

# **AGENDA** **SUPPLEMENTARY**

**Council**  
**Tuesday 10 December 2024 at 10.15am**

## Northland Regional Council Supplementary Agenda

Meeting to be held in the Council Chamber  
36 Water Street, Whangārei  
on Tuesday 10 December 2024, commencing at 10.15am

**Recommendations contained in the council agenda are NOT council decisions. Please refer to council minutes for resolutions.**

<b>Item</b>	<b>Page</b>
<b>4.0A</b> Receipt of Supplementary Item – Financial Report	
<b>6.0</b> <b>NGĀ RIPOATA PUTEA / FINANCIAL REPORTS</b>	
<b>6.1</b> Financial Report to 30 November 2024	4

**TITLE:           Receipt of Supplementary Report: Financial Report to 30  
November 2024**

**From:**           Bruce Howse, Pou Taumatua – Group Manager Corporate Services

**Executive summary**

This paper was unable to be completed in time for circulation of the agenda due to the earlier date of the December council meeting.

**Recommendation**

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987 the following supplementary report be received:

- Financial Report to 30 November 2024

**TITLE:** **Financial Report to 30 November 2024**

**From:** Taka Skipwith, Financial Accountant

**Authorised by** Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on 09  
**Group Manager/s:** December 2024

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### **Whakarāpopototanga / Executive summary**

This report details the YTD financial results on 30 November 2024. The council has achieved a YTD surplus of \$4.1m after transfers to and from reserves, which is \$846k higher than the Adopted (Original) budgeted surplus of \$3.3m.

This favourable surplus is predominantly due to operating revenue exceeding the budget by \$594k, in addition to the operational expenditures being \$577k lower than planned.

The favourable surplus for November is based on actual figures compared to the adopted budget.

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### **Ngā mahi tūtohutia / Recommendation(s)**

1. That the report 'Financial Report to 30 November 2024' by Taka Skipwith, Financial Accountant and dated 8 December 2024, be received.
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### **Background/Tuhinga**

#### **Adopted and Revised Budget**

The actual YTD performance indicators of revenue, expenditure and reserve movements are compared to the original/adopted budget. Prior to October 2024, council performance was evaluated against the YTD revised budget. If we evaluated the November results against the YTD revised budget the net surplus after transfers to and from reserves would be \$833k.

#### **Operating Surplus**

The operating surplus, before transfers to and from reserves, for the YTD period ending 30 November 2024, is \$8.4m, exceeding the adopted budget of \$7.3m by \$1.2m, refer to Table 1.

