

**5.8 QUARTERLY FINANCIAL RESULTS FOR QUARTER ENDED 31 MARCH 2020****File Number:****Author:** Brent Chamberlain, Chief Financial Officer**Authoriser:** Monique Davidson, Chief Executive**Attachments:** 1. Monthly Benchmark Report Mar-20[Click or tap here to enter text.](#)**RECOMMENDATION****That, having considered all matters raised in the report, the report be noted.****PURPOSE**

The purpose of this report is to update Councillors on the Council's Financial Position for the quarter ended 31 March 2020.

**SIGNIFICANCE AND ENGAGEMENT**

This report is provided for information purposes only and has been assessed as not significant.

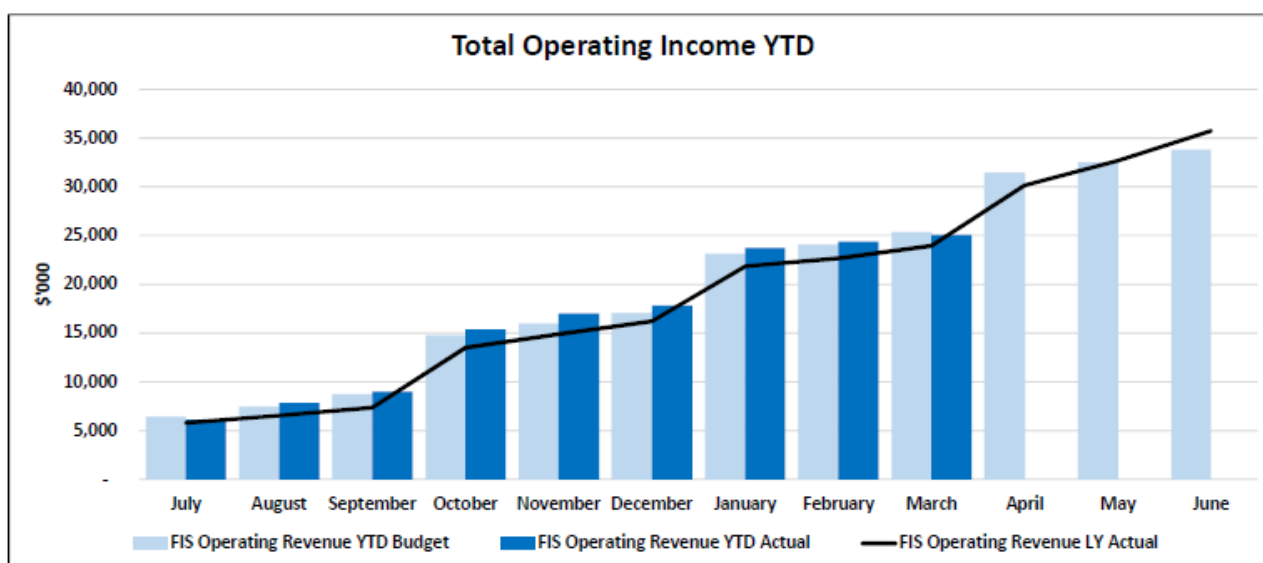
**BACKGROUND**

The purpose of this report is to update Councillors on the Council's Financial Position for the quarter ended 31 March 2020.

The report contains a Financial Overview for Whole of Council and the Groups of Activities, Treasury Activity and Rates Debt Information.

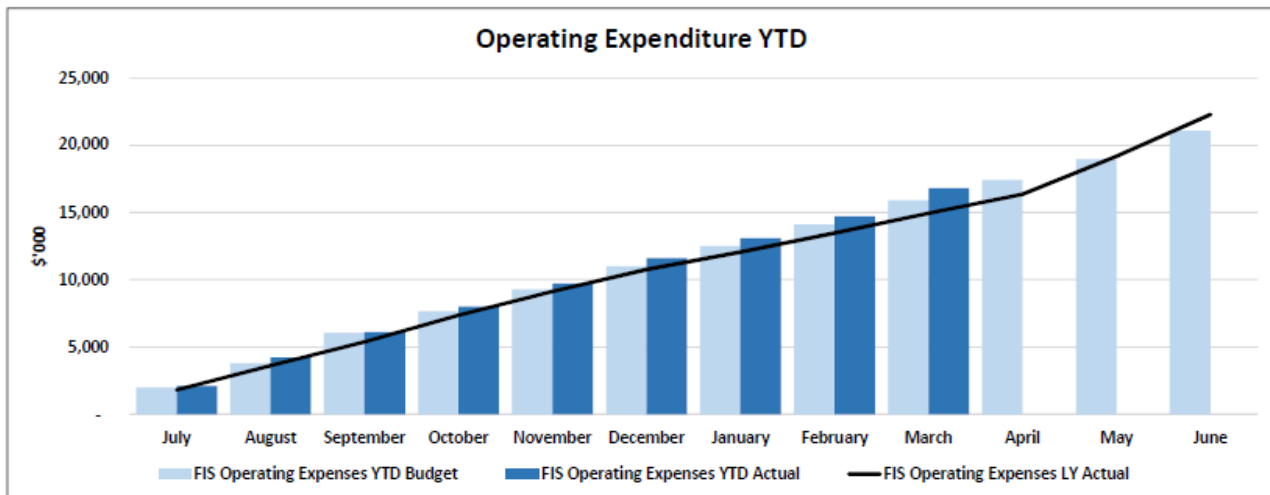
**DISCUSSION**

Council operating revenue is largely on track, although it is behind in NZTA subsidises, but this is being masked by higher fees and charges than expected due to the higher levels of activities across solid waste and consents.

