

Landcare Support, Divisional Accountant's Report for period ending 11 April 2003

Financial summary

Direct expenditure

The year to date March 2003 result shows a favourable variance in direct expenditure of \$611,000. This is predominantly due to budget timing issues where we have not taken into account the general ramp up of spending in the last quarter. We also have an issue with the current unavailability of sourcing rock for flood protection works, which has pushed the work programme back by around \$115,000.

Although the year to date variance equates to around 10% behind budget, this is consistent with last year when we faced the same seasonality and timing issues. Because of this, we will focus more on the cash flowing of the budgets for 2003/04 (reflecting that around 33% of our annual direct expenditure is spent in the last quarter).

Landcare Division					
Financial Summary Statement					
For the 9 months ending 31 March 2003					
\$000					
	Year to Date			Full Year	Full Year
	Actual	Budget	Variance	Forecast	Budget
External Revenue	9,394	9,427	(33) U	12,574	12,566
Internal Revenue	784	816	(32) U	1,086	1,088
TOTAL REVENUE	10,178	10,243	(65) U	13,659	13,653
Direct Expenditure	5,391	6,002	611 F	8,014	8,052
Indirect Expenditure	2,843	3,016	173 F	4,013	4,044
TOTAL OPERATING EXPENSE	8,234	9,017	784 F	12,027	12,095
OPERATING SURPLUS/(DEFICIT)	1,945	1,226	719 F	1,632	1,558
Net Asset Acquisitions	318	459	141 F	527	576
Capital Projects	704	921	217 U	1,917	2,706

Indirect expenditure

Indirect expenditure is showing a favourable variance in depreciation of \$177,000 due to projects that were planned to be completed in the 2001/02 financial year being delayed or deferred.

Net asset acquisitions

Net asset acquisitions have a favourable variance against budget of \$141,000. Of this variance, \$183,000 is due to delays in settling land purchases (Strand Park, Logan Whanau), which is offset by a delay in the disposal of parks and forest vehicles.

Capital projects

Capital expenditure is under budget by \$217,000. The main variance in here is the Strand Park Channel work where delays in letting the tender have pushed the project timeframe back. This project will be under budget for the full year (although will be spent in future years).

Full year forecasts

The forecasts have been updated for the end of the third quarter. Landcare is now forecasting a \$69,000 surplus at year-end, \$19,000 in Parks and Forests and \$50,000 in Flood Protection. The surplus in Flood Protection is the result of savings in financial costs (including loan repayments) from the under spend in 2001/02 capex projects. The Parks and Forests surplus is due to not replacing a vehicle as planned this year.

There are some projects, that will not be progressed to the planned extent this financial year and we will be seeking expense rebudgets to the 2003/04 financial year for these. The major projects are:

- Hutt water catchment 1080 drop
- Some work associated with the parks and forests management plans
- Strand Park channel realignment (including the land purchase)
- Hutt City land swap
- Otaihanga road raising
- Logan Whanau land purchase.

Apart from these above projects, the Division is on track to meeting all of its 2002/03 performance indicators.

Tina Walker

Divisional Accountant, Landcare