

LORD HOWE ISLAND BOARD

Business Paper

OPEN SESSION

ITEM

Finance Report

RECOMMENDATION

It is recommended that the Board:

1. Note the information provided in this paper.

BACKGROUND

The following reports for the year-to-date 30 April 2020 are attached:

- Finance Statements (3), and
- Capital Expense Report.

CURRENT POSITION

General Funded Operations

The financial position of the Board is unfavourable at \$246,700. Much of the Government appropriation monies were received at the beginning of the year.

A Budgeted Income Statement, Cash Flows and a Statement by Reporting Centre for recurrent budgets (Continuing Operations) are included in Attachment A.

Grant Funded Projects

The grant funded projects are predominantly associated with Weed Management and the Rodent Eradication Projects. These items have been separated from the other general funded operations of the business of the Board.

- **Rodent Eradication Project.** \$3,875,019 spent in the financial year to date across all expenditure areas under the Grants cost centre. The Board has also contributed \$445,844 in wages, accommodation and fleet costs to the project outside of the grant. These costs have traditionally not been identified within grant management and has been absorbed within the normal operations as 'in-kind support'.
- **Environment Management Grants.** Received \$572,379 this year and spent \$801,656 again mainly in salaries and in contractors. Completion of these projects will continue.

Capital Expenditure

Attachment B is a summary of capital expenditure as at 30 April 2020. It includes Work in Progress carried forward from the previous financial year. Forecasts for expenditure for the year to 30 June 2020 are included in the Cash Flow Statement (in Attachment A).

Debtors

A summary of sundry debtors as at 1 May 2020 was as follows:

30 Days	60 Days	90 Days	90+ Days
\$295,819	\$9,100	\$203,002	\$99,586

The 90+ days 90 Days and 30 Days debtors is mostly a single debtor with payment since received. In the 30 Days, the Liquor Store debtors is offset by a credit under 90 days. Details in regards to individual accounts can only be held in closed session.

Rates debtors as at 27 April 2020 totalled \$104,482.

This report was printed on 27 April and so small delays on payments are normal, but as the amount is significant, close attention to these accounts including payment plans is important. The larger commercial businesses are the major contributors. Specific discussion regarding these debts can be held in closed session in accordance with Board policy.

RECOMMENDATION

It is recommended that the Board:

1. Note the information provided in this paper.

Prepared: John van Gaalen Manager Business and Corporate Services

Endorsed: Peter Adams Chief Executive Officer

Attachments:

Attachment A: Income Statement as at 30 April 2020 - Open

Attachment B: Capital Expense Report as at 30 April 2020 - Open

LORD HOWE ISLAND BOARD

Income Statement

Recurrent position only

for the year ended 30 June 2020 - as at 30/04/2020

		ACT Apr'19 \$'000	ACT Apr'20 \$'000	BUD FY 2020 \$'000	
	Note				83%
Expenses					
Employee-related expenses	2 a	N/A	3,358.4	4,319.5	
Operating Expenses	2 b	N/A	3,289.1	4,610.5	
Depreciation and amortisation	2 c	N/A	1,790.6	2,157.4	
Grants and subsidies	2 d	N/A	70.9	142.0	
Finance costs	2 e	N/A	46.0	100.0	
Other expenses	2 f	N/A	(25.0)	0.0	
Total expenses		8,401.7	8,530.0	11,329.4	75%
Revenue					
Government Contribution	3 a	N/A	2,838.0	2,941.5	
Sale of goods and services	3 b	N/A	2,578.2	2,931.0	
Investment revenue	3 c	N/A	301.0	500.0	
Retained taxes, fees and fines	3 d	N/A	2,536.0	3,657.5	
Grants and other contributions - operating #*	3 e	N/A	0.0	0.0	
Grants and other contributions - capital #	3 f	N/A	0.0	0.0	
Other income	3 g	N/A	30.1	0.0	
Total revenue		8,416.9	8,283.3	10,030.0	83%
Write-off of assets		0	0	0.0	
Net Increase/ decrease in Asset Revaluations		0	0	0.0	
NET RESULT		15.2	(246.7)	(1,299.4)	

