

**Audit, Finance & Risk Committee**

11 June 2024

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

**Department: Assurance, Finance & Risk**

**Title | Taitara: March YTD 2024 Financial Overview including the following reports**

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

**Purpose of the Report | Te Take mō te Pūroko**

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The purpose of this report is to present the 2023:24 March Year to Date (YTD) Actual to Budget financial results, Capital Expenditure financial results and March 2024 Debtors Analysis and Statement of Financial Position and to report on any significant transactions and/or variances to budget.

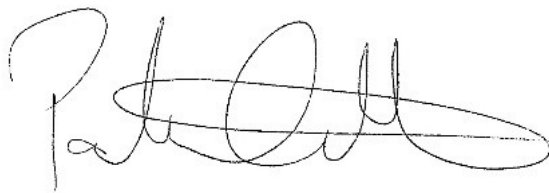
**Recommendation | Kā Tūtohuka**

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That Audit, Finance & Risk Committee:

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

**Prepared by:**



**Name:** Paddy Cribb  
**Title:** Finance Manager  
30 May 2024

**Reviewed and Authorised by:**



**Name:** Stewart Burns  
**Title:** GM Finance, Assurance & Risk  
30 May 2024

## Context | Horopaki

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1. The main objective of this report is to give the Audit, Finance & Risk Committee (the Committee) an overview of how the Council is performing from a financial perspective. The approach taken for the operational review is one of management by exception, whereby officers are required to provide explanations when actual expenditure or revenue does not match the budget. For the capital review, the approach taken is to provide a status update on key projects across the various programmes and activities, to provide assurance that the projects are being delivered within existing budgets or to highlight any potential risks.

## Analysis and Advice | Tatāritaka me kā Tohutohu

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### **2023:24 March YTD Actuals to March YTD Budget Overview:**

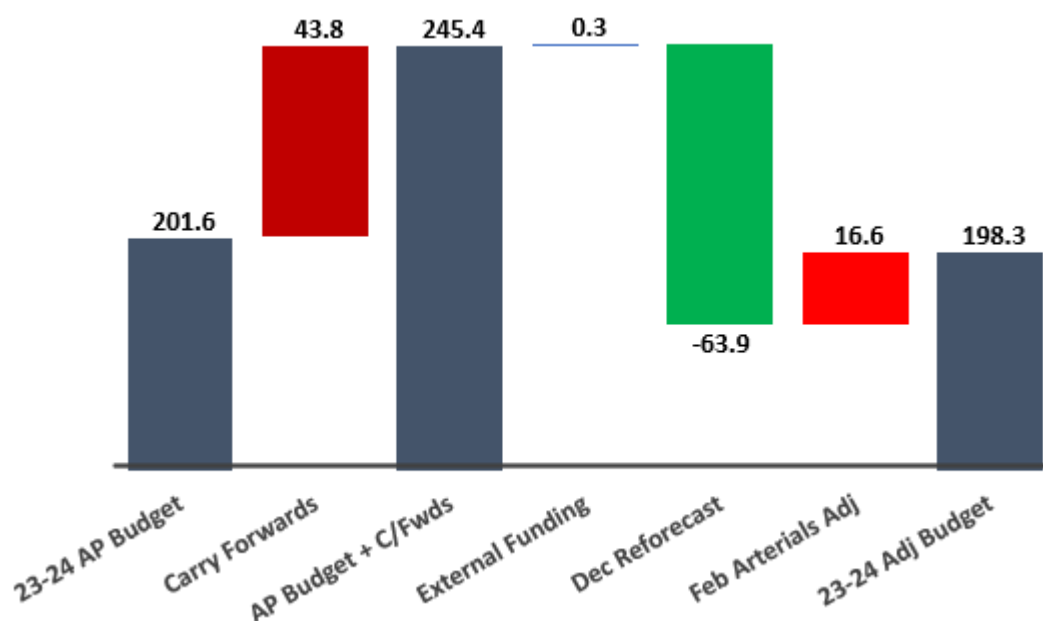
2. The 2023:24 March YTD net operating deficit (\$39.8M) shows as \$7.5M unfavourable variance to the budget operating deficit of (\$32.2M).
3. Please note that within the March 2024 financial results is \$3.0M of expenditure that is attributable to Emergency and unplanned events, e.g. the September weather event which triggered the Civil Defence response, the Shotover Wastewater Treatment Plant unplanned maintenance, and the Crypto event. Council is currently reviewing the options for seeking potential recoveries from some of this expenditure.
4. Offsetting the net operating deficit is a favourable upside of \$4.5M to budget for the Queenstown Airport dividend received and the gain on sale at 516 Ladies Mile to Waka Kotahi for road reserve for the proposed roundabout at Howards Drive/State Highway 6.
5. The March 2024 YTD revenue is \$0.5M favourable to budget. Grants and Subsidies is \$1.3M favourable which is mainly due to timing with receiving NZTA/Waka Kotahi subsidies for roading maintenance work. Operational income is \$1.2M favourable with Sport & Recreation income for memberships and aquatics tracking ahead of budget. These are offset by (\$1.1M) unfavourable variance in Consents income due to consent applications being 20% down on the same period last year and budget. This reduction in income is partly offset by a reduction in contract staff expenditure due to the lower activity.
6. Total Operating Expenditure variance is (\$6.9M) unfavourable to budget. This includes the emergency and unplanned events of (\$3.0M) and higher Energy costs (\$1.3M). Infrastructure Maintenance, after adjusting for the spend due to the emergency and unplanned events is (\$1.4M) overspent. The overspend in Infrastructure maintenance relates to roading maintenance, line marking, sealed pavement and culvert cleaning work completed ahead of schedule.
7. Interest expenditure is (\$1.9M) unfavourable due to interest rates higher than the budget assumptions.

