

Attachment A: Finance Management Report – 2023:24 March YTD Actual to March YTD Budget Financial Overview

Finance Management Report

For the Period Ended 31-Mar-24

Operating Expenditure and Revenue

Description				% of Year Completed				
	Jan-Mar 2024 Actual	Jan-Mar 2024 Adjusted Budget	Variance to Budget	Year to date Actual	Year to date Adjusted Budget	Year to date Variance	Full Year Adjusted Budget	75% YTD Actuals to Full Year Budget
REVENUE								
<u>Operating Revenue</u>								
Income - Rates	31,338,598	31,374,000	(35,402)	94,153,234	94,572,000	(418,766)	125,796,000	75% 1*
Income - Grants & Subsidies	1,990,463	1,962,927	27,536	6,599,205	5,333,047	1,266,158	10,309,214	64% 2*
Income - NZTA External Cost Recoveries	1,466,045	1,669,396	(203,351)	4,529,765	5,008,187	(478,423)	6,677,583	68% 3*
Income - Consents	3,353,090	4,035,832	(682,742)	11,006,836	12,107,495	(1,100,659)	16,143,327	68% 4*
Income - External Cost Recovery	215,027	268,245	(53,219)	907,709	804,736	102,973	1,072,982	85% 5*
Income - Regulatory	1,895,296	1,945,017	(49,721)	6,287,439	6,412,935	(125,496)	8,286,381	76% 6*
Income - Operational	8,054,292	7,414,328	639,964	23,241,755	22,007,253	1,234,503	29,465,723	79% 7*
Total Operating Revenue	48,312,811	48,669,745	(356,934)	146,725,943	146,245,653	480,290	197,751,209	74%
EXPENDITURE								
<u>Personnel Expenditure</u>								
Expenditure - Salaries & Wages	11,993,212	12,402,622	409,410	35,446,914	37,207,866	1,760,952	49,710,488	71% 8*
Expenditure - Salaries & Wages Contract	1,194,227	1,023,277	(170,950)	4,071,186	3,069,831	(1,001,355)	4,093,108	99% 9*
Expenditure - Health Insurance	83,715	121,476	37,761	355,992	364,427	8,436	485,903	73%
Total Personnel Expenditure	13,271,154	13,547,375	276,221	39,874,092	40,642,124	768,033	54,289,499	73%
<u>Operating Expenditure</u>								
Expenditure - Professional Services	1,417,239	1,982,292	565,053	4,302,282	4,361,431	59,148	8,741,743	49% 10*
Expenditure - Legal	1,150,210	1,365,471	215,261	4,000,446	4,107,741	107,295	5,677,835	70% 11*
Expenditure - Stationery	119,522	100,163	(19,359)	341,614	300,488	(41,126)	400,651	85%
Expenditure - IT & Phones	210,296	205,690	(4,607)	603,651	617,069	13,418	822,759	73%
Expenditure - Commercial Rent	1,201,855	1,132,083	(69,772)	3,850,766	3,396,249	(454,516)	4,528,332	85% 12*
Expenditure - Vehicle	210,572	234,000	23,428	830,162	702,000	(128,162)	936,000	89% 13*
Expenditure - Power	1,396,932	945,946	(450,987)	4,130,969	2,837,837	(1,293,132)	3,783,782	109% 14*
Expenditure - Insurance	759,378	640,914	(118,464)	2,167,221	1,922,743	(244,478)	2,563,658	85% 15*
Expenditure - Infrastructure Maintenance	10,858,922	9,619,766	(1,239,156)	34,337,827	29,986,503	(4,351,324)	40,552,182	85% 16*
Expenditure - Parks & Reserves Maintenance	2,800,355	2,800,181	(174)	7,684,436	7,614,288	(70,148)	10,359,204	74% 17*
Expense - External Cost On Chargeable	261,390	267,715	6,325	964,840	803,145	(161,695)	1,070,860	90% 18*
Expenditure - Grants	1,539,493	1,777,075	237,582	6,116,096	6,700,627	584,531	9,089,290	67% 19*
Expenditure - Other	5,727,783	5,048,033	(679,750)	16,406,330	15,503,303	(903,026)	20,645,804	79% 20*
Total Operating Expenditure	27,653,948	26,119,329	(1,534,619)	85,736,640	78,853,426	(6,883,214)	109,172,100	79%
<u>Interest and Depreciation</u>								
Expenditure - Interest	6,324,262	5,781,416	(542,846)	19,239,132	17,344,248	(1,894,885)	23,125,664	83% 21*
Expenditure - Depreciation	13,883,735	13,883,735	0	41,651,204	41,651,204	0	55,534,939	75%
Total Interest and Depreciation	20,207,996	19,665,151	(542,846)	60,890,337	58,995,452	(1,894,885)	78,660,603	77%
Total Expenditure	61,133,098	59,331,854	(1,801,244)	186,501,068	178,491,002	(8,010,066)	242,122,202	77%
NET OPERATING SURPLUS/(DEFICIT)	(12,820,287)	(10,662,110)	(2,158,178)	(39,775,125)	(32,245,349)	(7,529,776)	(44,370,993)	

