

SOUTH WAIRARAPA DISTRICT COUNCIL

27 JUNE 2018

AGENDA ITEM D3

CHIEF EXECUTIVE OFFICER REPORT

Purpose of Report

To report to Council on general activities.

Recommendations

Officers recommend that the Council:

1. *Receive the Chief Executive Officer Report.*
2. *To receive the financial statements report for the period ended 31 March.*

1. Executive Summary

The Long Term Plan continues to dominate, and while having been through a number of Annual and Long Term Plan processes now, this LTP has maintained my interest.

I say that because we are in the enviable position of being able to move away from an "infrastructural asset centric" discussion and document to a document that advances the district in terms of amenity, planning, and promotion.

The presentation at the combined council meeting from the Children's Commissioner, Andrew Becroft, was interesting in its own right, the highlight for me however was the linkage to our LTP in regards to the initiatives we are supporting in the youth space. Our involvement with Kuranui College on a couple of fronts, and The Wairarapa Whanau Trust are examples of initiatives targeted at our young people.

This meeting marks the end of the 2017/18 financial year, and the commencement of the 2018/19 financial year. Both events have different processes and management requirements, so a very busy time.

2. Governance/Leadership/Advocacy

The following table provides the year to date results for KPI's set for the Governance output.

GOVERNANCE, LEADERSHIP AND ADVOCACY MEASURING SERVICE DELIVERY PERFORMANCE					
SERVICE LEVEL	KEY PERFORMANCE INDICATORS		2016/17	2016/17	COMMENTS
			TARGET	ACTUAL	
Opportunities are provided for the community to have its views heard	Ratepayers and residents feel they can contact a Council member to raise an issue or problem		75%	79%	The National Research Bureau (NRB) Customer Satisfaction survey was carried out late 2016. In addition to the 79% (2014:73% 2011 75%) positive response, 13% (2014; 16% 2011 14%) felt they were unable to comment.
	Ratepayers and residents feel that the Mayor and councillors give a fair hearing to their views		72%	63%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 63% (2014; 62% 2011 55%) positive response, 23% (2014:21% 2011 28%) felt they were unable to comment.
Council determines what activities it should engage in through consultation and regulatory requirements then sets clear direction	Ratepayers and residents are satisfied with Council's decisions and actions		80%	70%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 70% (2014; 76% 2011 73%) positive response, 14% (2014; 8% 2011 9%) felt they were unable to comment.
	Ratepayers and residents are satisfied with how Council allocates rates/funds to be spent on the services and facilities provided (target peer group age)		79%	65%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 65% (2014; 64% 2011 59%) positive response, 14% (2014; 14% 2011 9%) felt they were unable to comment.
Community Boards make decisions that consider local issues	Community Board decision - making reports on local issues		90%	Greytown 98% Featherston 97% Martinborough 97%	This measure reports on the percentage of resolutions made that relate solely to local issues. (year ended 30 June 2016)
	% of ratepayers and residents who know how to contact a community board member		68%	69%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 69% (2014; 64% 2011 59%) positive response, 0% (2014; 14% 2011 9%) felt they were unable to comment.
Opportunities are available to raise local issues and understand what will happen as a result	Ratepayers and residents satisfied with the way Council involves the public in the decision it makes		70%	47%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 47% (2014; 49% 2011 50%) positive response, 31% (2014; 26% 2011 25%) indicated they were neither satisfied nor dissatisfied, and 5% (2014; 5% 2011 5%) felt they were unable to comment.
Opportunities are available to raise issues relating to Maori through the Maori Standing Committee	The Maori Standing Committee makes recommendations to Council in relation to policy and plan development and resource management applications		100% applicable application s	100%	Maori Standing Committee met on 6 occasions. In total 5 resource consent applications were considered, however due to the timing of the meetings 1 was considered outside normal meetings.(Year ended 30 June 2016)

2.1 Featherston Ward By Election

Voting has commenced, with the postal voting period running from Monday 18 June until noon Tuesday 10 July.

Five candidates have put their names forward for the vacancy.

3. Strategic Planning and Policy Development

3.1 Meetings/Conferences

3.1.1. Chief Executive Forum

Two CE forum were held. Agenda items included Regional Transport update, Regional Investment Plan, Go Shift, and Three waters updates.

A Second forum was held to specifically discuss the Wellington Regional Investment Plan – which is the basis of discussions with the Government on shared funding initiatives. One issue for the Wairarapa is that we are in the Wellington region, which is not included in the Regional Investment Fund, however Wairarapa has an exemption to this.

3.1.2. Mayoral Forum

One Mayoral forum was held during the reporting period. Agenda items included Lifelines (Wgtn); Public Transport; Let's Get Wellington moving; Wellington Regional Investment Plan; and an update from National Council LGNZ.

3.1.3. Rural & Provincial

The second Rural and Provincial meeting for the year was held 7 & 8 June. A high level of engagement with the Government continues, with Ministers Mahuta; Sage; Shaw; Little; and Robertson presenting on their respective portfolios.

Other key agenda items included 1bn trees; three waters; Institutes of Technology and Polytechs.

3.1.4. Combined Council

As mentioned in my executive summary, South Wairarapa hosted the latest round of combined council meetings. Agenda items included Minister Faafoi speaking on Civil Defence; Ruamahanga Whaitua committee update; Children's Commissioner Judge Becroft; Safe Communities initiative; and Wairarapa Trails Advisory Group.

3.1.5. Wellington Water

Discussions continue with Wellington water on various matters in relation to the operation, and issues surrounding our three waters network.