8. Overall, for the full financial year, Council is forecasting a \$4.5M unfavourable variance to the budget operating deficit. The \$4.5M does not include any allowance for the September weather event recoveries but does include the upside from the Queenstown Airport Dividend and gain on sale at Ladies Mile as noted in paragraph 4.
9. This forecasted full year deficit is subject to on-going scrutiny by the Executive Leadership Team which is seeking actions to mitigate the deficit. Mitigation actions currently underway include the reduction of Planning & Development contract spend due to the drop off in Resource and Building Consent application numbers and an organisation wide approach for reducing electricity usage.
10. Further in-depth commentary is provided within Attachment A.

**2023:24 March YTD Capital Expenditure Reporting Overview:**

11. At the end of March 2024, Council had 338 capital projects with an approved 2023:24 adjusted budget of \$198.3M. This is a \$3.2M decrease from the 2023:24 Annual Plan budget of \$201.6M.
12. 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 \$0.3m external funding and 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) and \$16.6M add per the February Council Meeting for the Queenstown Arterial Stage One CIP funded project.

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



13. Overall year to date spend is \$136.3M (91%) against a year to date adjusted budget of \$150.1M. Forecast spend is \$185.5M (94%).

14. 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 Feet 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.

15. 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.

16. At the last Audit, Finance & Risk Committee Meeting, it was requested to introduce a traffic light system to highlight any areas of concern or potential financial risks which the Committee should be made aware of. Attachment B (2023:24 March YTD Capital Expenditure Reporting Overview) includes the traffic lights in the forecast column. Any grouping that has an orange or red forecast cell, will be referenced in the corresponding section of the paper below as to the reason this has been flagged as a potential risk. There are no projects flagged as red at this stage.

17. Commentaries for the groupings are as follows:

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

18. The March year to date spend is \$4.9M or 110% of the 2023:24 year to date budget of \$4.5M (full year budget \$4.1M). The 2023:24 forecast spend is \$1.6M which allows for an anticipated credit of circa \$4.0M to be received in June 2024 for The Alliances pain/gain share. Note the pain share occurs due to the forecast final cost for the project being greater than the adjusted target out-tun cost.