Table 1

<b>Operating Statement</b>						
<b>YTD ending November 2024</b>						
<b>Total Council</b>	<b>YTD Actual 2024-25</b>	<b>YTD Adopted Budget</b>	<b>VARIANCE</b>	<b>Variance</b>	<b>Full Year Adopted Budget 2024-25</b>	<b>Full Year Revised Budget 2024-25</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>%</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operational Revenue</b>						
Rates	\$22,891	\$22,835	\$56	0.2%	\$54,815	\$54,815
User Fees and Sundry	\$4,032	\$3,870	\$161	4.2%	\$6,342	\$6,375
Grants and Subsidies	\$5,672	\$6,614	(\$942)	-14.2%	\$19,335	\$20,160
Investment Interest Income	\$503	\$115	\$389	339.2%	\$275	\$275
Investment Property Income	\$1,495	\$1,552	(\$57)	-3.7%	\$4,331	\$4,331
Dividend Income	\$1,273	\$1,661	(\$388)	-23.3%	\$2,989	\$2,989
Long Term Fund Gains	\$2,776	\$1,601	\$1,175	73.4%	\$4,782	\$4,782
Short Term Fund Gains	\$108	\$127	(\$19)	-14.8%	\$377	\$377
Gain on Disposal of Carbon Credits	\$218	\$0	\$218	-	\$0	\$0
<b>Total Revenue</b>	<b>\$38,969</b>	<b>\$38,374</b>	<b>\$594</b>	<b>1.5%</b>	<b>\$93,248</b>	<b>\$94,105</b>
<b>Expenditure by Group</b>						
Regulatory Services	\$2,276	\$2,142	(\$133)	-6.2%	\$5,052	\$5,138
Environmental Services	\$4,816	\$5,295	\$479	9.0%	\$14,383	\$14,683
Biosecurity	\$4,973	\$4,954	(\$19)	-0.4%	\$13,907	\$15,393
Governance and Engagement	\$3,416	\$3,714	\$298	8.0%	\$9,178	\$9,679
Customer Service - Community Resilience	\$6,993	\$7,506	\$513	6.8%	\$19,954	\$18,761
Corporate Services	\$7,274	\$6,684	(\$590)	-8.8%	\$19,744	\$21,584
CEO Office	\$784	\$813	\$29	3.6%	\$1,923	\$2,038
<b>Total Expenditure</b>	<b>\$30,532</b>	<b>\$31,109</b>	<b>\$577</b>	<b>1.9%</b>	<b>\$84,139</b>	<b>\$87,275</b>
<b>Net (Cost)/Surplus of Service before transfer from/(to)</b>						
<b>Special Reserves</b>	<b>\$8,436</b>	<b>\$7,265</b>	<b>\$1,171</b>	<b>16.1%</b>	<b>\$9,109</b>	<b>\$6,829</b>
<b>Total Transfers from/(to) Special Reserves</b>	<b>(\$4,323)</b>	<b>(\$3,999)</b>	<b>\$325</b>	<b>-8.1%</b>	<b>(\$9,059)</b>	<b>(\$6,780)</b>
<b>Net (Cost)/Surplus of Service after transfer from/(to)</b>						
<b>Special Reserves</b>	<b>\$4,113</b>	<b>\$3,267</b>	<b>\$846</b>	<b>25.9%</b>	<b>\$49</b>	<b>\$49</b>

The main contributing factors for the YTD surplus are.

YTD Operating Revenue (table 4) surplus of \$594k which is 1.5% if the budget, predominantly due to:

- Higher than planned gains and returns from managed and invested funds of \$1.2m, which is 67% higher than budgeted. Refer to Table 3.
  - Actual fund gains YTD is \$2.9m against a budget of \$1.7m,
  - Due to Council's YTD favourable surplus, the fund gains were not required for general funding as budgeted. Therefore, fund gains of \$2.3m were transferred to special reserves verses the budgeted transfer of \$430k.
- Higher than planned interest income of \$389k, and gain on sale of carbon credits of \$218k,
- Higher than planned user fees and sundry income of \$161k mainly from other parties for the Strategic review.
- Lower than planned grants and subsidies of (\$942k) and lower than planned dividend of (\$388k)

YTD Operational Expenditure (table 5) favourable surplus of \$577k which is 1.9% of the budget, predominantly due to:

- Higher than budgeted expenditure for Corporate Services of (\$590k) for
  - IT Consultancy and Computer and Software operations of (\$287k) partly funded by reserves.
  - Commercial property activities of (\$301k) funded by reserves.

- Lower than budgeted expenditure for Environmental Services of \$479k for
  - Consultancy and Contractors of \$108k
  - Net Salary Savings across the group of \$307k
- Lower than budgeted expenditure for Community Resilience of \$513k for
  - Personnel cost across the group of \$138k
  - Field Operations of \$310k
  - Passenger Transport Costs of \$513k
  - Consultancy and Professional fees of (\$559k)

**Net Salary savings** across all of Council for YTD November is \$761k, due to the vacancies across Council, which is offset by annual leave owed to staff, redirected salaries, and other employment costs.

