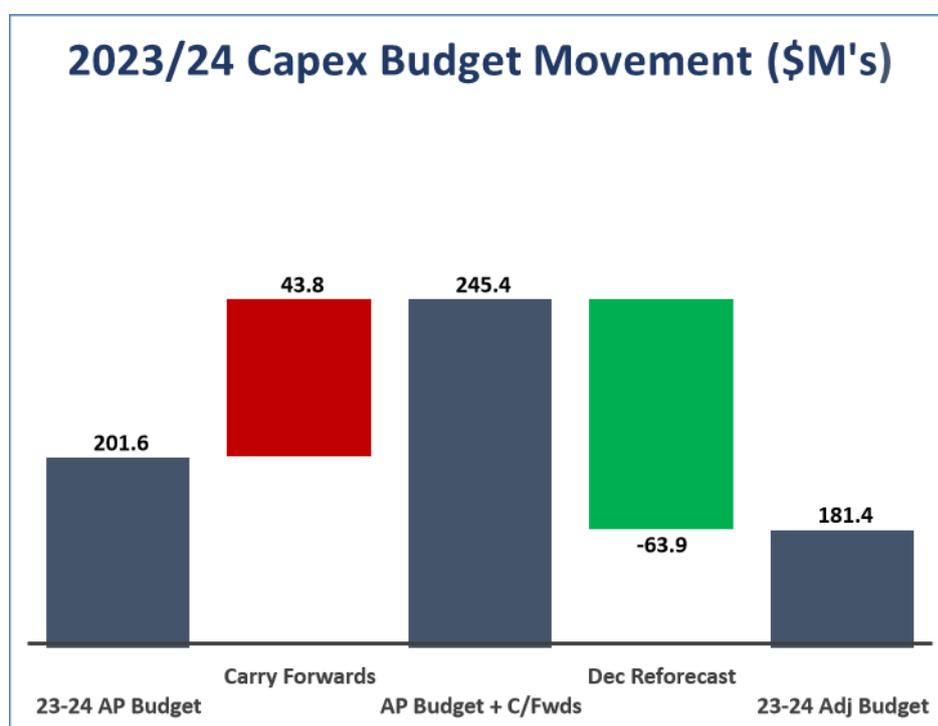
2023:24 December YTD Actuals to December YTD Budget Overview:

2. The 2023:24 December YTD net operating deficit (\$27.0M) shows as \$5.4M unfavourable variance to the budget operating deficit of (\$21.6M).
3. Please note that within the December 2023 financial results is \$1.6m of expenditure that is attributable to the September weather event which triggered the Civil Defence response. Council is currently reviewing the options for seeking potential recoveries from some of this expenditure.
4. Removing the \$1.6M September weather event expenditure shows an underlying variance of \$3.8M unfavourable to the net surplus within the 2023/24 first half.
5. The December YTD revenue is \$0.8M favourable to budget. Grants and Subsidies is \$1.2M favourable which is mainly due to timing with receiving NZTA/Waka Kotahi subsidies for roading maintenance work. Operational income is \$0.6M favourable with Sport & Recreation income for memberships and aquatics tracking ahead of budget.
6. Total Operating Expenditure variance is (\$5.4M) unfavourable to budget. This includes the September weather event expenditure of (\$1.6M) and higher Energy costs (\$0.8M). Infrastructure Maintenance, after adjusting for the spend because of the September Weather event, is (\$1.1M) overspent. The overspend in Infrastructure maintenance relates to roading maintenance, line marking, sealed pavement and culvert cleaning work completed ahead of schedule. All areas of the Operating Expenditure line items are experiencing cost pressures. Current work is getting completed to note if this is related timing issues or if there will be budget overspends.
7. Interest expenditure is (\$1.4M) unfavourable due to interest rates higher than the budget assumptions.
8. A focus for the Management Accountant team over the coming months is to complete a full year net operating forecast position to manage the current deficit over the second half of the financial year.
9. Further in-depth commentary is provided within Attachment A.

2023:24 December YTD Capital Expenditure Reporting Overview:

10. At the end of December 2023, Council had 338 capital projects with an approved 23/24 adjusted budget of \$181.4M. This is a \$20.1M decrease from the 2023:24 Annual Plan budget of \$201.6M.
11. The following figure 1 shows the movement from the annual plan budget of \$201.6M, with increases of \$43.8M from the budgets carried forward from 2022:23 offset with reductions of (\$63.9M) approved via the December Reforecast Council Paper, which included a significant reprioritisation of budgets to later years in conjunction with the draft 2024-34 Long Term Plan process.