19. As at 31 March 2024 construction is complete with minor works (minor faults and omissions) underway in parallel to submission of the final Quality Assurance Documents. Practical Completion for the full project was signed off with an effective date of 10 November 2023. 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 March year to date spend is \$30.9M or 92% of the 2023:24 year to date budget of \$33.5M (full year budget \$44.2M). The 2023:24 forecast spend is \$40.8M.
21. As at 31 March 2024 side road construction works on Frankton Road have been completed, pavement works in Melbourne Street have recommenced and the stormwater installation in Zone 3 is ongoing. Retaining wall works at St Joseph's church are still ongoing with piling works having been completed and backfilling is well progressed. There has been a delay in the completion of the St Joseph's retaining wall due to complexities of construction and in the shop drawings, causing a delay in manufacturing the balustrades. The estimated completion date for this work is 30 June 2024.
22. As advised in the previously quarterly report a reforecast increased the Cost to Complete (CtC) by \$17.65m which was approved in by Full Council on 15 February 2024. While the risk of the increases in the CtC remains, project governance has increased and project planning of activity, time and cost is being robustly reviewed and challenged. In line with the budget increase QLDC are working with CIP to ensure appropriate reporting to recognise the new dates for construction and practical completion. The revised date for construction completion is 03 March 2025, with practical completion by 08 May 2025. There is the possibility that the main Arterial road will open by Christmas under traffic management which will allow the Ballart stormwater to be completed in the New Year.

**High Profile Projects - Lakeview Development**

23. The March year to date spend totals \$12.0M or 112% of the 2023:24 year to date budget of \$10.7M (full year budget \$13.6M). The 2023:24 forecast spend is \$12.3M which allows for an anticipated pain share credit of circa \$0.7M to be received in June 2024.
24. 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.
25. The Alliance has advised additional costs at approximately \$1 million, over the initial subdivision and ancillary works package estimate due to costs associated with market increases. These additional costs can be met within the existing Lakeview infrastructure works budget.
26. Infrastructure works internal to the subdivision have been completed. The final project close out and handover is scheduled to be complete by April 2024, but is reliant on completion of Ancillary project work. The Ancillary programme is predominantly complete on Man/Thompson St, with final handover in April. Awaiting confirmation of revised dates to

complete existing Isle Street surface upgrades. Works have commenced in March to remove the remaining vacated cabins which are due for completion June 24.

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

27. The December year to date spend and forecast is aligned with the 2023:24 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. On 4 April 2024, following community consultation and a hearing, councillors adopted the land strategy for the Site and decided not to progress the joint venture arrangement with NTP.
30. There are a number of steps to achieve the proposed land strategy involving QLDC's existing partnership with NTP and their various rights and interests in the site, including a right of first refusal, and Ministerial approval. Staff have been directed to report back to the Council with a scope of works programme for the land strategy.

**Project Management Office (PMO) Commentary:**

31. There are currently 26 Property & Infrastructure projects with 2023:24 budgets being delivered within the PMO delivery team. 6 projects have recently been completed or within the post construction lifecycle stage, 7 projects are in construction, 12 are in detailed design and 1 in concept design. The March year to date spend is \$44.2M or 106% of the 2023:24 year to date budget of \$41.7M (full year budget \$55.8M).
32. The 2023:24 forecast spend for the PMO is \$58.8M which exceeds the current year budget by 5% or \$3.0M. This is predominantly due to Project Shotover Wastewater Treatment Plant which is forecasting to spend \$4.4M greater than the current year budget, however this is just a timing issue as sufficient budget exists in 2024:25 that will be brought forward as a year-end adjustment (the timing of significant concrete structure works were originally anticipated in July/August but the programme is tracking ahead of schedule).
33. PMO projects that have recently been completed or in post construction include:
  - **Project Pure Upgrade** - YTD Budget \$3.8M with Actuals of \$4.3M (Full year budget \$4.2M) - Construction commenced April 2022 and completed December 2023 with final commissioning completed March 2024. The remaining budget of \$0.6M sitting in 24/25 will be required to be brought forward to 2023:24 as a year-end adjustment.
  - **Beacon Point New Reservoir** - YTD Budget \$5.4M with Actuals of \$4.8M (Full year budget \$5.6M) – The main reservoir tank works were completed December 2023. Bund earthworks have now been completed with planting/landscaping underway.

