

SOUTH WAIRARAPA DISTRICT COUNCIL

3 APRIL 2013

AGENDA ITEM D3

CORPORATE SUPPORT GROUP REPORT

Purpose of Report

To update Councillors on the Corporate Support Group activities.

Recommendations

Officers recommend that the Council:

1. *Receives the information.*
2. *Receive the financial statements for the eight months ended 28 February 2013.*

1. Executive Summary

The 2013/14 Annual Plan has been a key focus. The next workshop is planned for 3 April following the Council meeting with the draft due for adoption Tuesday 17 April.

Governance matters have taken a new importance for the Writer, with a couple of interesting meetings being attended, including reviewing and providing feedback (with the MCD and CDC CE's) on the Martin Jenkins draft report.

John O'Connell has been appointed our new Audit Director, taking over from Leon Pietersie. This follows Audit New Zealand's policy of rotating Directors every six years. John has previously been an Audit Director for SWDC.

Our Bankers (BNZ) presented various topics last week. The Economy seems to be trundling along, however it is the BNZ's view that the economy is still delicate. Confidence is higher than it has been for a while. Also, it would appear that the global economy is recovering from any financial shock quicker than in the past.

A pleasant morning was spent at Sandy Bay discussing issues around the lease. It is intended Sandy Bay be included in the coastal reserves management plan to ensure consistency of approach.

We welcome Brandon Dittmer to the engineering team. Brandon will take over from Simon Leary who is moving on for personal reasons.

Mike Sims, one of our BCO's, has also decided to move on, and we welcome Derek Staines (back) to the building team.

Discussions continue on the utilization of Citycare's customer request system for all SWDC customer requests. Citycare's system is web based and can be used and managed from any location.

2. Discussion

2.1 Financial Statements

The financial statements for the eight months ended 28 February 2013 are attached as Appendix 1.

2.2 Rate Arrears

Efforts continue on rate arrears. The table below outlines the situation as at 11 February 2013, and excludes multi ownership Maori land.

Date	Amount \$'000	Number	Days since instalment due	SWDC component \$'000 (81%)
30 June 2011	\$851	631	31	\$689
1 August 2011	\$780	463	64	\$632
28 November 2011	\$969	760	7	\$785
1 March 2012	\$925	690	7	\$740
16 March 2012	\$830	602	23	\$672
23 March 2012	\$790	555	30	\$640
1 June 2012	\$855	722	10	\$692
19 June 2012	\$730	632	31	\$591
10 September 2012	\$947		21	\$767
15 February 2013	\$820	565	57	\$664

The fragility of rate arrears has unfortunately reared its ugly head. I have no view on why this instalment has increased, however we will be pursuing the outstanding amounts as usual.

2.3 Sandy Bay

Draft lease conditions have been received from Hiwi trust and these will be reviewed in the next week or so. I spoke to our valuers who indicated the price may have been at the high end of the range but was "reasonable".

2.4 Annual Plan

The next workshop is planned for April 3 (after the Council meeting).

The Draft Annual Plan is due for adoption 17 April, and we are on track to achieve this.

The timetable is included as Appendix 2 for reference.

2.5 Governance

I attended my first Governance meeting last week, and have provided feedback to the Martin Jenkins draft report on financial viability. This report is due to be presented to the Governance working party on 26 March.