There is a lot happening in this space, in particular with the announcements from the Government that "the status quo is not an option". While there is some conjecture on what the options are, we can really only wait for announcements, and keep abreast of the discussions at this stage.

4. Corporate

4.1 Financial Statements

Financial statements for the nine months ended 31 March 2018 are presented in Appendix 2. These statements were presented and discussed at the latest Audit and Risk meeting.

4.2 Long Term Plan

The Long Term Plan is due for adoption at this meeting.

This is the culmination of a tremendous amount of work, and the inclusion of community boards and Maori Standing Committee members through this process was a very productive initiative.

There have been a couple of people who have held this process together and special thanks to Jenny and Kyra for their efforts.

4.3 Occupational Health and Safety

We continue to make good progress on health and safety matters.

In particular we are focusing on working with volunteers. This has proven somewhat more complex than first thought. We will have working guidance available in due course.

A health and safety report for April is included in Appendix 3.

4.4 Waihinga Centre/Martinborough Town Hall

The project continues, completion has been recalculated following some weather and materials delays as previously advised with a completion date of October. This remains subject to normal construction risks, weather, materials and the like.

Occupancy is now planned for October/November.

Fortnightly construction team meetings continue to be held, ensuring the project is monitored closely. The construction team includes Mayor Napier, Vicky Read (Waihinga Trust / users rep), Max Stevens (Waihinga Trust / user rep), David Borman (SWDC project Manager), Mike Arnopp (Riggs) and I. The pleasing aspect of this group is we are all working toward a common goal, having an excellent facility for the best price.

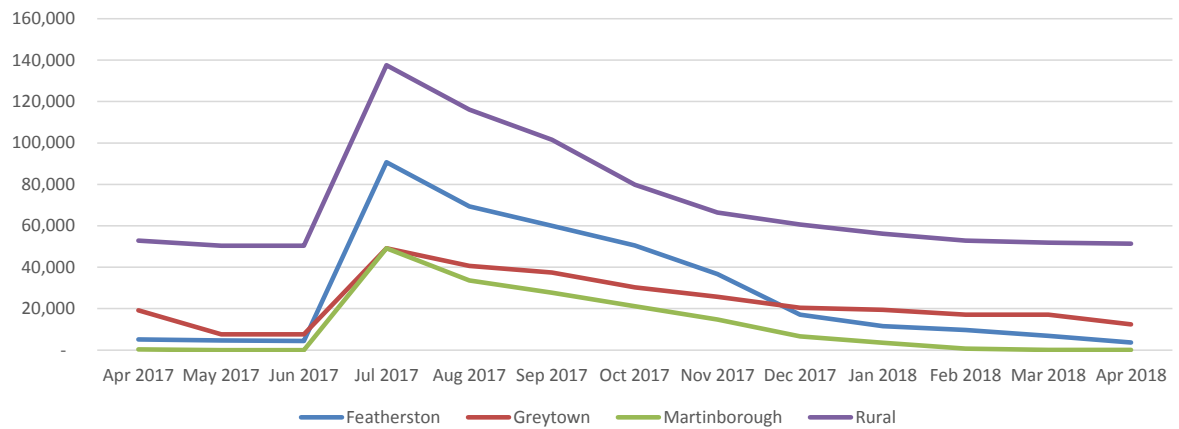
The financial summary, attached as Appendix 2, is reviewed by the construction committee and also presented and discussed at the audit and risk meeting. This summary includes variations to the original programme; variations are approved at the construction team meetings.

4.5 Rates Arrears (Incl. GST) as at 31 May 2018

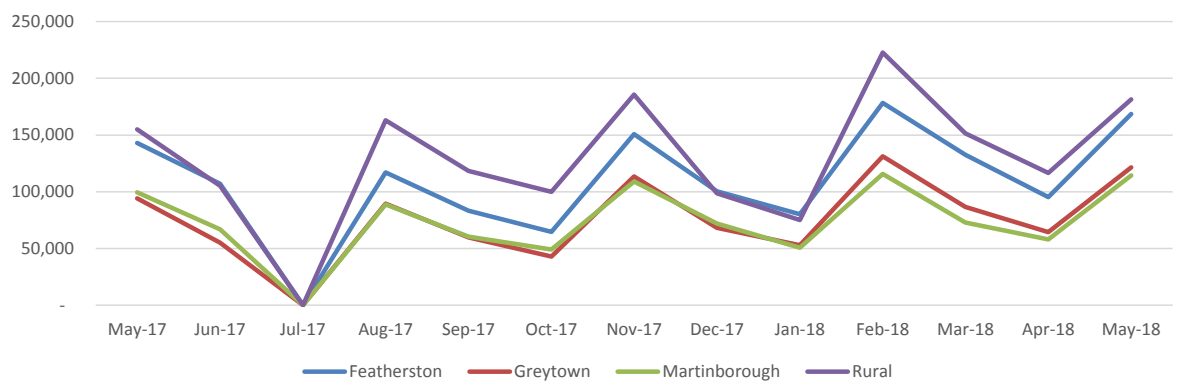
The continued good work on the rates debt front shows in the trends. As previously discussed, these trends are very sensitive and can change, however our consistent approach appears to be paying dividends.

Total rates outstanding are at a similar level to the same period last year.

