

Operating Expenditure and Revenue

Description	Full Year 10+2 Re-forecast	Full Year Budget	Variance to Budget
REVENUE			
Operating Revenue			
Income - Rates	85,291,297	85,136,522	154,775 1*
Income - Grants & Subsidies	8,102,710	6,119,688	1,983,022 2*
Income - NZTA External Cost Recoveries	4,902,123	3,821,077	1,081,046 3*
Income - Consents	12,487,794	14,421,603	(1,933,818) 4*
Income - External Cost Recovery	1,372,365	1,320,518	51,847
Income - Regulatory	5,376,781	6,860,284	(1,483,503) 5*
Income - Operational	31,546,599	33,972,502	(2,425,902) 6*
Total Operating Revenue	149,079,660	151,652,194	(2,572,533)
EXPENDITURE			
Personnel Expenditure			
Expenditure - Salaries & Wages	33,339,889	34,607,578	1,267,689 7*
Expenditure - Salaries & Wages Contract	5,408,127	4,743,781	(664,346) 8*
Expenditure - Health Insurance	420,208	371,950	(48,258)
Total Personnel Expenditure	39,168,224	39,723,309	555,085
Operating Expenditure			
Expenditure - Professional Services	4,571,121	4,565,705	(5,416)
Expenditure - Legal	2,791,648	3,384,841	593,193 9*
Expenditure - Stationery	418,719	412,300	(6,419)
Expenditure - IT & Phones	901,875	921,840	19,965
Expenditure - Commercial Rent	2,621,676	2,530,226	(91,449)
Expenditure - Vehicle	673,113	724,700	51,587
Expenditure - Power	2,900,842	3,335,353	434,511 11*
Expenditure - Insurance	1,489,705	1,136,700	(353,005) 12*
Expenditure - Infrastructure Maintenance	31,864,250	28,673,153	(3,191,098) 13*
Expenditure - Parks & Reserves Maintenance	8,583,734	13,745,291	5,161,557 14*
Expense - External Cost On Chargeable	1,341,316	1,291,292	(50,024)
Expenditure - Grants	7,477,774	7,657,543	179,769 15*
Expenditure - Other	16,299,258	15,193,473	(1,105,786) 16*
Total Operating Expenditure	81,935,030	83,572,417	1,637,386
Interest and Depreciation			
Expenditure - Interest	5,710,526	11,421,051	5,710,526 17*
Expenditure - Depreciation	26,518,855	26,518,855	0
Total Interest and Depreciation	32,229,381	37,939,906	5,710,526
Total Expenditure	153,332,635	161,235,632	7,902,997
NET OPERATING SURPLUS/(DEFICIT)	(4,252,975)	(9,583,439)	5,330,464

Capital Revenue and Expenditure

Description	Full Year 10+2 Re-forecast	Full Year Adjusted Budget	Variance to Budget
Capital Revenue			
Income - Development Contributions	19,734,184	19,421,515	312,669
Income - Vested Assets	10,733,077	10,733,077	0
Income - Grants & Subsidies Capex	6,279,554	26,226,083	(19,946,529) 18*
Income - Operational	920,000	27,800,000	(26,880,000) 19*
Total Capital Revenue	37,666,815	84,180,675	(46,513,860)
Capital Expenditure			
Projects/Asset Purchases	66,253,908	106,058,532	39,804,624 20*
Debt Repayment	16,890,000	16,890,000	0
Total Capital Expenditure	83,143,908	122,948,532	39,804,624
NET CAPITAL FUNDING REQUIRED	45,477,093	38,767,858	(6,709,236)
Total External Borrowing	119,830,000	187,082,000	