Figure 1: Movement of 2023/24 Approved Capital Budget:



12. Overall year to date spend is \$78.8M (87%) against a year to date adjusted budget of \$90.7M. Forecast spend is \$193.5M (107%). As mentioned above, spend is lower than expected in the Annual Plan due to a number of key projects which have been required to be reprogrammed to later years due to not meeting the reprioritisation criteria. The increase in forecast over the adjusted budget is primarily due to the Arterials cost increase which is proposed to be adjusted for in the February 15th council paper.
13. Please note the Capital Expenditure reporting with projects is grouped by:
 - High Profile Projects which are the key strategic/high profile/relationship projects Council has e.g., Shovel Ready/Crown Infrastructure Partners (CIP) projects and Central Government part funding, Manawa and Ngāi Tahu, Lakeview subdivision works and the Developer Agreement with Ninety Four Ltd.

- Project Management Office (PMO) and The Renewals programmes have their own respective groupings.
- Other projects which are the new capital projects not included in the above categories.

14. The intention of this grouping is to provide more disclosure on the PMO and the Renewals programmes which are in the delivery stages, to identify the key commitments Council has due to either external funding from Central Government or key relationships with Iwi (Manawa) and developers (Lakeview subdivision) and to note the balance as Council business as usual projects.

15. Commentaries for the groupings are as follows:

High Profile Projects - CIP Crown Infrastructure Fund / Queenstown Town Centre Street Upgrades

16. The December year to date spend is \$3.9M or 88% of the 23/24 year to date budget of \$4.4M (full year budget \$4.1M).

17. The Queenstown Town Centre Street Upgrades project includes upgrades of the existing road reserve of Brecon Street, Rees Street, Beach Street and Park Street. The upgrades include 3 Waters services renewals, paving, street furniture, planting and lighting.

18. As at 31 December 2023 construction is complete with minor works (minor faults and omissions) underway in parallel to submission of the final Quality Assurance Documents. The budget and forecast for 2023/24 allows for an anticipated credit of circa \$4.0M to be received in March 2024 for the Alliances pain/gain share.

19. Project practical completion for the last separable portion of the project was signed off by the Programme Alliance Board (the Board) at the 30 January 2024 meeting. Now that this significant milestone has been achieved, QLDC will undertake the Crown Infrastructure Partners (CIP) required close out report. This enables the final \$500k of funding to be claimed.

High Profile Projects - CIP Crown Infrastructure Fund / Queenstown Town Centre Arterial (Stage 1)

20. The December year to date spend is \$21.8M or 92% of the 23/24 year to date budget of \$23.8M (full year budget \$27.6M).

21. The Queenstown Town Centre Arterial (Stage 1) project includes the development of a roading link to connect Henry and Melbourne Streets from Gorge Road through to State Highway 6. The upgrade includes 3 Waters Renewals, signalised intersections, cul-de-sac turning heads, paving, traffic signals, line markings, street furniture, planting and lighting.

22. As at 31 December 2023, Gorge Road has been surfaced and opened to vehicles in an interim arrangement. Wall works are ongoing with piling underway adjacent to the Glebe and Malaghan Street Road. Precast panel placement has had significant progress on the walls adjacent to St Joseph's. The Three Waters work continues on Frankton Road with the underground utilities effectively being completed. Channel, drain and kerb and channel work is continuing on both Frankton Road and Melbourne Street, with subsequent footpath and roading pavement works starting imminently.
23. At the 5 December 2023 meeting of the Programme Alliance Board, the Alliance Programme Manager reported to that Board that as result of further work undertaken in reforecasting the remaining works in the Arterial project, the projected cost to complete would increase. This increase in the estimated cost to complete the project was the topic of a report to the Council meeting of 15 February 2024 where it was approved to increase the 23/24 budget by \$16.6M.