3. Appendix

Appendix 1 – Financial Statements for the eight months ended 28 February 2013

Appendix 2 – 2013/14 Annual Plan Timeline

Contact Officer: Paul Crimp, Group Manager Corporate Support

**Appendix 1 – Financial
Statements to 28 February
2013**

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 28 FEBRUARY 2013

	YTD			2013	
	Actual	Budget	Variance	Budget	% of Budget
OPERATING INCOME					
Rates	8,300,408	8,292,750	7,658	11,057,000	75%
Rates Penalty	275,696	256,126	19,570	283,449	97%
Interest	127,121	154,552	(27,431)	194,000	66%
Internal Interest Loans	24,969	25,000	(31)	38,000	66%
Fees & Licences	475,596	423,116	52,480	581,000	82%
User Levies	227,025	238,931	(11,906)	610,000	37%
Commissions	21,499	40,688	(19,189)	61,550	35%
NZ Transport Agency Subsidy	716,614	717,000	(386)	1,310,252	55%
Petrol Tax	50,897	61,816	(10,919)	93,000	55%
Grants, Donations & Subsidies	11,260	15,728	(4,468)	42,000	27%
Rental / Hire	187,568	208,144	(20,576)	312,000	60%
Profit on Sale of Assets	-	-	-	-	-
Miscellaneous Income	199,874	221,600	(21,726)	377,000	53%
Total Operating Income	10,618,525	10,655,451	(36,926)	14,959,251	
OPERATING EXPENDITURE					
Corporate Services	1,135,025	1,193,272	58,247	1,789,000	63%
In-House Professional Services	466,201	493,512	27,311	740,262	63%
Governance, Leadership & Advocacy	244,406	280,240	35,834	420,289	58%
Public Protection	651,461	709,496	58,035	1,064,480	61%
Resource Management	247,660	285,424	37,764	428,576	58%
Economic, Cultural & Community Development	185,973	186,432	459	235,477	79%
Amenities	1,425,889	1,252,352	(173,537)	1,878,579	76%
Land Transport	3,131,330	3,227,760	96,430	4,841,747	65%
Water Supply	1,325,361	1,426,520	101,159	2,139,327	62%
Solid Waste Management	753,945	788,968	35,023	1,183,475	64%
Sewerage	773,991	809,728	35,737	1,214,170	64%
Stormwater Drainage	89,587	90,144	557	134,710	67%
Rate Debtors Written Off	13,148	27,304	14,156	41,000	32%
Bad Debts	-	-	-	-	0%
Loss on Sale of Assets	-	-	-	-	0%
Total Operating Expenditure	10,443,976	10,771,152	327,176	16,111,092	
Operating Surplus/(Deficit)	174,548	(115,701)	290,249	(1,151,841)	
CAPITAL EXPENDITURE INCOME					
NZ Transport Agency Subsidy	630,124	630,000	124	1,113,748	57%
Grants, Donations & Subsidies	-	12,504	(12,504)	-	0%
Contributions	143,935	201,528	(57,593)	302,000	48%
Total Capital Expenditure Income	774,059	844,032	(69,973)	1,415,748	
OTHER INCOME					
Assets Vesting in Council	328	28,112	(27,784)	-	0%
Gain on Asset Revaluations	-	26,744	(26,744)	40,000	0%
Total Other Income	328	54,856	(54,528)	40,000	
TOTAL SURPLUS / (DEFICIT)	\$ 948,936	\$ 783,187	\$ 165,749	\$ 303,907	

Included in the operating expenditure is:

Depreciation	2,713,954	2,789,928	(75,974)	3,914,248	69%
Interest	411,048	430,504	(19,456)	722,992	57%

**STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

	28 FEBRUARY 2013	30 JUNE 2012	MOVEMENT
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Bank	428,508	1,869,551	(1,441,043)
Short Term Deposits	8,337,175	2,191,218	6,145,957
Investments	-	2,482,206	(2,482,206)
Prepayments & Receivables	2,568,745	2,988,152	(419,408)
Inventories	50,510	42,460	8,049
Properties Intended For Sale	-	-	-
Total Current Assets	11,384,937	9,573,588	1,811,349
<u>Non-Current Assets</u>			
Investments	82,747	82,747	-
Investment Properties	8,325,000	8,325,000	-
Intangible Assets	46,550	43,547	3,003
Property, Plant & Equipment	385,485,775	386,666,317	(1,180,542)
Total Non-Current Assets	393,940,072	395,117,611	(1,177,538)
TOTAL ASSETS	\$ 405,325,009	\$ 404,691,199	633,811
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Cash and Bank	-	-	-
Payables and Accruals	2,554,788	2,925,794	(371,007)
Employee Entitlements	285,603	226,101	59,503
Public Debt - Current Portion	0	1,074,760	(1,074,760)
Finance Leases - Current Portion	-	10,119	(10,119)
Provisions - Current Portion	-	32,821	(32,821)
Total Current Liabilities	2,840,391	4,269,595	(1,429,204)
<u>Non-Current Liabilities</u>			
Public Debt - Non-Current Portion	9,289,168	8,263,259	1,025,909
Finance Leases - Non-Current Portion	55,349	-	55,349
Provisions - Non-Current Portion	406,955	374,134	32,821
Total Non-Current Liabilities	9,751,472	8,637,393	1,114,079
<u>EQUITY</u>			
Public Equity	141,978,565	141,029,629	948,936
Special Separate & Trust Funds	16,944,570	16,944,570	-
Asset Revaluation Reserve	232,018,461	232,018,461	-
Sinking Fund Reserves	1,789,199	1,789,199	-
Other Reserves	2,352	2,352	-
Total Equity	392,733,146	391,784,210	948,936
TOTAL LIABILITIES & EQUITY	\$ 405,325,009	\$ 404,691,199	633,810