Capital Revenue and Expenditure

Description	Mar-24 Actual	Mar-24 Adjusted Budget	Variance to Budget	Year to date Actual	Year to date Adjusted Budget	Year to date Variance	Full Year Adjusted Budget	YTD Actuals to Full Year Budget
Capital Revenue								
Income - Development Contributions	5,673,564	4,921,098	752,466	19,183,605	15,314,289	3,869,316	20,645,405	93% 22*
Income - Vested Assets	40,323,060	0	40,323,060	40,323,060	0	40,323,060	20,673,385	195% 23*
Income - Grants & Subsidies Capex	9,017,178	10,985,053	(1,967,875)	24,251,700	29,086,649	(4,834,949)	40,255,916	60% 24*
Income - Operational	3,985,281	0	3,985,281	11,157,588	7,172,306	3,985,281	7,423,000	150% 25*
Income - Operational	496,040	0	496,040	496,040	0	496,040	0	0% 26*
Total Capital Revenue	59,495,124	15,906,151	43,588,972	95,411,992	51,573,244	43,838,748	88,997,707	107%
Capital Expenditure								
Projects/Asset Purchases	57,655,323	59,447,304	1,791,981	136,503,929	150,108,200	13,604,271	198,349,632	69% 27*
Debt Repayment	0	0	0	0	0	0	16,890,000	
Total Capital Expenditure	57,655,323	59,447,304	1,791,981	136,503,929	150,108,200	13,604,271	215,239,632	
NET CAPITAL FUNDING REQUIRED	(1,839,801)	43,541,153	(41,796,991)	41,091,937	98,534,956	(30,234,477)	126,241,925	
External Borrowing								
Loans	30,000,000			613,023,000			626,900,000	
Total Borrowing	30,000,000			613,023,000			626,900,000	

Commentary - Operational

*1 **Income - Rates - \$0.4m** unfavourable due to changes in the rateable value of a number of QV property valuation objections that resulted in both rate adjustments subsequent to the rate setting.

*2 **Income - Grants & Subsidies - \$1.3m** favourable due to NZTA Subsidies recovery of \$0.8m in excess of the planned budget. This additional income is offset by the additional expense for NZTA Internal Time, reported below in Infrastructure Maintenance. The increase cost and income is due to increased activity year-to-date, however, there is a fixed budget for the year in total and therefore the continued income/spend for the remainder of the year will be lower than that budgeted. Additionally, council received increased Landfill Levy from Government of \$0.3m which offsets with increased Waste Management Education cost in Infrastructure Maintenance. This increase relates to higher volumes of waste disposal. Furthermore a \$0.2m in various government grants received which offset with Grant Expenditure for Property and Infrastructure.

*3 **Income - NZTA External Cost Recoveries - \$0.5m** unfavourable variance within **Property & Infrastructure** which is due to lower internal time allocations to CAPEX projects of \$0.8m, partly offset by higher NZTA Internal Opex time claimed back from NZTA.

*4 **Income - Consents - \$1.1m** unfavourable variance in Planning and Development due to \$200k of credits processed for either statutory timeframes not achieved, or invoices queried by the applicant relating to the previous financial year, and the 20% reduction in the number of consents received/processed, together with a reduced complexity resulted in lower consent income to the expected budgeted amounts. The reduction in revenue is partly offset by the reduction in contractor staff utilised for consent processing.

*5 **Income - External Cost Recoveries - \$0.1m** favourable mainly due to **Planning & Development** with favourable recoveries in Resource Consents \$0.1m and District Plan cost recoveries. The net impact on the P&L is offset by **Expenditure - External Cost On Chargeable**.

*6 **Income - Regulatory - \$0.1m** unfavourable due to the provision for doubtful debt for Planning & Development consents reviewed in March 2024 which resulted in a \$0.4m increase, lower parking fees \$0.5m collected, however this is offset by increased traffic & parking, campervan and other infringements \$0.7m collected for the year to date.

*7 **Income - Operational - \$1.2m** favourable variance in **Community Services** is \$1.3m favourable following increased Sport & Recreation income of \$0.8m generated specifically in Gym memberships, swimming lessons and retail sales; and property lease income of \$0.5M in Parks & Reserves.

*8 **Expenditure - Salaries & Wages - \$1.8m** lower than budget due to underspend as a result of staff vacancies mainly in Planning and Development underspent by \$0.8m and Property and Infrastructure by \$1.0m. These underspends are offset by positions covered by contract staff, see S&W Contract below.

*9 **Expenditure - Salaries & Wages Contract - \$1.0m** higher than budget variance. **Planning & Development** \$0.1m higher than budget spend due to utilisation of contractor costs per hour set lower than actual cost incurred. **Property & Infrastructure** is \$0.5m overspent on budget. **Community Services** is \$0.3m overspent on budget. These overspent variances are driven by increase utilisation of contractors due to staff vacancies, offset against the underspend in Salaries and Wages.