LORD HOWE ISLAND BOARD

Budgeted Statement of Cash Flows

for the year ended 30 June 2020

	ACTUAL YTD to Apr'20	BUDGET 19/20
	Recurrent	Recurrent
Cash flows from operating activities		
Payments:		
Employee-related expenses	5,172	7,232
Operating Expenses	6,041	7,542
Grants and subsidies	71	142
Finance costs	46	100
Other expenses (+ error correction)	415	0
Total Payments	11,745	15,016
Receipts:		
Government Contributions	2,838	2,942
Sale of goods and services	2,578	2,931
Interest received	301	500
Retained taxes, fees and fines	2,536	3,658
Grants and other contributions - operating *	517	802
Other	0	0
Total Receipts	8,771	10,832
Net cash flows from operating activities	(2,974)	(4,184)
Cash flows from investing activities		
Grants and other contributions - capital	2,359	2,492
Proceeds from sale of land and buildings, plant and equipment and infrastructure	0	-
Proceeds from sale of financial assets	0	-
Purchase of land and buildings, plant and equipment and infrastructure (per revised TAM Plan & \$50k)	(5,432)	(11,280)
Purchase of intangible assets	-	-
Purchase of financial assets	-	-
Other	-	-
Net cash flows from investing activities	(3,073)	(8,788)
Cash flows from financing activities		
Capital appropriation - equity appropriation	-	-
Proceeds from borrowing and advances	2,301	5,501
Repayment of borrowings and advances	0	0
Other	-	-
Net cash flows from financing activities	2,301	5,501
Net increase / (decrease) in cash and cash equivalents	(3,747)	(7,472)
Cash at Bank - Opening Balance: 1-JULY-2019	7067	7067
Cash at Bank - Closing Balance - 30-JUNE-2020	3,320	(405)
	@Apr'20	

LORD HOWE ISLAND BOARD FINANCIAL REPORT - BY REPORTING CENTRE - TO 30 APRIL 2020

Recurrent position only

Reporting Centre	Financial Year 2018-2019			Financial Year 2019-20						Compare 10 mths to FY Budget (83%)	
	Year-to-Date Actual: Apr'19			Year-to-Date Actual: Apr'20			Full Year Budget			Inc	Exp
	Income	Expense	Result	Income	Expense	Result	Income	Expense	Result		
CEO	\$0	\$191,980	-\$191,980	\$0	\$231,765	-\$231,765	\$0	\$267,700	-\$267,700	0%	87%
REP - LHIB funded	\$0	\$0	\$0	\$0	\$445,844	-\$445,844	\$0	\$0	\$0	0%	0%
Governance Management	\$0	\$24,149	-\$24,149	\$0	\$38,089	-\$38,089	\$0	\$124,000	-\$124,000	0%	31%
Liquor Store	\$1,606,882	\$1,214,215	\$392,667	\$1,517,847	\$1,295,495	\$222,352	\$1,915,000	\$1,514,000	\$401,000	79%	86%
Corporate Administration	\$3,163,187	\$1,198,492	\$1,964,695	\$2,418,710	\$1,096,538	\$1,322,172	\$2,644,500	\$1,643,800	\$1,000,700	91%	67%
Tourism	\$485	\$82,500	-\$82,015	\$0	\$55,000	-\$55,000	\$0	\$112,000	-\$112,000	0%	49%
Electricity	\$966,694	\$1,265,176	-\$298,482	\$1,836,685	\$1,083,397	\$753,288	\$1,877,500	\$1,468,800	\$408,700	98%	74%
General Services	\$951,553	\$2,907,512	-\$1,955,959	\$815,730	\$2,495,012	-\$1,679,282	\$1,263,600	\$3,511,100	-\$2,247,500	65%	71%
Airport	\$1,424,876	\$449,468	\$975,408	\$830,493	\$596,684	\$233,809	\$1,190,400	\$706,900	\$483,500	70%	84%
Community Services & Development	\$150	\$36,350	-\$36,200	\$280	\$86,220	-\$85,940	\$7,000	\$195,200	-\$188,200	4%	44%
Land Administration	\$270,947	\$222,023	\$48,924	\$279,450	\$220,298	\$59,152	\$291,000	\$399,800	-\$108,800	96%	55%
Environment	\$32,099	\$ 809,789	-\$777,690	\$584,206	\$885,959	-\$301,753	\$841,000	\$1,386,100	-\$545,100	69%	64%
LHIB - General Funded only	\$8,416,873	\$8,401,654	\$15,219	\$8,283,401	\$8,530,301	-\$246,900	\$10,030,000	\$11,329,400	-\$1,299,400	83%	75%

Reporting Centres - details of services included:

CEO	Includes contract change - 9 mths charges
REP - LHIB funded	In-kind support incurred outside of Grant - fleet, accom, ord hrs of perm Enviro staff
Governance	Board members & Internal Audit
Liquor Store	higher wages - one-off, procedural improvements
Corporate Administration	Licences, interest income, admin salaries, IT, communications, insurance, external audit, training, travel, relocation
Tourism	Board support of LHITA
Electricity	Gov't subsidy, includes some loan interest
General Services	Infrastructure and amenities, fleet, waste facility, water & wastewater, roads, wharf, emergency services, private works
Airport	Delays in charging & higher in realy part of year - Enviro levy moved to Environment
Community Services	Community liaison, health facilities and advocacy
Land Administration	Leases (PL, SL,PO), small grants, planning, & other contractors,
Environment	Enviro levy, weeding, trails, biosecurity, environmental management

