

Audit, Finance & Risk Committee

14 March 2023

Report for Agenda Item | Rīpoata moto e Rāraki take 2

Department: Assurance, Finance & Risk

Title | Taitara: December Year-To-Date 2022 Financial Overview including the following reports

- 2022/23 December YTD Actual to December YTD Budget Financial Overview;
- 2022/23 December Capital Expenditure Reporting Overview;
- 2022/23 December Debtors Analysis;
- 2022/23 December Statement of Financial Position

Purpose of the Report | Te Take mō te Pūroko

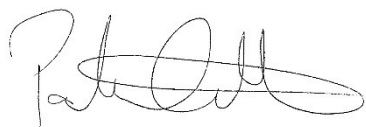
1. The purpose of this report is to present the 2022/23 December Year to Date (YTD) Actual to Budget financial results, Capital Expenditure financial results and December 2022 Debtors Analysis and Statement of Financial Position and to report on any significant transactions and/or variances to budget.

Recommendation | Kā Tūtohuka

2. That Audit, Finance & Risk Committee:

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

Prepared by:



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Title: Finance Manager
11 February 2023

Reviewed and Authorised by:



Name: Stewart Burns
Title: GM Finance, Assurance & Risk
11 February 2023

Context | Horopaki

3. 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

2022/23 December YTD Actuals to December YTD Budget Overview:

4. The 2022/23 December YTD net operating deficit (\$17.4M) shows as \$0.6M favourable variance to the budget operating deficit of (\$18.0M).
5. The December YTD revenue is \$0.6M favourable to budget. Operational income is \$1.7M favourable though this includes \$1.3M forestry proceeds which is not budgeted and offset with expenditure. There is also \$0.2M favourable consents income, and \$0.5M favourable external cost recoveries, and grants and subsidies. This is offset with less Regulatory income (\$0.7M), and (\$1.2M) unfavourable within Cost Recoveries.
6. Expenditure variance is neutral. There are various overs and under variances within expenditure line items.
7. Further in-depth commentary is provided within attachment A.

2022/23 December YTD Capital Expenditure Reporting Overview:

8. At the end of December 2022, Council had 371 capital projects with an approved 2022/23 adjusted budget of \$232.9M. This is an \$11.2M decrease from the 2022-2023 Annual Plan budget of \$244.1M. The \$11.2M decrease is made up of:
 - \$21.6M of projects carried forward from 2021/22 (current projects)
 - \$0.2M increase for third party funded projects
 - (\$33.4M) net reduction within the December reforecast council paper
 - \$0.3M increase for Lakes District Museum Council Funding
9. Overall year to date spend is \$87.4M (35%) against adjusted full year budget of \$232.9M.
10. 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, Project Manawa and Ngāi Tahu Property, Lakeview subdivision works and the Developer Agreement with Ninety Four Ltd and 3 Waters Reform monies.
 - 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.
11. 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.

12. Commentaries for the groupings are as follows:

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

13. 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 new 3 Waters services renewals, paving, street furniture, planting and lighting.

14. These streets were identified as high priority active travel routes within the town centre and are part of a larger transport programme for Whakatipu.

15. The funding agreement with Crown Infrastructure Partners (CIP) provides part funding (\$35M of the current \$69.2M). It requires monthly reporting and progress payment requests aligning to delivery milestone dates included within the funding agreement and subsequent amendments to the agreement.

16. The Programme Alliance Agreement was signed on 17 September 2021. An amendment to the original budget and delivery milestones within the CIP funding agreement, based on the approved Target Out-turn Cost, was approved on 24 November 2020. This amendment included an increase in Co-Funding by QLDC of \$2.8M bringing the total budget to \$63.4M.