- **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 2024.
- **Western Wānaka Level of Service WS** - YTD Budget \$0.1M with Actuals of less than \$0.1M (Full year budget \$0.4M) - Practical completion March 2023 for main Heb contract. Final defects close out in process, with final remediations underway. 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) planned to commence May 2024.
- **Glenorchy Reservoir upgrade** YTD Budget \$2.4M with Actuals of \$2.3M (Full year budget \$2.4M) - The new reservoirs were commissioned in December 2023.
- **Paetara Aspiring Central** - YTD Budget \$2.1M with Actuals of \$2.0M (Full year budget \$2.1M) - Construction commenced April 2023 and practical completion reached September 2023. Additional budget \$0.2M approved via the May Reforecast for installation of basketball hoops which are scheduled to be completed by September 2024.

34. PMO Projects within the construction phase include:

- **Arthurs Point to CBD Active Travel (TR)** - YTD Budget \$5.0M with Actuals of \$4.0M (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 \$9.5M with Actuals of \$12.2M (Full year budget \$14.0M) - Physical works commenced August 2023 and scheduled to be completed December 2025.
- **North Wānaka Conveyance (WW)** - YTD Budget \$0.2M 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 still in consenting stage. Designation appealed by submitters and QLDC are considering the next phases (budget in years 1-3 of LTP24).
- **CBD to Frankton Conveyance (WW)** - YTD Budget \$3.2M with Actuals of \$2.0M (Full year budget \$3.2M) - Sewer relining works underway April 2023 with forecast completion date by May 2024. Detailed design for the planned new rising main has commenced, with construction anticipated to commence 2024:25 subject to securing necessary property negotiations.
- **Cardrona Water Supply Scheme Pipeline (WS)** - YTD Budget \$1.3M with Actuals of \$1.2M (Full year budget \$2.4M) - Construction contract commenced Nov 23, with forecast completion May 2024.
- **Compliance Response - UV Treatment (WS)** - YTD Budget \$5.6M with Actuals of \$4.7M (Full year budget \$8.5M) - Fernhill, Western Intake and Beacon Pt UV treatment now completed. Smaller UV locations to be rolled out for remainder of year (Corbridge, Wānaka Airport, Luggate, Glenorchy). Two Mile intake subject to planning requirements. All locations must be completed by 31st December 2024.
- **PAC – Performing Arts Centre** - YTD Budget \$0.5M with Actuals of \$27k (Full year budget \$0.5M) - Works commenced April 2024 to demolish the Playcentre and for removal of QPAC to relocate to Country Lane to be complete June 2024.

35. PMO Projects within the detailed design phase include:

- **Kingston HIF New Scheme (SW)** - YTD Budget \$0.1M with Actuals of \$0.2M (Full year budget \$0.1M) - Detailed design is complete and the earthworks consent has been granted. Procurement for construction is underway April 2024. Anticipating construction to commence September 2024. A minor brought forward budget will be required as a year-end adjustment.
- **Kingston HIF new scheme (WW)** - YTD Budget \$0.1M with Actuals of \$0.3M (Full year budget \$0.1M) - Detailed design is underway and is expected to be completed late 2024 / early 2025. A minor brought forward budget will be required as a year-end adjustment.
- **Kingston HIF New Scheme (WS)** - YTD Budget \$0.1M with Actuals of \$0.1M (Full year budget \$0.1M) - Detailed design is complete. Currently out to market with Stage 1 construction procurement (Stage 1 includes construction of a new water treatment plant, reservoir, and rising and falling water supply main). Contract award anticipated July 2024. A minor brought forward budget will be required as a year-end adjustment.
- **Wakatipu Active Travel Network (TR)** - YTD Budget \$38k with Actuals of \$26k (Full year budget \$0.2M) - No further expenditure planned for 2023:24. Balance of budget has been reallocated in the May Reforecast.
- **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. The project will be placed on hold until future funding is available to construct the pump station.
- **Upper Clutha Conveyance Scheme (WW)** - YTD Budget \$0.9M with Actuals of \$0.7M (Full year budget \$1.0M) - Detailed design has commenced and is planned to be completed by early 2025. The design programme has been extended to analyse and incorporate potential design changes required to align with the latest Draft QLDC population forecasts. As a result, the project team is working with Kainga Ora to amend the funding milestones within the Delivery Plan included in the Infrastructure Acceleration Fund funding agreement.
- **Robins Road Conveyance Upgrade (WW)** - YTD Budget \$0.3M with Actuals of \$0.3M (Full year budget \$0.6M) - Detailed design is underway, with construction forecast to commence in early 2025.
- **Luggate Water Supply Scheme** - YTD Budget \$0.2M with Actuals of \$0.2M (Full year budget \$0.2M) - Detailed design completed March 2023. Land purchase completed February 2024. Construction phase on hold due to reprioritisation of budgets. Now programmed to commence 2027.
- **Quail Rise Reservoir** - YTD Budget \$0.2M with Actuals of \$0.2M (Full year budget \$0.2M) - Detailed design complete. Designation expected by June 2024. 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 consenting scheduled for completion by June year end. Project will be placed on hold until future funding is available for construction.
- **Aubrey Rd Rec Reserve SW detention pond** YTD Budget \$0.4M with Actuals of \$0.4M (Full year budget \$0.4M) - Detailed design and construction of Aubrey Rd pipeline complete.



