



Report 04.220
Date 21 April 2004
File WS/08/05/01

Committee Rural Services and Wairarapa
Author Stephen Hill, Accountant

Financial Report for the Nine Months to 31 March 2004

1. Purpose

To inform the committee of the Division's financial performance to budget.

2. Operating Performance

	YTD Actual \$000's	YTD Budget \$000's	YTD Variance \$000's	FY Forecast \$000's	FY Budget \$000's
Rates & Levies	6,351	6,350	1F	8,466	8,467
External Revenue	4,475	5,970	1,495U	6,699	8,076
Investment Revenue	91	105	14U	140	140
Internal Revenue	3,454	2,114	1,340F	5,204	2,719
Total Revenue	14,371	14,539	168U	20,509	19,402
Personnel Costs	4,019	4,473	454F	5,724	5,994
Materials	1,445	1,451	6F	2,134	1,924
Travel & Transport	171	235	64F	227	314
Contractors	3,065	4,118	1,053F	5,025	5,634
Consultants	456	398	58U	580	530
Grants & Subsidies	95	76	19U	112	101
Internal Charges	3,700	2,334	1,366U	5,528	3,046
Total Direct Expenditure	12,951	13,085	134F	19,330	17,543
Financial Costs	484	501	17F	668	669
Bad Debts	91	0	91U	103	0
Net Corporate Overheads	769	770	1F	1,026	1,025
Depreciation	314	146	168U	422	195
Loss (Gain) on Assets	(23)	(66)	43U	(74)	(66)
Total Indirect Expenditure	1,635	1,351	284U	2,145	1,823
Total Operating Expenditure	14,586	14,436	150U	21,475	19,366
Operating Surplus/(Deficit)	(215)	103	318U	(966)	36
Net Capital Expenditure	317	274	43U	427	349

3. Comment

At the end of March, the Division overall was \$318,000 over budget with revenue being \$168,000 under budget and operating expenditure \$150,000 above budget. Capital expenditure at March was \$43,000 above budget, due to the purchase of two additional vehicles for the Bovine Business Unit.

Significant components of this favourable variance are as follows:

(1) *Biosecurity Department \$150,000 Favourable*

Total income and expenditure for the Bovine Tb activity was \$1.3m below budget due to operational timing, contract price savings and reduced control area because of low pest densities. Pest Plants expenditure was \$113,000 below budget due to savings in personnel costs and contract expenditure being affected by floods.

(2) *Land & River Operations Department \$392,000 Unfavourable*

The LARO Department had several offsetting variances including additional roading costs and reduced net logging revenue of \$102,500 (due to the Renalls Sawmill receivership) for the Reserve Forests business unit. River Management was \$315,000 over budget because of flood damage repairs and additional expenditure for the Lower Wairarapa Scheme review. Administration was \$80,000 over budget due to unbudgeted vehicle depreciation. Riparian Management expenditure was \$79,500 below budget, but the full year budget of \$130,000 is expected to be achieved by 30th June.

(3) *Bovine Business Unit \$159,000 Unfavourable*

A number of control operations are in progress, but not yet completed.

4. Recommendation

That the report be received and the contents noted.

Report prepared by:

Report approved by:

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Colin Wright
Divisional Manager, Wairarapa