



PROSPEROUS NAPIER COMMITTEE

Open Attachments (Under separate cover 1)

Meeting Date: Thursday 6 June 2024

Time: Following Napier People and Places Committee

Venue: Large Exhibition Hall
War Memorial Centre
Marine Parade
Napier

TABLE OF CONTENTS

Item 3	Quarterly Report	
Attachment 1	Q3 Quarterly Report (Doc Id 1762074)	2
Item 5	Hawke's Bay Airport Limited - Statement of Intent Feedback	
Attachment 1	HB Airport - Draft Statement of Intent (Doc ID 1741570)	96



QUARTERLY REPORT QUARTER 3, 2024

Year to date and quarterly result to 31 March 2024



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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Contents

Financial Performance Snapshot	2
Service Performance Snapshot	3
Treasury Management Summary	5
Cumulative Quarterly Graphs	6
Activity Group Financial Summary	8
Activity Group Detail	10
Governance and Representation	11
City Strategy	14
Water Supply	22
Wastewater	26
Stormwater	30
Transportation	34
Other Infrastructure	40
Community and Visitor Experiences	44
Property Assets	62
Support Units	69
Rates and Special Funds	74
People and Capability Report	75
City Strategy Regulatory Activity Report	77
Quarterly Service Request Report	84
Documents Executed Under Seal	90
LGOIMA Requests	91

This report summarises the Council's progress in the third quarter of 2023/24 towards fulfilling the intentions in the Annual Plan. Quarterly performance is assessed against Income, Total Operating Expenditure, Capital Expenditure and Key Performance Measures.

FINANCIAL PERFORMANCE SNAPSHOT

The year-to-date net operating shortfall of \$9.9m is \$18.2m favourable to the budgeted deficit of \$28.1m. This favourable variance is attributable to a combination of factors as outlined below:

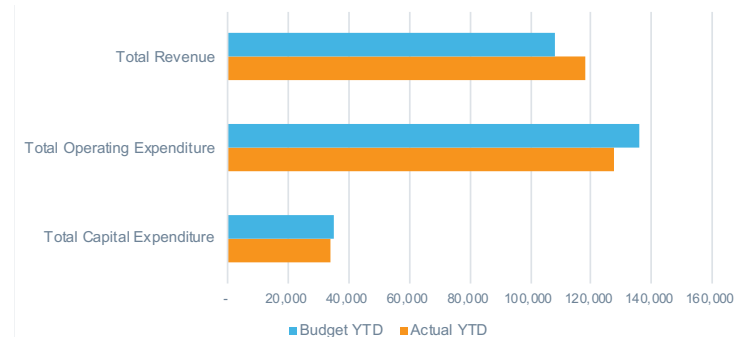
Revenue

- Subsidies and grants are \$2.1m above budget due to government grants related to cyclone recovery, DIA three waters funding, and Better Off Funding.
- Financial Contributions are \$1.8m above budget due to higher-than-expected development across the city.
- Other Revenue is \$4.9m above budget due to a legal settlement, an insurance receipt and sales in Parklands Residential Development being above the average budgeted sale price.

Expenditure

- Employee benefit expense is below the revised budget by \$3.6m due to vacancies across Council. However, this expense is above the Annual Plan budget due to additional resources which have been approved by management since the Annual Plan was adopted. For revenue generating business units, this will be offset by additional revenue.
- Depreciation expense is below budget by \$1.4m due to the reduced level of asset capitalisation from the previous year.
- Finance costs are \$1.1m less than budgeted, attributed to lower borrowing than anticipated, primarily stemming from the timing of capital expenditures.
- Offsetting these positive variances, other operating expenses are \$1.8m above budget. This is due to unbudgeted roading maintenance due to Cyclone Gabrielle and November 2020 flood recovery works, and other Cyclone Gabrielle recovery expenditure.

Performance V Budget (\$'000)



All Council	Year to Date to Mar 2024				Year to Date to Mar 2024			
	Actual	Revised Budget	Variance*	% Variance	Forecast	Revised Budget	Annual Plan	Variance - Revised Budget to Annual Plan
Revenue								
Rates Revenue	64,250	63,981	269	0%	85,760	85,308	85,308	(0)
Finance Revenue	976	-	976	>100%	797	(0)	-	(0)
Financial and Development Contributions	3,869	2,110	1,759	83%	8,582	7,478	7,478	(0)
Subsidies and Grants	10,959	8,817	2,142	24%	14,066	11,254	8,196	3,058
Other Revenue	37,887	32,995	4,892	15%	54,593	56,967	56,967	0
Other gains/losses	(0)	75	(75)	<(100)%	42	294	294	-
	117,940	107,978	9,962	9%	163,840	161,301	158,243	3,058
Expenditure								
Employee Benefit Expense	44,000	47,578	3,579	8%	56,676	57,838	52,494	(5,343)
Depreciation and Amortisation	30,502	31,903	1,401	4%	41,474	42,538	42,538	-
Finance Costs	414	1,536	1,121	73%	1,177	2,048	2,048	-
Other Operating Expenses	52,932	51,114	(1,818)	(4)%	81,562	84,642	76,192	(8,450)
Share of associate surplus/deficit	-	(179)	(179)	(100)%	(99)	(239)	(239)	-
Offsetting Expenditure	(0)	4,143	4,143	>100%	35	(654)	(655)	(0)
	127,848	136,095	8,246	6%	180,825	186,172	172,379	(13,794)
Net Operating Surplus / (Shortfall)	(9,908)	(28,116)	(18,209)	65%	(16,985)	(24,871)	(14,136)	10,736

Capital (\$,000)	Year to Date to Mar 2024				Year to Date to Mar 2024			
	Actual	Revised Budget	Variance*	% Variance	Forecast	Revised Budget	Annual Plan	Variance - Revised Budget to Annual Plan
Total Capital Expenditure	34,222	35,198	975	3%	53,113	99,699	75,934	(23,764)
Asset Sales	(227)	-	227			0	-	(0)

* Variance Key
Favourable / Underspent
Unfavourable / Overspent