High Profile Projects - Lakeview Development

24. The December year to date spend totals \$9.4M or 105% of the 23/24 year to date budget of \$9.0M (full year budget \$13.4M).
25. The project scope includes the required site clearance and demolition works of the existing structures on site, followed by the construction of the required roading and services infrastructure necessary to deliver the subdivision. During the design process opportunities were identified to include additional scope adjacent to the site which could be delivered concurrently with Lakeview to enable financial efficiencies and to minimise disruption to the area and residents.
26. As at end of December 2023, the project works associated with three waters was complete on Man St. This was then sealed and open for use prior to Christmas. Works within the subdivision are substantively complete, apart from remediation and minor omissions. The current programme from the Whakatipu Transport Programme Alliance has the Infrastructure works complete and practical completion by the end of March 2024, with Isle Street complete in April 2024.

High Profile Projects: Manawa (Project Connect CAB and Civic Heart):

27. The December year to date spend is aligned with the 23/24 full year budget of \$73k.
28. In June 19, Council executed a partnering agreement (PA) with Ngāi Tahu Property Limited (NTP) for development of the Stanley Street site (the Site).
29. On 31 August 2023 Councillors adopted a Statement of Proposal (SOP) for community consultation before the end of 2023 on a land strategy for the Site and joint venture arrangements between the parties. Councillors will be asked to consider the outcome of that consultation on 4 April 2024.

Project Management Office (PMO) Commentary:

30. There are currently 24 Property & Infrastructure projects with 23/24 budgets being delivered within the PMO delivery team. 3 projects have recently been completed or within the post construction lifecycle stage, 8 projects are in construction, 12 are in detailed design and 1 in concept design. The December year to date spend is \$26.7M or 97% of the 23/24 year to date budget of \$27.6M (full year budget \$55.2M).
31. PMO projects that have recently been completed or in post construction include:
- **Shotover Country New Water Treatment Plant** - YTD Budget \$0.2M with Actuals of \$0.3M (Full year budget \$0.5M) - Physical works complete. Practical completion issued January 24.
 - **Western Wānaka Level of Service WS** - YTD Budget \$5k with Actuals of \$16k (Full year budget \$0.4M) - Practical completion March 2023 for main Heb contract capitalised 22/23. Agreed scope changes to include delivery of other parts of the ultimate conveyance route (to be funded from the project's forecast surplus) have been approved. Works for stage 2 (Alpha Series pipeline) has now been completed with stage 3 (further extensions to Alpha Series pipeline) pending confirmation from developer on engineering acceptance of subdivision works.
 - **Paetara Aspiring Central** - YTD Budget \$2.1M with Actuals of \$2.0M (Full year budget \$2.1M) - Construction commenced April 23 and practical completion reached September 23. Minor close out works to follow.
32. PMO Projects within the construction phase include:
- **Project Pure Wastewater Treatment Plant Upgrade** - YTD Budget \$3.7M with Actuals of \$3.5M (Full year budget \$4.2M) - Construction commenced April 22 and completed December 23. Commissioning scheduled for completion February 24.
 - **Arthurs Point to CBD Active Travel (TR)** - YTD Budget \$2.8M with Actuals of \$2.2M (Full year budget \$7.3M) - Construction commenced September 2023 and is forecast to complete by May 2024.
 - **Project Shotover Wastewater Treatment Plant Upgrade** - YTD Budget \$5.9M with Actuals of \$6.2M (Full year budget \$14.0M) - Construction contract awarded to McConnell Dowell. Physical works commenced August 2023 and due to be completed December 2025.
 - **North Wānaka Conveyance (WW)** - YTD Budget \$0.1M with Actuals of \$0.2M (Full year budget \$0.3M) - The project is being delivered in two stages; (1) Aubrey Road conveyance, and (2) Beacon Point Rd Pump Station. Stage 1 completed June 2023. Stage 2 pump station designation appealed by submitters at hearing with mediation undertaken November 23 (waiting for the experts report to evaluate whether the Appeal can be resolved). Potential for budget requiring brought forward to complete chip seal to improve the overall quality to Aubrey Rd.
 - **CBD to Frankton Conveyance (WW)** - YTD Budget \$2.5M with Actuals of \$1.5M (Full year budget \$3.2M) - Sewer relining works underway April 2023 with forecast completion date by April 2024. Detailed design for the planned new rising main has commenced, with construction anticipated to commence 24/25 subject to securing necessary planning permissions.