*Table 2*

SALARY VARIANCE	000's
Gross salary variance	\$1,428
Add: Annual leave movement	(\$263)
Less: YTD November redirected salary savings	(\$254)
Less: Other employment costs higher than YTD Budget	(\$150)
<b>NET SALARY VARIANCE</b>	<b>\$761</b>

### **Reserve Movements**

For the year to date there has been a net transfer **to** reserves of \$4.3m compared to a budgeted net transfer **to** reserves of \$4.0m. The variance of \$325k, is due mainly to transfers from managed funds of \$2.3m which is \$1.9m higher than budgeted. Additional reserves movements listed in Table 6 contribute to this variance.

### **Capital Expenditure**

Capital expenditure YTD amounts to \$3.1m and is (\$159k) higher than the corresponding budget of \$3.0m at this stage of the year. This is due mainly to

- Tsunami network upgrade work of (\$1.3m) higher than budget which will supported by TLA contributions.
- Multiple river projects behind budget of \$738k, due to delay works.
- Hydrology and Water quality equipment programme behind budget by \$207k,
- Council commercial property construction and improvements behind budget by \$140k.

Table 3

<b>Managed Funds</b>						
<i>YTD ending November 2024</i>						
<b>Total Council</b>	<b>YTD Actual 2024-25</b>	<b>YTD Adopted Budget</b>	<b>VARIANCE</b>	<b>Variance</b>	<b>Full Year Adopted Budget 2024-25</b>	<b>Full Year Revised Budget 2024-25</b>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>%</i>	<i>\$000's</i>	<i>\$000's</i>
<b>Operational Revenue</b>						
Short Term Funds	\$108	\$127	(\$19)	-14.8%	\$377	\$377
Long Term Funds	\$2,776	\$1,601	\$1,175	73.4%	\$4,782	\$4,782
<b>TOTAL FUND GAINS /(LOSSES)</b> <i>(excludes interest from TD's and loans issued)</i>	<b>\$2,884</b>	<b>\$1,728</b>	<b>\$1,156</b>	<b>66.9%</b>	<b>\$5,160</b>	<b>\$5,160</b>
Gains transferred From (To) Special Reserves representing reinvestment	(\$2,314)	(\$430)	(\$1,883)	437.8%	(\$1,312)	(\$1,312)
Gains allocated for budgeted operations, Northland Inc and management fees.	(\$470)	(\$583)	\$113	-19.4%	(\$1,737)	(\$1,737)
<b>GAINS available for general funding</b>	<b>\$101</b>	<b>\$715</b>	<b>(\$614)</b>	<b>-85.9%</b>	<b>\$2,111</b>	<b>\$2,111</b>

Table 4

<b>Total Council Operational Revenue</b>			
<i>YTD ending November 2024</i>			
Revenue Type	YTD Variance to Adopted		Commentary Adopted Budget
	FAV / (UNFAV)		
	<i>\$ 000's</i>	<i>%</i>	
Rates	\$56	0.2%	• Higher than budgeted rates due to an increase in SUIP's for this years rates strike
User Fees and Sundry	\$161	4.2%	• Higher than budgeted contributions received for strategic projects of \$321k, which has been fully dispersed. • Lower than budgeted Management fees for water use of (95k), and • Lower than budgeted pilotage fees of ( \$136k) offset by higher than budgeted navigations fees of \$77k)
Grants and Subsidies	(\$942)	-14.2%	• Lower than budgeted NZTA Subsidies, due to timing of funding of (\$450k). <b>MPI Subsidies</b> • Higher than budgeted subsidies for Caulerpa of \$705K, which has been fully expended offset by (\$36k) lower than budgeted subsidies for Wild Rice and (\$283k) lower than budget for Kauri Protection due to matching revenue to costs. <b>MfE Subsidies</b> • Unbudgeted funding for Land Managements roles of \$215k <b>Other Subsidies &amp; Grants</b> • Higher than budgeted subsidy for Flood Resilience Ngā Manga Atawhai of \$575k, fully dispersed • Higher than budgeted subsidy for Wild Deer of \$305k Offset by: • Lower than budgeted subsidies for multiple Northland flood mitigation programmes of (\$1.3m) • Lower than budgeted subsidies for Flood infrastructure (\$473K)and Kaeo Rivers programmes of (\$167K)
Investment Interest Income	\$389	332.0%	• Higher than budgeted rates of interest earned on Cash, Term Deposits and ASB banking facilities of \$190k • Higher than budgeted internal interest which is offset by transfers to reserves of \$150k • Higher than budgeted rates of interest revenue earned on LTF and other term deposits of \$37k
Investment Property Income	(\$57)	-3.7%	• Lower than budgeted commercial rental income.
Dividend Income	(\$388)	-23.33%	• Lower than budgeted interim dividend of 5.75c per share against budgeted 7.5c per share
Long Term Fund Gains	\$1,175	73.36%	• Actual YTD October returns of 3.4%, is 1.5% higher than the budgeted October returns of 2.41% (7.25% annualised). The budget for November gains is excluded from this reporting period, therefore long term fund gains for November are not accrued in this report.
Short Term Fund Gains	(\$19)	-14.80%	• Actual YTD October returns of 3.2%, is 1.5% higher than the budgeted October returns of 1.6% (5.0% annualised). The budget for November gains is excluded in reporting period, and short term fund gains for October are not accrued in this report.
Gain on sale of Carbon Credits	\$218	0.00%	• Higher than budgeted gain on sale.
<b>Total Revenue</b>	<b>\$594</b>	<b>1.5%</b>	