Minor remedial works to be undertaken 2023:24. Balance of project to be placed on hold until future funding is available for construction of the Kellys Flat detention pond.

- **Hanley's Farm Wastewater Pump Station Upgrade** YTD Budget \$0.1M with Actuals of \$0.1M (Full year budget \$0.1M) - Detailed design due to be completed June 2024. The consent is currently being processed. Construction is due to commence August 2024.

36. PMO Projects within the concept design phase include:

- **Wānaka New Waste Facilities (WM)** - YTD Budget \$0.3M with Actuals of \$3.4M (Full year budget \$1.2M) - Design contract awarded November 2023, concept design is due to complete June 2024. \$3.4M paid for Wānaka land purchase January 2024 (budget approved to be reallocated from Wakatipu New Waste facilities in the May Reforecast). *Key point to note (amber traffic light): The current approved LTP budget is insufficient for the preferred upgrade solution. Work is underway to assess the cost and scope in more detail before the amount of new funding can be confirmed. S*

#### **Renewals Commentary:**

37. Total March year to date actual spend is \$12.0M or 73% of the year to date budget of \$16.3M. Full Year Budget \$22.2M with a forecast spend of \$20.3M.

#### **Community Services Renewals:**

38. Year to date spend \$2.5M or 63% of the March year to date budget of \$3.9M. Full year budget \$5.3M with a forecast spend of \$4.7M.

39. **Parks & Reserves** 2023:24 full year budget totals \$4.0M including \$0.6M for Parks Roading Renewals (works undertaken November 2023 to March 2024 through Downer reseal contract), \$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 along with flying foxes in Jardine Park & Hanley's Farm and the new Luggate Playground installation (completed May 2024).

40. **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).

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

#### **Property & Infrastructure Renewals:**

42. Year to date spend \$9.5M or 76% of the March year to date budget of \$12.4M. Full year budget of \$16.9M with a forecast spend of \$15.5M.
43. **Buildings, Camp Grounds & Library** renewals has actual spend of \$0.5M vs year to date budget of \$1.3M (Full year budget \$1.6M) - Significant projects include combined jetty improvement projects \$0.8M 2023:24 budget. Minor remedial works are still likely to commence by June 24 across 3 prioritised sites (Kingston, Sunshine Bay & Bobs Cove Jetties) with the balance now to be spent on detailed design to guide the LTP24 improvement programme.
44. **3 Waters** renewals spend of \$3.7M is tracking to year-to-date budget \$4.0M (full year budget \$5.1M). Renewals Works programmed to spend full 2023:24 budget with some reallocation between projects. *Key point to note (amber traffic light): An overspend of at least \$0.5M is likely due to the Shotover Aeration Grid renewal which was urgently required, along with a high number of unscheduled urgent works. The project team is working to prioritise works to reduce programmed spend in order to align more closely with budget. Any overspend will be offset with other anticipated underspends across renewals.*
45. **Transport** renewal actuals are \$5.0M against a year-to-date budget of \$6.2M (full year budget \$8.7M). 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.
46. **Waste Management** renewals actuals are \$0.2M against a year to date budget of \$0.9M. The full year budget of \$1.4M includes \$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) and \$0.6M budget for Existing Waste Site Consenting (with actuals year to date under \$0.1M). The Victoria Flats Landfill consent expires 2032; Morrison Low are engaged to draft the RFP, which is underway April followed by procurement for consenting. Remediation pricing for Tucker Beach consenting has been received and Tonkin & Taylor are engaged to assist due to complexities with the process. Remediation repairs also required for consent at Wānaka closed landfill & Tuckers Beach. *Key point to note (amber traffic light): Potential for the pricing to come in above the existing budget which will be determined 24/25 following carry forward of remaining budget.*