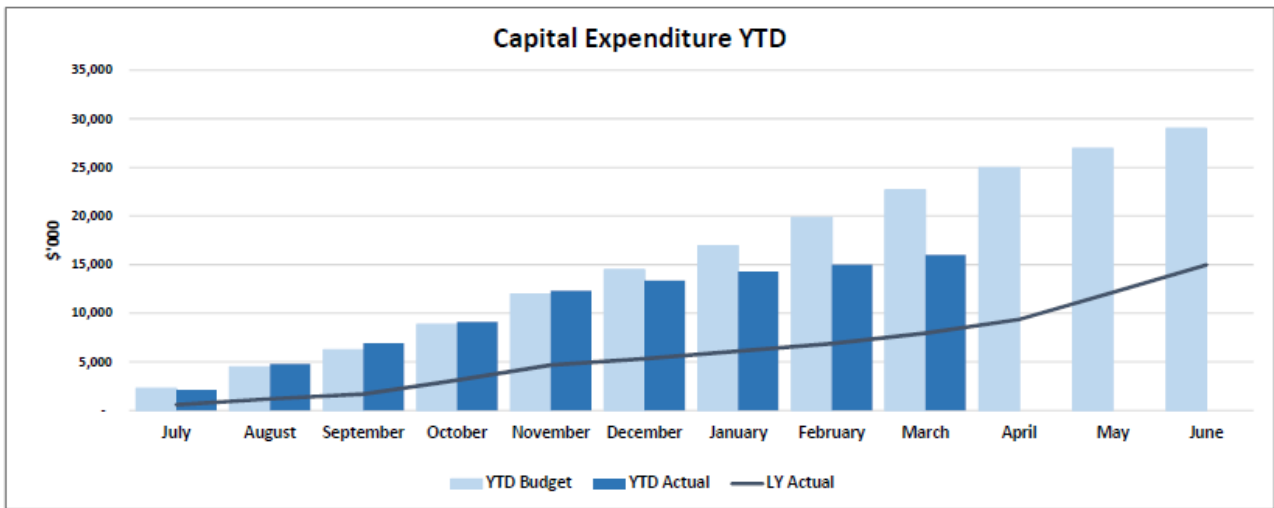


Operating expenditure is over budget, partly driven by additional outsourcing in consents and additional carbon credit being purchased in solid waste due to the volume of activity in these areas,

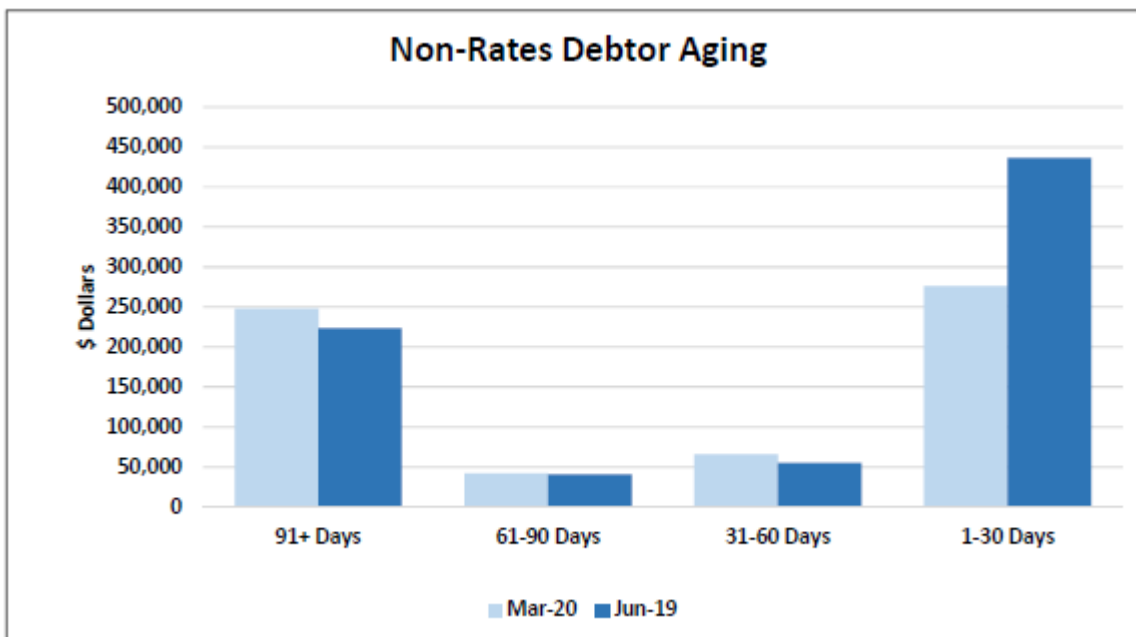
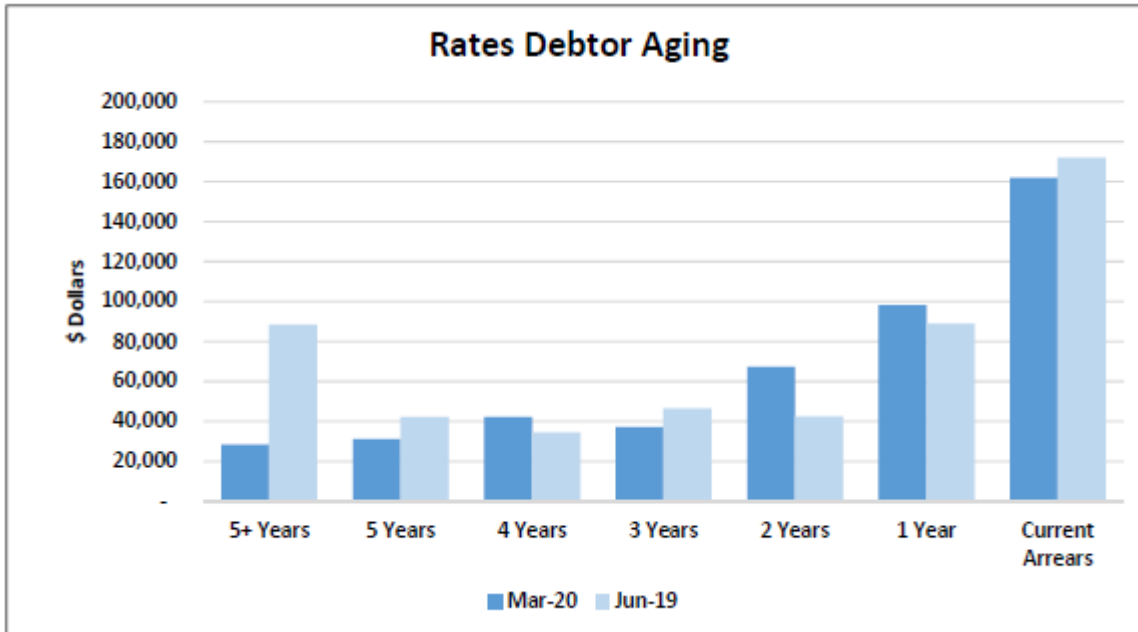
and partly due to maintenance contract over spends (these will be pulled back in quarter four), and partly due to budget phasing (again this will be fixed in quarter four).



Capital expenditure has fallen behind budget. The 3 waters budgets are being delivered on budget, but the timing and order of the work has differed from that budgeted. Some roading work has been delayed (hence the shortfall in subsidies revenue above). The Bridge Strengthening engineering design work is complete, but the physical strengthening now won't happen till 2020/21. The reseal program has been delayed to match the 3 water pipe work and UFB roll out, so that we can achieve a dig once, seal once outcome.



Debtor aging is similar to prior years. The spike in Non-Rates debtors is quarterly water billings.



