

Richard Waddy, Divisional Accountant

Financial Position: October 1999

Operating Results

We are pleased to report the operating results for the first four months of the current financial year. These results are provisional at the time of writing. Should there be any significant change from the numbers below, they will be updated at the meeting.

Environment Division
Summary Income Statement
For the Period Ended 31 October 1999

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>\$000s</u>	<u>\$000s</u>	<u>\$000s</u>
Rates	1,880	1,880	-
Other Revenue	509	657	148 U
Total Revenue	2,389	2,537	148 U
<u>Less:</u>			
Direct Expenditure	1,991	2,394	403 F
Indirect Expenditure	339	370	31 F
Total Operating Expenditure	2,330	2,764	434 F
Operating Surplus (Deficit)	59	(227)	286 F

Surplus

Overall a net surplus of \$59,000 was recorded for the period. This compares favourably to the budgeted Operating Deficit of \$227,000.

The net favourable variance of \$286,000 comprises a revenue shortfall of \$148,000, that is offset in turn by expenditure savings in the order of \$434,000. Such savings are expected to be short-term.

Revenue

Total Revenue amounted to \$2,389,000. It falls short of our budget target by \$148,000, or 6.1%. The shortfall is largely due to a delay in raising annual monitoring charges to our Resource Consent customers. We understand that the delay is temporary. We have calculated the charges that apply and a SAP upload programme is presently being developed by the Finance Department.

Expenditure

Total Expenditure is \$2,330,000, that is \$444,000 (16%) below our budgets. Further analysis of this variance is as follows:

- (1) Personnel costs are under budget by \$66,000. This is because staff for the Hazard Analyst and Education Initiative don't take up their positions until the end of November/beginning of December, and some staff on unpaid leave.
- (2) Material Costs are \$70,000 below budget. The variance is largely due to timing.
 - The printing of the Regional Plan for Discharges to Land and Regional Freshwater Plan is imminent. The total printing costs of these plans is estimated at \$40,000.
 - The insurance recovery jobs - Kings Wharf pile and Steeple Rock lights has delayed some of the Harbours normal maintenance work on the harbour beacons. These will be dealt with once the insurance projects are completed.
- (3) External Contractors and Consultants are \$185,000 under budget. Similarly, timing causes this variance.
 - The Moera gravel aquifer investigation bore that commenced recently was planned to begin earlier. The drilling programme takes place over a three-month period at a total contracted cost of \$130,000.
- (4) Internal Charges are \$81,000 below budget. This is mainly due to the Resource Investigations Department's demand for laboratory services currently running at a lower level than budgeted.
- (5) Indirect expenditure is currently \$31,000 under budget. Our motor vehicle replacement programme has been held-over until February, 2000. We had planned to replace a number of vehicles in September, 1999.