Commentary - Operational Full Year Re-forecast to Full Year Budget Adjustments

*1 Income - Rates - There is an additional \$155k for rates penalties.
*2 Income - Grants & Subsidies - There is \$1.1m additional Rooding income which includes \$874k for Emergency Reinstatement works (\$700k of which has been requested from NZTA in May with a further claim to be made in June) and payments totalling \$1.1m from MBIE for TIF (Tourism Infrastructure Fund) funded toilets in the district received in September and November. Grants income has reduced by \$200k which is direct offset with a \$200k reduction in Expenditure Grants (per note *15) in relation to assistance provided to community groups/organisations with non-QLDC Grants.
*3 Income - NZTA External Cost Recoveries - Following an internal chargeable time review there is an expected \$466k increase for CAPEX recoveries and OPEX (NZTA recoveries) of \$615k (which offsets in Infrastructure maintenance costs - See Note 11 below)
*4 Income - Consents - There is \$1.8m net reduction in P&D consenting revenue (Engineering \$348k, Building \$720k, Resource \$76k) which is both a direct impact from Covid19 with less applications received and inspectors were not allowed on site during this time (\$599k April unfavourable variance month). As well as less than budgeted engineering labour recoveries, less than budgeted number of resource management applications received and reduced other building income, which were budget variances prior to Covid 19.
*5 Income - Regulatory - Traffic, parking and campervan infringements income is forecasted to be down \$1.1m on budget due to the Covid19 impact which includes the \$739k unfavourable variance for April along with a provision for doubtful debts accruals totalling \$384k based on age of receivables.
*6 Income - Operational - As part of Covid-19 there is estimated \$2.9m to be received from Central Government for reimbursement of Welfare payments (offsets in Note 13 Other Expenditure) and for Recovery initiatives and \$87k of Regional charitable trust funding. Council has received \$6.2m from Queenstown Airport for Dividends which was \$844k above the Full Year Budget. \$4.3m of Coronet Harvest income will be deferred to 2020/21 in line with Harvest costs to align with timing of the harvest programme. The Alpine Aqualand pool closure and Covid19 impact will see a (\$1.2m) reduction of income. Within Infrastructure there is a net \$0.8m decrease which includes reductions of \$190k for Refuse income (decrease due to C-19), \$227k for Wastewater recoveries, \$147k for Shotover Jet Concessions, \$282k for Church St Wilson Parking due to Lower occupancy (partly C-19 related), \$210k Lease income (due to C-19). This is offset with an increase of \$154k for Rooding Other Income. With Regulatory there is a net \$333k reduction which includes \$194k reduced Shotover Jet Concessions and \$150k for Waterways Control Commercial licence fees.
*7 Expenditure - Salaries & Wages - There is an expected \$1.3m saving based on actuals and vacancies.
*8 Expenditure - Contract Staff - There is an expected \$664k additional expenditure because of the use of contractors to cover vacancies and is partially offset with capex recoveries.
*9 Expenditure - Legal - Legal costs for the District Plan are expected to be \$370k favourable year to date due to programming of the district plan (timing) and additional resourcing in the legal team. The additional resourcing in the legal team is expected to have a saving in overall legal spend of \$215k for the year.
*11 Expenditure - Power - There is an expected \$289k reduction in electricity and gas expense from the Alpine Aqualand pool closure along with \$161k savings at and Wanaka Pool and Wanaka Rec centre. This is offset by additional power costs for Arrowtown Pool heating \$42k.
*12 Expenditure - Insurance - There has been a Three Waters Insurance premium increase of \$352k due to current market rates
*13 Expenditure - Infrastructure Maintenance - There is expected to be additional Rooding costs of \$1.1m Emergency Reinstatement Costs for Dec and Feb flooding events, \$230k additional Streetlighting costs and \$664k internal time re-charges (which is partially offset with NZTA subsidy income in Note 1 above). Refuse has a \$0.7m increase which includes landfill costs of \$598k based on current volumes and new gas capture levy and \$433k waste contract recycling/collection costs which is offset with \$324k reduction in Refuse disposal costs (due to reduced tyre disposal costs, pre-purchase of ETS carbon credits and closure of transfer station due to C-19). Within 3 Waters there is additional \$319k storm waters costs from the December and February flooding events and additional \$155k expenditure within Cardrona Wastewater for the on-going transporting of excess waste to Project Pure.
*14 Expenditure - Parks and Reserves Maintenance - Coronet forest costs has been deferred \$4.6m (Offset with Note 6, Income - Operational) to align with the timing of the harvest programme. \$100k budgeted for deep street cleaning which will be a permanent saving as it is no longer going to be undertaken this financial year. Forecast underspend of \$415k within other Parks and Reserves maintenance, which is largely due to level 4 lockdown restrictions.
*15 Expenditure - Grants - Grants Expenditure has reduced by \$200k which is a direct offset with a \$200k reduction in Income Grants & Subsidies (per note *2) in relation to assistance provided to community groups/organisations with non-QLDC Grants.
*16 Expenditure - Other - There is \$2.7m expected costs as part of the Welfare reimbursement due to Covid-19 impacts (which is offset in Note 6, Operational Income). This is offset by reduced costs within P&D (\$965k) for District Plan Commissioner costs which has a delayed timing and expected to go into next financial year along with reduced costs for private plan changes and there will also be reduced savings across accommodation, staff training and recruitment (\$336k) due to Covid-19 impacts.
*17 Expenditure - Interest - Re-forecast cost has adjusted due to lower than expected interest rates and timing of capex spend.

Commentary - Capital Revenue and Expenditure Full Year Re-forecast to Full Year Budget Adjustments

*18 Income - Grants & Subsidies Capex - 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. In addition there are carry forwards to 2021 for minor improvements (\$1.5m) and Crown Range Sealed Road resurfacing (\$1.3m) with further carry forwards expected at year end.
*19 Income - Operational - \$3m Lakeview net receipts has been deferred as per the recently signed Developer Agreement with Ninety Four Feet Ltd and the Commonage Sale to be deferred due to market conditions.
*20 Project Expenditure - Full Year adjusted budget has been updated to reflect the 2018/19 carry forwards, 2019/20 deferred budgets and other adjustments approved by Council. The re-forecast reflects actual and committed costs expected to the June year end.