

Finance Management Report

For the Period Ended 31 December 2019

Operating Expenditure and Revenue

Description	QTR 2			% of Year Completed				
	Actual	Budget	Variance to Budget	Year to date Actual	Year to date Budget	Year to date Variance	Full Year Budget	YTD Actuals to Full Year Budget
<b>REVENUE</b>								
<b>Operating Revenue</b>								
Income - Rates	21,505,427	21,490,957	14,470	42,899,274	42,834,424	64,849	85,136,522	50%
Income - Grants & Subsidies	1,669,562	1,347,586	321,975	4,540,118	3,004,757	1,535,361	6,119,688	74% *1
Income - NZTA External Cost Recoveries	1,070,577	955,269	115,307	2,281,899	1,910,538	371,361	3,821,077	60% *2
Income - Consents	3,354,992	3,390,401	(35,409)	6,753,131	6,995,801	(242,670)	14,421,603	47% *3
Income - External Cost Recovery	288,180	330,129	(41,950)	583,317	660,259	(76,942)	1,320,518	44%
Income - Regulatory	1,627,316	1,642,822	(15,506)	3,541,568	3,234,806	306,762	6,860,284	52% *4
Income - Operational	5,644,296	5,661,922	(17,626)	17,508,696	16,650,118	858,578	61,772,502	28% *5
<b>Total Operating Revenue</b>	<b>35,160,348</b>	<b>34,819,086</b>	<b>341,262</b>	<b>78,108,003</b>	<b>75,290,704</b>	<b>2,817,299</b>	<b>179,452,194</b>	<b>44%</b>
<b>EXPENDITURE</b>								
<b>Personnel Expenditure</b>								
Expenditure - Salaries & Wages	8,354,045	8,748,509	394,464	16,523,617	17,409,786	886,169	34,607,578	48% *6
Expenditure - Salaries & Wages Contract	1,803,176	1,185,945	(617,231)	3,307,373	2,371,890	(935,483)	4,743,781	70% *7
Expenditure - Health Insurance	86,937	92,987	6,050	115,963	185,975	70,012	371,950	31%
<b>Total Personnel Expenditure</b>	<b>10,244,158</b>	<b>10,027,441</b>	<b>(216,717)</b>	<b>19,946,952</b>	<b>19,967,651</b>	<b>20,699</b>	<b>39,723,309</b>	<b>50%</b>
<b>Operating Expenditure</b>								
Expenditure - Professional Services	1,226,789	1,141,426	(85,363)	2,381,132	2,282,853	(98,280)	4,565,705	52%
Expenditure - Legal	622,827	846,210	223,384	1,330,586	1,692,421	361,835	3,384,841	39% *8
Expenditure - Stationery	140,490	103,572	(36,918)	243,862	205,144	(38,718)	412,300	59%
Expenditure - IT & Phones	226,543	221,461	(5,082)	508,872	478,922	(29,950)	921,840	55%
Expenditure - Commercial Rent	647,034	638,028	(9,006)	1,371,778	1,272,806	(98,973)	2,530,226	54%
Expenditure - Vehicle	194,854	195,173	319	343,387	368,846	25,459	724,700	47%
Expenditure - Power	719,689	834,236	114,548	1,513,365	1,667,749	154,383	3,335,353	45% *9
Expenditure - Insurance	383,443	284,181	(99,262)	715,622	568,362	(147,260)	1,136,700	63% *10
Expenditure - Infrastructure Maintenance	8,064,326	6,995,787	(1,068,538)	15,721,113	14,425,775	(1,295,338)	28,673,153	55% *11
Expenditure - Parks & Reserves Maintenance	2,226,737	2,128,160	(98,577)	3,735,913	3,691,820	(44,094)	13,745,291	27%
Expense - External Cost On Chargeable	292,518	322,823	30,305	612,048	645,646	33,598	1,291,292	47%
Expenditure - Grants	1,817,401	1,845,475	28,075	3,635,491	3,672,361	36,870	7,657,543	47%
Expenditure - Other	4,523,541	4,325,112	(198,429)	7,725,821	7,473,067	(252,754)	15,193,473	51% *12
<b>Total Operating Expenditure</b>	<b>21,086,191</b>	<b>19,881,646</b>	<b>(1,204,545)</b>	<b>39,838,991</b>	<b>38,445,771</b>	<b>(1,393,220)</b>	<b>83,572,417</b>	<b>48%</b>
<b>Interest and Depreciation</b>								
Expenditure - Interest	1,273,792	2,855,263	1,581,471	2,716,584	5,710,526	2,993,942	11,421,051	24% *13
Expenditure - Depreciation	6,629,714	6,629,714	0	13,259,428	13,259,428	0	26,518,855	50%
<b>Total Interest and Depreciation</b>	<b>7,903,506</b>	<b>9,484,977</b>	<b>1,581,471</b>	<b>15,976,012</b>	<b>18,969,953</b>	<b>2,993,942</b>	<b>37,939,906</b>	<b>42%</b>
<b>Total Expenditure</b>	<b>39,233,855</b>	<b>39,394,063</b>	<b>160,208</b>	<b>75,761,955</b>	<b>77,383,375</b>	<b>1,621,420</b>	<b>161,235,632</b>	<b>47%</b>
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>(4,073,507)</b>	<b>(4,574,977)</b>	<b>501,471</b>	<b>2,346,049</b>	<b>(2,092,671)</b>	<b>4,438,720</b>	<b>18,216,561</b>	

