

QUARTER TWO

REPORT

1 October - 31 December
2016

Introduction

The second quarter for the year has seen a strong performance by the Council in challenging circumstances. Midway through the quarter the Kaikoura earthquake struck meaning hundreds of staff were working from home or involved in the initial response and subsequent city recovery phase. Despite the challenging environment and the additional work requirements associated with the response, the Council continued to deliver business-as-usual services and achieved some great successes.

Service performance snapshot

This section provides a snapshot of the performance measure result for the quarter. In quarter two, 79% of key performance indicators (41/52) measured on a monthly or quarterly basis were achieved, substantially achieved or showed progress from last quarter. Any significant variances – greater than 10% – are explained in the body of the report. The full list of performance measures and the results are outlined in appendix 1 to this report.

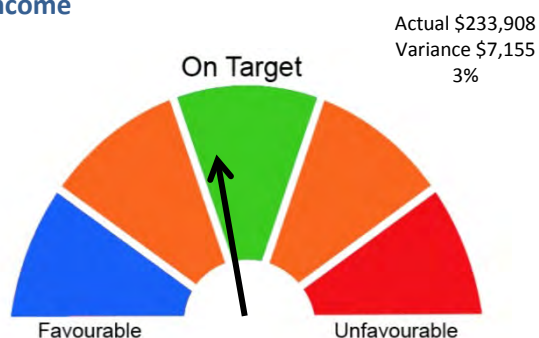


Key

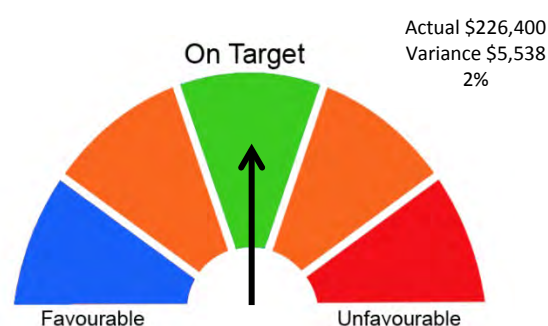
Achieved	Substantially Achieved	Progress made	Not achieved
Target has been met or exceeded 100%	Target has been substantially met (within 5%)	Target has not been achieved or substantially achieved, but the result is an improvement on last quarter	Target has not been achieved

Financial Performance Snapshot

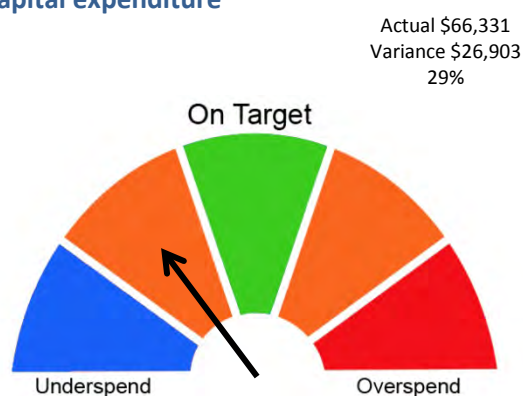
Income



Total net operating expenditure



Capital expenditure



Treasury Policy compliance

As at 31 December 2016 all of the core policy compliance requirements were achieved



Statement of Financial Performance

The Council's consolidated financial performance for the period 1 July 2016 to 31 December 2016 is presented in this section. Note that numbers in brackets indicate an unfavourable variance from budget.

	YTD Actual 2017 \$000	YTD Budget 2017 \$000	YTD Variance 2017 \$000	Full Year Forecast 2017 \$000	Full Year Budget 2017 \$000
Rates Income	143,127	142,139	988	284,177	284,177
Income from activities	64,212	57,578	6,634	136,014	128,236
Investment income	5,371	4,667	703	20,751	20,447
Interest income	0	7	(7)	13	13
Other income	19,522	21,362	(1,840)	43,896	42,723
Development contributions	1,677	1,000	677	2,000	2,000
Total Income	233,908	226,753	7,155	486,851	477,597
Personnel expenditure	52,898	52,407	(490)	105,834	104,115
General expenses	113,009	115,261	2,252	239,825	237,188
Financing expenditure	10,706	12,808	2,102	23,117	25,617
Depreciation &	49,787	51,461	1,674	101,593	101,975

amortisation					
Total Expenditure	226,400	231,938	5,538	470,369	468,895
Net Operating Surplus/(Deficit)	7,508	(5,185)	12,694	16,482	8,702

The year-to-date net operating surplus of \$7.508m is \$12.694m better than the budgeted deficit of \$5.185m. This favourable Position is due to the following income and expenditure variances

Income

Year-to-date total income is above budget by \$7.155m:

- Income from activities is \$6.6m higher than budget mainly due to additional revenue for contaminated/special waste from city and regional projects (\$3.4m), and higher housing rental income (\$2.1m) as delays in the capital programme have meant that properties are generating rental income that was not budgeted.
- Other income is \$1.8m below budget mainly due to lower government grant income from the housing upgrade programme (\$3.8m) and lower revenue from NZTA (\$1.4m) for roading and cycleway projects due to delays in the capital programme. Offset by the unbudgeted fair-value gain on the repayment of the Zealandia loan (\$5.3m).

Expenditure

Year-to-date total expenditure is under budget by \$5.538m:

- General expenses are \$2.3m under budget because some budgeted operational grant and funding payments have not been made yet and due to lower contract and maintenance costs in the 3 waters (Water, Wastewater and Stormwater) and parks areas. These are timing differences only.
- Financing expenditure is under budget by \$2.1m due to a more favourable borrowings position than budgeted with some delays in the capital programme in the first six months of the year.

Full Year Forecast

The forecast net operating surplus for the year is currently \$7.8m ahead of budget. Housing rental income is forecast to be \$3.9m higher than budget as delays in the capital programme have meant that properties are generating rental income that was not budgeted. There is also forecast unbudgeted revenue of \$3m from contaminated/special waste from city and regional projects.

Net Operating Expenditure

Strategy Area	YTD			Full Year	
	Actual \$'000	Budget \$'000	Variance \$'000	Forecast \$'000	Budget \$'000
Governance	8,546	9,205	659	17,835	17,835
Environment	67,166	72,139	4,972	140,081	142,701
Economic Development	11,416	14,129	2,713	26,665	26,665
Cultural Wellbeing	11,274	11,007	(267)	19,772	19,631
Social and Recreation	28,158	29,101	942	54,984	54,823
Urban Development	8,017	8,215	198	16,437	16,270
Transport	13,915	14,986	1,072	31,020	30,752
Total Strategy Area	148,491	158,781	10,290	306,793	308,676
Council	(155,999)	(153,595)	2,404	(323,275)	(317,377)
Total	(7,508)	5,185	12,693	(16,482)	(8,702)

Capital Expenditure

	YTD			Full Year	
	Actual \$'000	Budget \$'000	Variance \$'000	Forecast \$'000	Budget \$'000
Governance	0	116	116	116	116
Environment	16,731	18,197	1,466	42,230	42,230
Economic Development	1,007	4,049	3,043	2,972	7,759
Cultural Wellbeing	212	4,042	3,830	3,055	9,378
Social and Recreation	12,381	19,379	6,998	45,080	50,360
Urban Development	6,934	10,250	3,316	15,678	19,215
Transport	13,080	18,264	5,184	41,546	43,138
Total Strategy Area	50,345	74,297	23,953	150,676	172,196
Council	15,986	18,936	2,950	29,019	38,043
Total	66,331	93,234	26,903	179,695	210,238

Statement of Borrowings

Total committed borrowing facilities as at the end of December are \$521.5m providing headroom of \$120.0m. Our liquidity ratio is at 130% compared to the policy minimum of 115%.

	YTD 31 Dec 2016 \$000	30 June 2016 \$000
Facilities at start of year	506,500	476,500
New/matured facilities (net)	15,000	30,000
Facilities at end of period	521,500	506,500
Borrowings at start of year	400,500	366,000
Change in core borrowing + (-)	23,184	41,395
Repayment of loans + (-)	-	-
Change in working capital requirement + (-)	(22,184)	(6,895)
Net borrowings at end of period	401,500	400,500
Plus unutilised facilities	120,000	106,000
Total borrowing facilities available	521,500	506,500

Note: 'Borrowing facilities' excludes \$5 million of uncommitted funding lines. Facilities do not include short-term commercial paper or deposits.