17. On 22 November 2022 QLDC submitted a second amendment request to CIP to update the Project Milestones. The original milestones were based on a single package of works and a corresponding single practical completion date. To provide for the staged handover of the completed streets back to QLDC, the Kā Huanui a Tāhuna Programme Alliance Board approved three separable portions as follows:

- Separable Portion 1: Historic Core Streets (Beach, Lower Brecon and Rees)
- Separable Portion 2: Brecon Street
- Separable Portion 3: Park Street

18. Within the amendment request QLDC advised CIP that the project had incurred delays and additional costs associated with the impacts of COVID-19 (absenteeism and delays), the skilled labour shortage and necessity to source and accommodate labour from outside the region, high levels of escalation and lower productivity than expected.

19. The additional cost estimate of \$2.7M was advised to CIP. This cost was included within the December 2022 re-forecast and additional budget of \$5.4M (total cost offset with the \$2.7M funding expected from the Alliance) was approved bringing the total project budget to \$69.2M.

20. Queenstown Town Centre Arterial (Stage 1)

21. The Queenstown Town Centre Arterial (Stage 1) project includes the development of a roading link from the intersection of Henry Street / Gorge Road/ Shotover Street to SH6A just east of the Suburb Street intersection. The work involves a combination of upgrading some existing road corridors and development of a completely new roading link from Henry Street to the intersection of Melbourne Street and Beetham Street. The upgrade includes 3 Waters Renewals, signalised intersections, cul-de-sac turning heads, a pedestrian overpass, paving, traffic signals, line markings, street furniture, planting and lighting.

22. The project is the first of three stages and provides an alternative route around the periphery of the town centre to remove general traffic from Stanley Street, enabling the creation of a new Public Transport Hub and the ability for the town centre to grow. It is also part of a larger transport programme for the Wakatipu.
23. The funding agreement with Crown Infrastructure Partners (CIP) provides part funding \$50.0M of the current total \$92.0M (in 2022/23 \$'s), with the same reporting provisions identified above.
24. The Programme Alliance Agreement was signed on 17 September 21. An amendment to the original budget and delivery milestones within the CIP funding agreement, based on the approved Target Out-turn Cost, was approved on 24 November 2020. This amendment included an increase in Co-Funding by QLDC of \$20.6M, bringing the total budget to \$90.4M (2021/22 \$'s).
25. QLDC has advised CIP that the current funding milestone dates, which were based on 30% detailed design, and are now in the process of being updated based on the 100% detailed design. It is intended to submit an amendment request in April 2023.
26. QLDC continues to submit progress claims towards the current milestones and monthly payments to Council are being made promptly.
27. QLDC has advised CIP of delays associated with completion of design (as a result of limited resources and COVID-19 absenteeism) and delays in land access negotiations that have had an impact on the construction completion date. The programme has received an initial update, based on the construction issue drawings, and completion is currently forecasted for November 2024. This will result in additional cost that will be reviewed in the following quarter.

High Profile Projects: Lakeview Development:

28. In 2017 the Council settled on several objectives for the land, which revolve around maximising financial return and minimising risk to ratepayers and developing a well-designed residential focused mixed-use precinct quickly and efficiently. In 2019, the Council executed a Development Agreement (DA) with a developer for development of serviced subdivision lots within the precinct.
29. 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 (Council Works). 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.
30. The Whakatipu Transport Programme Alliance current programme has the infrastructure works completion in September 23. There are ongoing commercial discussions with the developer regarding the deferral (for practical construction reasons) of works for completion of the market square and related finishing works from the scope of Council Works, to be completed after the Council Works completion milestone (including associated settlement obligations).
31. The previous site clearance contract (Ryal Bush) is closed out with hand over to the Whakatipu Transport Programme Alliance, who will complete remaining ACM removal on development lots. The “capping” of areas exposed on the hot pools site and plaza has been completed, not undertaking full ACM removal on this Reserve land.

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

32. In June 2019, Council executed a partnering agreement (PA) with Ngāi Tahu Property Limited (NTP) for development of the Stanley Street site (the Site). The project delivery team is currently operating under a Terms of Reference (ToR) in order to meet Council's obligations under the PA and specifically developing (with NTP) the Foundation Documents. Before any development can proceed, the following foundation documents need to be prepared:

- A programme which meets the needs of both Council and NTP;
- A site development plan which provides sufficient detail to articulate the approach to each development on the site and the project as a whole; and
- A feasibility model which develops sufficient detail to understand the costs, expenses and returns to each party in undertaking the development of all or part of the Site.