- **Glenorchy Reservoir upgrade (WS)** - YTD Budget \$2.4M with Actuals of \$1.9M (Full year budget \$2.4M) - The new reservoirs were commissioned in December 23. Practical completion is scheduled for January 24.
- **Beacon Point New Reservoir (WS)** - YTD Budget \$4.5M with Actuals of \$3.4M (Full year budget \$5.6M) - Construction commenced in December 2022 and main Reservoir tank works completed December 2023. Budget of \$1.5M added in the December reforecast to complete construction of earth bund to screen future Water Treatment Plant.
- **Cardrona Water Supply Scheme Pipeline (WS)** - YTD Budget \$0.3M with Actuals of \$0.4M (Full year budget \$2.4M) - Construction contract commenced November 2023, with forecast completion May 2024.

33. PMO Projects within the detailed design phase include:

- **Aubrey Rd Rec Reserve SW detention pond** - YTD Budget \$1k with Actuals of \$0.4M (Full year budget \$0.4M) - Detailed design and construction of Aubrey Rd pipeline complete. Balance of project to be placed on hold until future funding is available for construction of the Kellys Flat detention pond.
- **Kingston HIF New Scheme (SW)** - YTD Budget \$0.1M with Actuals of \$0.1M (Full year budget \$0.1M) - Design and procurement of the stormwater scheme is being managed by the developer (represented by Hadley Consultants). Detailed design is complete and the earthworks consent has been granted. The next step is procurement/construction.
- **Wakatipu Active Travel Network (TR)** - YTD Budget \$38k with Actuals of \$26k (Full year budget \$0.2M) - No further expenditure planned for 23/24; opportunities to repurpose balance of funding to other active travel assets being explored.
- **Marine Parade Wastewater Pump Station Electrical Upgrade** - YTD Budget \$0.1M with Actuals of \$0.1M (Full year budget \$0.1M) - Detailed design is complete and notice of requirement (NOR) has been lodged to designate the new location for the pump station. Project to be placed on hold pending future funding for construction.
- **Upper Clutha Conveyance Scheme (WW)** - YTD Budget \$0.6M with Actuals of \$0.4M (Full year budget \$1.0M) - Detailed design has commenced and is planned to be completed by early to mid 2025. The project team is reviewing the overall programme to understand any potential impacts to the originally forecast practical completion date and liaising closely with the Infrastructure Acceleration Fund management team within Kainga Ora regarding likely changes to funding milestones.
- **Kingston HIF new scheme (WW)** - YTD Budget \$0.1M with Actuals of \$0.1M (Full year budget \$0.1M) - Detailed design is underway and is expected to be completed late 2024 / early 2025.
- **Robins Road Conveyance Upgrade (WW)** - YTD Budget \$0.2M with Actuals of \$0.2M (Full year budget \$0.6M) –Detailed design is underway, with construction forecast to commence in 24/25.
- **Luggate Water Supply Scheme** - YTD Budget \$0.2M with Actuals of \$0.2M (Full year budget \$0.2M) - Detailed design completed March 2023. On completion of outstanding consenting and land acquisition activities this financial year the project will be placed on hold until future funding is available for construction.

- **Kingston HIF New Scheme (WS)** - YTD Budget \$0.1M with Actuals of \$0.1M (Full year budget \$0.1M) - Detailed design of the scheme is complete, with Stage 1 ready for construction procurement (Stage 1 includes construction of a new water treatment plant, reservoir, and rising and falling water supply main). The next step is to go to market for construction.
- **Quail Rise Reservoir** - YTD Budget \$0.2M with Actuals of \$0.2M (Full year budget \$0.2M) - Detailed design complete and planning/designation activities ongoing. Project will be placed on hold until future funding is available for construction.
- **Glenorchy Water Treatment Plant** - YTD Budget \$0.1M with Actuals of \$0.1M (Full year budget \$0.1M) - Detailed design and consent application scheduled for completion February 2024. The project will be placed on hold until future funding is available for construction.
- **Compliance Response - UV Treatment (WS)** - YTD Budget \$1.4M with Actuals of \$3.0M (Full year budget \$8.5M) - Fernhill, Western Intake UV treatment completed December 2023. Beacon Point scheduled for early February completion. Smaller UV locations to be rolled out over remainder of year (Corbridge, Wānaka Airport, Luggate, Glenorchy). Two Mile intake subject to planning requirements.

