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Committee: Policy, Finance and Strategy
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Financial Report for the seven months ended 31 January 2003

1. Purpose

To inform the committee of the financial performance for the seven months ending 31 January 2003 and to provide an explanation of major changes in variances since the half year 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 capital expenditure, with the operating surplus ahead of budget by \$1.5 million and capital expenditure below budget by \$0.5 million.

The change in the variances from the December 2002 figures reflect a favourable result in operating surplus and an unfavourable result in capital expenditure as the capital expenditure timing variances begin to reverse.

The forecast position to 30 June 2003 is as approved at the Policy, Finance and Strategy Committee on 20 February 2003.

3. Financial Performance for the seven months to 31 January 2003

3.1 Operating Surplus

The year-to-date operating result after seven months reflects an operating surplus ahead of budget of \$1.5 million, which represents a favourable variance compared to the six months to December 2002, of \$0.5 million.

Detailed variances from budget are shown in the following table:

	2002/03 YTD Actual \$000s	2002/03 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from Dec \$000s	2002/03 Year Forecast \$000s	2002/03 Year Budget \$000s	Forecast Budget Variance \$000s
OPERATING SURPLUS (DEFICIT)							
Water Group	987	366	621 F	62 F	1,513	565	948
Plantation Forestry	(320)	(129)	191 U	31 U	57	(225)	282
Utility Services	667	237	430 F	31 F	1,570	340	1,230
Transport	521	160	361 F	3 F	(57)	(106)	49
Landcare	1,606	1,131	475 F	203 F	1,632	1,557	75
Environment	254	(76)	330 F	28 F	(41)	(134)	93
Wairarapa	62	266	204 U	75 F	(148)	(108)	40
Corporate Advisory Services	(205)	(58)	147 U	29 F	(207)	(15)	192
Finance & Admin	236	30	206 F	72 F	(234)	(170)	64
General Manager	19	(11)	30 F	15 F	(54)	(55)	1
Investment in Democracy	68	(2)	70 F	65 F	(24)	(3)	21
Rates Collection	99	0	99 F	11 F	(91)	0	91
Net Divisional Surplus (Deficit)	3,327	1,677	1,650 F	532 F	2,346	1,306	1,040
Investment Management	4,108	4,249	141 U	8 F	8,149	8,163	14
Business Unit Rates Contribution	(3,399)	(3,399)	-	-	(5,827)	(5,827)	
Total Operating Surplus (Deficit)	4,036	2,527	1,509 F	540 F	4,668	3,642	1,026

Significant elements of the \$0.5 million favourable operating variance since December 2002 are outlined below:

(1) Landcare \$0.20 million favourable variance, due to:

- Continuing savings in personnel costs due to staff vacancies, \$53,000.
- Timing variances resulting from the Christmas break, where contractors and consultants had essentially closed down for two weeks in January, \$120,000.
- Continuing savings in depreciation and financial costs due to a lower than planned level of capital expenditure, \$30,000.

3.2 Net Capital Expenditure

Year-to-date net capital expenditure for the seven months is \$0.5 million below budget, which represents an unfavourable variance compared to the December 2002 quarter of \$0.06 million.

	2002/03 YTD Actual \$000s	2002/03 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from Dec \$000s	2002/03 Year Forecast \$000s	2002/03 Year Budget \$000s	Forecast vs Budget Variance \$000s
NET CAPITAL EXPENDITURE							
Utility Services	1,170	1,335	165 F	50 F	3,052	3,093	41 F
Landcare	593	774	181 F	56 U	2,444	3,282	838 F
Environment	143	208	65 F	-	299	299	-
Transport	48	27	21 U	48 U	35	27	8 U
Wairarapa	161	190	29 F	6 F	290	290	-
Finance & Admin	97	165	68 F	11 U	470	484	14 F
Investment in Democracy	32	30	2 U	-	62	30	32 U
Total Net Capital Expenditure	2,244	2,729	485 F	59 U	6,652	7,505	853 F

There were no significant variances during the month.

4. Communications

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

5. Recommendations

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

Report prepared by:

Report approved by:

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Greg Schollum
Chief Financial Officer

