

Wednesday 19 April 2023

OIA IRO-389

Name: [REDACTED]

Email: [REDACTED]@gmail.com

Kia ora [REDACTED]

Official information request on June 2022 Financial Statements.

Thank you for your official information request dated Friday 24 March 2023.

We have considered your request in accordance with the Local Government Official Information and Meetings Act 1987 and determined that we are able to grant your request in full.

The information you have requested is enclosed in the appendix to this letter.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Ngā mihi,

[REDACTED]

Head of Finance

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Our water, our future.

Appendix

Question 1: In your 30 June 2022 financial statements, you show your receivables as \$34m. Why was that so high? Your Budget was \$19m and the actual for the previous year was \$23m. Clearly something went wrong, what was the cause of this variance?

Answer...

The year-on-year variance for actuals and budgets was mainly due to timing of the receipting of June invoices in the first weeks of July. These would normally be settled during the month however, for various reasons (at year-end), they were delayed. It did not impact on our ability to pay vendors.

Question 2: In your 30 June 2022 financial statements your payables were \$54m. The budget was \$25m. The previous year the actual was \$52m, which again seems very high, but the fact that you budgeted \$25m after an actual of \$52m suggests that you were confident that \$25 was more likely. What went wrong?

Answer...

The timeline for finalising 2022 budget for councils is always in the last quarter of the year, in this case it was from April to June 2021. As the budget happens prior to yearend, we do not have actual final numbers to work with until July, which is why Wellington Water is unable to use prior year actual as the basis for the budget.

The last month in both the years (2021 and 2022) had higher than anticipated expenditure accruals, especially in the council capital programmes. This is work that is carried out in June and paid in July, as per contracted payment terms, and this had an inflationary impact on payables for both years.