34. PMO Projects within the concept design phase include:

- **Wānaka New Waste Facilities (WM)** - YTD Budget \$0.1M with Actuals of \$0.4M (Full year budget \$1.2M) - Design contract awarded November and commenced concept design, due to complete February 2024. Deposit for land purchase \$0.3M paid in December with balance paid 31st January to be split with Wakatipu new Waste facilities budget.

Renewals Commentary:

35. Total December year to date actual spend is \$5.7M or 58% of the year to date budget of \$7.7M. Full Year Budget \$20.7M.

Community Services Renewals:

36. Year to date spend \$0.9M or 74% of the December year to date budget of \$1.3M. Full year budget \$3.9M.

37. **Parks & Reserves** 23/24 full year budget totals \$2.6M including \$0.6M for Parks Roading Renewals (programmed for delivery within the Downer reseal contract including QEC, Spence Rd and Tuckers beach), \$0.5M for Tracks & Trails Renewals (Gibbston Trail upgrade, Thompson St to Fernhill connection, Arrowtown Chinese Village trail realignment, Millenium trail Wānaka Lakefront to Glendhu Bay and Upper Clutha River trail resurfacing). \$0.4M for Playground Renewals includes McBride Park playground feature replacement & flying fox along with flying foxes in Jardine Park & Hanleys Farm (to be completed by March) along with new Luggate Playground installation (currently under tender process).

38. **Venues & Facilities** \$0.9M Full Year Budget includes \$0.4M for QEC Alpine Aqualand plant and equipment renewals and \$0.2M for QEC Fit Out renewals (of which the majority of works are scheduled to take place during the June pool shutdown).

39. **Libraries** \$0.4M full year budget is programmed to spend on library stock, shelving replacements and minor equipment.

Property & Infrastructure Renewals:

40. Year to date spend \$4.8M or 75% of the December year to date budget of \$6.4M. Full year budget of \$16.8M.

41. **Buildings, Camp Grounds & Library** renewals has actual spend of \$0.4M vs year to date budget of \$0.5M (Full year budget \$1.6M) - Significant projects include combined jetty improvement projects \$0.8M 23/24 budget (RFP expected to go to market by February 2024 with construction likely to commence by April 2024 across 3 prioritised sites including Kingston, Sunshine Bay & Bobs Cove Jetties) and Healthy Homes Upgrades \$0.3M budget (phase 2 Arrowtown/Wānaka well underway with further works still to be completed awaiting quotes and approvals).

42. **3 Waters** renewals spend of \$2.5M is tracking to year-to-date budget \$2.8M (full year budget \$4.9M). Renewals Works programmed to spend full 23/24 budget with some reallocation to be required between projects.

43. **Transport** renewal actuals are \$1.8M against a year-to-date budget of \$2.7M (full year budget \$8.9M). The majority of works \$6.2M are associated with sealed road resurfacing, rebabs and unsealed road metaling which is programmed for delivery through autumn with contracts in place with Downer to spend the majority.

44. **Waste Management** renewals actuals are \$0.1M against a year to date budget of \$0.4M. The full year budget of \$1.2M includes \$0.6m for Existing Waste Site Consenting (the Victoria Flats Landfill consent expires 2032; Morrison Low have been engaged to draft an RFP followed by procurement of a consenting specialist; also awaiting remediation pricing including consenting for Luggate closed landfill & Tuckers Beach). There is \$0.5M budget for Existing Wakatipu Waste Facilities (commitments raised for upgrades required including a MRF Pit floor, heating, rollers, belts & pipes along with MRF preliminary assessment/design for Frankton Transfer station underway).

Other Capital Projects Commentary:

Community Services Other Projects:

45. Year to date spend \$1.7M or 47% of the December year to date budget of \$3.7M. Full year budget of 8.9M.

46. **Buildings** budget reduced to \$25k to align with actuals incurred for Ballantyne Rd Recreation Centre Wastewater Site Prep (deferred to 26/27 though LTP24 reprioritisation process).