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF CAPITAL EXPENDITURE FOR THE PERIOD ENDED 28 FEBRUARY 2013

<u>DESCRIPTION</u>	Year to Date		Annual
	Actual	Budget	Budget
<u>Amenities</u>			
Playgrounds	-	15,104	22,660
Parks & Reserves	27,631	37,768	56,650
Campgrounds	-	20,600	30,900
Swimming Pools	4,215	37,768	56,650
Toilets	131,534	137,336	206,000
Cemeteries	6,212	30,904	46,350
Libraries	-	-	-
Rental Properties	-	13,736	20,600
Community Housing	17,799	24,032	36,050
Community Buildings	-	-	56,881
Greytown Town Hall	-	-	4,635
Martinborough Town Hall	-	-	54,006
Featherston Town Centre	-	-	-
ANZAC Hall	-	-	15,450
Featherston Stadium	-	-	16,480
Featherston Town Centre	-	6,864	10,300
Greytown Town Centre	-	6,864	10,300
Martinborough Town Centre	-	6,864	10,300
Library Books	60,952	63,864	95,790
Amenities (Miscellaneous)	-	-	-
	248,344	401,704	750,002
<u>Water Supply</u>			
Water Supply	45,826	250,080	375,120
Water Supply (MBA)	-	-	-
Water Races	-	10,424	15,630
Plant & Bores	-	-	-
FSTN Supplementary water supply	3,525	20,840	31,260
Plant & Bores (MBA)	8,884	-	-
Reservoirs	55,649	-	-
Pirinoa Water Supply	9,151	5,336	8,000
Water Supply (Misc.)	9,636	-	-
	132,672	286,680	430,010
<u>Solid Waste Management</u>			
Solid Waste Management	-	35,496	53,244
Solid Waste Management	-	-	-
Solid Waste Management (Miscellaneous)	-	-	-
	-	35,496	53,244
<u>Stormwater Reticulation</u>			
Stormwater Reticulation	-	-	167,060
Stormwater Reticulation	-	-	-
Stormwater Reticulation (Miscellaneous)	-	-	-
	-	-	167,060
<u>Sewerage</u>			
Sewerage	11,246	114,624	240,370
Sewerage	3,859	-	-
Sewerage	7,718	-	-
Sewerage (Lake Ferry)	-	10,424	15,630
Oxidation Ponds	12,682	27,784	81,680
Oxidation Ponds	-	-	-
Oxidation Ponds	16,597	-	-
Sewerage (Miscellaneous)	106,322	-	52,100
Alternative Disposal System (GTN)	-	-	644,904
Alternative Disposal System (MBA)	-	-	78,150
Alternative Disposal System (FSTN)	-	-	104,200
	158,423	152,832	1,217,034
<u>Land Transport</u>			
New St. Lighting (Other Roads) - 222	-	27,640	41,456
Signs/Guardrails (Other Roads) - 222	13,113	27,680	41,520
Signs/Guardrails (SPRs) - 222	-	-	-
New Bridges (Other Roads) - 215	54	-	-

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF CASHFLOWS AS AT 28 FEBRUARY 2013

	28 February 2013	29 FEBRUARY 2012	30 JUNE 2012
<u>OPERATING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Rates	8,925,217	8,812,435	13,178,871
Government Grants & Subsidies	2,171,151	1,133,422	2,956,994
Petrol Tax	38,309	39,000	80,743
Other Income	1,482,570	1,870,078	1,811,947
Interest on Investments	146,956	150,975	236,841
Total Operating Cash Inflow	12,764,203	12,005,910	18,265,396
<u>Cash was applied to:</u>			
Payments to Suppliers & Employees	8,558,107	7,848,356	12,900,557
Interest Paid	443,352	454,109	654,053
Total Operating Cash Outflow	9,001,459	8,302,465	13,554,610
Net Cashflow from Operating Activities	3,762,744	3,703,445	4,710,786
<u>INVESTING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Sale of Property, Plant & Equipment	-	-	91,765
Term investments, Shares & Advances	-	1,878,852	533,269
Investments in Loan Redemption & Sinking Funds	-	-	-
Total Investing Cash Inflow	-	1,878,852	625,034
<u>Cash was applied to:</u>			
Purchase of Property, Plant & Equipment	1,536,415	2,454,044	4,663,883
Term investments, Shares & Advances	-	-	24,269
Investments in Loan Redemption & Sinking Funds	-	-	509,000
Total Investing Cash Outflow	1,536,415	2,454,044	5,197,152
Net Cashflow from Investing Activities	(1,536,415)	(575,192)	(4,572,118)
<u>FINANCING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Public Debt	-	5,431,601	6,431,601
Total Financing Cash Inflow	-	5,431,601	6,431,601
<u>Cash was applied to:</u>			
Repayment of Public Debt	3,622	5,473,780	5,503,634
Total Financing Cash Outflow	3,622	5,473,780	5,503,634
Net Cash Flow from Financing Activities	(3,622)	(42,179)	927,967
NET INCREASE / (DECREASE) IN CASH	2,222,708	3,086,074	1,066,635
OPENING CASH BALANCE	1 JULY 2012	3,573,219	5,476,340
CLOSING CASH BALANCE	28 February 2013	\$ 6,659,293	\$ 6,542,975
<u>REPRESENTED BY:</u>			
Cash and Bank	428,508	169,683	1,869,551
Short Term Deposits	8,337,175	6,489,610	4,308,260
Investments	-	-	365,164
	\$ 8,765,683	\$ 6,659,293	\$ 6,542,975

