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**Report 02.290**

7 June 2002

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Report to the Policy and Finance and Strategy Committee  
from Paul Laplanche, Finance Manager

## **Financial Report for the ten months ended 30 April 2002**

### **1. Purpose**

To receive the April 2002 Financial Statements (forwarded under separate cover).

### **2. Comment**

Consistent with our practice of providing detailed financial reports each quarter, this report provides a high level update, with explanations by exception. The forecast figures are those approved by the Committee on 14 May 2002.

The year-to-date figures reflect favourable results in both operating and capital expenditure with the operating surplus ahead of budget by \$3.6 million and capital expenditure below budget by \$2.2 million.

The changes in the variance from March 2002 figures reflect a favourable result in both operating expenditure and capital expenditure.

### **3. Financial Performance for the ten months to 30 April 2002**

#### **3.1 Operating Surplus**

The year-to-date operating result after ten months reflects an operating surplus ahead of budget of \$3.6 million, which represents an additional favourable variance compared to March 2002 of \$0.3 million.

Detailed variances from budget are shown in the following table:

	2001/02 YTD Actual \$000s	2001/02 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from Mar \$000s	2001/02 Year Forecast \$000s	2001/02 Year Budget \$000s	Forecast vs Budget Variance \$000s
<b>OPERATING SURPLUS (DEFICIT)</b>							
Water Group	2,449	1,335	1,114 F	138 F	2,736	1,537	1,199 F
Plantation Forestry	(593)	(456)	137 U	4 U	(673)	(546)	127 U
<b>Utility Services</b>	<b>1,856</b>	<b>879</b>	<b>977 F</b>	<b>134 F</b>	<b>2,063</b>	<b>991</b>	<b>1,072 F</b>
Transport	337	(308)	645 F	19 U	(23)	(270)	247 F
Landcare	1,690	1,137	553 F	144 F	1,375	1,343	32 F
Environment	540	(135)	675 F	68 F	(137)	(282)	145 F
Wairarapa	292	230	62 F	41 U	57	485	428 U
Corporate Advisory Services	51	(6)	57 F	9 U	(50)	(7)	43 U
Finance and Admin	60	(347)	407 F	21 F	(296)	(518)	222 F
General Manager	112	21	91 F	1 F	100	26	74 F
Investment in Democracy	(29)	(150)	121 F	4 F	(31)	(136)	105 F
Rates Collection	83	0	83 F	10 F	91	0	91 F
<b>Net Divisional Surplus (Deficit)</b>	<b>4,992</b>	<b>1,321</b>	<b>3,671 F</b>	<b>313 F</b>	<b>3,149</b>	<b>1,632</b>	<b>1,517 F</b>
Investment Management	5,776	5,720	56 F	23 F	8,050	7,979	71 F
Business Unit Rates Contribution	(4,905)	(4,819)	86 U	24 U	(5,907)	(5,782)	125 U
<b>Total Operating Surplus (Deficit)</b>	<b>5,863</b>	<b>2,222</b>	<b>3,641 F</b>	<b>312 F</b>	<b>5,292</b>	<b>3,829</b>	<b>1,463 F</b>

Significant components of the \$0.3 million favourable operating variance since March 2002 are outlined below:

**(1) Water Supply \$0.14 million favourable variance, due to:**

- Various additional direct cost savings, primarily related to materials, supplies and services.

**(2) Landcare \$0.14 million favourable variance, due to:**

- Work programmes are on track to be completed by year end. The variance is due to a timing differences.

**(3) Environment \$0.07 million favourable variance, due to:**

- External Contractors and Consultants were \$44,000 under budget for the period.

The variance is mainly due to slight delays in:

- Remedial work at some of our contaminated sites.
- The stormwater investigation work.

Although these projects were late starting, work is well advanced and expenditure is anticipated to catchup with our budget by 30 June 2002.

## Net Capital Expenditure

Year-to-date net capital expenditure for the ten months is \$2.2 million below budget, which represents an additional favourable variance since March 2002 of \$0.2 million.

	2001/02 YTD Actual \$000s	2001/02 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from Mar \$000s	2001/02 Year Forecast \$000s	2001/02 Year Budget \$000s	Forecast vs Budget Variance \$000s
NET CAPITAL EXPENDITURE							
Utility Services	1,947	3,644	1,697 F	365 F	3,749	4,644	895 F
Landcare	1,223	1,428	205 F	30 U	1,903	1,695	208 U
Environment	179	217	38 F	47 U	256	323	67 F
Transport	0	35	35 F	-	10	35	25 F
Wairarapa	241	225	16 U	47 U	225	225	-
Corporate Advisory Services	0	0	-	-	0	0	-
Finance and Admin	760	913	153 F	3 U	800	1,046	246 F
General Manager	19	34	15 F	-	19	34	15 F
Investment in Democracy	0	97	97 F	10 F	15	117	102 F
<b>Total Net Capital Expenditure</b>	<b>4,369</b>	<b>6,593</b>	<b>2,224 F</b>	<b>248 F</b>	<b>6,977</b>	<b>8,119</b>	<b>1,142 F</b>

Significant components of the \$0.2 million favourable net capital expenditure variance since March 2002 are outlined below:

**(1) Utility Services \$0.4 million favourable variance, due to:**

- Timing differences related to ongoing Water Supply projects, between actual costs incurred versus the original monthly phasing of their budgets. These projects are expected to be completed by 30 June 2002.

## 5. Communications

Emphasis should be placed on the results after each quarter.

## 6. Recommendation

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

Report prepared by:

Approved for submission:

PAUL LAPLANCHE  
Finance Manager

GREG SCHOLLUM  
Chief Financial Officer

**Attachment 1: Tranz Metro Costs to 30 April 2002**