33. Agreement between the parties of key commercial terms, with respect to the feasibility model, has been unsuccessful to date however discussions with NTP regarding the commercial terms and programme are ongoing. Work on the wider site programme work streams continues with lead personnel from other related Council projects. There is a current focus to review delivery options for the Council office (Project Connect); and to integrate design of the balance of the site, with Stage 1 of the new arterial and CIP programme/commitments. The design team is yet to report on key Project Connect design elements which requires further exploration such as structural options, sustainable design, seismic importance level and costings. Council Workshops, regarding progress with NTP, are scheduled early in 2023.

High Profile Projects: 3 Waters Reform Stimulus Delivery Plan:

34. The 3 Waters Reforms Stimulus grant funding agreement required all expenditure to be completed by 30 June 2022. The work programme was deliberately overcommitted to ensure the full value of the \$9.5M fund could be utilised within the time horizons set by DIA. \$0.7M has been reallocated from Wastewater renewals in the December reforecast to cover the works to complete the projects under construction in the 2022/23 year.

High Profile Projects: Luggate Hall Replacement and 516 Ladies Mile Community Centre:

35. Luggate Hall Replacement reached practical completion in November 2022 and was officially opened in December 2022. There is \$0.3M remaining budget for minor close out works.

36. The 516 Ladies Mile Community Centre project remains on hold pending council decision on cost increases due to extensive weather tightness issues and alternative options to consider. A paper will be brought to Council in February to discuss with a deferral to be included in the following reforecast 2023.

Project Management Office (PMO) Commentary:

37. There are currently 23 projects with 2022/23 budgets being delivered within the PMO delivery team. Four projects have recently been completed or within the post construction lifecycle stage, six projects are in construction, three in construction procurement and ten in detailed design. Year to date spend is \$19.8M or 37% of the 2022/23 annual budget of \$53.6M.

38. PMO projects that have recently been completed or in post construction include:

- Ballantyne Road Reseal - YTD Budget \$0k with Actuals of \$23k (Annual Budget \$0.4M). Practical completion was November 2021. A second coat reseal was planned to be completed over summer sealing season (Jan 2023) although due to defects in the initial seal is now likely to be pushed out to 2023/24. This is currently under engineer's review.
- Cardrona new Wastewater Pipeline - YTD Budget \$0.1M with Actuals of \$2k (Annual Budget \$0.1M). The commissioning of the new wastewater pipelines, pump station and wastewater treatment plant was completed 2021/22. The balance of budget is for fibre and a second coat seal to be delivered by June year end.
- Shotover Country WS new WTP - YTD Budget \$3.2M with Actuals of \$2.7M (Annual Budget \$3.8M) - Physical works are complete. Awaiting final sign off for practical completion. Final commissioning and remedial works to continue to May 2023.
- Western Wānaka Level of Service (WS) - YTD Budget \$3.6M with Actuals of \$3.5M (Annual Budget \$3.9M) - Construction completed December 2022 for the main HEB contract. 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 have commenced and stage three to follow 2023/24.