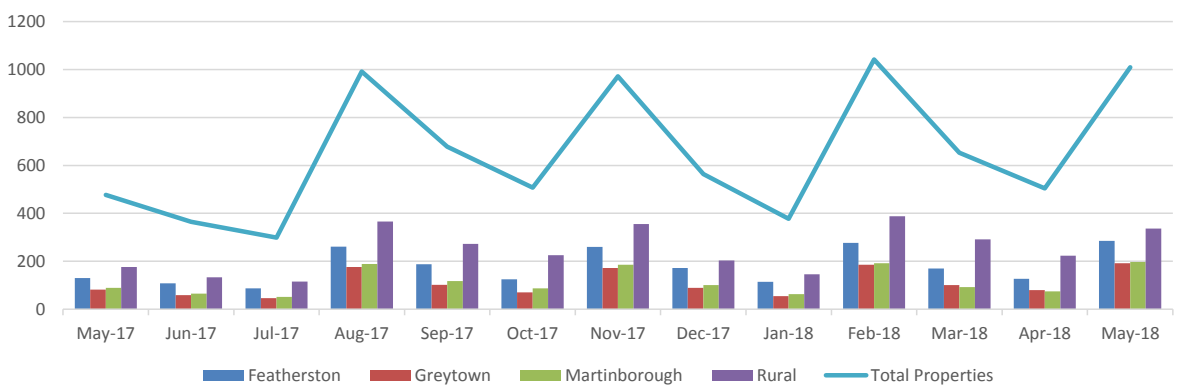
SWDC Rates Arrears - Prior Year



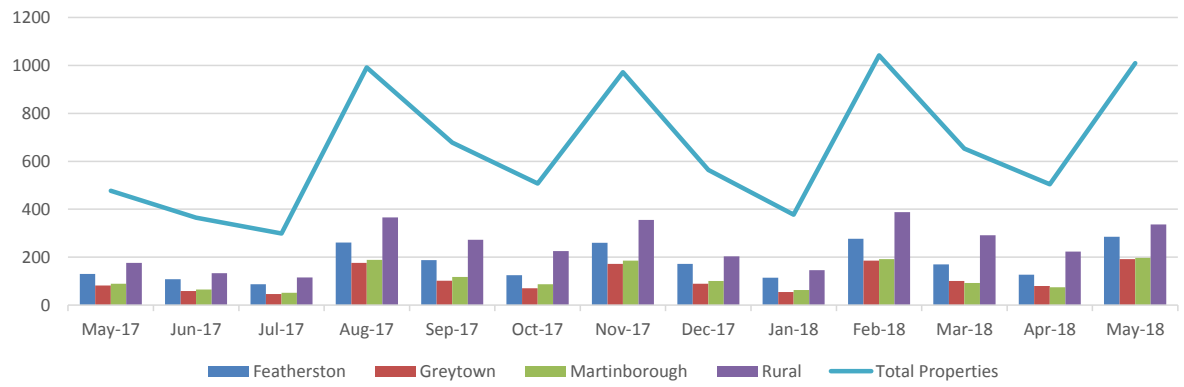
SWDC Rates Outstanding - Current Year



Numbers of Properties with Outstanding Rates



Numbers of Properties with Outstanding Rates



4.6 LGOIMA Requests

Topic of Information Request	Request Response
Governance Review Terms of reference	Information supplied.
Sexual Harassment Survey to all Councils	Information supplied.
Details in relation to Featherston commercial property	Information supplied.
Pensioner Housing Featherston	Information supplied.
Details relating to Property swap. Details in relation to waste water disposal option in Featherston.	Information supplied.
Property numbers and rates income details	
Building Consent files	Information supplied.
Property Values as they relate to proposed water scheme	
Details relating to purchase of Hodder Farm	Information supplied.
Additional Questions on Hodder Farm sale and in regards to HRT system.	

We continue to charge for those requests that require more than 1 hour and 20 pages of material. This charging regime is standard and used by central government.

5. Appendices

Appendix 1 – Financial Statements ended 31 March 2018

Appendix 2 – Waihinga Centre Finances

Appendix 3 – Health and Safety Report

Contact Officer: Paul Crimp, Chief Executive Officer

**Appendix 1 – Financial
Statements and Report for
the period ended 31 March
2018**

SOUTH WAIRARAPA DISTRICT COUNCIL

MONTHLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

STATEMENT OF FINANCIAL PERFORMANCE
STATEMENT OF FINANCIAL POSITION
STATEMENT OF CASHFLOWS
SCHEDULE OF CAPITAL EXPENDITURE
SCHEDULE OF INVESTMENTS

