



## **FINANCE, AUDIT AND RISK COMMITTEE**

### **Agenda**

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#### **NOTICE OF MEETING**

An ordinary meeting will be held in the Supper Room, Waihinga Centre, Texas Street, Martinborough on Wednesday 24 February 2021 at 10:00am. The meeting will be held in public (except for any items specifically noted in the agenda as being for public exclusion).

#### **MEMBERSHIP OF THE COMMITTEE**

Councillors Leigh Hay (Chair), Pam Colenso, Garrick Emms, Brian Jephson, Brenda West, Ross Vickery and Mayor Alex Beijen. Independent member: Kit Nixon

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#### **Open Section**

##### **Health and Safety Procedures**

**A1.** Apologies

**A2.** Conflicts of interest

**A3.** Public participation

*As per standing order 14.17 no debate or decisions will be made at the meeting on issues raised during the forum unless related to items already on the agenda.*

**A4.** Actions from public participation

**A5.** Extraordinary business

**A6.** Minutes for Confirmation: Finance, Audit and Risk Committee  
Minutes of 21 October 2020

Pages 1-3

***Proposed Resolution:*** *That the minutes of the Finance, Audit and Risk Committee meeting held on 21 October 2020 are confirmed as a true and correct record.*

***Proposed Resolution:*** *That the public excluded minutes of the Finance, Audit and Risk Committee meeting held on 21 October 2020 be received in public. are confirmed as a true and correct record.*

***Proposed Resolution:*** *That the public excluded minutes of the Finance, Audit and Risk Committee meeting held on 21 October 2020 be confirmed as a true and correct record.*

**B. Information and Verbal Reports from Chief Executive and Staff**

**B1.** Corporate Services Report

Pages 4-38

**B2.** Action Items Report

Pages 39-41

**B3.** Verbal Update on Customer Satisfaction Survey

**C. Report from Financially Supported Organisations**

**C1.** Anna Nielson, Destination Wairarapa Verbal Report



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**FINANCE, AUDIT AND RISK COMMITTEE**  
**Minutes from 21 October 2020**

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- Present:** Councillors Leigh Hay (Chair), Garrick Emms, Brian Jephson, Brenda West, Mayor Alex Beijen (until 5:00pm) and independent member Kit Nixon.  
Via audio-visual technology: Councillor Pam Colenso.
- In Attendance:** Katrina Neems (Chief Financial Officer), Harry Wilson (Chief Executive Officer), Charly Clarke (Finance Manager), Karen Yates (Policy and Governance Manager) and Suzanne Clark (Committee Advisor).  
Marsh Insurance: Darren Williamson.
- Conduct of Business:** The meeting was held in the Supper Room, Waihinga Centre, Texas Street, Martinborough and was conducted in public between 2:30pm and 5:05pm except where expressly noted.
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**Open Section**

**A1. Apologies**

*FINANCE, AUDIT AND RISK RESOLVED (FAR2020/18)* to accept apologies from Cr Ross Vickery.

*(Moved Cr West/Seconded Mayor Beijen)*

Carried

**A2. Conflicts of Interest**

There were no conflicts of interest declared.

**A3. Public Participation**

There was no public participation.

**A4. Actions from Public Participation**

There were no actions from public participation.

**A5. Extraordinary Business**

There was no extraordinary business. Cr Hay noted that agenda item B2 would be the first item of business.

**A6. Minutes for Confirmation**

*FINANCE, AUDIT AND RISK RESOLVED (FAR2020/19)* to confirm that the Finance, Audit and Risk Committee minutes from the meeting held 20 August 2020 are a true and correct record.

*(Moved Cr West/Seconded Cr Emms)*

Carried

**A7. Notices of Motion**

There were no notices of motion.

**B Information and Verbal Reports from Chief Executive and Staff**

**B2. Insurance and Risk Management Report.**

Mr Williamson encouraged members to consider why assets were insured and to consider the cost versus the claims return when considering a level of asset insurance cover to meet Council's risk profile.

*FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2020/20)* to receive the Insurance and Risk Management Report.

*(Moved Cr Jephson/Seconded Mayor Beijen)*

Carried

**B1. Financial Report**

Council officers answered members' questions relating to the Investment Policy exceedance limits and interest rates, Wellington Water projected budget cost overruns for water and wastewater projects, the proposed future wastewater capacities at Papawai and Pinot Grove, Lake Ferry wastewater remedial work, and the effect of phasing on projected budgets and income.

*FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2020/21):*

1. To receive the Financial Report.

*(Moved Cr West/Seconded Cr Emms)*

Carried

2. Action 562: Advise councillors what wastewater capacity is currently at Papawai and Pinot Grove and what the project proposed capacities are; E Stitt.

**B3. Interim Audit Report**

Elected members discussed the interim audit recommendations. Continued support for the decision to delay the customer satisfaction survey in order to ensure data on new Key Performance Indicators could be captured was noted.

*FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2020/22)* to receive the Interim Audit Report.

*(Moved Cr West/Seconded Cr Emms)*

Carried

**Public Excluded**

**C Consideration of Public Excluded Business**

*COUNCIL RESOLVED (DC2020/23)* that the public be excluded from the following part of the meeting, namely:

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>Report/General Subject Matter</b>	<b>Reason for passing this resolution in relation to the matter</b>	<b>Ground(s) under Section 48(1) for the passing of this Resolution</b>
Operational Risk Register	Good reason to withhold exists under section 7(2)(c)(i)(ii)	Section 48(1)(a)
Draft 30 June 2020 Financial Statements	Good reason to withhold exists under section 7(2)(c)(i)(ii)	Section 48(1)(a)
Wellington Water Ltd Audit Update	Good reason to withhold exists under section 7(2)(c)(i)	Section 48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

<b>Reason for passing this resolution in relation to the matter</b>	<b>Ground(s) under Section 48(1) for the passing of this Resolution</b>
The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied	Section 7(2)(c)(i)
The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest	Section 7(2)(c)(ii)

*(Moved Cr Jephson/Seconded Mayor Beijen)*

Carried

**Confirmed as a true and correct record**

.....(Chair)

.....(Date)

# FINANCE, AUDIT AND RISK COMMITTEE

24 FEBRUARY 2021

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## AGENDA ITEM B1

### CORPORATE SERVICES REPORT

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#### **Purpose of Report**

To present the Finance Report for February 2021.

#### **Recommendations**

Officers recommend that the Committee:

1. *Receive the Corporate Services Report.*
2. *Consider the amendments to the Draft Investment Policy and provide feedback to Officers.*

#### **1. Executive Summary**

Officers present the following Reports for review by the Finance, Audit and Risk Committee:

- Financial statements to 30 September 2020
- Financial statements to 31 October 2020
- Financial statements to 30 November 2020
- Financial statements and commentary to 31 December 2021
- Investment Policy
- Rates arrears report to 31 January 2021
- LGOIMA requests to 31 January 2021

#### **2. Financial and Other Reports**

##### **2.1 Financial Statements**

The financial statements for 31 December 2020 and three months from 30 September 2020 to 30 November 2020 are attached and are presented at this meeting for review. (See Appendix 1 and 2).

Commentary on material variances in the first six months of this financial year are included with the December financial reports.

## 2.2 Investments

SWDC’s investment policy provides that investments should be spread around a number of financial institutions to reduce the risk of loss to Council.

Clause 2 of the Investment policy covers the 30% rule:

- *The maximum amount to be invested with any one approved institution is 30% of Council’s total investments except for the Wairarapa Building Society which shall be 10%.*
- *Occasional and short term exceedances of the 30% rule are allowed, such exceedances are to be reported to the Audit and Risk Working Party [Finance, Audit and Risk Committee].*

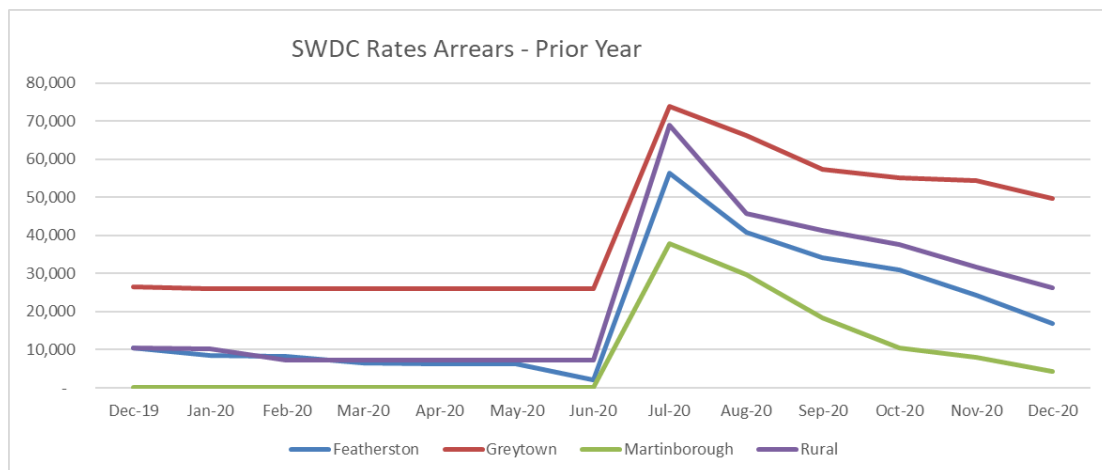
It should be noted that since the last report to Finance Audit and Risk there have been 4 incidences of investments exceeding the 30% threshold at the end of the month:

Date	Exceedances	Percent
September 2020	no exceedances	
October 2020	no exceedances	
November 2020	one exceedance	BNZ 45%
December 2020	one exceedance	BNZ 43%

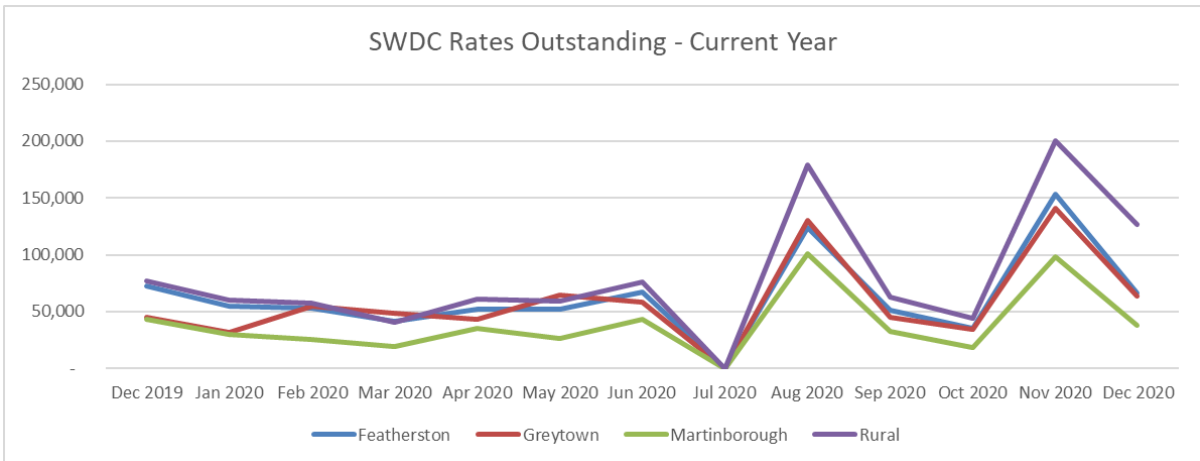
Although there have been two instances in the last few months where the 30% threshold has been exceeded, this has not resulted in any loss to Council and the risk is considered very minor due to the stability of the banks the term deposits are held with. Council staff choose investments to maximise the return via interest payments which sometimes necessitates exceeding the 30% rule. The Policy allows for such exceedances.

## 2.3 Rates Arrears

The rates arrears graphs below shows an increase in amount of unpaid rates carried forward from the previous year (2019/20).



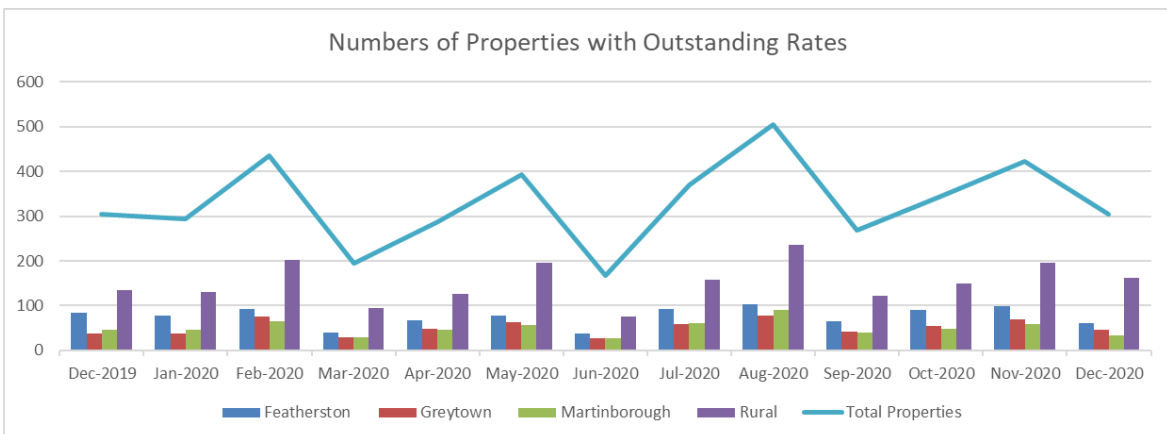
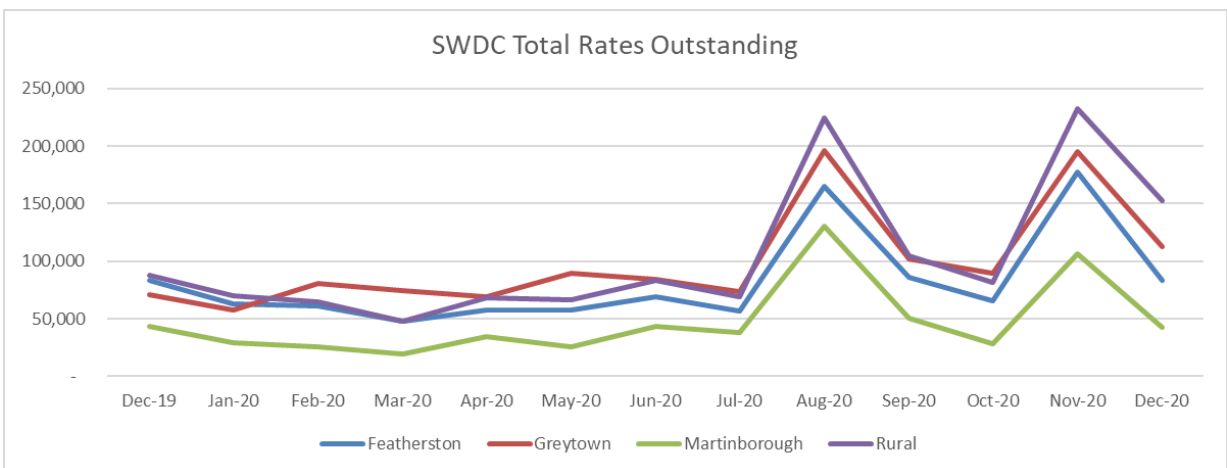
Prior years arrears have increased \$49k (49%) from the same time last year.