Table 5

Total Council Operational Expenditure						
YTD ending November 2024						
Group	Variance to Adopted Budget FAV/(UNFAV)		Commentary - Adopted Budget	Offset BY		Not offset FAV / (UNFAV) 000's
	000's	%		Subsidies 000's	Reserves 000's	
Regulatory Services	(\$133)	-6.23%	• Lower than budgeted net salaries due to vacancies within the group			\$56
			• Higher than budgeted consultancy and legal costs for compliance monitoring			(\$139)
			• Higher than budgeted commissioners and consultancy costs for consent applications			(\$71)
			• Other small accumulated variances within the group			\$21
Environmental Services	\$479	9.04%	• Lower than budgeted net salaries due to vacancies in group			\$307
			• Higher than budgeted legal fees for Court proceedings			(\$66)
			• Lower than budgeted efund allocations due to timing			\$120
			• Lower than budgeted Field equipment and Hill Country fencing costs,			\$53
			• Lower than budgeted consultants for natural resource science programmes			\$76
			• Lower than budgeted software costs for natural resource data management		\$50	\$29
			• Higher than budgeted lab testing costs for water quality programmes			(\$86)
			• Other small accumulated variances within the group			(\$4)
Biosecurity	(\$19)	-0.39%	• Lower than budgeted net salaries due to vacancies within the group			\$276
			• Higher than budgeted contractors for Caulerpa funded in part by MPI, and marine incursion response activities, offset by lower than budgeted fieldworks costs.	(\$704)		\$8
			• Higher than budgeted expenditure on contractors for Wild Deer Te Taitokerau	(\$222)		\$0
			• Lower than budgeted expenditure on the Kauri Protection programme funded by MPI	\$278		\$144
			• Lower than budgeted consultancy, and operational expenditure for partnership programmes	\$30		\$143
			• Higher than budgeted operations costs for Predator Free Whangārei, funded partly by PF2050	(\$153)		(\$36)
			• Lower than budgeted contractor and operations costs for the wilding conifers programme			\$136
			• Lower than budgeted contractor and operations costs for weed eradication, control and containment programmes	(\$21)		\$118
			• Other small accumulated variances within the group			(\$17)
Governance and Engagement	\$298	8.02%	• Lower than budgeted net salaries due to vacancies within the group			\$72
			• Higher than budgeted expenditure for Sponsorship to Northland Inc and legal fees	(\$52)		(\$11)
			• Lower than budgeted expenditure on education promotion and environmental awards in schools			\$56
			• Lower than budgeted contractor and programme costs for environment education activities			\$30
			• Lower than budgeted community representation expenditure		\$5	\$77
			• Lower than budgeted consulting and representation costs for iwi advisory and liaison activities			\$100
			• Other small accumulated variances within the group			\$21
Community Resilience	\$513	6.84%	• Lower than budgeted net salaries due to vacancies within the group			\$116
			• Lower than budgeted consultancy expenditure for adaptive Pathway and Zero Carbon programmes, and labour charges			\$197
			• Higher than budgeted expenditure on Flood Resilience for Ngā Manga Atawhai fully funded	(\$575)		\$0
			• Lower than budgeted expenditure for harbour safety equipment, interest and pilotage costs.			\$125
			• Higher than budgeted consultants and operational expenditure on river schemes and programmes		(\$83)	\$0
			• Lower than budgeted grants for community projects	\$35		\$0
			• Lower than budgeted Passenger and regional transport programmes	\$689		\$0
• Other small accumulated variances within the group			\$9			
Corporate Services	(\$590)	-8.83%	• Higher than budgeted net salaries within the group			(\$76)
			• Higher than budgeted expenditure on Investment property consultation, maintenance and rates		(\$301)	\$0
			• Lower than budgeted expenditure on regional sport grants		\$453	(\$176)
			• Lower than budgeted consultancy and repairs and maintenance for council owned properties			
			• Higher than budgeted property insurance			
			• Higher than budgeted expenditure on consultancy and legal fees for strategic review, offset by lower than budgeted Recoco funding costs	(\$312)	(\$66)	\$0
			• Lower than budgeted expenditure people and culture operational costs		\$25	\$135
			• Higher than budgeted consultancy, computer operation and software expenditure, and higher than budgeted equipment servicing contractors	(\$12)	(\$100)	(\$175)
			• Other small accumulated variances within the group			\$15
CEO Office	\$29	3.60%	• Lower than budgeted net salaries due to vacancy			\$10
			• Lower than budgeted meeting and training costs, and other CEO operational costs		\$4	\$14
			• Other small accumulated variances			\$1
<b>Total</b>	<b>\$577</b>	<b>12.1%</b>		<b>(\$1,019)</b>	<b>(\$13)</b>	<b>\$1,609</b>

