

Financial Information Water and Waste Management

FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
Income				
Rates income	1	22,482	21,441	1,041
Other income	2	1,706	6,627	(4,921)
Total operating income		24,188	28,068	(3,880)
Expenditure				
Direct costs	3	14,245	12,491	(1,754)
Indirect costs	4	373	803	430
Activity expenditure		14,618	13,294	(1,324)
Depreciation	5	5,848	5,788	(60)
Interest payable		3,623	4,593	970
Total operating expenditure		24,089	23,674	(415)
Net operating surplus / (deficit)		99	4,394	(4,295)
Capital statement				
Net operating surplus		99	4,394	(4,295)
Loans		2,539	7,759	(5,220)
Other funding		3,894	3,380	514
Total funding		6,532	15,533	(9,001)
New work	6	2,602	12,124	9,522
Renewal works	6	1,599	344	(1,255)
Loan repayments		4,453	3,066	(1,387)
Total capital expenditure		8,654	15,534	6,880
NET SURPLUS / (DEFICIT)		(2,121)	0	(2,121)



VARIANCE TO THE ANNUAL PLAN 2011/12

1. Rates income is showing a favourable variance of \$1,041k predominantly due to:
 - a. An increase in penalty rate income of \$1,234k; and
 - b. Water and wastewater service fees are showing an unfavourable variance of \$501k which is offset by a favourable variance in water by meter charges of \$264k.
2. Other income is showing an unfavourable variance of \$4,921k predominantly due to:
 - a. Service fees & charges showing an unfavourable variance of \$692k as a result of reduced refuse tonnage at transfer stations and waste taken to septage disposal points by contractors;
 - b. Subsidies are showing an unfavourable variance of \$3,595k due to timing delays;
 - c. Development contributions income is below budget by \$1,073k due to a reduction in applications during the year;
 - d. Recovery income of \$192k has been received that was not budgeted. This relates to insurance recoveries relating to the Cyclone Wilma 2011 weather event; and
 - e. Vested assets of \$224k were received during the year and these are unbudgeted.
3. Direct costs are showing an unfavourable variance of \$1,754k predominantly due to:
 - a. Salary costs are showing an unfavourable variance of \$193k;
 - b. External services are showing an unfavourable variance of \$795k mainly due to cancelled or amended capital projects;
 - c. Contractor and professional fees is below budget by \$593k due to low volumes of waste being processed at transfer stations offset by efficiencies being met by the main contractor for water and wastewater;
 - d. Loss on disposal of property, plant & equipment of \$239k;
 - e. Direct allocations are showing a favourable variance of \$61k to budget; and
 - f. Bad debt provisions exceeded budget by \$827k due to increased penalty charges.
4. Indirect costs are showing a favourable variance of \$430k due to:
 - a. Decrease in corporate allocations \$430k.
5. Depreciation is showing an unfavourable variance of \$60k.
6. Capital expenditure is showing a favourable variance of \$8,267k predominantly due to delays in the commencement of projects.

KEY CAPITAL PROJECTS FOR THE YEAR ENDED 30 JUNE 2012

	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
New Works			
Transfer stations	47	45	(2)
Landfills	88	125	37
Recycling	5	0	(5)
Wastewater operations	0	255	255
Wastewater schemes	1,825	9,977	8,152
Water schemes	637	1,753	1,116
Total new works	2,602	12,124	9,522
Renewals			
Transfer stations	6	69	63
Wastewater schemes	989	177	(812)
Water schemes	604	98	(506)
Total renewals	1,599	344	(1,255)



SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2011/12

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 2012 \$000s	ACTUAL 2012 \$000s
Wastewater schemes		
Hihi treatment plant Work to develop a new wastewater scheme for the Hihi area	2,060	86
Kaeo treatment plant upgrade Proposed upgrade of the treatment plant for Kaeo	300	438
Paihia treatment plant Proposed upgrade of the treatment plant for Paihia	1,600	52
Water schemes		
Awanui reticulation Ongoing minor renewals across the district	3,200	76
Kaitaia new source Proposed water source for Kaitaia	500	331
Rawene treatment upgrade Major project for the Rawene-Omania area	1,000	13

VARIANCE TO THE ANNUAL PLAN 2011/12

- Hihi treatment plant
This project is currently development and was delayed to ensure a suitable solution was put in place.
- Paihia treatment plant
This forms part of the solution to phases 1 and 2 of the Bay of Islands wastewater scheme.
- 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.
- Rawene treatment upgrade
Delayed due to extensive consultation with the community.