39. PMO Projects within the construction phase include:

- Project Pure Upgrade - YTD Budget \$7.7M with Actuals of \$7.0M (Annual Budget \$15.7M) - Construction contract awarded March 2022. Construction to run April 2022 to September 2023.
- North Wānaka new WW conveyance scheme - YTD Budget \$1.6M with Actuals of \$1.5M (Annual Budget \$2.4M) - The project is being delivered in two stages; (1) Aubrey Road conveyance, and (2) Beacon Point Rd Pump Station. Stage 1 is progressing well, with construction underway and on track for completion by June 2023. Consenting for Stage 2 is in process of notice of requirement to designate the pump station site - giving rise to the recommended deferral. There is a hearing date for February 2023 for designation of the notice of requirement.
- Albert Town Retic Improvement (WS) - YTD Budget \$1.5M with Actuals of \$1.5M (Annual Budget \$1.9M) - The project is being delivered as part of the North Wānaka Conveyance Scheme (WW), enabling construction efficiencies and avoiding future costs and rework. Construction is on track for completion by June 2023.
- Shotover Country Rising Main (bridge) - YTD Budget \$1.3M with Actuals of \$0.6M (Annual Budget \$0.8M) - Construction completed August 2022 with some minor works to follow by October 2022.
- Glenorchy Reservoir upgrade - YTD Budget \$0.1M with Actuals of \$0.1M (Annual Budget \$3.7M) - Construction contract awarded January 2023 with anticipated completion September 2023.
- Beacon Point new Reservoir - YTD Budget \$0.4M with Actuals of \$0.4M (Annual Budget \$5.5M) - The construction contract has been awarded to Fulton Hogan and work commenced in December 2022. Forecast to be completed by October 2023.

40. PMO Projects within the construction procurement phase include:

- Project Shotover WWTP upgrade - YTD Budget \$0.2M with Actuals of \$0.3M (Annual Budget \$1.7M) - Currently in construction procurement. The procurement process will inform an Implementation Business Case that will seek final approval to commence construction. Subject to this approval, construction is expected to commence by May 2023.
- Kingston HIF New Scheme (WS) - YTD Budget \$0.6M with Actuals of \$0.8M (Annual Budget \$1.2M) - 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). Construction of the water treatment plant has been delayed providing for water quality testing to occur

following completion of the bore head (Completed December 2022). It is expected the water treatment plant construction will commence in Q4 of the current financial year.

- Mitre 10 Youth & Community Centre - YTD Budget \$1.0M with Actuals of \$0.2M (Annual Budget \$4.0M) - In construction pricing with the tender to close 9 February 2023. At risk of budget shortfall. To be addressed once market pricing received in February 2023. Construction likely to commence March 2023.
41. PMO Projects within the detailed design phase include:
- Kingston HIF Stormwater new scheme - YTD Budget \$0.3M with Actuals of \$0.3M (Annual Budget \$1.0M) - Construction procurement will commence mid-2023, with works forecast to begin by November 2023. The recommended deferral is due to the time associated with the public notification of the wastewater discharge consent, supplier performance, and the need to resolve the project's funding constraints in order to proceed with certainty.
 - Stone St Upgrades (SW) - YTD Budget \$0.1M with Actuals of \$0.2M (Annual Budget \$0.2M) - Detailed design completed November 2022, out of tolerance so referred back to the Strategy and Asset Planning team. A value engineering exercise is underway to identify potential mitigations for a significant increase to the forecasted project cost. The need for the investment and the appropriateness of the designed solution is being revalidated following feedback arising through consenting and public engagement activities.
 - Whakatipu Active Travel Network (TR) - YTD Budget \$0.3M with Actuals of \$0.1M (Annual Budget \$0.4M) - This budget is presently supporting design of route A8 (Lake Hayes Estate to Frankton). In addition, the funding provides for an assessment of potential bridge alignments across the Kawarau River to facilitate the A7 route (Jacks Point to Frankton) including the ability to cater for future 3W infrastructure.
 - Marine Parade WWPS upgrades (WW) - YTD Budget \$0.5M with Actuals of \$0.2M (Annual Budget \$0.7M) - Project scope change (approved August 2022) to relocate the pump station control building to an alternative location within the Reserve. A designation is required to consent the pump station in the new location and is expected to be publicly notified. Detailed design is now scheduled for completion by March 2023. Construction has been deprioritised and deferred to 2028/29 due to funding constraints (potential to be brought forward to 2024/25 through 2024-2034 LTP process)
 - Kingston HIF Wastewater new scheme - YTD Budget \$0.3M with Actuals of \$0.3M (Annual Budget \$1.0M) - Construction procurement will commence mid-2023, with works forecast to begin by November 2023. The recommended deferral is due to the time associated with the public notification of the wastewater discharge consent, supplier performance, and the need to resolve the project's funding constraints in order to proceed with certainty.
 - Glenorchy Water Treatment Plant - YTD Budget \$46k with Actuals of \$39k (Annual Budget \$0.2M) - Detailed design is due to be finalised April 2023 and a consent application lodged. Construction has been deprioritised and deferred to 2024/25 due to funding constraints.
 - Quail Rise new Reservoir - YTD Budget \$0.3M with Actuals of \$0.2M (Annual Budget \$0.7M) - No construction planned by QLDC before 3W reforms handover. 2022/23 progressing Arrow Irrigation agreement (circa \$260K to come) with the balance legal and planning costs for NOR (Notice of Requirement) hearing.
 - Cardrona Water Supply Scheme Pipeline WS - YTD Budget \$0k with Actuals of \$0k (Annual Budget \$2.0M) - New project in the December reforecast to split out works for the pipeline to be delivered by PMO. Only design to be undertaken 22/23 with construction to be deferred to 23/24.
 - Luggate Water Supply Scheme (WS) - YTD Budget \$0.2M with Actuals of \$0.2M (Annual Budget \$0.7M) - Detailed design is due to complete March 2023. Construction phase to go on hold due to reprioritisation of budgets. Now programmed to commence 2027.
 - Aubrey Rd Rec Reserve SW detention pond - YTD Budget \$0.2M with Actuals of \$0.1M (Annual Budget \$1.3M) - Detailed design completed and under review by ECG & PCG Feb 23. Reprioritisation work has deferred commencement of construction of the project to 2027 at present, however some risk remains with the Anderson Road corner potential flooding.