Council is currently holding \$7m of term deposits that mature between April and November 2020, and are earning between 1.9% and 2.9%.

Council is also holding a further \$3m on call.

Council currently has \$20m of debt with the LGFA which matures between 2023 and 2027, and carries an average weighted interest rate of 2.28%.

**IMPLICATIONS ASSESSMENT**

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;

- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

### **NEXT STEPS**

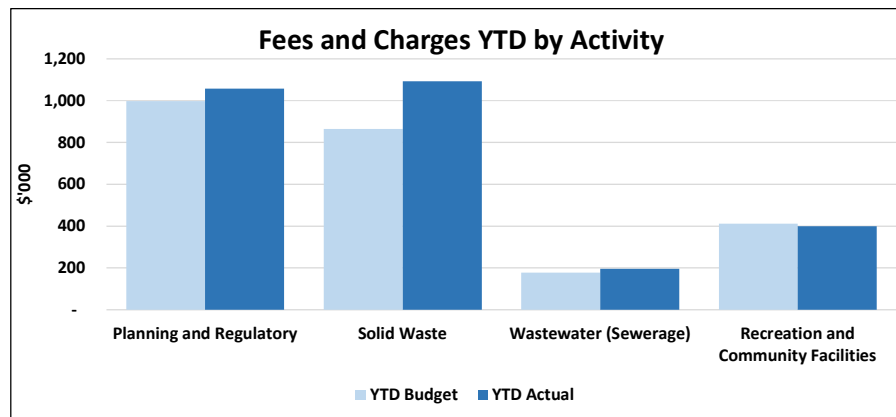
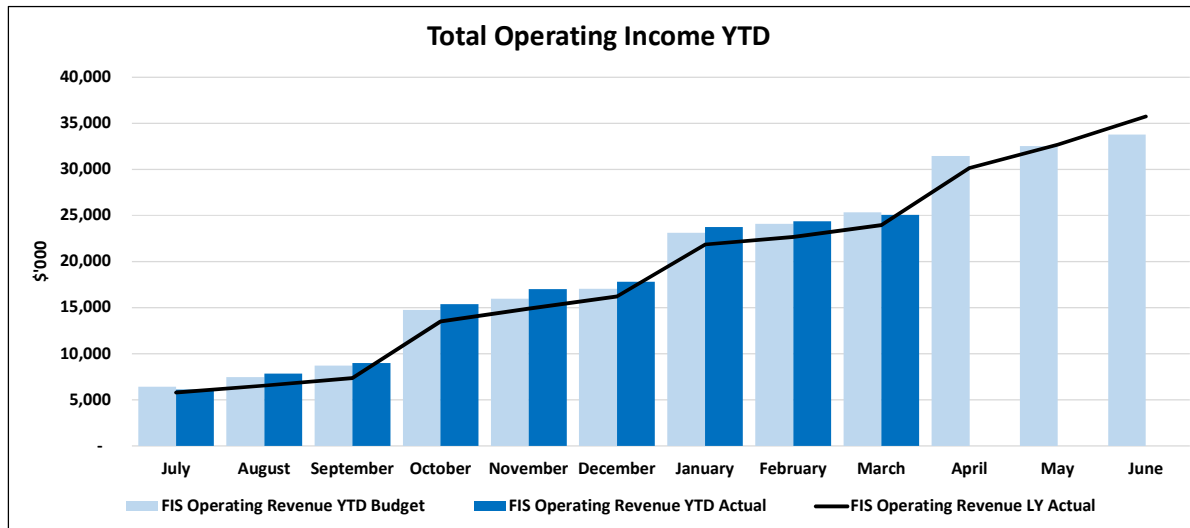
Officers will continue to work with contractors in Quarter Four of the financial year, to ensure that maintenance contract spends are pulled back to be in line with annual budgets.