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2018

2017		YTD			2018	
LY Actual		Actual	Budget	Variance	Budget	% of Budget
<u>OPERATING INCOME</u>						
9,511,613	Rates	9,905,887	9,875,700	30,187	13,152,906	75%
127,075	Rates Penalty	125,249	136,319	(11,070)	140,000	89%
151,722	Interest	341,514	210,639	130,875	264,159	129%
15,674	Internal Interest Loans	15,674	15,675	(1)	20,880	75%
911,221	Fees & Licences	907,812	848,383	59,429	1,030,128	88%
570,752	User Levies	473,487	411,072	62,415	713,188	66%
53,284	Commissions	49,307	52,319	(3,012)	69,300	71%
1,085,904	NZ Transport Agency Subsidy	1,408,968	1,569,222	(160,254)	3,302,111	43%
63,993	Petrol Tax	73,433	58,983	14,450	82,905	89%
412,445	Grants, Donations & Subsidies	9,711	-	9,711	434,919	2%
377,670	Rental / Hire	372,926	395,819	(22,893)	524,675	71%
1,000	Profit on Sale of Assets	50,572	-	50,572	-	0%
245,307	Miscellaneous Income	306,558	249,325	57,233	333,426	92%
13,527,661	Total Operating Income	14,041,099	13,823,455	217,643	20,068,597	
<u>OPERATING EXPENDITURE</u>						
1,324,648	Corporate Services	1,372,475	1,396,866	24,391	1,875,091	73%
622,624	In-House Professional Services	689,642	632,283	(57,359)	868,153	79%
383,298	Governance, Leadership & Advocacy	354,161	353,570	(591)	472,028	75%
998,072	Public Protection	963,522	879,617	(83,905)	1,200,527	80%
302,055	Resource Management	378,432	332,342	(46,090)	490,056	77%
247,523	Economic, Cultural & Community Development	267,116	249,734	(17,382)	295,943	90%
1,798,419	Amenities	1,929,865	1,952,850	22,985	2,473,736	78%
3,875,868	Land Transport	3,912,359	3,976,433	64,074	5,048,744	77%
1,638,099	Water Supply	1,754,055	1,648,410	(105,645)	2,179,753	80%
949,758	Solid Waste Management	1,070,151	982,641	(87,510)	1,422,589	75%
1,235,578	Wastewater	1,154,694	1,263,916	109,222	1,608,052	72%
115,606	Stormwater Drainage	129,574	132,269	2,695	164,414	79%
14,007	Rate Debtors Remissions	13,751	21,066	7,315	21,066	65%
83,178	Loss on Sale of Assets	-	-	-	-	0%
13,588,735	Total Operating Expenditure	13,989,797	13,821,997	(167,800)	18,120,152	
(61,073)	Operating Surplus/(Deficit)	51,303	1,458	49,844	1,948,444.48	
<u>CAPITAL EXPENDITURE INCOME</u>						
491,180	NZ Transport Agency Subsidy	402,059	559,403	(157,344)	-	0%
438,700	Grants, Donations & Subsidies	1,178,800	420,000	758,800	-	0%
841,286	Contributions	687,544	342,851	344,693	452,957	152%
1,771,166	Total Capital Expenditure Income	2,268,403	1,322,254	946,149	452,957	
<u>OTHER INCOME</u>						
-	Gain on Asset Revaluations	-	-	-	35,165	0%
-	Total Other Income	-	-	-	35,165	
\$ 1,710,092	TOTAL SURPLUS / (DEFICIT)	\$ 2,319,706	\$ 1,323,712	\$ 995,993	\$ 2,436,566	

Included in the operating expenditure is:

3,260,212	Depreciation	3,355,782	3,331,037	24,745	4,435,245	76%
659,446	Interest	430,222	555,274	(125,052)	625,903	69%

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	31 MARCH 2018	30 JUNE 2017	MOVEMENT
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Bank	100,945	574,195	(473,250)
Short Term Deposits	8,245,992	5,950,000	2,295,992
Investments	6,534,056	6,510,056	24,000
Prepayments & Receivables	1,249,890	1,552,394	(302,504)
Inventories	20,703	17,397	3,306
Properties Intended For Sale	-	1,778,950	(1,778,950)
Total Current Assets	16,151,586	16,382,992	(231,406)
<u>Non-Current Assets</u>			
Investments	376,640	312,640	64,000
Investment Properties	7,741,000	7,741,000	-
Intangible Assets	126,272	162,939	(36,667)
Properties Intended For Sale	1,568,838	-	1,568,838
Property, Plant & Equipment	383,290,487	382,777,316	513,171
Total Non-Current Assets	393,103,237	390,993,894	2,109,342
TOTAL ASSETS	\$ 409,254,823	\$ 407,376,886	\$ 1,877,936
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Cash and Bank	-	-	-
Payables and Accruals	2,821,234	3,207,219	(385,985)
Employee Entitlements	282,405	338,189	(55,784)
Public Debt - Current Portion	-	4,000,000	(4,000,000)
Provisions - Current Portion	33,974	33,974	-
Total Current Liabilities	3,137,614	7,579,382	(4,441,768)
<u>Non-Current Liabilities</u>			
Public Debt - Non-Current Portion	17,500,000	13,500,000	4,000,000
Provisions - Non-Current Portion	446,586	446,586	-
Total Non-Current Liabilities	17,946,586	13,946,586	4,000,000
<u>EQUITY</u>			
Public Equity	145,328,769	143,009,064	2,319,705
Special Separate & Trust Funds	23,370,653	23,370,653	-
Asset Revaluation Reserve	219,468,359	219,468,359	-
Other Reserves	2,842	2,842	-
Total Equity	388,170,623	385,850,918	2,319,706
TOTAL LIABILITIES & EQUITY	\$ 409,254,823	\$ 407,376,886	\$ 1,877,936

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF CASHFLOWS AS AT 31 MARCH 2018

