

Divisional Accountant's Report Stephen Hill

For period ending 31 May 2006

Financial Report for the Eleven Months to 31 May 2006

1. Financial Performance

Wairarapa Division Funding Impact Statement 11 Months Ended 31 May 2006	YTD Actual \$000	YTD Budget \$000	YTD Var \$000	FY Forecast \$000	FY Budget \$000	FY Var \$000
Rates & levies	8,478	8,479	-1 U	9,249	9,249	0 U
Government grants & subsidies	4	0	4 F	0	0	0 U
External revenue	6,675	9,096	-2,421 U	8,522	10,254	-1,732 U
Investment revenue	166	97	69 F	172	106	66 F
Internal revenue	5,013	4,933	80 F	5,555	5,456	99 F
TOTAL REVENUE	20,336	22,605	-2,269 U	23,498	25,065	-1,567 U
Personnel costs	5,963	6,012	49 F	6,525	6,559	34 F
Materials, supplies & services	1,989	1,715	-274 U	2,162	1,886	-276 U
Travel & transport costs	298	248	-50 U	322	271	-51 U
Contractors	4,746	7,258	2,512 F	5,759	8,007	2,248 F
Consultants	482	460	-22 U	420	510	90 F
Grants and subsidies	20	77	57 F	85	84	-1 U
Internal charges	5,439	5,396	-43 U	6,491	5,890	-601 U
TOTAL DIRECT EXPENDITURE	18,937	21,166	2,229 F	21,764	23,207	1,443 F
TOTAL INDIRECT EXPENDITURE	2,099	2,071	-28 U	2,296	2,267	-29 U
TOTAL EXPENDITURE	21,036	23,237	2,201 F	24,060	25,474	1,414 F
OPERATING SURPLUS/(DEFICIT)	-700	-632	-68 U	-562	-409	-153 U
Add back non cash items	410	369	41 F	439	410	29 F
Less capital expenditure	-281	-329	48 F	-271	-634	363 F
Less investments movements	-178	-188	10 F	-222	-232	10 F
Less debt repayments	-484	-502	18 F	-548	-548	0 U
Plus debt additions	870	1,037	-167 U	1,130	1,281	-151 U
Plus reserve movements	260	262	-2 U	-6	254	-260 U
FUNDING SURPLUS/(DEFICIT)	-103	17	-120 U	-40	122	-162 U

2. Comment

This report has been prepared on the basis of the former Wairarapa Division (including Planning & Resources, Forestry, but excluding Western Flood Protection).

Future financial reports (from July 2006) will be based on the new Divisional structure.

At the end of May the Division's funding position was \$120,000 over budget with revenue being \$2,269,000 below budget and operating expenditure \$2,201,000 below budget. Capital expenditure at May was \$48,000 below budget due to savings on vehicle purchases.

Significant components of this unfavourable variance are as follows:

(1) *Biosecurity \$441,000 Favourable*

Bovine Tb control savings due to timing of operations, area reductions required by the Animal Health Board, and from competitive tendering.

(2) *BioWorks \$340,000 Unfavourable*

Due to additional labour and pest management supplies to complete some control contracts, particularly for operations in South East Wairarapa. The unfavourable position includes approximately \$130,000 of new stock and equipment which will be incorporated in the year-end stock balance. A full-year funding deficit of \$100,000 is expected after applying the BioWorks reserve.

(3) *Planning & Resources \$122,000 Favourable*

Due to savings in personnel costs.

(4) *Land & River Operations \$236,000 Unfavourable*

River Investigations were \$69,000 over budget due to the Lower Wairarapa Development Scheme review; Drainage Schemes were \$46,000 over budget due to additional maintenance costs; Catchment Schemes were \$45,000 over budget due to storm damage repair works; and Reserve Forests was \$69,000 unfavourable due to not providing loan funding for the internal dividend.

Stephen Hill
Divisional Accountant