



**Report:** 05.233  
**Date:** 1 June 2005  
**File:** G/4/1/5  
CFO/13/2/1  
**Committee:** Policy, Finance and Strategy  
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## Financial Report for the ten months ended 30 April 2005

### 1. Purpose

To inform the Committee of the financial performance of the Council for the ten months ended 30 April 2005.

### 2. Significance of the Decision

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3) (b) of the Local Government Act 2002

### 3. 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 an operating surplus of \$11.3 million and net capital expenditure of \$4.8 million.

### 3. Financial Performance

#### 3.1 Year to Date Operating Surplus

The year-to-date operating surplus after ten months excluding Mabey Road \$8.1 million (budget a deficit of 0.2 million). Including Mabey Road the surplus rises to \$11.3 million.

The main change in April is due to increases in the LTNZ Financial Assistance Rate (FAR), based on the latest indices from LTNZ. The FAR rate increases resulted in \$882,000 additional income. Favourable interest rates have also provided additional revenue in April from budget.

Detailed variances are shown in the table below.

### 3.2 Forecast Operating Surplus

The forecast surplus excluding Mabey Road has increased to \$6.8 million, up \$0.8 million on the previous forecast with the major part of this increase in Transport.

The significant changes to the Transport forecast are due to increases in the LTNZ Financial Assistance Rate (FAR), offset by the continued increases in the inflation contract estimates. The net effect of these items plus the re-budgeting of various transport projects will result in an increase in forecast surplus of \$870,000.

Variances from budget and forecast by activity are shown in the following table:

2004/05 YTD Actual \$000s	2004/05 YTD Budget \$000s	Actual vs Budget Variance \$000s		2004/05 Year Budget \$000s	2004/05 Year Forecast March \$000s	2004/05 Year Forecast April \$000s
			<b>OPERATING SURPLUS (DEFICIT)</b>			
711	(331)	1,042 F	Water Group	(392)	824	824
(278)	(32)	245 U	Plantation Forestry	(39)	(368)	(368)
<b>433</b>	<b>(363)</b>	<b>797 F</b>	<b>Utility Services</b>	<b>(431)</b>	<b>456</b>	<b>456</b>
2,647	(947)	3,594 F	Transport	(1,133)	1,285	2,155
2,164	1,771	392 F	Landcare	1,985	1,558	1,558
580	71	509 F	Environment	(59)	189	189
(166)	(268)	102 F	Wairarapa	(44)	(317)	(350)
36	(55)	91 F	Corporate Advisory Services	(6)	(20)	(20)
801	97	705 F	Finance & Admin	39	458	453
(56)	(113)	57 F	Chief Executive	(135)	(91)	(91)
(168)	(167)	2 U	Investment in Democracy	(148)	(122)	(122)
<b>6,272</b>	<b>27</b>	<b>6,245 F</b>	<b>Net Divisional Surplus (Deficit)</b>	<b>68</b>	<b>3,395</b>	<b>4,227</b>
8,004	6,115	1,889 F	Investment Management	8,509	10,267	10,267
(6,353)	(6,353)	-	Business Unit Rates Contribution	(7,624)	(7,624)	(7,624)
217	0	217 F	Wellington Regional Strategy	0	0	0
<b>8,139</b>	<b>(212)</b>	<b>8,350 F</b>	<b>Total Operating Surplus (Deficit)</b>	<b>953</b>	<b>6,038</b>	<b>6,870</b>
3,155	0	3,155 F	Landcare Sale of Mabey Road	0	3,155	3,155
<b>11,294</b>	<b>(212)</b>	<b>11,505 F</b>	<b>Council Operating Surplus (Deficit)</b>	<b>953</b>	<b>9,193</b>	<b>10,025</b>

### 3.3 Net Capital Expenditure

Year-to-date net capital expenditure excluding Mabey road is \$8.2 million, \$2.4 million below budget.

2004/05 YTD Actual \$000s	2004/05 YTD Budget \$000s	Actual vs Budget Variance \$000s		2004/05 Year Budget \$000s	2004/05 Year March Forecast \$000s	2004/05 Year April Forecast \$000s
<b>NET CAPITAL EXPENDITURE</b>						
2,645	3,876	1,232 F	Utility Services	5,883	4,403	4,237
3,342	4,319	978 F	Landcare	4,897	4,998	4,958
413	459	46 F	Environment	554	422	422
69	306	237 F	Transport	306	339	239
603	656	53 F	Wairarapa	1,014	916	846
711	847	136 F	Finance & Admin	1,228	796	796
66	88	22 F	Corporate Avasory Services	88	136	136
24	30	6 F	Investment in Democracy	52	52	52
336	0	336 U	Investment Management	531	334	334
<b>8,208</b>	<b>10,581</b>	<b>2,373 F</b>	<b>Total Capital Expenditure</b>	<b>14,553</b>	<b>12,396</b>	<b>12,020</b>
(3,385)	0	3,385 F	Sale Proceeds Mabey Rd land	0	(3,385)	(3,385)
<b>4,823</b>	<b>10,581</b>	<b>5,758 F</b>	<b>Total Net Capital Expenditure</b>	<b>14,553</b>	<b>9,011</b>	<b>8,635</b>

The variances arising in April are due to timing differences with vehicle replacements and capital works. These have already been factored into the forecast.

There have been a number of amendments to the forecasts in April since the March forecast namely:

- Utilities - \$166,000 reduction in capital expenditure due to delays in GW Water projects and being rebudgeted to 2005/06 year.
- Transport - \$100,000 in rebudgets to 2005/06 year with \$50,000 relating to Contract Management Database & \$50,000 relating to the Asset Management Plan.

#### 4. Communications

No communications are necessary.

#### 5. Recommendations

*That the Committee*

(1) *Receive the report.*

(2) *Note its contents.*

Report prepared by:

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