

Richard Waddy, Divisional Accountant

Financial Position: 31 May 2000

1. Operating Results

We are pleased to report the operating results for the eleven month period ended 31 May 2000.

	<u>Actual</u> \$000s	<u>Budget</u> \$000s	<u>Variance</u> \$000s
Rates	5,170.7	5,170.7	-
Other Revenue	1,771.0	1,809.1	38 U
Total Revenue	6,941.7	6,979.8	38 U
Less:			
Direct Expenditure	6,045.2	6,387.5	342 F
Indirect Expenditure	852.2	915.1	63 F
Total Operating Expenditure	6,897.4	7,302.6	405 F
Operating Surplus (Deficit)	44.3	(322.8)	367 F

2. Operating Surplus

The Division's finances continue to be satisfactory. For the eleven month period an operating surplus of \$44,000 was struck. Interestingly, the net result is essentially unchanged from that reported for the nine month period. This compares favourably to our budget which provides for a deficit of \$323,000.

The result translates to a net favourable variance of \$367,000 and comprises a revenue shortfall of \$38,000, offset by reduced expenditure of \$405,000.

3. Revenue

Total Revenue at \$6,942,000 is presently 99% of our budget target of \$6,980,000. We anticipate that the "other revenue line" will be in accord with budget by the close of year.

4. Expenditure

Total Expenditure was \$6,897,000, that is \$405,000 (6%) below our budgets.

The main reasons for this variance are:

- Personnel costs are presently under budget by \$125,000 because the Hazard Analyst and Environment 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.
- Material Costs are slightly below (\$1,000) our budget. Almost all the regional plans have been printed with expenditure now in line with budget.
- Travel and Transport costs are \$13,000 in excess of our budgets. The increase in expenditure is due to the use of an additional vehicle for pollution call-outs over the summer months.
- External Contractors and Consultants are \$131,000 under budget because:
 - At this stage Iwi projects are some \$96,000 short of budget. Several initiatives are in various stages of implementation, 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. In June the project was concluded satisfactorily.
 - The Emissions Inventory study (\$25,000) is slightly behind schedule. The budget anticipated that by this time most of the work would have been completed.
 - All of the Moera bore costs incurred to date (\$124,000) have been taken to account as accruals. Payment will be made once the site is cleanedup and restored.
- Internal Charges are \$99,000 below budget because the Resource Investigations Department's demand for laboratory services is currently running at a lower level than budgeted. This hardy annual has been dealt to in the current planning round with agreement reached on the extent of future work programmes.

5. Capital Expenditure

Currently our capital expenditure is \$37,000 under budget. The purchase of a replacement motor vehicle (4 wheel drive) was mistakenly included in the current year's budget. That vehicle is yet to complete four years of service and it will be replaced in the next vehicle buying round in September 2000.