

Financial Information Sewerage Treatment Group

FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	ACTUAL 2013 \$000s	COUNCIL BUDGET 2013 \$000s	VARIANCE \$000s
Income				
Rates income (excluding targeted water supply rates)	1	11,381	10,687	694
Fees, charges & targeted water supply rates		156	231	(75)
Development & financial contributions	2	653	0	653
Subsidies & grants	3	5,060	5,757	(698)
Other income	4	431	4	427
Total operating income		17,681	16,680	1,002
Expenditure				
Direct costs	5	6,037	4,579	(1,458)
Indirect costs	6	458	636	178
Activity expenditure		6,495	5,215	(1,280)
Depreciation		3,522	3,493	(29)
Interest payable		1,320	1,711	392
Total operating expenditure		11,337	10,419	(918)
Net operating surplus/(deficit)		6,344	6,260	84
Capital statement				
Net operating surplus		6,344	6,260	84
Loans		3,275	8,659	(5,384)
Other funding		1,440	4,482	(3,042)
Total funding		11,060	19,402	(8,342)
New work	7	8,687	15,149	6,463
Renewal works	7	678	2,622	1,944
Loan repayments		1,375	1,631	256
Total capital expenditure		10,740	19,402	8,662
NET SURPLUS/(DEFICIT)		320	0	320

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number.

The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.

VARIANCE TO THE LONG TERM PLAN 2012/13

1. Rates income is showing a favourable variance of \$694k predominantly due to:
 - a. An increase in penalty rate income of \$781k.
2. Development and financial contributions are showing a favourable variance of \$653k:
 - a. Lump sum capital contributions to an upgrade to the Opuia reticulation scheme were received of \$174k and other contributions were received of \$67k relating to other works;
 - b. Development contributions of \$413k were received and these were unbudgeted in the LTP.
3. Subsidies and grants are showing an unfavourable variance of \$698k predominantly due to delays in progressing the BOIWW scheme which had been included in part in the LTP budgets.
4. Other income is showing a favourable variance of \$427k predominantly due to:
 - a. Vested assets of \$432k were received during the year and these are unbudgeted.

5. Direct costs are showing an unfavourable variance of \$1,458k predominantly due to:
 - a. Loss on valuation of \$408k;
 - b. Loss on disposal of property, plant & equipment of \$313k;
 - c. Bad debt provisions exceeded budget by \$684k due to increased penalty charges.
6. Indirect costs are showing a favourable variance of \$178k due to a decrease in corporate allocations.
7. Capital expenditure is showing a favourable variance of \$8,407k predominantly due to delays in the commencement of projects.

KEY CAPITAL PROJECTS FOR THE YEAR ENDED 30 JUNE 2013

	ACTUAL 2013 \$000s	COUNCIL BUDGET 2013 \$000s	VARIANCE \$000s
New works			
Wastewater schemes	8,687	15,149	6,463
Total new works	8,687	15,149	6,463
Renewals			
Wastewater schemes	678	2,622	1,944
Total renewals	678	2,622	1,944

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2012/13

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	BUDGET 2013 \$000s	ACTUAL 2013 \$000s
Wastewater schemes		
Hihi treatment plant		
Work to develop a new wastewater scheme for the Hihi area	1,362	437
Opua reticulation subsidy scheme		
Proposed upgrade of the treatment plant for Kaeo	2,930	4,101
Paihia treatment plant		
Proposed upgrade of the treatment plant for Paihia	2,879	37
Awanui reticulation subsidy scheme		
Ongoing minor renewals across the district	3,000	3,134
Bol Wastewater Scheme		
Proposed water source for Kaitaia	3,260	42

VARIANCE TO THE ANNUAL PLAN 2012/13

- Hihi treatment plant.
This project was completed at a significantly lower cost than anticipated.
- Opua reticulation subsidy scheme.
This project was completed early and funds were brought forward from outer years to achieve this outcome.
- Paihia treatment plant.
This forms part of the solution to phases 1 and 2 of the Bay of Islands wastewater scheme. Planning for this scheme continues and is expected to be included in the 2014/15 Annual Plan.
- Awanui water reticulation.
Awanui project progress was affected by design concerns raised over the capacity of the downstream catchment, which required additional modeling work to verify adequacy.
- Bay of Islands wastewater project.
This forms part of the solution to phases 1 and 2 of the Bay of Islands wastewater scheme. Planning for this scheme continues and is expected to be included in the 2014/15 Annual Plan.