**Other Capital Projects Commentary:**

47. Total March year to date actual spend is \$32.5M or 75% of the year to date budget of \$43.3M. Full Year Budget \$58.3M with a forecast spend of \$46.7M.

**Community Services Other Projects:**

48. Year to date spend \$1.7M or 33% of the March year to date budget of \$5.2M. Full year budget of \$7.7M with a forecast spend of \$3.4M.

49. **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).
50. **Parks & Reserves** \$7.4M 2023:24 budget includes \$1.5M for Wānaka Lakefront Development Plan Stage 5 which has construction procurement underway April 2024 with physical works likely to commence by July, following approval of budget transfers in the May reforecast Council paper (the scope was reduced in the December Reforecast adjustment, however a quantity surveyor estimate based on 90% detailed design having been completed in December had additional budget required which has since been approved via transfers in the May Reforecast Council Paper and will subsequently be required to be carried forward to 2024:25 for delivery. There is \$2.6M budget for Coronet Forest Revegetation with actuals of \$0.2M (the planting contractor and manager contracts have now been awarded with \$1.9M likely to be carried forward to 2024:25 in line with proposed work programme); \$0.6M budget for Water Sports Facility & Parking (contract works commenced March 2024 and on track for completion May 2024 for the new footbridge and track along with carpark improvements under the roading contract) and \$0.7M budget for Glenorchy Carpark & Marina Improvements (detailed design completed in March 2024, construction procurement to commence May with physical works likely to commence by July following approval of budget increase in the May reforecast Council paper). *Key point to note (amber traffic light): Regarding the Wānaka Lakefront Development Plan Stage 2 completed project (full year budget of \$0.3M), an Issue has been raised in terms of the tiles meeting requirements. QLDC are investigating this with the designer and contractor. Further update will be required at the appropriate time.*

**Corporate Other Projects:**

51. Year to date spend \$0.7M or 55% of the March year to date budget of \$1.3M. Full year budget of \$1.8M. F

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 and Sentient), \$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:**

52. Year to date spend \$32.5M or 75% of the March year to date budget of \$43.3M. Full year budget of \$58.3M with a forecast spend of \$46.7M.
53. **Buildings** \$1.2M 2023:24 full year budget includes \$0.4M for Luggate Memorial Centre Replacement (opened in December 2022 but final claim received April 2024) and \$0.4M for

Stanley St Playcentre relocation (one off payment now made to The Ministry of Education towards the new facility).