Renewals Commentary:

42. Community Services Renewals:

- Year to date spend \$0.9M or 18% of the 22/23 annual budget of \$5.1M.
- Significant projects include \$1.5M budget added in the December Reforecast for the Frankton Golf Course Reconfiguration. An ROI (Registration of Interest) tender for pricing is expected to close in February with work to commence shortly after depending on cost and Waka Kotahi agreement as potential to be third party funded; \$0.8M for QEC Sports Field Improvements (due to be completed in April within budget) and \$0.4M for QEC Alpine Aqualand plant and equipment renewals of which the majority of works are scheduled to take place during the May pool shutdown.

43. Infrastructure Renewals:

- Year to date spend \$6.9M or 33% of the 22/23 annual budget of \$20.6M.
- Building & Library renewals has actual spend of \$0.2M vs year to date budget of \$0.6M (Full year budget \$1.7M) - Significant projects include Pontoon Jetty Renewals and Wānaka Jetty 147 Replacement combined \$0.6M 2022/23 budget (condition assessments completed by WSP across waterways structures with QS for pricing expected February 2023) and Healthy Homes Upgrades \$0.5M 2022/23 budget (phase 1: Lakeview cabins were completed October 22 and Phase 2: Arrowtown/Wānaka is underway with expected completion February 2023).
- 3 Waters renewals spend of \$3.8M is tracking to year-to-date budget \$3.5M. Presently at risk of \$0.8M overspend of the \$6.4M 2023/24 annual budget due to the \$0.7M transfer to cover the 3 Waters Reforms close out works and other new critical works having been recently identified. Transfers for overspends in Water Supply Renewals Wanaka (Currently \$0.2M over budget) and Water Supply Renewals Hawea (currently \$0.3M over budget) will be included in the April reforecast. Both had significant projects under contract in 2021/22 and the full 2021/22 budget was unable to be carried forward due to the 3 waters Renewals programme budgets being fully committed.
- Transport renewal actuals are tracking \$1.5M behind year-to-date budget with actuals of just \$2.1M, but the majority of works are associated with sealed road resurfacing and unsealed road metalling which is programmed to occur through autumn. Contracts with Downer are in place to spend the majority of 2022/23 budget of \$10.1M. \$1.1M has been spent for Wānaka Airport Reseal to date against the 2022/23 budget of \$1.4M. This includes \$0.6M budget for Butlers Green Retaining Wall (structural strengthening is now likely to be deferred to 2023/24 as key stakeholders have expressed concern with the design of improvements and the project is likely required to be re-scoped).

