

## Landcare Support, Divisional Accountant's Report for period ending 21 February 2003

### Financial summary

The year to date January 2003 result shows a favourable variance in operating surplus of \$475,000. This is made up of a combination of savings and timing variances due to vacancies, and a general slow down in the work programme over the Christmas break. The environmental protection work is also behind target, mainly being affected by a delay in the Hutt Catchment 1080 programme.

<b>Landcare Division</b>					
<b>Financial Summary Statement</b>					
<b>For the 7 months ending 31 January 2003</b>					
<b>\$000</b>					
	<b>Year to Date</b>			<b>Full Year</b>	<b>Full Year</b>
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Forecast</b>	<b>Budget</b>
External Revenue	7,302	7,330	(29) U	12,574	12,566
Internal Revenue	585	635	(49) U	1,086	1,088
<b>TOTAL REVENUE</b>	<b>7,887</b>	<b>7,965</b>	<b>(78) U</b>	<b>13,659</b>	<b>13,653</b>
Direct Expenditure	4,054	4,503	449 F	8,014	8,052
Indirect Expenditure	2,226	2,330	104 F	4,013	4,044
<b>TOTAL OPERATING EXPENSE</b>	<b>6,280</b>	<b>6,834</b>	<b>553 F</b>	<b>12,027</b>	<b>12,095</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>1,606</b>	<b>1,131</b>	<b>475 F</b>	<b>1,632</b>	<b>1,558</b>
Asset Acquisitions	24	483	459 F	643	696
Capital Projects	566	406	(160) U	1,917	2,706
<b>NET FUNDS MOVEMENT (DEFICIT)</b>	<b>841</b>	<b>1,181</b>	<b>340 U</b>	<b>-</b>	<b>-</b>

Asset acquisitions are also showing a favourable variance against budget of \$459,000. This is predominantly due to the delays in vehicle replacements that were programmed to occur in September. This is, however, offset by an unfavourable variance in asset disposals (also related to the vehicle replacement programme) of \$114,000.

Capital expenditure is over budget by \$160,000. The main variance in here is the Strand Park Channel work where progress is going well. Work on the Otaki River from the mouth to SH1 is also progressing ahead of budget.

Overall, there is an unfavourable variance in funding surplus of \$340,000. This is made up of the \$475,000 favourable operating surplus, the \$345,000 net favourable asset acquisition variance, the \$160,000 unfavourable capex variance, and a \$956,000 unfavourable timing variance in new loans.

### **Full Year Forecasts**

As indicated above, the division is still looking to be on target overall for the full year and is expecting to make a small surplus (\$57,000).

The forecast does see some swings between expense items (particularly between personnel and contractors/consultants) as we divert personnel savings to other programmes.

The capital expenditure forecast has dropped by some \$790,000. This is mainly in the Strand Park Channel programme, where we will be starting construction later than originally planned.

### **LTCCP process**

With the budget process for the next 10 years now close to concluding, it is fair to say that the Division has an excellent grasp on the numbers. The process has created the opportunity to look at the costings of what we do and how we do it, and has allowed us to ensure appropriate funding is available to complete the planned work programmes.

**Tina Walker**

Divisional Accountant, Landcare