

# Financial Information Water and Waste Management



## FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	ACTUAL 2011 \$000s	COUNCIL BUDGET 2011 \$000s	VARIANCE \$000s
<b>Income</b>				
Rates Income	1	22,541	20,332	2,209
Other Income	2	3,006	5,318	(2,312)
<b>Total Operating Income</b>		<b>25,547</b>	<b>25,650</b>	<b>(103)</b>
<b>Expenditure</b>				
Direct Costs	3	11,986	11,532	(454)
Indirect Costs	4	2,163	523	(1,640)
<b>Activity Expenditure</b>		<b>14,149</b>	<b>12,055</b>	<b>(2,094)</b>
Depreciation	5	5,623	5,214	(409)
Interest Payable		3,896	5,041	1,145
<b>Total Operating Expenditure</b>		<b>23,668</b>	<b>22,310</b>	<b>(1,358)</b>
<b>Net Operating Surplus/(Deficit)</b>		<b>1,879</b>	<b>3,340</b>	<b>(1,461)</b>
<b>Capital Statement</b>				
Net Operating Surplus		1,879	3,340	(1,461)
Loans		1,868	6,418	(4,550)
Other Funding		1,130	2,741	(1,611)
<b>Total Funding</b>		<b>4,877</b>	<b>12,499</b>	<b>(7,622)</b>
New Work	6	3,032	8,190	5,158
Renewal Works	6	1,290	1,726	436
Loan Repayments		487	2,583	2,096
<b>Total Capital Expenditure</b>		<b>4,809</b>	<b>12,499</b>	<b>7,690</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>68</b>	<b>0</b>	<b>68</b>



## VARIANCE TO THE ANNUAL PLAN 2010/11

1. Rates Income is showing a favourable variance of \$2,209k predominantly due to:
  - a. An increase in penalty rate income of \$2,285k
  - b. Water and Wastewater service fees are showing an unfavourable variance of \$691k which is offset by a favourable variance in Water by Meter charges of \$574k
2. Other income is showing an unfavourable variance of \$2,312k predominantly due to:
  - a. Service fees & charges showing an unfavourable variance of \$114k as a result of reduced refuse tonnage.
  - b. New work subsidies are showing an unfavourable variance of \$227k due to timing delays.
  - c. Development contributions income is below budget by \$2,247k due to a reduction in applications during the year.
3. Direct Costs are showing an unfavourable variance of \$455k predominantly due to:
  - a. Loss on valuation of assets of \$652k
  - b. Direct allocations are showing a favourable variance of \$163k to budget.
4. Indirect costs are above budget \$1,640k due predominantly to a change in presentation for the provision of bad debts on rates penalty income. In previous years this has been netted off against income.
  - a. Increased provision for doubtful debts to offset additional income \$1,707k
  - b. Decrease in corporate allocations \$73k
5. Depreciation is showing an unfavourable variance of \$409k.
6. Capital Expenditure is showing a favourable variance of \$7,690k predominantly due to delays in the commencement of projects

## KEY CAPITAL PROJECTS

### FOR THE YEAR ENDED 30 JUNE 2011

	ACTUAL 2011 \$000s	COUNCIL BUDGET 2011 \$000s	VARIANCE \$000s
<b>New Works</b>			
Transfer Stations	40	141	101
Landfills	0	0	0
Recycling	12	7	(5)
Wastewater operations	277	0	(277)
Wastewater Schemes	1,630	4,849	3,219
Water Operations	79	0	(79)
Water Schemes	995	3,193	2,198
<b>Total New Works</b>	<b>3,032</b>	<b>8,190</b>	<b>5,158</b>
<b>Renewals</b>			
Landfills	0	5	5
Recycling	0	3	3
Transfer Stations	28	45	17
Wastewater schemes	634	641	7
Water Operations	8	0	(8)
Water Schemes	619	1,032	413
<b>Total Renewals</b>	<b>1,290</b>	<b>1,726</b>	<b>436</b>



## SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2010/11

The Local Government Act 2002 requires Councils to provide information regarding any significant assets acquired or replaced during the year. Council's significance Policy does not specify a value but does identify the following assets as significant:

WASTEWATER NETWORKS AND TREATMENT WATER TREATMENT, STORAGE AND SUPPLY NETWORK	BUDGET 2011 \$000s	ACTUAL 2011 \$000s
<b>Wastewater Schemes</b>		
New Scheme – Ngawha Work to develop a new wastewater scheme for the Ngawha area	1,300	743
Kaeo Treatment Plant Upgrade Proposed upgrade of the treatment plant for Kaeo	890	39
Treatment Plant Upgrade Kaikohe Proposed upgrade of the treatment plant for Kaikohe	1,100	5
Renewals Programme – Wastewater Ongoing minor renewals across the district	525	441
<b>Water Schemes</b>		
Renewals Programme – Water Ongoing minor renewals across the district	350	532
Kerikeri Treatment Plant Upgrade Proposed upgrade of the treatment plant for Kerikeri	1,800	153
Rawene Reservoir Major project for the Rawene/Omania area	600	100

## VARIANCE TO THE ANNUAL PLAN 2010/11

- New Scheme Ngawha  
This project is currently on site and is expected to outturn in line with project forecasts.
- Kaeo Treatment Plant Upgrade  
The tender process has delayed the scheme with actual works planned to commence October 2011
- Upgrade Treatment Plant Kaikohe  
Delays in gaining Resource Consent changes to allow a better value solution to proceed.
- Treatment Plant Upgrade Kerikeri  
Low cost solution identified and implemented. Budget has been reduced.
- Rawene Reservoir  
Part of a major project for the Omania/Rawene area.  
Delayed due to extensive consultation with the community.