At the end of December 2020, the current years arrears amount was \$295K, 20% higher than the same time last year.

Total rates outstanding have increased by \$106k (37%) from the same month last year.

Outstanding rates were \$391k in December 2020 to \$286k December 2019.





The total number of properties with outstanding rates remain the same as December 2020 (304), however there has been an increase in the number of rural properties with outstanding rates.

The rates team continues to actively promote direct debits and payment plans to assist ratepayers with financial difficulties.

#### 2.4 Local Government Official Information Meeting Act (LGOIMA)

A summary of LGOIMA's received and sent for the period 1 July 2020 to 31 December 2020 are presented below.

LGOIMA	1 July 2020 to 31 December 2020
Replied within statutory timeframes	29
Replied outside statutory timeframes	20
Withdrawn	1
Outstanding	9
<b>Total LGOIMA Received</b>	<b>59</b>

#### 2.5 Investment Policy

The Investment Policy needs to be reviewed and included as part of the Financial Strategy for the 2021-2032 Long Term Plan.

A revised draft "tracked changes" version is attached in Appendix 3.

The main proposed amendments are:

- Specified acceptable credit ratings for short and medium term investments.
- Focus on maintaining liquidity.
- Add LGFA as an acceptable financial institution for investments.
- Removal of maximum limit to be invested in any one institution, however maintained the limit of 10% for Wairarapa Building Society.

### 3. Appendices

Appendix 1 – Financial statements 31 December 2020

Appendix 2 – Financial statements 30 September 2020 to 30 November 2020

Appendix 3 – Draft Investment Policy

Contact Officers: Katrina Neems, Chief Financial Officer  
Karen Yates, Policy and Governance Manager

Reviewed by: Harry Wilson, Chief Executive Officer

**Appendix 1 –  
Financial statements to  
31 December 2020**



**SOUTH WAIRARAPA  
DISTRICT COUNCIL**

*Kia Reretahi Tātau*

Monthly Financial Statements

For the period ended

31 December 2020

Summary Financial Report

Statement of Financial Performance

Statement of Financial Position

Statement of Cashflows

Schedule of Investments

Schedule of Capital Expenditure

South Wairarapa District Council  
For the year to 31 December 2020

## Financial Report

### 1. Summary and Highlights

#### Purpose

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

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

#### Highlights

Operating Surplus year to date is overbudget by \$2,262k. Year to date operating surplus of \$568k against a budgeted year to date deficit of \$1,694k.

Total Surplus year to date is overbudget by \$3,621k. Total surplus YTD is \$2,976k vs. budget deficit of \$666k.

**Operating income** is overbudget by \$1,864k. However, \$1,400k of this is stimulus funding for the Three Water Reform programme, which will be paid to Wellington Water in January. The true position is \$464k overbudget, which includes unforeseen grants of:

- \$250k for the Mayor's Taskforce for Jobs,
- \$207k from the Provincial Growth Fund, and
- \$32k from the Responsible Camping scheme for operation of toilets.

**Operating Expenditure** is underbudget by \$418k.

**Working Capital** which expresses the ability of council to meet its short-term obligations is strong with a ratio of 4.7 times, and a total value of \$12,695k.

Interest cost 3.66% of rates revenue, comfortably below the SWDC maximum of 12%.

Current Net debt \$21,900k, at 2.76% average borrowing rate.

Budgets have been phased based on last year's actual spend. Some variances are due to actual spending patterns being different between years.

## 2. Statement of Financial Performance

### Operating Income

#### Rates

1% