

Richard Waddy, Divisional Accountant

Financial Position: February 2000

1. Operating Results

We are pleased to present a summary of the operating results for the eight month period ended 28 February 2000.

Environment Division
Summary Income Statement
For the Period Ended 28 February 2000

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>\$000s</u>	<u>\$000s</u>	<u>\$000s</u>
Rates	3,761	3,761	-
Other Revenue	1,218	1,313	95 U
Total Revenue	4,979	5,074	95 U
<u>Less:</u>			
Direct Expenditure	4,250	4,679	429 F
Indirect Expenditure	630	682	52 F
Total Operating Expenditure	4,880	5,361	481 F
Operating Surplus (Deficit)	99	(287)	386 F

2. Operating Surplus

A net operating surplus of \$99,000 was recorded for the period. This compares favourably to the budgeted Operating Deficit of \$287,000.

The net favourable variance of \$386,000 comprises a revenue shortfall of \$95,000. This is offset in turn by expenditure savings in the order of \$481,000.

3. Revenue

Total Revenue amounted to \$4,979,000 or 98.1% of our budget target of \$5,074,000.

Some of the shortfall is with the Emergency Management Grant (a reimbursement of expenditure incurred for the 1998/99 financial year). This grant, funded by Central Government, is yet to be paid by the Ministry of Emergency Management. We anticipate payment of some \$31,000 by 31 March 2000 or approximately 9% of our direct costs (\$344,000 for that year).

The internal charge from the Utility Services Group also contributes to this shortfall. The Moera gravel aquifer investigation was about a month late in starting and so we are unable to charge our customer.

4. **Expenditure**

Total Operating Expenditure was \$4,880,000, that is \$481,000 (9%) below budget.

This variance is caused by:

- (1) Personnel costs are presently under budget by \$127,000. This is because the appointees for the Hazard Analyst and Education Co-ordinator positions did not take up their positions until the end of November/beginning of December and we did not appoint any replacement for a staff member on unpaid leave.
- (2) Material Costs are slightly below budget by \$10,000. The Regional Freshwater Plan has now been printed. The total printing costs of these plans amounted to \$20,000. Some of these costs are recoverable from external parties, consultants, etc. Additionally, we have recently reprinted the Wellington Regional Native Plant Guide, a 3,000-copy print run.
- (3) External Contractors and Consultants are \$163,000 under budget because:
 - At this stage Iwi projects are some \$84,000 short of budget. Several initiatives are in various stages of implementation and we expect this under-spend will be reduced considerably by year-end.
 - The Petroleum Storage Hazard Analysis study (\$40,000) was temporarily delayed because of information access problems. These have now been resolved.
- (4) Internal Charges are \$133,000 below budget. This is mainly due to the Resource Investigations Department's demand for laboratory services currently running at a lower level than budget.

5. **Capital Expenditure**

Currently our capital expenditure is \$63,000 under budget. The purchase of a replacement motor vehicle has been deferred until September 2000. That vehicle is yet to complete four years of service.