Other Capital Projects Commentary:

Community Services Other Projects:

44. Year to date spend \$5.2M or 48% of the 2022/23 annual budget of \$10.9M.

45. Parks & Reserves \$10.4M 2022/23 budget includes the Wānaka Lakefront Development Plan of which \$2.2M has been spent against the full year budget of \$2.8M (stage 2 construction is scheduled to be completed by May 2023 and stage 5 is undergoing stakeholder and community consultation on the concept design) and Marine Parade Parks Upgrade of which \$2.5M has been spent against the full year budget of \$2.9M (construction is scheduled for completion February 2023 including new 4 bay toilets as well as new paths, signage, turf and storm water drainage). Wānaka Show Grounds (\$0.9M 2022/23 budget), Water Sports Facility & Parking (\$0.8M 2022/23 budget) and Glenorchy Carpark & Marina

Improvements (\$0.8M 2022/23 budget) are all likely to have construction deferred to 2023/24 due to stakeholder engagement and revisiting concept designs).

Corporate Other Projects:

46. Year to date spend \$0.4M or 20% of the 2021/22 annual budget of \$1.8M.
47. Information Management are \$0.6M behind on year to date spend vs budget. ICT projects \$0.3M 2022/23 budget includes \$0.1M for eLearning and \$0.1M to support Community and Property projects for a new venue to be delivered by year end. Enterprise System \$0.6M 2022/23 budget has work scheduled to be delivered by year end for TechnologyOne Ci to CiA Financials migration and Enterprise Cash Receipting implementation.

Property & Infrastructure Other Projects:

48. Year to date spend \$7.7M or 18% of the 2022/23 annual budget of \$42.3M.
49. Buildings \$3.4M 2022/23 full year budget includes the Performing Arts Centre which had \$0.8M budget brought forward in the December Reforecast to progress Manawa site clearance in conjunction with temp parking works. Ballantyne Road Recreation Centre Wastewater Site Prep (\$1.3M 2022/23 budget) has incurred \$0.1M of actual costs to December. The draft masterplan is under review January 2023 prior to carrying out the remediation plan. Quantity Surveyor work is underway to understand the potential remediation works financial implications.
50. Waste Management \$3.6M 2022/23 full year budget includes \$1.5M budget for the New Whakatipu Waste Facilities Resource Recovery Centre. The site assessment work and concept design has been completed. An RFP (Request for Proposal) will be released in February 23 for a design consultant to be procured May 2023, in conjunction with the Wānaka Waste Facilities project which has a 2022/23 budget of \$0.8M. For the Zero Waste District Programme - Whakatipu & Wānaka (22/23 full year budget \$0.5M), procurement has been signed off for 3 main projects including Resourceful Communities \$150k, Kiwi Harvest \$38k and Zero Waste Event work \$30k).
51. Minor budgets totalling \$1.6M within Storm Water include Catchment Management Plans Whakatipu (currently on hold at the procurement stage as specialist requirement with no supplier capacity at present) and Modelling Whakatipu (commitments have been raised for modelling to feed into the Catchment Management Plans).
52. Wastewater budgets totalling \$7.6M include the Upper Clutha Conveyance Scheme (renamed from Hāwea Wastewater Management). The 2022/23 budget was partly brought forward to increase to \$1.0M to progress detailed design which is planned for completion late 2023. CBD to Frankton Wastewater reticulation (2022/23 budget of \$1.5M) has detailed design underway with construction expected to commence this financial year. Pump Stations Emergency Storage Whakatipu & Wānaka (total \$1.7M 2022/23 budget) remains in early scoping stages to understand potential locations.
53. Water Supply budgets totalling \$7.8M includes the Cardrona New Water Supply Scheme (2022/23 budget of \$1.1M). This is a developer-led design and build contract scheduled for completion 2023/24 upon when the QLDC contribution will be made). Wānaka Water Treatment (\$1.3M 2022/23 budget) concept design services to be tendered this financial year following the treatment technology which has now been

selected in conjunction with Two Mile Water Treatment Plant. Work to understand and secure necessary planning permissions remains ongoing, as does development of the business case.