*10 **Expenditure - Professional Services - \$0.1m** underspent on budget. **Planning & Development** is \$0.2m higher than budget, due to general timing of spend relating to the District Plan and Community Services \$0.2m, however, offset by lower spend in Strategic planning \$0.4m.

*11 **Expenditure - Legal Fees - \$0.1m** YTD higher than budget. **Planning & Development** is \$0.4m higher than budget due to spend relating to the District Plan Ladies Mile hearings. The overspend is offset by underspends for the other directorates YTD.

*12 **Expenditure - Commercial Rent - \$0.5m** YTD unfavourable budget variance. **Property & Infrastructure** \$0.4M overspent due to increases in property rates on owned properties and increased in site lease cost used by Alliance.

<p>*13 Vehicles - \$0.1m YTD overspent on budget due to August including a June 2023 fleet invoice and 4 ambassador vehicles, looking after responsible camping during the summer months, included in the cost.</p>
<p>*14 Power - \$1.3m overspent on budget in Property and Infrastructure \$1.0m following increased electricity cost for 3 Waters sites in relation to consumption, and the first year of the electricity contract attracting the highest unit cost of the four year contract with the lowest cost paid in year 4. There is also an additional impact with the new sites commissioned. Community Services \$0.2m due to cost and consumption increased for the swimming pools gas of \$0.1m and electricity \$0.1m following unit cost increases higher than those budgeted and increased site consumption.</p>
<p>*15 Insurance - \$0.2m unfavourable due to insurance premium increases in November 2022 and May 2023 exceeding the anticipated annual increases.</p>
<p>*16 Infrastructure Maintenance - \$4.4m YTD overspent in Property and Infrastructure, Roading Infrastructure maintenance is \$2.0m ahead of budget due to roading costs incurred for the September weather event of \$1.0m to date, \$0.2m cost increase NZTA Internal Time claimed for work completed (offset in NZTA income) and \$0.3m for roading power supply cost increases, and roading maintenance completed ahead of schedule \$0.6m for line marking, sealed pavements and culvert cleaning. Water Infrastructure Maintenance \$2.6m ahead of budgeted spend for unscheduled maintenance of \$0.8m following the Crypto outbreak, the unscheduled Shotover Waste Water Treatment Plant equipment and Airation Grids costs of \$0.6M, costs to repair communication systems of \$0.2m directly impacted by the September weather event, \$0.6m of unscheduled maintenance relating to prior year and \$0.3m of establishment cost associated with the change in supplier.</p>
<p>*17 Parks & Reserves Maintenance - \$0.1m YTD overspent in Community Services with increased spend for Toilet Supplies and Trails & Tracks Maintenance due to the increased visitor numbers.</p>
<p>*18 Expenditure - External Cost on Chargeable - \$0.2m YTD overspent in Planning & Development with increased spend in Resource Consents and District Planning of \$0.1m. The net impact on the P&L is offset by Income - External Cost On Chargeable.</p>
<p>*19 Expenditure - Grants - \$0.6m underspent against budget due to the timing of grant payments made to date.</p>
<p>*20 Expenditure - Other - \$0.9m over budget due to an accrual for \$0.5m for roading maintenance work still to be completed relating to the September Weather Event and \$0.3M in Cleaning expenditure cost increase which is offset by underspends in Planning & Development and Strategy & Policy.</p>
<p>*21 Interest - \$1.9m higher than budgeted cost due to higher interest rates.</p>
<p>*22 Development Contributions - \$3.9m favourable compared to budget due to favourable receipts for Roading \$0.3m and Parks & Reserves contributions for Community Services \$2.9m and Three Waters \$0.5M.</p>
<p>*23 Vested Assets - \$40.3M in Three Waters Assets has been vested for Q1 of the 2023/24 financial year.</p>
<p>*24 Grants & Subsidies Capex - \$24.3m year to date funding received vs budget of \$29.1m. Variance of \$4.8m includes \$0.3m for NZTA/Waka Kotahi Capex subsidy and \$4.5m for CIP projects due to timing of subsidised roading construction works (and resulting impact on a reduced percentage of CIP funding able to be claimed 23/24).</p>
<p>*25 Dividends Received - \$4.0M in QAC Dividends received in February 2024 for the half year dividend payment.</p>
<p>*26 Gain on Sale of Property - A gain of \$0.5M was realised on the \$0.9M sale of a section of 516 Ladies Mile to Waka Kotahi NZ Transport for roading construction.</p>
<p>*27 Projects/Asset Purchases - \$136.5m year to date spend vs budget of \$150.1m (91%). Main project spend this month includes \$14.8M for Cardona New Water Supply Scheme, \$3.4m for Qtn Town Centre Arterials - Stage 1, \$1.8m Project Shotover Wastewater Treatment Plant Upgrade, \$0.7M Arthurs Point to CBD Active Travel & \$0.7M & Wanaka Road to Zero Minor Improvement Programme.</p>