Capital Revenue and Expenditure

Description	QTR 2			% of Year Completed				
	Actual	Budget	Variance to Budget	Year to date Actual	Year to date Budget	Year to date Variance	Full Year Budget	YTD Actuals to Full Year Budget
<b>Capital Revenue</b>								
Income - Development Contributions	7,208,517	4,855,379	2,353,138	11,149,542	9,710,757	1,438,785	19,421,515	57% *14
Income - Vested Assets	0	0	0	0	0	0	10,733,077	0%
Income - Grants & Subsidies Capex	664,041	2,671,345	(2,007,304)	1,666,899	5,402,690	(3,735,791)	26,226,083	6% *15
Income - Operational	0	0	0	0	0	0	27,800,000	0%
<b>Total Capital Revenue</b>	<b>7,872,558</b>	<b>7,526,723</b>	<b>345,834</b>	<b>12,816,441</b>	<b>15,113,447</b>	<b>(2,297,006)</b>	<b>84,180,675</b>	<b>15%</b>
<b>Capital Expenditure</b>								
Projects/Asset Purchases	16,266,394	26,324,495	10,058,101	27,585,804	43,500,727	15,914,923	163,430,878	17% *16
Debt Repayment	0	0	0	0	0	0	16,890,000	0%
<b>Total Capital Expenditure</b>	<b>16,266,394</b>	<b>26,324,495</b>	<b>10,058,101</b>	<b>27,585,804</b>	<b>43,500,727</b>	<b>15,914,923</b>	<b>180,320,878</b>	
<b>NET CAPITAL FUNDING REQUIRED</b>	<b>8,393,837</b>	<b>18,797,771</b>	<b>10,403,935</b>	<b>14,769,363</b>	<b>28,387,280</b>	<b>13,617,917</b>	<b>96,140,203</b>	
<b>External Borrowing</b>								
Loans	0	0	0	0	0	0	0	0%
Bonds	119,077,000	0	119,077,000	119,077,000	0	119,077,000	187,082,000	64%
<b>Total Borrowing</b>	<b>119,077,000</b>	<b>0</b>	<b>119,077,000</b>	<b>119,077,000</b>	<b>0</b>	<b>119,077,000</b>	<b>187,082,000</b>	