### **RECOMMENDATION**

**That, having considered all matters raised in the report, the report be noted.**

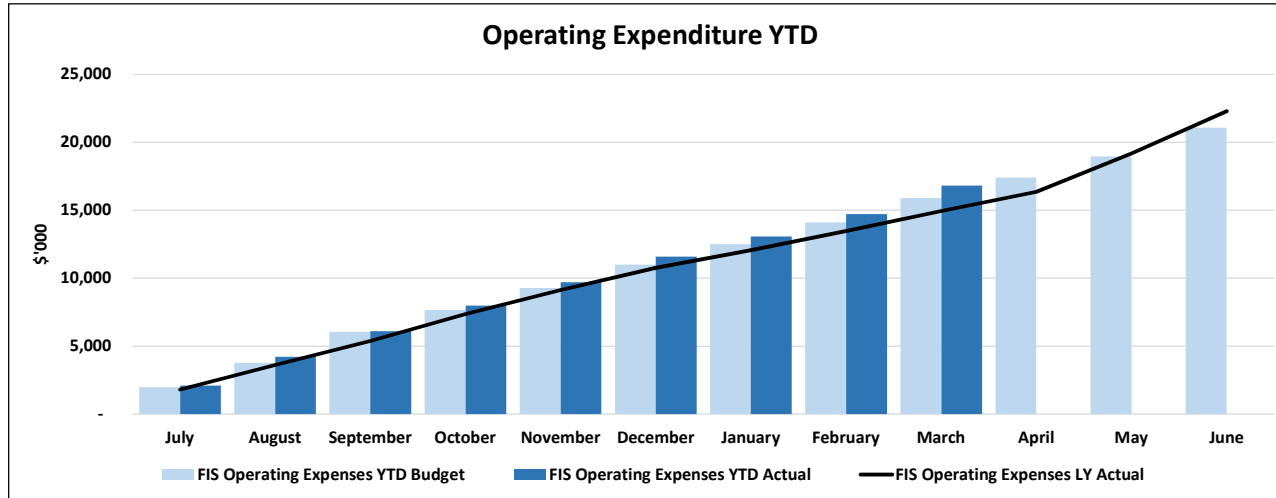


OPERATING INCOME



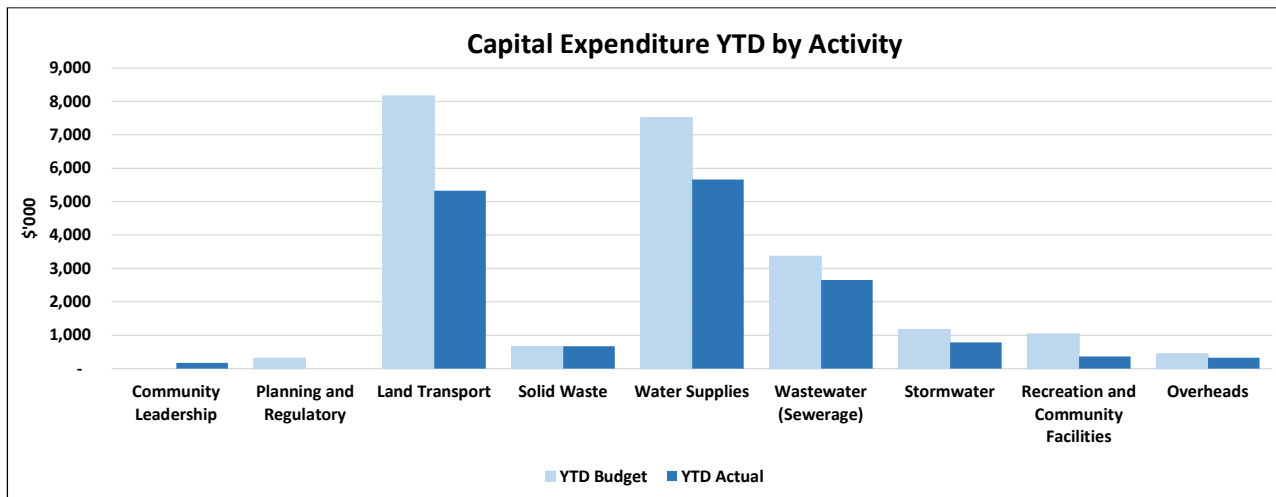
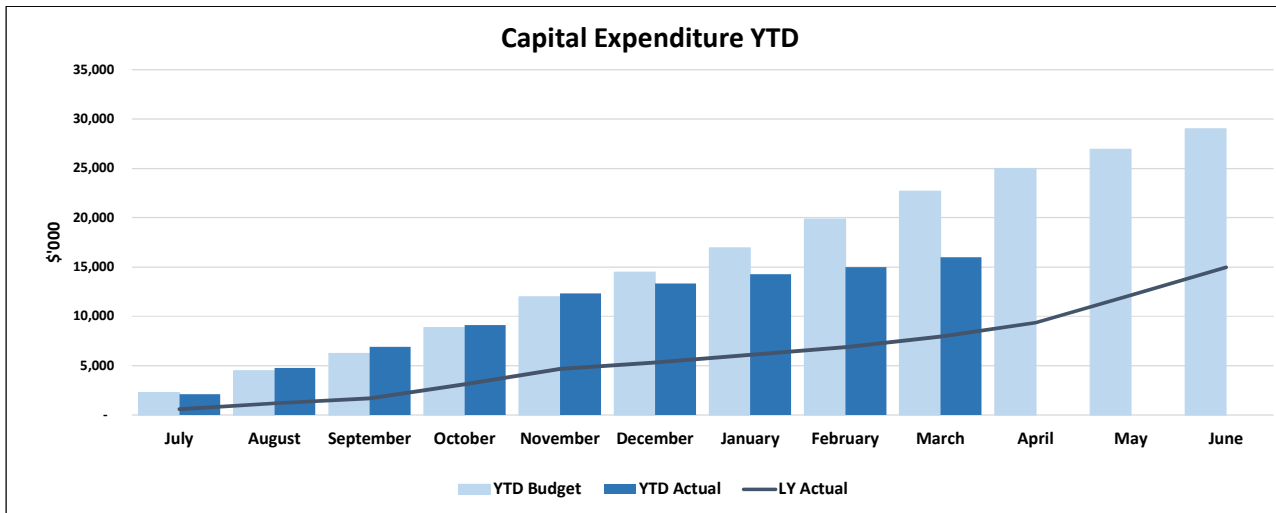


OPERATING EXPENDITURE





Capital Expenditure





**Central Hawke's Bay District Council  
For the Period July 2019 - March 2020**

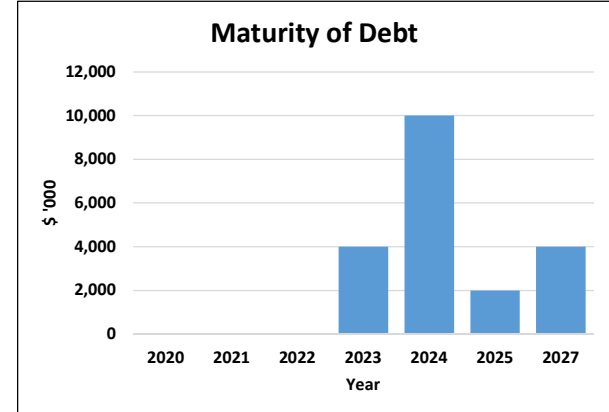
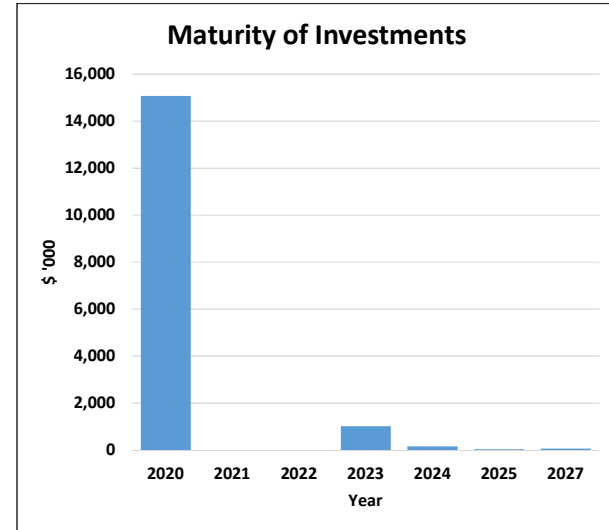


**Cash and Investment Position**

	Maturity Date	Int Rate (Face)	Int Rate (Actual)	Amount 30/06/2019	Amount Now	Movement
<u>ANZ Cheque and Call Accounts</u>						
				1,531,160	3,076,896	1,545,736
<u>Term Deposits with maturity &lt; 90 days</u>						
ANZ	21/11/2019	3.95%	3.95%	530,280	-	(530,280)
ANZ	19/07/2019	2.20%	2.20%	1,500,000		(1,500,000)
ANZ	31/07/2019	3.00%	3.00%	1,000,000		(1,000,000)
ANZ	20/04/2020	2.15%	2.15%		2,000,000	2,000,000
BNZ	19/06/2020	1.90%	1.90%		1,000,000	1,000,000
BNZ	17/07/2020	2.92%	2.92%	-	4,000,000	4,000,000
				3,030,280	7,000,000	3,969,720
<u>Bonds, Capital Notes, &amp; Term Deposits with maturity &gt; 90 days</u>						
LGFA Capital Notes	25/08/2025	3.54%	3.54%	32,000	32,000	0
LGFA Capital Notes	15/04/2024	1.79%	1.79%	-	160,000	160,000
LGFA Capital Notes	15/04/2023	1.56%	1.56%	-	64,000	64,000
LGFA Capital Notes	15/04/2027	1.63%	1.63%		64,000	64,000
Westpac Bond	12/09/2019	5.61%	5.61%	496,000	-	(496,000)
ANZ Bond	1/09/2023	3.71%	3.71%	355,000	355,000	0
ASB Bond	7/09/2023	3.33%	3.33%	600,000	600,000	0
BNZ Term Deposit	19/10/2020	2.55%	2.55%	-	2,000,000	2,000,000
BNZ Term Deposit	19/11/2020	2.60%	2.60%	-	1,000,000	1,000,000
ANZ Term Deposit	18/09/2020	2.45%	2.45%		2,000,000	2,000,000
				1,483,000	6,275,000	4,792,000
<b>Total Cash and Investments Held</b>				<b>6,044,440</b>	<b>16,351,896</b>	<b>10,307,456</b>