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF INVESTMENTS AS AT 28 FEBRUARY 2013

<u>ORGANISATION</u>	<u>INTEREST RATE</u>	<u>DATE INVESTED</u>	<u>DATE MATURES</u>	<u>TOTAL INVESTED</u>	<u>INVESTED FUNDS %</u>	<u>AUTHORISED FUNDS %</u>
SHORT TERM FUNDS						
Registered Banks						
BNZ Autocall Account	3.20%	28-Feb-13	On Call	1,703,010.46		
BNZ Reserves Fund	3.00%	11-Feb-13	13-Mar-13	730,173.97		
Total BNZ Funds				\$ 2,433,184	29%	30%
Kiwibank Reserves Fund	2.50%	28-Feb-13	On Call	721,030.57		
Total Kiwibank Funds				\$ 721,031	9%	30%
ASB Loan Redemption Reserves	3.93%	28-Feb-13	27-Aug-13	\$ 1,187,751		
Total ASB Funds				\$ 1,187,751	14%	30%
National Bank of NZ	2.40%	28-Feb-13	On Call	\$ 2,094		
National Bank of NZ	0.00%	28-Feb-13	On Call	\$ 372		
Total NBNZ Funds				\$ 2,467	0%	30%
ANZ Call Account	3.00%	28-Feb-13	On Call	\$ 50,755		
Loan Redemption Reserves	3.90%	28-Feb-13	27-Aug-13	\$ 1,186,108		
Total ANZ Funds				\$ 1,236,862	15%	30%
Westpac Call Account	2.50%	28-Feb-13	On Call	\$ 191,949		
Westpac Term Deposit	3.70%	28-Feb-13	20-May-13	\$ 500,000		
Westpac Term Deposit	4.09%	30-Nov-12	20-Mar-13	\$ 500,000		
Total Westpac Funds				\$ 1,191,949	28%	30%
Other						
WBS (21220)	4.35%	21-Dec-12	19-Jun-13	\$ 146,955		
WBS (21220)	4.50%	23-Mar-12	19-Sep-13	\$ 150,240		
WBS (21220)	4.40%	2-Oct-12	2-Apr-13	\$ 116,406		
WBS (21220)		28-Feb-13	On Call	\$ 329		
Total Other Funds				\$ 413,930	5%	10%
TOTAL SHORT TERM FUNDS				\$ 7,187,175	99%	100%
SHARES						
NZ Local Govt Insurance Co Limited				\$ 69,570		
Airtel Limited				\$ 7,252		
Farnlands Trading Society Limited				\$ 699		
TOTAL SHARES				\$ 77,521	1%	
FORESTRY						
Plantation - Hurupi Stock				\$ 5,226		
TOTAL FORESTRY				\$ 5,226		
TOTAL INVESTMENTS				\$ 7,269,922		
REPRESENTED BY:						
Short Term Deposits				8,337,175	99%	
Investments - Current Assets				-	0%	
Investments - Non-Current Assets				82,747	1%	
				\$ 8,419,922	100%	

Appendix 2 – 2013/14 Annual Plan Timeline

2013/14 Draft Annual Plan Timetable			
February	Wed	6	Waitangi Day
	Wed	20	Council / Policy & Finance Meetings
	Wed	27	Workshop with Councillors on issues and seek guidance
March	Wed	20	Draft first cut AP to Councillors
	Friday	29	Good Friday
April	Mon	1	Easter Monday
	Wed	3	Council / Policy & Finance Meetings
	Wed	3	Annual Plan workshop
	Thur	10	Deliver final Draft Annual Plan to Mayor / Councillors
	Tue	17	Adopt Draft Annual Plan- Special Meeting
	Thur	25	ANZAC Day
May	Mon	6	Public consultation Martinborough
	Tue	13	Public consultation Featherston
	Wed	14	Public consultation Greytown
	Wed	15	Council / Policy & Finance Meetings
	Thur	16	Public consultation Rural
	Mon	20	Submissions close
	Fri	31	Submission summary to Mayor / Councillors
June	Mon	3	Queen's Birthday
	Mon	10	Hearing of submissions
	Tue	11	Hearing of submissions
	Wed	26	Council / Policy & Finance Meetings
	Wed	26	Adopt AP