Commentary - Operational

*1 Income - Grants & Subsidies - The year to date favourable variance of \$1.5m includes additional income of \$375k for NZTA Rooding subsidised works for maintenance activities (offsets in Infrastructure maintenance costs - See Note. 11 below) and payments totalling \$1.2m from MBIE for TIF (Tourism Infrastructure Fund) funded toilets in the district received in September and November.
*2 Income - NZTA External Cost Recoveries - The \$371k favourable year to date variance is due to additional internal time allocations to CAPEX projects of \$218k and OPEX (NZTA recoveries) of \$153k.
*3 Income - Consents - The unfavourable YTD variance of \$243k is due to less than budgeted engineering labour recoveries and less than budgeted number of resource management applications received.
*4 Income - Regulatory - Favourable variance of \$307k is due to increased carpark revenue via Pay&Display machines.
*5 Income - Operational - Favourable year to date variance of \$859k includes \$387k favourable Turnover rents, favourable net interest of \$490k and Queenstown Airport final 2018:19 dividend for \$5.5m which is \$94k above Full Year budget.
*6 Expenditure - Salaries and Wages - The year to date favourable variance of \$886k is due to carrying vacancies including \$446k for Planning and Development, \$313k in Community Services and \$65k in Infrastructure. The overall favourable year to date variance is fully offset with additional contract staff costs to fill vacancies.
*7 Expenditure - Salaries and Wages Contract Staff - The \$935k unfavourable year to date variance includes an additional \$429k of contract staff processing costs within Planning & Development to cover vacancies for building and resource management. Property & Infrastructure have \$403k of unbudgeted contract staff spend to cover vacancies which gets partially offset with additional CAPEX recoveries.
*8 Expenditure - Legal - Legal costs for the District Plan are tracking \$282k favourable year to date due to programming of the district plan (timing).
*9 Expenditure - Power - The year to date \$154k favourable variance is due to reduced electricity and gas expense from the Alpine Aqualand pool closure (\$110k favourable).
*10 Expenditure - Insurance - The year to date unfavourable variance of \$147k is due to higher than expected insurance premiums.
*11 Expenditure - Infrastructure Maintenance - The unfavourable year to date variance of \$1.3m includes Rooding \$982k and Refuse \$356k increased costs. Rooding includes \$248k minor events and emergency reinstatement costs along with additional costs of \$93k Environmental Maintenance, \$108k Traffic Services, \$143k street lighting contract and \$219k for internal time. This is offset with additional income of \$375k per Grants and subsidies Note. 1 and \$32k increase in NZTA contributions to the street lighting contract. Note a request for NZTA funding for emergency reinstatement will be requested once costs are finalised. Additional NZTA roading subsidy income can be reallocated towards the end of the year from renewals activities. Refuse includes additional waste/recycling collection contract costs of \$303k and Landfill costs of \$185k (due to increasing volumes of waste) offset with reduced refuse disposal costs (carbon credits, glass to Landfill, tyres).
*12 Expenditure - Other - The \$253k unfavourable year to date variance includes \$287k bad debt expenses (unbudgeted) within regulatory enforcement.
*13 Expenditure - Interest - Interest expense is favourable by \$3.0m 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.
*14 Income - Development Contributions - Development contribution invoices across 362 applications around the District were generated for December YTD totalling \$11.1m. The largest was \$1.3m to RCL Henley Downs Ltd for subdivision consent for 170 residential lots at Hanleys Farm, Queenstown. Totals for the year to date by programme are Water Supply \$2.1m, Waste Water \$0.4m, Transport \$2.9m, Community Facilities \$1.2m and Parks and Reserves \$1.0m. To note, Development Contributions are \$1.4m above budget for this financial year.
*15 Income - Grants & Subsidies Capex - \$1.7m has been claimed against a year to date budget of \$5.4m. 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 largely delivered and funded directly by NZTA.
*16 Projects - Capital Expenditure - \$27.6m spend against a year to date budget of \$43.5m. A significant number of budgets were deferred from 2019/20 to 2020/21 in the November '19 Reforecast and were adjusted for in December. 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 and Lakeview developer agreements and bundled approach to 3 waters delivery.