

Richard Waddy, Divisional Accountant

Financial Position: December 1999

Operating Results

We are pleased to report the operating results for six month period of the current financial year.

Environment Division
Summary Income Statement
For the Period Ended 31 December 1999

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>\$000s</u>	<u>\$000s</u>	<u>\$000s</u>
Rates	2,820	2,820	-
Other Revenue	882	992	110 U
Total Revenue	3,702	3,812	110 U
<u>Less:</u>			
Direct Expenditure	3,066	3,498	432 F
Indirect Expenditure	499	546	47 F
Total Operating Expenditure	3,565	4,044	479 F
Operating Surplus (Deficit)	137	(232)	369 F

Operating Surplus

Overall a net surplus of \$137,000 was recorded for the period. This compares favourably to the budgeted Operating Deficit of \$232,000.

The net favourable variance of \$369,000 comprises a revenue shortfall of \$110,000, that is offset in turn by expenditure savings in the order of \$369,000.

Revenue

Total Revenue amounted to \$2,389,000 or 97.1% of our budget target of \$3,812,000. The shortfall is largely an internal charge from the Utility Services Group. The Moera gravel aquifer investigation is about a month late in starting and so we are unable to charge our customer.

We are pleased to report that once the SAP upload programme was implemented annual resource charges were processed promptly to our customers. The annual charges raised \$220,000 (previous year \$206,000). We often question whether the cost of the exercise justifies the income we receive. People tend to place a greater value on something that they pay for and, additionally, our databases are kept up-to date and accurate.

Expenditure

Total Operating Expenditure was \$3,565,000, that is \$479,000 (13%) below budget.

This variance is caused by:

- (1) Personnel costs are under budget by \$77,000. 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 \$79,000 below budget because:
 - The printing of the Regional Plan for Discharges to Land and Regional Freshwater Plan has not yet been completed. The total printing costs of these plans is estimated at \$40,000.
 - GIS licences have been allocated over the licence year which runs from October. As a result licence costs are at amounts lower than budget. A one-time adjustment (\$20,000) has been made in this period.
- (3) External Contractors and Consultants are \$176,000 under budget because:
 - The Moera gravel aquifer investigation bore that started in November - a month later than planned. The drilling programme takes place over a three-month period at a total contracted cost of \$130,000. As at 31 December the project was approximately 40% complete.
 - The Petroleum Storage Hazard Analysis study has been delayed petroleum Supply Companies have been reluctant to supply storage information, because they consider that information is commercially sensitive. Their fears have now been allayed.
- (4.) Internal Charges are \$107,000 below budget. This is mainly due to the Resource Investigations Department's demand for laboratory services currently running at a lower level than budgeted.

Capital Expenditure

Currently our capital expenditure is \$39,000 under budget. Our motor vehicle replacement programme has been held-over until February, 2000. We had planned to replace a number of vehicles in September, 1999