	31 MARCH 2018	31 MARCH 2017	30 JUNE 2017
<u>OPERATING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Rates	10,103,204	9,901,487	16,454,547
Grants & Subsidies	3,117,237	2,899,610	2,825,495
Petrol Tax	71,538	42,039	88,576
Other Income	3,201,872	2,962,983	3,949,619
Interest on Investments	285,807	162,302	235,181
Total Operating Cash Inflow	16,779,657	15,968,420	23,553,418
<u>Cash was applied to:</u>			
Payments to Suppliers & Employees	10,845,456	11,099,507	16,543,732
Interest Paid	401,286	504,289	665,593
Total Operating Cash Outflow	11,246,741	11,603,796	17,209,325
Net Cashflow from Operating Activities	5,532,915	4,364,624	6,344,093
<u>INVESTING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Sale of Property, Plant & Equipment	264,522		775,825
Term Investments, Shares & Advances	-	1,610,317	1,378,526
Total Investing Cash Inflow	264,522	1,610,317	2,154,351
<u>Cash was applied to:</u>			
Purchase of Property, Plant & Equipment	3,886,696	2,949,795	5,350,724
Term Investments, Shares & Advances	88,000	-	6,374,265
Total Investing Cash Outflow	3,974,696	2,949,795	11,724,989
Net Cashflow from Investing Activities	(3,710,172)	(1,339,479)	(9,570,638)
<u>FINANCING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Public Debt	4,000,000	10,000,000	10,000,000
Total Financing Cash Inflow	4,000,000	10,000,000	10,000,000
<u>Cash was applied to:</u>			
Repayment of Public Debt	4,000,000	5,902,313	5,902,317
Total Financing Cash Outflow	4,000,000	5,902,313	5,902,317
Net Cash Flow from Financing Activities	-	4,097,687	4,097,683
NET INCREASE / (DECREASE) IN CASH	1,822,743	7,122,833	871,140
OPENING CASH BALANCE	1 JULY 2017	5,653,059	5,653,059
CLOSING CASH BALANCE	31 MARCH 2018	\$ 12,775,892	\$ 6,524,195
<u>REPRESENTED BY:</u>			
Cash and Cash equivalents	100,945	628,879	574,195
Short Term Deposits	8,245,993	12,147,011	5,950,000
Investments			
	\$ 8,346,938	\$ 12,775,892	\$ 6,524,195

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF CAPITAL EXPENDITURE FOR THE PERIOD ENDED 31 MARCH 2018

<u>DESCRIPTION</u>	Year to Date		Annual	Budget	Total	Full	Carry
	Actual	Budget	Budget	Brought Forward from Prev Years	Budget Available	Year Forecast	Forward to 2018-19
Baseline CAPEX:							
Amenities*	133,890	372,159	496,159	468,430	964,589	404,593	560,000
Water Supply	209,568	412,083	549,441	500,000	1,049,441	1,049,441	-
Solid Waste Management	6,408	15,003	20,000	-	20,000	20,000	-
Stormwater Reticulation	-	40,203	53,600	-	53,600	53,600	-
Wastewater**	815,660	2,233,989	2,978,648	1,099,593	4,078,241	2,674,924	1,450,000
Land Transport***	964,610	2,251,143	3,001,504	-	3,001,504	3,986,750	-
Information Technology	31,333	72,468	96,624	-	96,624	151,165	-
Council Property	87,730	97,011	129,346	-	129,346	102,730	-
Waihinga Centre	1,419,424	-	-	3,692,241	3,692,241	3,192,241	500,000
	<u>\$ 3,668,624</u>	<u>\$ 5,494,059</u>	<u>\$ 7,325,322</u>	<u>\$ 5,760,264</u>	<u>\$ 13,085,586</u>	<u>\$ 11,635,445</u>	<u>\$ 2,510,000</u>

* Waihinga Centre playground and Greytown town centre CAPEX budget to be carried forward to next financial year

**Greytown Papawai main not required until next year \$1.15 million, plus carry forward \$300K alternative disposal budget

*** Resilience improvements to SPR now expected to happen this year along with additional SPR sealing, all 100% NZTA funded

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF INVESTMENTS AS AT 31 MARCH 2018

ORGANISATION	INTEREST RATE	DATE INVESTED	DATE MATURES	TOTAL INVESTED	INVESTED FUNDS %	AUTHORISED FUNDS %
SHORT TERM DEPOSITS						
Registered Banks						
ASB Call account	1.25%	20-Jun-17	On Call	151,017.61		
ASB Term Deposit	3.40%	20-Nov-17	19-May-18	1,000,000.00		
ASB Reserve Fund	3.01%	23-Jan-18	13-Jun-18	300,000.00		
ASB Term Deposit - Loan redemption	3.50%	1-Nov-17	1-Nov-18	225,000.00		
ASB Term Deposit - Loan redemption	3.50%	11-Nov-17	11-Nov-18	375,000.00		
ASB Term Deposit	3.00%	26-Feb-18	5-Jun-18	500,000.00		
ASB Term Deposit - Loan redemption	3.68%	23-Jan-18	15-Jul-19	225,000.00		
				2,776,017.61	19%	30%
ANZ CALL ACCOUNT	0.70%	31-Mar-18	On Call	135.77		
ANZ Term Deposit	3.21%	23-Nov-17	23-Apr-18	700,000.00		
ANZ Term Deposit	3.35%	20-Nov-17	21-May-18	800,000.00		
ANZ Term Deposit	3.16%	20-Feb-18	20-Jun-18	500,000.00		
ANZ Reserve Fund	3.19%	23-Jan-18	22-Jun-18	750,000.00		
				2,750,135.77	19%	30%
BNZ AUTOCALL (-025)	3.00%	31-Mar-18	On Call	500,611.68		
BNZ Term Deposit	3.40%	21-Nov-17	20-Apr-18	300,000.00		
BNZ Reserve Fund	3.31%	23-Jan-18	23-May-18	853,556.43		
BNZ Term Deposit	3.32%	31-Jan-18	31-May-18	500,000.00		
BNZ Term Deposit	3.24%	20-Feb-18	20-Jun-18	500,000.00		
BNZ Term Deposit	3.34%	1-Mar-18	19-Jul-18	500,000.00		
BNZ Term Deposit	3.31%	21-Mar-18	19-Jul-18	505,408.22		
				3,659,576.33	25%	30%
KIWIBANK Term Deposit	3.10%	22-Nov-17	23-Apr-18	500,000.00		
KIWIBANK Term Deposit	3.09%	23-Nov-17	23-Apr-18	300,000.00		
KIWIBANK Term Deposit	3.06%	20-Feb-18	20-Jun-18	500,000.00		
KIWIBANK Term Deposit	3.07%	23-Jan-18	22-Jun-18	1,100,000.00		
				2,400,000.00	16%	30%
WBS Call account	0.50%	31-Mar-18	On Call	1.26		
WBS Reserve fund	3.65%	22-Nov-17	22-Nov-18	183,989.45		
WBS Reserve fund	3.65%	25-Nov-17	25-Nov-18	178,291.89		
WBS Reserve fund	3.65%	5-Dec-17	5-Dec-18	138,757.23		
				501,038.57	3%	10%
WESTPAC TRUST ONLINE CALL	0.25%	31-Mar-18	On Call	9.13		
WESTPAC Term Deposit	2.99%	8-Jan-18	20-Apr-18	500,000.00		
WESTPAC Term Deposit	2.73%	20-Feb-18	20-Apr-18	600,000.00		
WESTPAC Reserve Fund	3.08%	22-Dec-17	22-Jun-18	1,293,269.51		
WESTPAC Loan redemption	3.39%	23-Jan-18	23-Oct-18	300,000.00		
				2,693,278.64	18%	30%
TOTAL				14,780,046.92	100%	
INVESTMENTS						
LGFA Borrower Bonds				28,800.00		
LGFA Borrower Bonds				91,200.00		
LGFA Borrower Bonds				64,000.00		
LGFA Borrower Bonds				32,000.00		
LGFA Borrower Bonds				40,000.00		
LGFA Borrower Bonds				24,000.00		
TOTAL				280,000.00		
SHARES						
NZ Local Govt Insurance Co Limited				82,512.90		
Airtel Limited				7,742.00		
Farmlands Trading Society Limited				1,159.00		
TOTAL				91,413.90		
FORESTRY						
Plantation - Hurupi Stock				5,226.00		
TOTAL				5,226.00		
TOTAL INVESTMENTS				15,156,686.82		
REPRESENTED BY:						
Short Term Deposits				14,780,046.92		
Investments - Current Assets				-		
Investments - Non-Current Assets				376,639.90		
				15,156,686.82		