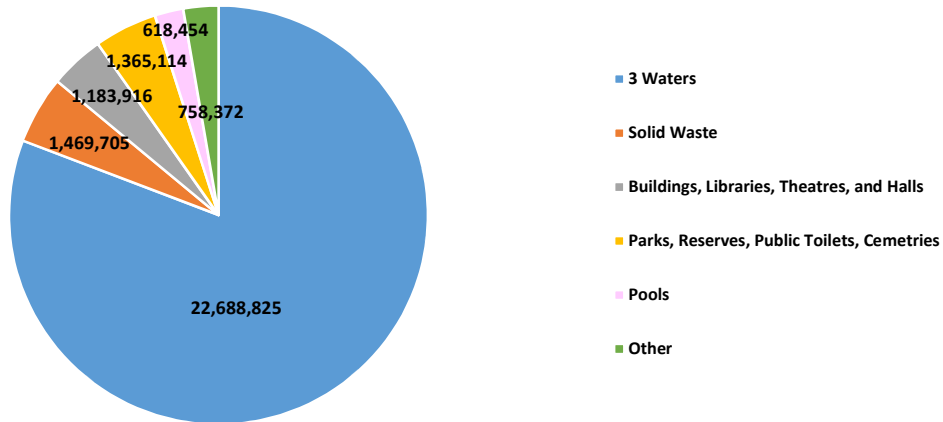
**Debt Position**

	Draw Date	Maturity Date	Interest Rate	Amount 30/06/2019	Amount Now	Movement
LGFA - Fixed Rate	28/08/2017	25/08/2025	3.85%	2,000,000	2,000,000	-
LGFA - Fixed Rate	22/07/2019	15/04/2024	2.19%	-	10,000,000	10,000,000
LGFA - Fixed Rate	16/12/2019	15/04/2023	1.96%	-	4,000,000	4,000,000
LGFA - Fixed Rate	16/03/2020	15/04/2027	2.03%		4,000,000	4,000,000
ANZ Seasonal Facility (\$1,500,000)				-	-	-
<b>Total Debt</b>			1.48%	<b>2,000,000</b>	<b>20,000,000</b>	<b>18,000,000</b>





Forecast Debt by Division @ 30/06/20



**Treasury Compliance with Policy**

Liquidity (Liquid Assets + Debt / Debt)

	Limit	Actual
✓	>110%	123%

Finance Costs / Total Revenue

	Limit	Actual
✓	<10%	1.5%

Finance Costs / Total Rates Revenue

	Limit	Actual
✓	<20%	2.5%

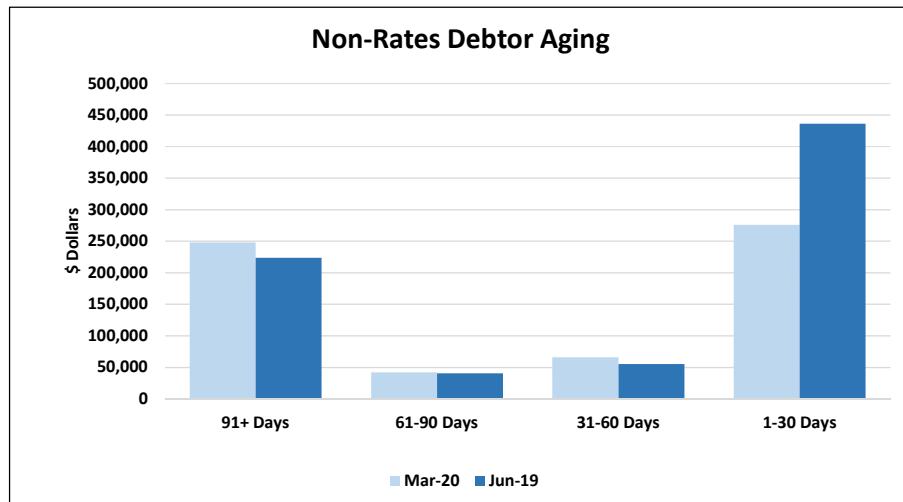
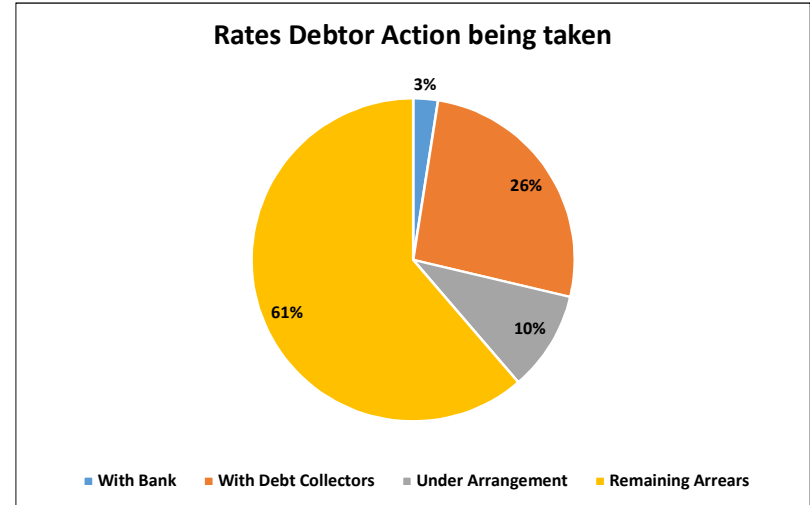
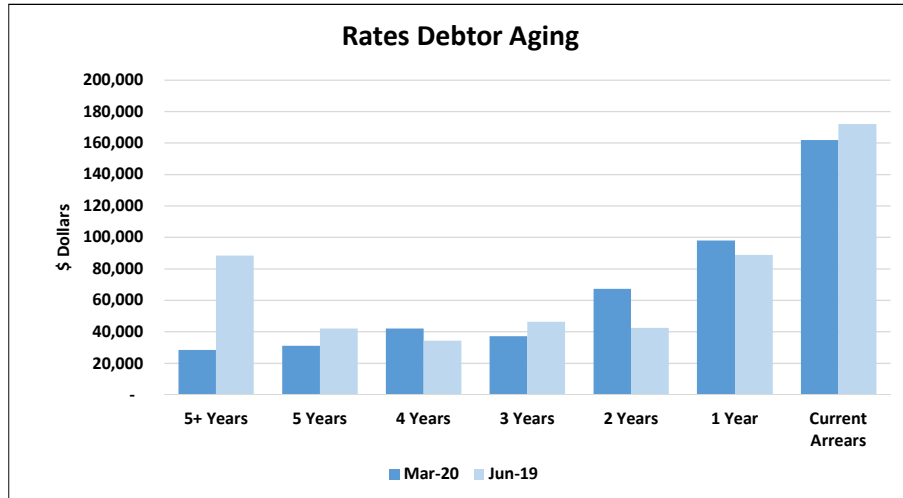
Debt per Head of Population

