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Committee: Policy, Finance and Strategy
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Financial Report for the seven months ended 31 January 2005

1. Purpose

To inform the Committee of the financial performance of the Council for the seven months ended 31 January 2005 and to provide an explanation of major changes in variances since the last quarterly report.

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 change in the variances from the December 2004 figures reflect an favourable movement in operating surplus of \$0.67 million and a further favourable movement in capital expenditure.

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 \$5.8 million and net capital expenditure below budget by \$4.6 million.

3. Financial Performance for the seven months to 31 January 2005

3.1 Operating Surplus

The year-to-date operating result after seven months reflects an operating surplus ahead of budget of \$5.8 million, which represents a favourable variance compared to the December 2004 quarter of \$0.67 million.

Variations from budget by activity are shown in the following table:

	2004/05 YTD Actual \$000s	20004/05 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from December \$000s	2004/05 Year Forecast \$000s	2004/05 Year Budget \$000s	Forecast vs Budget Variance \$000s
OPERATING SURPLUS (DEFICIT)							
Water Group	273	(276)	549 F	25 U	596	(392)	988 F
Plantation Forestry	(248)	(22)	225 U	75 U	(150)	(39)	111 U
Utility Services	25	(298)	324 F	100 U	446	(431)	877 F
Transport	(152)	(565)	414 F	115 F	(2,032)	(1,133)	899 U
Landcare	1,939	1,569	369 F	152 F	555	1,985	1,430 U
Environment	337	151	186 F	127 F	58	(59)	117 F
Wairarapa	204	(91)	295 F	60 U	(769)	(44)	725 U
Corporate Advisory Services	57	(0)	57 F	27 F	(38)	(6)	32 U
Finance & Admin	535	131	403 F	267 F	272	39	233 F
Chief Executive	(34)	(79)	45 F	24 F	(116)	(135)	19 F
Investment in Democracy	(144)	(194)	50 F	17	(150)	(148)	2 U
Net Divisional Surplus (Deficit)	2,766	624	2,142 F	568 F	(1,774)	68	1,842 U
Investment Management	4,560	4,257	303 F	100 F	8,853	8,509	344 F
Business Unit Rates Contribution	(4,447)	(4,447)	-	-	(7,624)	(7,624)	-
Wellington Regional Strategy	212	0	212	11 F	0	0	-
Total Operating Surplus (Deficit)	3,090	434	2,657 F	668 F	(545)	953	1,498 U
Landcare Sale of Mabey Road	3,155	0	3,155 F	-	3,155	0	3,155 F
Council Operating Surplus (Deficit)	6,245	434	5,812 F	668 F	2,610	953	1,657 F

The changes in January are mostly due to reduced personnel costs with the holiday pay provision for the Council reducing significantly as staff took leave over holiday period. Logging revenue was down reflecting the reduced activity in the month. Favourable interest rates have provided additional revenue in January from budget.

At this time management have no expectation that the forecast provided to Council will significantly change.

3.2 Net Capital Expenditure

Year-to-date net capital expenditure for the seven months is \$4.6 million below budget which represents a favourable variance compared to the December 2004 quarter of \$0.56 million.

	2004/05 YTD Actual \$000s	2004/05 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from December 04 \$000s	2004/05 Year Forecast \$000s	2004/05 Year Budget \$000s	Forecast vs Budget Variance \$000s
NET CAPITAL EXPENDITURE							
Utility Services	1,155	1,704	549 F	133 F	4,711	5,883	1,172 F
Landcare	1,835	2,952	1,117 F	662 F	2,080	4,897	2,817 F
Environment	315	159	156 U	146 U	554	554	-
Transport	44	236	192 F	3 U	376	306	70 U
Wairarapa	585	484	101 U	173 U	916	1,014	98 F
Finance & Admin	587	493	94 U	73 F	1,017	1,228	211 F
Corporate Avasory Services	66	75	9 F	3 U	107	88	19 U
Investment in Democracy	24	30	6 F	19 F	52	52	-
Investment Management	326	0	326 U	-	535	531	4 U
Total Capital Expenditure	4,938	6,132	1,195 F	561 F	10,347	14,553	4,206 F
Sale Proceeds Mabey Rd land	(3,385)	0	3,385 F	-	0	0	-
Total Net Capital Expenditure	1,553	6,132	4,580 F	561 F	10,347	14,553	4,206 F

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

4. Communications

No communications are necessary.

5. Recommendations

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

Report prepared by:

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