South Wairarapa District Council
For the nine months ending 31 March 2018

Financial Report

1. SUMMARY & HIGHLIGHTS

Purpose

The purpose of this report is to provide Council with a commentary on:

- Year to date actual vs budget.
- Commentary on material variances.
- Full year risks (if any) for each significant activity.

Highlights

- Year to date operating surplus \$51K vs. budget surplus \$1K the results are favourable to budget by \$50K
- Total surplus \$2,320K vs. budget surplus \$1,324K
- Sound cash position, Working capital \$13,014K.
- Interest cost 4.34% of rates revenue, SWDC maximum 12%.
- Current Net debt \$17,500K, SWDC maximum (at 3.26% average borrowing rate). \$48,416K.
- Budgets have been phased based on last years actual spend. Some variances are due to actual spending patterns being different between years.

2. STATEMENT OF FINANCIAL PERFORMANCE

OPERATING INCOME

Rates

Favourable \$30K, no budget concerns.

Rates Penalty

Unfavourable \$11K, arrears lower than budget due to debtor collection process improvements and less arrears rates owing.

Interest Revenue

Favourable \$130K, Short term deposits higher than expected and invested for longer attracting a better interest rate than budgeted.

Fees & Licences

Favourable \$60K, The number of building consents remains high \$123K favourable to budget.

User Levies

Favourable \$62K, due to Water fees up due to budget phasing should be on track year end, Transfer station fees up due to higher volumes.

NZTA Subsidy

Unfavourable \$317K, (Operating Income \$160K unfavourable, Capital Income \$157K unfavourable). The full year programme will be met so actual should align with budget at year end.

Petrol Tax

Favourable \$14K, Actual revenue not in our control.

Rental / Hire

Unfavourable \$23K, Housing unfavourable to budget, rental properties unfavourable to budget, wastewater favourable to budget.

Profit on Sale Assets

Profit on sale of Holding paddocks and two vehicles not budgeted for.

Miscellaneous Income

Favourable \$57K, due to road side tree felling income not budgeted, slightly offset by NZTA street lighting and street cleaning share not yet invoiced.

OPERATING EXPENDITURE***Corporate Services***

Favourable \$24K.

In-house Professional Services

Unfavourable \$57K, should be on budget for year end.

Public Protection

Overall Public Protection is Unfavourable \$84K, there are some variances in the outputs below that offset each other.

Public Protection & Health

Favourable \$11K, expect to be on budget at year end.

Building and Construction

Unfavourable \$89K, due to expenditure on preparation of January 2018 accreditation review, high building consent numbers requiring external contractor processing and consultants.

Resource Management

Unfavourable \$46K, due to Greytown FDA Plan change completion costs and unbudgeted expenditure on formal submissions to GWRC on Natural Resources Plan. Also due to high number of consents, we are contracting out some processing work.

Economic Cultural & Community Development***Community Wellbeing***

Unfavourable \$17K due to grants committed in prior years not budgeted in current financial year.

Amenities

Overall Amenities is Favourable \$23K, there are some variances in the outputs below that offset each other.

Campgrounds

Favourable \$13K, due to routine maintenance still to occur.

Swimming Pools

Favourable \$28K, expect to be on budget by year end.

Libraries

Favourable \$28K, Kotui sub not budgeted, Mba library lease only budgeted half year, offset by a number of budget items being slightly under budget.

Community Buildings

Favourable \$23K, Deprecation under budget due to Waihinga Centre not being completed as yet, Repairs and maintenance under budget, Insurance over budget.