	Limit	Actual
✓	<\$2,000	\$ 1,405

Central Hawkes Bay District Council  
 For the Period July 2019 - March 2020  
 Sources of Capital



Rates Outstanding



**Central Hawkes Bay District Council**  
**For the Period July 2019 - March 2020**  
 Month



**Comprehensive Income and Expenditure Report**

	YTD Actuals	YTD Budget	Bud Var	FLAG	Comments
<b>Operating Income</b>					
General rates, uniform annual general charges and rates penalties	10,027,126	10,076,286	(49,160)	✘	General Rates are down on budget due to the write off of historical Maori Land Rates which were uncollectable. \$186k of Maori Land Rates remains outstanding, down from \$250k at 30 June 2019. The Rates Discount budget has been spread evenly throughout the year, whereas 95% of this discount gets applied in August. The current budget mismatch of \$6k will correct by year end.
Targeted rates	5,460,955	5,441,817	19,138	!	Potable water rates are on budget, while wastewater is slightly ahead of budget.
Subsidies and Grants (Operating and Capital)	6,020,355	7,025,605	(1,005,250)	✘	Council is behind budget in NZTA claims by \$1.2m. In terms of NZTA operational subsidies it is \$125k ahead, but it is \$1.33m behind in capital renewals. Much of this is timing related, for example the bridge strengthening project has had the engineering assessments done but the physical work is now scheduled for July 2020. Likewise some resealing has been delayed to work in with 3 waters pipe work and UFB roll outs. NZTA works on a 3 year program so Council isn't at risk of losing this money. Offsetting this is a library bequest \$90k, and \$110k in economic development and tourism.
Fees, charges	2,807,684	2,513,825	293,859	✓	Consenting, Building Control, and landfill activity running ahead of budget - this reflects the buoyant economy and the higher volumes this is driving in these areas.
Interest and dividends from investments	132,887	104,868	28,019	✓	Interest Income is up, despite lower interest rates than forecast, due to the drawing of debt early and investing it.
Development Contributions	96,334	16,479	79,855	✓	Development Contributions are higher than budget due to the higher level of greenfield developments occurring in the region, particularly strong in Otane, Waipawa, and Waipukuaraui.
Other Income	498,225	172,089	326,136	✓	Consists of unbudgeted Pool Donations and a warranty claim.
<b>TOTAL</b>	<b>25,043,566</b>	<b>25,350,969</b>	<b>(307,403)</b>	<b>✘</b>	
<b>Applications of Operating</b>					
Payments to staff	4,042,037	4,002,696	(39,341)	✘	Council is incurring additional staff costs in the compliance area due to the additional volumes being experienced in the consenting area. This is being matched by additional income. Library staff costs are also over budget, but this is covered by additional revenue from MSD grants.
Payments to suppliers	12,550,609	11,471,418	(1,079,191)	✘	A number of areas are over budget: Planning and Regulatory is \$74k over budget with much of this relating to the volumes being processed by our Land and Building Consenting Teams requiring additional outsourcing. This cost is matched by additional revenue. Land Transport is currently behind budget by \$157k in their operational spend. Solid Waste is over budget by \$360k, with \$250k of this being the purchase of additional carbon credits to match the volumes going to our landfills. Again this matched by additional revenues. The operational costs of our 3 waters activity is over budget by \$243k, however \$147k of this is new connection work which can be recovered. The balance is additional leak work and compliance costs. 3 Waters is working with Velioa to reprioritise work for the next 3 months to bring this back on budget. And lastly Recreation and Community Services is over budget by \$325k. \$268k is in the parks maintenance contract with the balance coming from Cemeteries and Public Toilets. This is partly due to the phasing of budgets (the budget which is back loaded into quarter 4), and partly due to the splitting of actual costs between operational maintenance and capital renewals. At the moment operational maintenance looks over spent, while renewals is underspent. We have moved some budget for April-June to reflect the coding of costs. There will be no impact to ratepayers by doing this as both are rate funded.
Depreciation and Amortisation	9,229,307	9,076,518	(152,789)	✘	Significant Revaluation of Assets upwards in June 2019 has impacted depreciation (higher asset values lead to higher depreciation charges) - this is a non cash accounting entry, but does reflect what it will cost in the future to replace these assets.
Finance costs	380,593	444,735	64,142	✓	Finance costs are lower than budget despite drawing debt early to invest due to lower interest rates than the budget allowed for.
<b>TOTAL</b>	<b>26,202,545</b>	<b>24,995,367</b>	<b>(1,207,178)</b>	<b>✘</b>	
<b>Operating Surplus/(Deficit)</b>	<b>(1,158,979)</b>	<b>355,602</b>	<b>(1,514,581)</b>	<b>✘</b>	