54. Transport spend year to date of \$3.9M is low relative to the \$16.3M annual budget. A number of significant contracts have now been or are imminently due to be awarded across the Districtwide LCLR (Low-Cost Low Risk) Minor Improvements Programmes. These include the Glenorchy Corridor (\$2.8M), Ballantyne, Golf, Riverbank roads and Capell Ave (\$5M), Wānaka Corridor Safety Upgrade Package (\$2.2M) which are all due to be delivered across years 2 and 3 in line with the three-year Waka Kotahi funding parameters. The construction contract for Whakatipu Public Transport LCLR (bus stop improvements programme) is nearing completion and it is anticipated further budget will need to be brought forward in the next Reforecast to complete planned works above the \$1.4M 2022/23 budget. Wānaka Active Travel LCLR & Wānaka Pool to School Active Travel has a combined \$2.9M budget (fee proposals have been received in January for finalising the design with construction likely to commence by April 2023). The school to pool route will be delivered in five separable portions (SP's), of which SP1 is under contract for \$1.1M to be delivered by June 2023. The balance of SP's is to be awarded March/April 2023. The Anderson Road Wānaka active travel interim solution is currently pending tender (\$1.4M across Years 2/3). Queenstown Parking Improvements \$1.5M 2022/23 budget includes the completion of the Lakeview temporary parking site, development of the Manawa temporary parking site and initiation of a parking management strategy which has an RFP (Request for Proposal) to go out by February 2023.
55. Further in-depth commentary is provided within attachment B.

2022/23 December Debtors Analysis Overview:

56. Total outstanding debtors (excluding rates) has increased by \$7.6M compared to December 2021 with \$4.8M of this increase in current debtors less than 30 days overdue. Within this aging bracket there was a \$1.2M increase in the Skyline turnover rent accrual (as a result of the lease renewal and due to timing of the bi-annual invoicing), a \$1.4M increase in sundry debtors, and a \$2.7M increase in the CIP invoices balance. There has also been a \$2.6M increase in development contribution debtors.
57. Aging debt (Debt greater than 30 days excluding rates) has increased by \$2.7M over the past 12 months mainly due to an increase of \$2.4M of development contributions due to the timing of the titles being issued. – check why we issued DC before titles issued.
58. Outstanding rates have increased by \$1.3M which is an increase in both unpaid current year (\$1.0M) and arrears rates (\$0.4M).
59. There are 931 rate arrears properties with a combined value of \$2.6M outstanding. Major groupings are as follows – with the majority of the balance within Residential and Vacant Sections (\$1.5M/\$2.6M total, or 58%);
- Residential - 409 properties at \$1.0M
 - Vacant sections - 187 properties at \$0.5M
 - Accommodation - 109 properties at \$0.3M
 - Country Dwelling - 61 properties at \$0.3M
60. Further in-depth commentary is provided within attachment C.

2022/23 Statement of Financial Position Overview.

61. Total increase in net assets compared to December 2021 is \$416.2M which is made of the following significant movements:

- \$492M increase in property, plant & equipment from the revaluation of 3W infrastructural assets and asset additions in the FY22 year;
- Net increase in total borrowings of \$192.6M to fund the capital programme and the decrease in other current liabilities for the reduction in legal claims provision due to a settlement payment in December.

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

Options:

63. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.

64. Option 1 The report is for noting, therefore no options are discussed.

Financial Implications | Kā Riteka ā-Pūtea

65. 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

66. The recommended option:

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

Attachments | Kā Tāpirihaka

A	Finance Management Report – 2022:/23 December YTD Actual to December YTD Budget Financial Overview.
B	Finance Management Report – 2022/23 December Capital Expenditure Reporting Overview
C	December 2022 Debtors Analysis
D	December 2022 Statement of Financial Position