



Report: 03.712
Date: 5 December 2003
File: G/4/1/5
CFO/13/2/1
Committee Policy, Finance and Strategy
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Financial Report for the four months ended 31 October 2003

1. Purpose

To inform the Committee of the financial performance of the Council for the four months ended 31 October 2003 and to provide an explanation of major changes in variances since the last quarterly report.

2. Comment

Consistent with Council's decision to receive detailed financial reports each quarter, this report provides a high level update, with explanations by exception.

The year-to-date figures reflect continued favourable financial results in both operating and net capital expenditure, with the operating surplus ahead of budget by \$0.9 million and net capital expenditure below budget by \$1.6 million.

The change in the variances from the September 2003 figures reflect an unfavourable movement in operating surplus and a further favourable movement in capital expenditure.

As noted in the financial report for the three months ended 30 September 2003, the "forecast" figures still assume no variance from the original budget.

3. Financial Performance for the four months to 31 October 2003

3.1 Operating Surplus

The year-to-date operating result after four months reflects an operating surplus ahead of budget of \$0.9 million, which represents an unfavourable variance compared to the September 2003 quarter of \$0.15 million. This movement is to be expected at this stage of the financial year as previously reported timing differences start to reverse.

Detailed variances from budget are shown in the following table:

	2003/04 YTD Actual \$000s	20003/04 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from September \$000s	2003/04 Year Forecast \$000s	2003/04 Year Budget \$000s	Forecast vs Budget Variance \$000s
OPERATING SURPLUS (DEFICIT)							
Water Group	468	73	395 F	7 U	335	335	-
Plantation Forestry	(79)	79	158 U	13 U	229	229	-
Utility Services	389	152	237 F	20 U	564	564	-
Transport	22	(286)	308 F	-	(510)	(510)	-
Landcare	1,086	980	106 F	19 F	1,973	1,973	-
Environment	181	160	21 F	116 F	(284)	(284)	-
Wairarapa	121	73	48 F	179 U	36	36	-
Corporate Advisory Services	251	185	66 F	34 U	(15)	(15)	-
Finance & Admin	(84)	(113)	29 F	4 F	(270)	(270)	-
General Manager	20	10	10 F	5 U	29	29	-
Investment in Democracy	30	28	2 F	29 U	85	85	-
Rates Collection	28	0	28 F	16 U	0	0	-
Net Divisional Surplus (Deficit)	2,044	1,189	855 F	144 U	1,608	1,608	-
Investment Management	2,314	2,287	27 F	6 U	8,086	8,086	-
Business Unit Rates Contribution	(2,295)	(2,295)	-	-	(6,884)	(6,884)	-
Total Operating Surplus (Deficit)	2,063	1,181	882 F	150 U	2,810	2,810	-

Significant elements of the \$0.15 million unfavourable operating variance since September 2003 are outlined below:

- (1) Environment \$0.12 million favourable variance, due to:
 - Some large notified resource consent applications were completed and charges raised during the month. These were the CentrePort's resource consent applications to dredge the harbour's entrance and near the vessel berths in the inner harbour and the Lyall Bay Reef Charitable Trust.
 - In addition, the Department of Conservation contributed \$31,000 towards our biodiversity strategy during the month. This is the first instalment of such grants that amount to some \$79,000 in total. These funds were not budgeted.
- (2) Wairarapa \$0.18 million unfavourable variance, due to:
 - Additional accruals of \$90,000 in Planning & Resources to account for revenue in advance of expenditure for the Coastal Strategy and the Waahi Tapu project.
 - The timing of \$80,000 of internal revenue for the Upper Hutt possum control operation for Regional Parks.

3.2 Net Capital Expenditure

Year-to-date net capital expenditure for the four months is \$1.6 million below budget which represents a favourable variance compared to the September 2003 quarter of \$0.36 million.

	2003/04 YTD Actual \$000s	2003/04 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from September 03 \$000s	2003/04 Year Forecast \$000s	2003/04 Year Budget \$000s	Forecast vs Budget Variance \$000s
NET CAPITAL EXPENDITURE							
Utility Services	572	1,615	1,043 F	442 F	5,852	5,852	-
Landcare	343	618	275 F	149 U	2,947	2,947	-
Environment	21	127	106 F	-	267	267	-
Transport	150	183	33 F	4 U	238	238	-
Wairarapa	89	193	105 F	99 F	349	349	-
Finance & Admin	46	134	88 F	28 U	513	513	-
Corporate Advisory Services	4	0	4 U	4 U	0	0	-
General Manager	30	34	4 F	-	34	34	-
Rates Collection	21	0	21 U	-	0	0	-
Investment in Democracy	0	0	-	-	5	5	-
Total Net Capital Expenditure	1,276	2,904	1,628 F	356 F	10,205	10,205	-

Significant elements of the \$0.36 million favourable variance since September 2003 are outlined below:

- (1) Utility Services \$0.44 million favourable variance, due to:
 - Ongoing delays in starting and / or progressing various capital work projects, have generated a further favourable timing difference of \$291,000. In addition, the delay in acquiring vehicle replacements budgeted for October has produced a further favourable timing difference variance of \$151,000.
- (2) Landcare \$0.15 million unfavourable variance, due to:
 - The Strand Park land purchase was actioned in October 2003. This was not budgeted to be finalised until the fourth quarter.
- (3) Wairarapa \$0.10 million favourable variance, due to:
 - The timing of vehicle replacements.

4. Communications

Emphasis should be placed on the results after each quarter end.

5. Recommendations

That the Committee recommend that the Council receive the report and note its contents.

Report prepared by:

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