**Central Hawkes Bay District Council**  
**For the Period July 2019 - March 2020**



**Funding Impact Statement Report**

Sources of Operating	YTD Actuals	YTD Budget	Bud Var	FLAG	Comments
General rates, uniform annual general charges and rates penalties	10,027,126	10,076,286	(49,160)	✘	General Rates are down on budget due to the write off of historical Maori Land Rates which were uncollectable. \$186k of Maori Land Rates remains outstanding, down from \$250k at 30 June 2019. The Rates Discount budget has been spread evenly throughout the year, whereas 95% of this discount gets applied in August. The current budget mismatch of \$6k will correct by year end.
Targeted rates	5,460,955	5,441,817	19,138	!	Potable water rates are on budget, while wastewater is slightly ahead of budget.
Subsidies and Grants for Operating Purposes	2,837,539	2,509,807	327,732	✓	Council is ahead of NZTA operational claims by \$125k. In addition to this is a library bequest \$90k, and \$110k in economic development and tourism.
Fees, charges	2,807,668	2,512,700	294,968	✓	Consenting, Building Control, and landfill activity running ahead of budget - this reflects the buoyant economy and the higher volumes this is driving in these areas.
Interest and dividends from investments	132,887	104,868	28,019	✓	Interest Income is update, despite lower interest rates than forecast, due to the drawing of debt early and investing it.
Local authorities fuel tax, fines, infringement fees and other receipts	476,610	147,222	329,388	✓	Consists of unbudgeted Pool Donations and a warranty claim.
<b>TOTAL</b>	<b>21,742,784</b>	<b>20,792,700</b>	<b>950,084</b>	!	
<b>Applications of Operating</b>					
Payments to staff	4,042,037	4,002,696	(39,341)	✘	Council is incurring additional staff costs in the compliance area due to the additional volumes being experienced in the consenting area. This is being matched by additional income. Library staff costs are also over budget, but this is covered by additional revenue from MSD grants.
Payments to suppliers	12,380,827	11,498,931	(881,896)	✘	A number of areas are over budget: Planning and Regulatory is \$74k over budget with much of this relating to the volumes being processed by our Land and Building Consenting Teams requiring additional outsourcing. This cost is matched by additional revenue. Land Transport is currently behind budget by \$157k in their operational spend. Solid Waste is over budget by \$360k, with \$250k of this being the purchase of additional carbon credits to match the volumes going to our landfills. Again this matched by additional revenues. The operational costs of our 3 waters activity is over budget by \$243k, however \$147k of this is new connection work which can be recovered. The balance is additional leak work and compliance costs. 3 Waters is working with Velio to reprioritise work for the next 3 months to bring this back on budget. And lastly Recreation and Community Services is over budget by \$325k. \$268k is in the parks maintenance contract with the balance coming from Cemeteries and Public Toilets. This is partly due to the phasing of budgets (the budget which is back loaded into quarter 4), and partly due to the splitting of actual costs between operational maintenance and capital renewals. At the moment operational maintenance looks over spent, while renewals is underspent. We have moved some budget for April-June to reflect the coding of costs. There will be no impact to ratepayers by doing this as both are rate funded.
Finance costs	380,593	426,474	45,881	✓	Finance costs are lower than budget despite drawing debt early to invest due to lower interest rates than the budget allowed for.
Other operating funding applications	5,217	(27,513)	(32,730)	✓	Overhead Allocations - there is a timing issue with the budget phasing. The budget comes back to zero by year end.
<b>TOTAL</b>	<b>16,808,674</b>	<b>15,900,588</b>	<b>(908,086)</b>	✘	
<b>Net Operating Cash Flows</b>	<b>4,934,111</b>	<b>4,892,112</b>	<b>41,999</b>		

**Central Hawke Bay District Council**  
**For the Period July 2019 - March 2020**



**Funding Impact Statement Report Continued**

Sources of Capital	YTD Actuals	YTD Budget	Bud Var	FLAG	Comments
Subsidies and grants for capital expenditure	3,182,815	4,515,798	(1,332,983)	✘	Land Transport is showing a shortfall of capital subsidy of \$1.316m. Much of this is timing related, for example the bridge strengthening project has had the engineering assessments done but the physical work is now scheduled for July 2020. Likewise some resealing has been delayed to work in with 3 waters pipe work and UFB roll outs. NZTA works on a 3 year program so Council isn't at risk of losing this money.
Gross proceeds from sale of assets	18,811	25,992	(7,181)	✘	This figure was derived from vehicle sales as part of the on going vehicle replacement program.
Development and financial contributions	96,334	16,479	79,855	✔	Development Contributions are higher than budget due to the higher level of greenfield developments occurring in the region, particularly strong in Otane, Waipawa, and Waipukurau.
Increase (decrease) in debt	18,000,000	9,157,266	8,842,734	✔	At present Council is undertaking a significant capital program which means it is spending more than its annual rates income. This program is creating a multigenerational assets and is being matched with multigenerational loans. The decision has been made to draw some of these loans early and invest these funds until they are needed. With the unusual financial conditions at present, Council is able to invest funds at a return level that is greater than the cost of debt the funding.
<b>TOTAL</b>	<b>21,297,961</b>	<b>13,715,535</b>	<b>7,582,426</b>		
<b>Applications of Capital</b>					
to meet additional demand	0	0	0		
to improve the level of service	10,199,993	12,775,472	2,575,479	✔	A number of capital projects are out of sync with the budgeted timelines. The 3 Waters projects are on track to be delivered on budget, but are being done in a slightly different order and different timing to that signalled in the original LTP. The dog pound project has been delayed due to difficulties securing an appropriate site. Land Transport has some coding and timing issues. Economic Development has undertaken \$178k of capital projects (funded by grants) but unbudgeted.
to replace existing assets	5,787,778	9,906,479	4,118,701	✔	A number of capital projects are out of sync with the budgeted timelines. The 3 Waters projects are on track to be delivered on budget, but are being done in a slightly different order and different timing to that signalled in the original LTP. The bulk of this variance is in the land transport area. Much of this is timing related, for example the bridge strengthening project has had the engineering assessments done but the physical work is now scheduled for July 2020. Likewise some resealing has been delayed to work in with 3 waters pipe work and UFB roll outs. NZTA works on a 3 year program so Council isn't at risk of losing this money. At present Council is behind in building renewals, but some of this has been coded to operational maintenance and the budgets for April-June have been corrected to reflect this split.
Increase (decrease) in reserves	3,394,869	(3,442,472)	(6,837,341)	✔	Reserve accounts movements are balanced up annually, so this discrepancy will correct then.
Increase (decrease) of investments	6,849,431	(631,827)	(7,481,258)	✔	This is related to the loan comment above. The increase in investments (bonds/term deposits) reflects the loan money Council has drawn early and is being held in investments until it is needed to fund the capital program.
<b>TOTAL</b>	<b>26,232,072</b>	<b>18,607,652</b>	<b>(7,624,420)</b>		
<b>Net Capital Cash Flows</b>	<b>(4,934,111)</b>	<b>(4,892,117)</b>	<b>(41,994)</b>		
<b>Grand Total</b>	<b>0</b>	<b>(5)</b>	<b>5</b>		