47. **Parks & Reserves** \$8.6M 23/24 budget includes \$1.5M for Wānaka Lakefront Development Plan Stage 5 which has construction procurement possible to commence by June with all physical works now likely to be 24/25 subject to confirmation of additional funding required (the scope was reduced in the December Reforecast adjustment, however recent QS has an

increased budget requiring additional funding from the overall CS programme), \$2.6M for Coronet Forest Revegetation (planting contractor tenders reviewed and to be awarded February 2024 with \$1.9M likely to be deferred in the May Reforecast in line with proposed work programme), \$0.6M for Water Sports Facility & Parking (contract to be awarded January with works to commence February on new bridge and carparking) and \$0.7M for Glenorchy Carpark & Marina Improvements (Construction planned 23/24 pending contractor pricing under review and additional budget transfer required).

Corporate Other Projects:

48. Year to date spend \$0.3M or 77% of the September year to date budget of \$0.3M. Full year budget of \$1.9M.

Information Management full year budget of \$1.5M includes \$0.6M for Enterprise System (Program includes consultants supporting the TechnologyOne project pipeline, resource backfill to support TechnologyOne CiA transition programme), \$0.3M for ICT Projects (program includes laptop cybersecurity upgrade, Cloud maturity support, backup audit, Digital Strategy Support, Information Management Transformation project support) and \$0.2M for ICT Network (program includes network improvement projects, IoT Platform enhancements, Wi-Fi and switch upgrades).

Property & Infrastructure Other Projects:

Property & Infrastructure Other Projects:

49. Year to date spend \$8.9M or 66% of the December year to date budget of \$13.6M. Full year budget of \$49.5M.

Buildings \$1.7M 23/24 full year budget includes \$0.5M for the Performing Arts Centre (remaining budget for removal of QPAC to relocate to Country Lane, pending consent prior to removal anticipated early 2024 along with demolition/temporary carpark works), \$0.4M for Luggate Memorial Centre Replacement (completed November 2022 but awaiting invoice to close out variation on claims that remain under review with minor close out works to follow) and \$0.4M for Stanley St Playcentre relocation (one off payment due to MOE towards the new facility to be by February 2024).

50. **Waste Management** \$4.3M 23/24 full year budget includes \$2.8M for Wakatipu New Waste Facilities (budget used for land purchase in Wānaka January 2024), \$0.7m for Zero Waste District Programme (service agreements are in place which will incur milestone payments including Resourceful communities \$212k, Wānaka Community Workshop \$41k, One Bike Lightfoot Initiative \$39k, Kiwi Harvest \$38k, Zero Waste Event work \$30k and WAO Circular Economy Programme \$108k) and \$0.5M for Organic Waste Management (additional funding \$184k confirmed from Ministry for the Environment to support kerbside collections, Grow Wānaka and Zero Waste Glenorchy initiatives).

51. Minor budgets totaling \$1.2M within **Storm Water** include Catchment Management Plans and Investigations (contract committed to spend full amount across Wakatipu/Wānaka) and Modelling (commitments raised for modelling to feed into the Catchment Management Plans).
52. **Wastewater** full year budgets totaling \$2.7M include \$1.3M for Project Pure Aeration Grid Renewal (expenditure was rephased into 24/25 via the December 2023 reforecast to align with likely construction programme), master planning budgets total \$0.3M (Eastern corridor and Arrowtown WW Optimisation study is ongoing along with Gordon rd Pump station master planning) and Gordon Road Pump Station Upgrade (\$0.2M remaining 23/24 budget) is set to commence procurement early 2024.
53. **Water Supply** full year budgets totaling \$18.7M includes \$15.1M for the Cardrona New Water Supply Scheme (QLDC is required to make payment to the developer 23/24 upon completion which is currently forecast February 2024) and \$1.5M for Demand Management Hawea Water Supply (budget was brought forward in the December Reforecast, a preferred contractor has been selected, and meter installation is programmed for commencement within the current financial year). Hydraulic Modelling budgets total \$0.5M (modelling is underway on Queenstown bores & specific developments including Silver Creek, Coneburn and Ladies Mile).
54. **Transport** \$20.1M full year budget includes the Waka Kotahi 51% subsidised projects totaling \$10.1M for the Road to Zero Minor Improvements Low Cost low Risk Programme (construction underway/scheduled for Hawthorne Rd, Glenorchy Corridor, Lower Shotover Rd, Arrowtown RTZ, Riverbank/Ballantyne, Golf Rd, Capell Ave, Wānaka Corridor, Anderson/Aubrey, Rata St, Aubrey Rd & Cardrona Village), \$2.0M for Active Travel (Anderson Rd active travel to be completed by January 2024 and route B2 Thompson Street due for completion March 2024), \$0.6M for Wānaka Masterplan Update (contract for network optimisation single stage business case commenced September 2023) and \$0.5M
55. The Wānaka Pool to School Active Travel \$5.0M full year budget has approved Transport Choices funding of \$1.5M which is funding the construction works programmed for Stage 2 Kellys flat to Hedditch Street, which is underway and due to be completed March 2024. Stage 3 Ballantyne to Golf Course Road and stage 4 State Highway Crossing is pending procurement but likely to be delivered by May 24.