2020 Capital Projects Transactions and Budgets April 2020

WO	Description	WIP	2020 Revenue		2020 Expense		
			Actual	Budget	Actual	Budget	
25	ESRMP Solar PV 2014 - ARENA Grant Funded from 2015	801,402.40			2,543,255.79	7,690,202	
46	Closed - Preparation of Business Case - LHI Renewable Energy Capital Proposal AN431/432/433	57,882.00					
52	Hybrid Renewable Energy Knowledge Sharing Plan AN431/432/433 2015	551.12				250,000	
53	Hybrid Renewable Energy Project Management AN431/432/433 2015	728,661.21	-2,184,462	-2,184,462	1,652,922.32		
32	Closed - Boat Ramp and Launch/Retrieval Project	41,634.59					
92	Slipway 2016	97,318.79					
155	Composting Unit 2017 - Upgrade of LHIB WMF - all costs after 2018 FY to be expensed			-25,050			
179	Stronger Communities Fund Public Hall Improvements 2018	438,973.51			25,364.17		
180	Stronger Communities Fund Old Powerhouse Site Remediation 2018	26,561.06	-143,550		479,086.73	116,989	
200	SCCF 2 - 0165 - Stevens Reserve Boardwalk 2019				625.84	196,253	
201	SCCF 2 - 0536 - Skate Park 2019					76,230	
202	SCCF 2 - 0537 - Lagoon Foreshore Fitness Trail 2019			-30,908	66,111.60	30,908	
219	Erosion Mitigation Works and Seabee Wall Investigation				274,459.82	715,000	
222	Roads to Recovery 2020 to 2024			-257,144			
64	Road Upgrade - Lagoon Road - Neds Beach Rd to OV Drive 2018 WIP					57,522	
126	Road - Smoking Tree Ridge Road - Lagoon Road to Giles's Gate 2018 WIP				2,085.31	12,239	
127	Road - Thompson's Rd - Neds beach Rd to B&T Thompson Corner 2017 WIP				1,815.10		
129	Road - Lagoon Rd Neds Neach Road to to OV Drive 2018				18,519.54	96,457	
130	Road - Lagoon Rd - Kings Beach to Smoking Tree Ridge Road 2017 WIP				22,819.53	22,820	
131	Road - TC Douglass Drive 2018					60,618	
160	Road - Cemetery Rd - Neds Beach Road to Anderson Road 2018					19,294	
166	Road - Ned's Beach Rd - Lagoon to Anderson 2018					54,713	
167	Road - Jetty Hardstand 2020					37,719	
41	OWWS Upgrade Community Hall 2014	46,042.60			500.00	5,000	
61	Jetty Upgrade (replacement of deteriorating piles) 2015	55,866.64				245,000	
103	HV Switch Replacements 2016 (split over assets when complete)	16,482.89					
114	WMF Skip Bins 2018 WIP				8,525.00	10,000	
120	OWWS Research Facility 2018				20,441.31	20,000	
122	OWWS Admin/Depot 2017	65,197.56				20,000	
125	Road - Andersdon Rd to Cow Bale 2019				7,026.39	12,426	
145	Water Tank Admin/Depot 2018					10,000	
149	Aviation Fuel Shed Upgrade 2017	1,820.22			39,384.18	130,000	
150	Hospital Garage/Morgue Shed 2018	7,382.37				30,000	
152	Depot Workshop Extension 2017	105,248.19					
170	HV Communications & Load Control System 2018					100,000	
185	TRAX Shed Mezzanine 2019	350.27					
188	Road - Bowling Club Reseal 2019				5,555.20	12,305	
189	Road - McGee's Parade Reseal 2019				20,665.30	30,765	
190	Road - Middle Beach (Nursery Road to Anderson Rd) Reseal 2019				35,350.30	82,330	
191	Playground Equipment 2019					100,000	
194	Airport Terminal Shade Structure 2019	37,547.67				8,000	
196	Concrete Minimix Truck 2019	4,529.00			9,090.91	10,000	
197	Administration Office Upgrade 2019				3,709.06	50,000	
215	Vermeer Mini Hydro Vac System V100D 2019	3,305.10			33,154.13	45,000	
216	Mini Bitumen Spray Tanker 2019					50,000	
220	NSW Treasury Minor Works Funding Expensed - Corporate				3,720.00	88,000	
223	Plant Storage Shed WMF 2020					200,000	
224	New holland Tractor or other P&E 2020				44,500.00	60,000	
225	Vehicle - Toyota Hilux (replace BF24WK) 2020				42,124.92	40,000	
226	Shed - Revolve/Waste Oils/Sludge WMF (Design) 2020					50,000	
227	Airport Underground Drainage - Install Tideflex valves and replace steel grate 2020					60,000	
228	Generator 3 - Engine Rebuild 2020				69,413.99	55,000	
229	Refurbishment - Substation No.8 Airport 2020					20,000	
230	Neds Beach Road - Lagoon Road/Anderson Road 2020					5,000	
231	Cemetery Road - Neds Beach Road/Anderson Road Reseal				2,136.35	4,136	
232	Hospital Garage 2020					50,000	
233	Water Tank Old Post Office 2020					30,000	
234	Jetty Building Roofing 2020					5,000	
235	Jetty Walkway and Platform - Support Beams Replacement					80,000	
236	Jetty Deck and Kerb Replacement 2020					120,000	
			2,536,757.19	-2,358,920	-2,466,656	5,432,362.79	11,274,926