Table 6



<b>Reserve Movement Variance</b>		
<i>YTD ending November 2024</i>		
<b>Reserve</b>	<b>Commentary</b>	<b>VARIANCE YTD Adopted 000's</b>
Flood Infrastructure Reserve	Lower than budgeted transfers to Flood Infrastructure and Rivers Reserve due to delays on the multiple flood mitigation work programmes, and flood programmes	(\$2,154)
Investment and Growth Reserve	Higher than budgeted net transfers to the Investment and Growth Reserve primarily due to TLA contributions for community support initiatives received earlier than planned, in line with early payment to Northland Inc.	\$424
Sporting Facilities Reserve	Lower than budgeted transfers from the Sporting Facilities reserve due to grants not yet awarded.	\$457
Property Reinvestment Fund Reserve	Higher than budgeted net transfers from managed funds not utilised as general funding of \$875k, and gain on sale of Carbon Credits \$218k, and higher than budgeted transfer for Commercial Property repairs and maintenance.	\$1,213
Infrastructure Investment Fund Reserve	Higher than budgeted net transfers from managed funds not utilised as general funding	\$648
Community Investment Reserve	Higher than budgeted net transfers from managed funds not utilised as general funding	\$160
Whangarei Bus Reserve	Higher than budgeted transfers to Whangārei Bus Reserve, due to higher than budgeted surplus across the transport program.	\$459
CDEM Reserve	Lower than budgeted transfer to the CDEM Facilities Reserve due to lower than budgeted TLA contributions and subsidies	(\$643)
IRIS Next Gen Reserve	Lower than budgeted transfer from the Iris Next gen reserve due to lower project costs.	(\$206)
	Other accumulated variances for council	(\$33)
<b>Reserve Movement Variance</b>	<b>Total</b>	<b>\$325</b>

## Attachments/Ngā tapirihanga

Nil