54. **Waste Management** \$4.2M 2023:24 full year budget includes \$2.8M for Wakatipu New Waste Facilities (budget used for land purchase in Wānaka January 2024 with the transfer approved in the May Reforecast), \$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 curbside collections, Grow Wānaka and Zero Waste Glenorchy initiatives).
55. Minor budgets totaling \$1.2M within **Storm Water** include Catchment Management Plans and Investigations (contract committed to spend majority of budget across Wakatipu/Wānaka) and Modelling (commitments raised for modelling to feed into the Catchment Management Plans).
56. **Wastewater** full year budgets totaling \$2.5M include \$1.3M for Project Pure Aeration Grid Renewal (contract award has been delayed due to a requirement to incorporate additional scope into the project; spend this financial year will likely be limited to a deposit payment on aeration equipment supply and some management/design costs circa \$0.5M) and master planning budgets total \$0.3M (Eastern corridor and Arrowtown WW Optimisation study is ongoing along with Gordon Road pump station masterplanning).
57. **Water Supply** full year budgets totaling \$18.7M includes \$14.8M actual cost for the Cardrona New Water Supply Scheme (QLDC has made payment to the developer in March 24 to acquire the new scheme) and \$1.5M for Demand Management Hāwea Water Supply (a preferred contractor has been selected, and meter installation is programmed for commencement within the current financial year; final contract negotiations are ongoing to confirm the start date). Hydraulic Modelling budgets total \$0.5M (modelling is underway on Queenstown bores & specific developments including Silver Creek, Coneburn and Ladies Mile).
58. **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 Road, Riverbank/Ballantyne, Golf Rd, Capell Ave, Wānaka Corridor, Anderson/Aubrey, Rata St, Aubrey Rd & Cardrona Village), \$2.0M for Active Travel Wakatipu/Wānaka (Anderson Rd active travel to be completed by February 2024 and route B2 Thompson Street due for completion April 2024) and \$0.6M for Wānaka Masterplan Update (contract for network optimisation single stage business case commenced September 2023 and due to be completed December 2024).

59. 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 nearing completion. Stage 3 State Highway to Ballantyne Road \$1.4M contract awarded with works to run April through Jun 2024.

The Wakatipu Public Transport Low Cost Low Risk improvements project has a \$0.7M full year budget which is 51% subsidised by ORC (Tranche 2 construction minor close out works to be completed by year end; procurement of Tranche 3 design and associated bus shelters underway, following confirmation of priorities with ORC).

60. Further in-depth commentary is provided within attachment B.

**2023:24 March Debtors Analysis Overview:**

61. Total outstanding debtors have increased by \$0.5M compared to March 2023, with a \$1.7M increase in rates receivable offset by a (\$1.2M) reduction in trade and other receivables.

62. \$1.2M of the increase in the rates receivable relates to this financial year's rates overdue (instalment 1, 2 and 3) and \$0.5M increase in prior years rates arrears.

63. There are a total of 644 properties (\$2.1M) in arrears for previous years rates as at 31 March 2024, compared to 526 properties (\$1.7M) as at 31 March 2023. Bank mortgage calls have been made on 594 properties for arrears debt with payments due in April and May 2024.

64. Outstanding development contributions have increased by \$1.6M compared to March 2023 however this is due to two large DC's totaling \$2.7M raised in March 2024 and are within the current aging bracket.

65. Further in-depth commentary is provided within attachment C.

**2023:24 Statement of Financial Position Overview.**

66. Total increase of \$161M in net assets compared to March 2023 is made up of the following significant movements:

1. \$285M increase in property, plant & equipment from the revaluation of 3W and Roothing infrastructural assets, and asset additions in the FY24 year;
2. Net increase in total borrowings of (\$119M) to fund the capital programme.

67. Overall Council's key financial covenant ratio of Net Debt/Total Revenue is currently 241.9% at March 2024. This lower than the 2023/4 Annual Plan ratio 264.8%.

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

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

### Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

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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.

### Consultation Process | Hātepe Matapaki

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#### Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

72. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy 2021 because of councils ability to manage its annual plan net operational budget for the 2023/24 financial year.
73. The persons who are affected by or interested in this matter are the residents and ratepayers of the Queenstown Lakes district community.

#### Māori Consultation | Iwi Rūnaka

74. Not required as the matter is of low significance as noted above.

### Financial Implications | Kā Riteka ā-Pūtea

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75. 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-Kīaka

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76. 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.
77. The recommended option is consistent with the Council's plans and policies.

Attachments | Kā Tāpirihaka

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A	Finance Management Report – 2023:24 March YTD Actual to March YTD Budget Financial Overview
B	Finance Management Report – 2023:24 March YTD Capital Expenditure Reporting Overview
C	March 2024 Debtors Analysis
D	March 2024 Statement of Financial Position

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