The Wakatipu Public Transport Low Cost Low Risk improvements project has a \$0.7M full year budget which is 51% subsidised by ORC (the Tranche 2 construction contract practical completion was reached June 23, with minor close out works to follow 23/24 along with Tranche 3 Design and consultation ongoing).

56. Further in-depth commentary is provided within Attachment B.

2023:24 December Debtors Analysis Overview:

57. Total outstanding debtors have increased by \$0.9M compared to December 2022, with a \$1.7M increase in rates receivable partially offset by a (\$0.8M) reduction in trade and other receivables.
58. \$1.0M of the increase in the rates receivable relates to this financial year's rates and \$0.8M relates to prior years rates.
59. Overall, there are a total of 1,132 properties, or 3.5% of total Rateable properties, which totals \$3.4M of Rate arrears as at 31 December 2023 (December 2022: 931 properties; \$2.6M; 3.0%).
60. The December 2023 YTD arrears amounts are \$1.5M less than the September 2023 YTD arrears amounts. This reduction is due to 1,167 fewer properties in arrears at the end of December 2023 compared to September 2023.
61. Bank letters have been sent out to Ratepayers who have a Mortgage charge over their property and have prior financial year Rates arrears. Finance has received a noticeable increase in Ratepayers contacting the Rates team to set up Repayment Plans.
62. Trade and other receivable ageing have reduced by \$0.7M overall. The reduction in the 31-91 days aging bracket is mainly due to receipt \$1.3M of large development contributions. The 90 days plus aging bracket is \$0.4M up on prior year mainly due to development contributions and resource consent debtors, although this has been largely offset by the receipt of property debtors.
63. Further in-depth commentary is provided within Attachment C.

2023:24 Statement of Financial Position Overview.

64. Total increase in net assets compared to December 2022 is \$131M is mainly made up of the following significant movements:
 1. \$247M increase in property, plant & equipment from the revaluation of 3W and Roading infrastructural assets, and asset additions in the FY24 year;
 2. Net increase in total borrowings of (\$122M) to fund the capital programme.
65. Overall council's key financial covenant ratio of Total Debt/Total Revenue is forecasted to be 252.8% at June 2024. This down on the 2023/4 Annual Plan ratio 264.8%. The decrease in the ratio is due to a reduction in the forecasted year-end debt by (\$27.5M) from the 2023/24 Annual Plan of \$626.9M.
66. Council's Interest Expense/Rates Revenue Ratio has also increased to 20.6% at December 2023 (Limit 30%, December 2022 10.3%).
67. Both Ratios mentioned above are key determinants for calculating the debt affordability of the 2024-34 draft Long Term Plan.

68. Further in-depth commentary is provided within Attachment D.

Options:

69. The report is for noting, therefore no options are discussed.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

70. This matter relates to the Financial risk category. It is associated with RISK10014 Ineffective Financial Strategy within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

71. The approval of the recommended option will allow Council to retain the risk at its current level. This will be achieved by noting this report the committee gives the public confidence that the financial performance of Council is considered to review this risk is effective in the reporting period.

Financial Implications | Kā Riteka ā-Pūtea

72. 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.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

73. The recommended option:

74. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This report explains how QLDC are delivering financially against the expectations set out in the annual plan. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

75. Is consistent with the Council's plans and policies.

Attachments | Kā Tāpirihaka

A	Finance Management Report – 2023:24 December YTD Actual to December YTD Budget Financial Overview.
B	Finance Management Report – 2023:24 December YTD Capital Expenditure Reporting Overview

C	December 2023 Debtors Analysis
D	December 2023 Statement of Financial Position