Cemeteries

Unfavourable \$15K, Routine maintenance higher than budget, offset by a few other items being slightly under budget.

Housing (Pensioner)

Unfavourable \$36K, budget due to repairs and maintenance being higher than budget some of this related to capital works that need to be recoded so should be on track for year end.

Rental Properties

Unfavourable \$40K, due to expenses on properties intended for sale not budgeted. (Can no longer be treated as a reduction in profit on sale of asset.)

Toilets

Unfavourable \$17K, Interest payable and Routine maintenance over budget.

Land Transport

Expenditure of \$3,912K, is made up of:

- Subsidisable \$1,529K
- Non Subsidisable \$2,383K (Depreciation \$1,813K)

Favourable \$64K, to budget year to date, will be on track at year end.

Water Supply

Unfavourable \$105K, due to deprecation more than budgeted.

Solid Waste Management

Unfavourable \$87K, due to greater refuse quantities than expected, and increase in coastal cost due to new contract not budgeted for.

Wastewater

Favourable \$109K, due to Routine maintenance under budget, interest under budget as loans not yet drawn down, pond desludging and CCTV over budget (budgeted for in previous year)

CAPITAL EXPENDITURE INCOME

NZ Transport Agency

Full year programme will be met plus additional work approved by NZTA so actual should be over budget at year end.

Contributions

Favourable \$345K, due to continuing high level of development work in the district.

Grants and Subsidies

Favourable \$759K.

Grant received for \$500K from the Waihinga Centre Charitable Trust.

Grant received for \$450K from Lotteries board for the Waihinga Centre.

Grant received for \$229K from Ministry of Health for new bore. (Budget \$420K).

3. STATEMENT OF FINANCIAL POSITION

Working Capital

Working capital (current assets less current liabilities) stands at \$13,014K. (30 June 2017 \$8,804K).

Prepayments and Receivables

Prepayments and receivables total \$1,250K. Key components are Rates \$567K, Water debtors \$67K, General debtors \$108K, Interest receivable \$115K, NZTA subsidy \$233K.

Payables and Accruals

Payables and accruals total \$2,821K. Key items are Sundry creditors \$850K, Rates in advance SWDC \$397K, Rates owing to GWRC \$162K, Income in advance \$237 (Papawai grazing \$78K, NZTA \$159K), Footpath bonds of \$358K, Contract retentions \$197K, Contractor Accruals \$117K, Accrued interest \$149K.

Public Debt Current Portion

The comparative column shows a variance between the 30 June amount and that now reported. For the annual report we are required to split out the current and term portions of the public debt. For management reporting we report all public debt as one amount. (Non-current)

Gross Public Debt

Total public debt stands at \$17,500K. This is unchanged from 30 June 2017.

Appendix 2 – Waihinga Centre Finances

SWDC
Waihinga Centre
Project forecast - Actuals to May 2018

Per Council decision 18.1.2017

\$ 5,132,010

Made up as follows:	Budget	Invoiced to 31.05.2018	Invoices to come	Forecast spend
Rigg Zschokke Construction Contract	4,223,709	2,245,086	1,978,623	4,223,709
Rigg Zschokke Agreed Variations*		53,995	3,704	57,699
		<u>2,299,081</u>	<u>1,982,327</u>	<u>4,281,408</u>
Professional fees (design team) to Jan-17	509,459			
Adamsons Survey		6,581		
Engeo Geotech		17,160		
Holmes Consulting - Design & Fire		137,425		
HVAC Design		14,175		
Perception Planning		6,918		
Warren and Mahoney - Design		327,200		
		<u>509,459</u>	-	<u>509,459</u>
Other fees to Jan-17 (including SGL, QS)	268,842			
Rawlinsons (Quantity Surveyers)		38,000		
SGL		230,343		
		<u>268,343</u>	-	<u>268,343</u>
Architect & Engineer construction monitoring	80,000			
Holmes Consulting - Construction Monitoring		49,013	-	
Warren and Mahoney - Site Monitoring		38,308	2,692	
Warren and Mahoney - Variations*		11,578	6,000	
		<u>98,898</u>	<u>8,692</u>	<u>107,590</u>
Development & Design Variations**		83,376	18,013	101,389
Insurance extension to 31 July 2018		4,414		4,414
QS Services to completion	50,000			
Venture Consulting		22,500	7,500	
Clendon Burns & Park		13,438	3,562	
		<u>35,938</u>	<u>11,062</u>	<u>47,000</u>
Budgeted Core costs	5,132,010			
Plus Contingency	200,000			181,079
Overall budget	\$ 5,332,010	<u>3,299,508</u>	<u>2,020,094</u>	\$ 5,313,089