Central Hawkes Bay District Council  
For the Period July 2019 - March 2020



Funding Impact Statement Report by Activity

	Community Leadership		Planning and Regulatory		Land Transport		Solid Waste		3 Waters		Recreation and Community Facilities	
	YTD Actuals	Bud Var	YTD Actuals	Bud Var	YTD Actuals	Bud Var	YTD Actuals	Bud Var	YTD Actuals	Bud Var	YTD Actuals	Bud Var
<b>Sources of Operating</b>												
General rates, uniform annual general charges and rates penalties	993,084	7,236	524,183	3,314	4,942,232	16,151	988,114	6,316	0	0	2,658,884	18,794
Targeted rates	0	0	0	0	0	0	222,728	2,063	5,238,227	17,075	0	0
Subsidies and Grants for Operating Purposes	338,573	247,588	0	0	2,334,240	125,738	36,675	(3,195)	0	0	128,051	(42,399)
Fees, charges	28,176	(16,644)	1,057,472	59,918	30,711	16,635	1,093,353	229,416	198,796	18,562	399,393	(12,686)
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	11,280	(2,166)	128,438	7,037	0	0	185,000	185,000	151,876	140,626
<b>TOTAL</b>	<b>1,359,833</b>	<b>238,180</b>	<b>1,592,935</b>	<b>61,066</b>	<b>7,435,621</b>	<b>165,561</b>	<b>2,340,870</b>	<b>234,600</b>	<b>5,622,023</b>	<b>220,637</b>	<b>3,338,204</b>	<b>104,335</b>
<b>Applications of Operating</b>												
Payments to staff and suppliers	904,290	36,807	1,367,735	(122,405)	3,690,726	170,940	1,902,252	(350,001)	2,833,788	(257,059)	2,237,127	(365,041)
Finance costs	0	0	3,276	11,259	0	0	46,755	6,435	358,821	266,328	95,481	10,026
Other operating funding applications	225,776	(4,872)	391,044	(12,345)	1,082,300	(50,851)	319,120	(7,049)	950,096	(20,878)	619,987	(13,376)
<b>TOTAL</b>	<b>1,130,066</b>	<b>31,935</b>	<b>1,762,055</b>	<b>(123,491)</b>	<b>4,773,026</b>	<b>120,089</b>	<b>2,268,128</b>	<b>(350,616)</b>	<b>4,142,704</b>	<b>(11,608)</b>	<b>2,952,596</b>	<b>(368,392)</b>
<b>Net Operating Cash Flows</b>	<b>229,767</b>	<b>206,246</b>	<b>(169,120)</b>	<b>184,557</b>	<b>2,662,595</b>	<b>45,472</b>	<b>72,742</b>	<b>585,215</b>	<b>1,479,319</b>	<b>232,245</b>	<b>385,608</b>	<b>472,726</b>
<b>Sources of Capital</b>												
Subsidies and grants for capital expenditure	0	0	0	0	3,032,815	(1,316,748)	0	0	150,000	(16,235)	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	(103)	(2,353)	0	0	96,612	85,362	(175)	(3,154)
Increase (decrease) in debt	0	0	169,120	(340,955)	0	0	317,929	252,454	7,228,008	(1,919,817)	45,019	(207,413)
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>169,120</b>	<b>(340,955)</b>	<b>3,032,712</b>	<b>(1,319,101)</b>	<b>317,929</b>	<b>252,454</b>	<b>7,474,620</b>	<b>(1,850,690)</b>	<b>44,844</b>	<b>(210,567)</b>
<b>Applications of Capital</b>												
to meet additional demand	0	0	0	0	0	0	0	0	0	0	0	0
to improve the level of service	178,190	(178,190)	0	316,503	633,521	397,333	596,405	(46,541)	8,420,239	1,949,163	165,042	216,223
to replace existing assets	0	0	0	0	4,692,045	2,437,624	80,715	37,203	693,583	991,132	203,567	452,029
Increase (decrease) in reserves	51,577	(91,925)	0	86,877	369,742	(1,801,507)	(286,448)	(127,101)	(159,884)	(1,298,633)	61,844	(193,624)
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>229,767</b>	<b>(270,115)</b>	<b>0</b>	<b>403,380</b>	<b>5,695,308</b>	<b>1,033,450</b>	<b>390,672</b>	<b>(136,439)</b>	<b>8,953,938</b>	<b>1,641,662</b>	<b>430,452</b>	<b>474,629</b>
<b>Net Capital Cash Flows</b>	<b>(229,767)</b>	<b>270,115</b>	<b>169,120</b>	<b>(744,335)</b>	<b>(2,662,595)</b>	<b>(2,352,551)</b>	<b>(72,742)</b>	<b>388,893</b>	<b>(1,479,319)</b>	<b>(3,492,352)</b>	<b>(385,608)</b>	<b>(685,195)</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>

Activity Comments

**Community Leadership:** Council has received two unbudgeted grants - a tourism grant \$150k and a \$100k economic development grant. These have been spent in asset improvements.

**Planning and Regulatory:** Fees and Charges are ahead of budget due to the high level of consenting, however this has required additional resources (outsourcing) to process these consents. The dog pound project has been delayed \$316k due to difficulties securing an appropriate site impacting both the capital spend and loan funding timing requirements.

**Land Transport:** Operationally Land Transport is slightly ahead of budget, however Council is well behind in its capital program \$2.834m. The budget we are reporting against is the annual plan + carry forwards (work brought forward from 2018/19 as not completed). It looks like we finish 2019/2020 with a similar level of carry forwards as we started with.

**Solid Waste:** Landfill volumes are ahead of budget resulting in additional revenues and additional carbon credits being brought.

**3 Waters:** The operational costs of our 3 waters activity is over budget by \$243k, however \$147k of this is new connection work which can be recovered. The balance is additional leak work and compliance costs. 3 Waters is working with Velioa to reprioritise work for the next 3 months to bring this back on budget at a combined 3 Waters level, however individually expect drinking water to be over budget and wastewater and stormwater to be under. A number of capital projects are out of sync with the budgeted timelines. The 3 Waters projects are on track to be delivered on budget, but are being done in a slightly different order and different timing to that signalled in the original LTP.

**Recreational and Community Facilities:** Income is up due to pool donations, and a library bequest. Staff costs are ahead of budget in libraries, but is offset by a MSD grant. Payments to suppliers is over budget by \$325k which is mainly in maintenance contracts across reserves, cemeteries, and public toilets. This is partly due to the phasing of budgets (the budget which is back loaded into quarter 4), and partly due to the splitting of actual costs between operational maintenance and capital renewals. At the moment operational maintenance looks over spent, while renewals is underspent. We have moved some budget for April-June to reflect the coding of costs. There will be no impact to ratepayers by doing this as both are rate funded.