***Construction Variations to date:**

	Invoiced to 31.05.2018	Invoices to come	Forecast spend
Rigg Zschokke			
Removal of asbestos	7,310		
Insurance obtained directly		(20,000)	
JLT Insurance	20,108		
Concrete Foundation to supper room well	6,965		
Replace piles and joists supper room		7,500	
Replace ceiling joists supper room	2,000	500	
Temporary structural support	5,500	4,000	
Concrete under existing foundation		1,000	
Supper room framing connection to external wall	500	500	
Extend concrete overlay to areas of demolished chimney		3,500	
Retain brick wall to supper room		(1,500)	
Overlay existing stage floor		5,000	
Remove existing structural steel bracing	1,000	4,000	
Supper room lintel beams		500	
Supper room brick wall connections		1,000	
Toilet to back of house		3,704	
Delete recessed floors to toilets, tiles to floor		(1,000)	
Holmes Construction issue	6,727	0	
Materials supply savings		(5,000)	
Foundation beam kitchen	3,885		
	<u>53,995</u>	<u>3,704</u>	<u>57,699</u>
Warren and Mahoney			
Alternative cladding product (Rodeca)	10,678		
Additional monitoring costs		6,000	
Revision re additional toilet	900		17,578
Insurance extension to 31 July 2018	4,414		4,414
**Development & Design Variations:			
SGL	5,500		
Engeo Geotech	13,715		
Holmes Consulting - Design & Fire	8,475		
HVAC Design	2,515	6,150	
Rawlinsons (Quantity Surveyers)	5,000		
Warren and Mahoney - Design(SWDC excl from original budget)	39,129	6,513	
Holmes Consulting - Construction Monitoring	9,042	5,350	
	<u>83,376</u>	<u>18,013</u>	<u>101,389</u>
Net cost/(savings) from Variations:			181,079

Appendix 3 – Health and Safety Report

South Wairarapa District Council Health and Safety Report

1 May 2018 – 15 June 2018

HEALTH AND SAFETY STRATEGY

We continue to progress well on implementing our health and safety strategy and work plan.

RESOURCING

There are no health and safety resourcing issues. Julie Wallace, working 1 day a week.

HEALTH AND SAFETY – DRIVING CONTINUOUS IMPROVEMENT (lead indicators)

Training

SWDC are continuing to review health and safety training needs of new and existing staff.

Engaging with our people

Health and Safety at Work Team have recently:

- Continuing the review of our hazard register to ensure that we have captured all risks and our controls are effective.
- Reviewing our lone/remote worker monitoring procedure for rollout across council.

Near Miss reports

One near miss reported in the period 1 May 2018 – 15 June 2018.

Wellness

- All staff continue to be offered flu injections.
- All staff offered annual wellness payment of \$200.

Working with our Contractors

Council continue to implement the contractor management system.

- Council staff continue to evaluate contractor's health and safety systems.
- Council staff who engage contractors continue to engage with contractors through pre-start meetings, inductions and safety audits.
- Five safety audits undertaken in the period 1 May to 15 June 2018, three meeting audit requirements. Two did not meet audit requirements, remedial action taken.
- No contractor incidents reported.

HEALTH AND SAFETY ACCIDENT & INCIDENT REPORTING (Lag indicators)

No new incidents or accidents reported during the period 1 May to 15 June 2018. All accident and near miss reports are referred to the Health and Safety at Work Team and Management, who review and satisfy themselves appropriate actions have been taken and where necessary, appropriate additional controls are put in place.

RISK MANAGEMENT

Work on hazard registers is ongoing, controls are periodically reviewed by the H&S at Work Team, and staff are encouraged to report new hazards through the monthly newsletter and staff meetings.

We will be providing updates on how we are managing our biggest risks. To give you the assurance that we understand our biggest risks, what controls and reduction measures are required, and actions we are taking.

Here is an update on two key risks we are currently focussing on:

Risk	Description of risk	Controls and reduction measures	Actions
<p>Contractors</p>	<p>Contractors undertake a number of high risk activities for Council. We have little control over Contractors staff and work standards while they are working for Council.</p> <p>We rely on them employing staff who are competent and trained, while observing safe work practices.</p>	<p>Contractors working for Council have robust health and safety systems in place, and understand their obligations. Contractors will be fully briefed, responsibilities assigned, and work will be periodically assessed to ensure agreed controls are being managed.</p>	<p>Contractor management system designed.</p> <p>Contractors asked to provide their H&S systems for checking by Council.</p> <p>Once approved, contractors will be asked to sign a contractor agreement.</p> <p>Contractor pre-start briefings and inductions have been developed and provided to appropriate staff.</p> <p>Site safety audit checklists have been developed and provided to appropriate council staff. Staff who manage contractors have been undertaking safety audits and ensuring remedial actions undertaken where required. Contractor safety audit standards developed to assist managers and staff when undertaking a safety audit.</p> <p>When work is commissioned, a risk assessment is done to inform the frequency and type of safety audits.</p> <p>Contractor post contract safety review developed to assist managers with safety conversations with contractors when work is complete.</p>

Risk	Description of risk	Controls and reduction measures	Actions
<p>Lone / remote workers</p>	<p>It is not always possible for staff to work in teams or even in pairs. Often staff are required to work alone and remotely, where in some cases poor cell phone coverage is an additional factor.</p>	<p>All staff who work remotely or alone will be provided with cell phones. They will be required to sign out before they leave, including their intended location and expected time of return. This will be monitored and action taken in line with an emergency response plan if help is summoned or they fail to return by the expected time. They will be required to sign in when they return. They will be provided with a device to summon assistance which do not require cell phone coverage.</p> <p>Consideration to be given to having vehicles fitted with GPS.</p>	<p>Staff who work remotely or alone to have access to cell phones. Sign out/in systems in place and being used.</p> <p>Garmin InReach remote contact device currently being used by Bylaws team. Device meets legislative requirements by providing two way communication in areas out of cellular range. Device also provides GPS functionality, enabling manager to pinpoint location of staff.</p> <p>A second Garmin device has been purchased for use by the remainder of staff who work in lone/remote situations. This will be monitored, with additional devices purchased if required.</p> <p>Monitoring process for sign out/in system developed by H&S contractor and Bylaws team, for implementation across council.</p> <p>Emergency Action Plans developed.</p> <p>Training in the use of the device, monitoring, and emergency procedures currently being developed for roll out to all staff who work alone or remotely.</p>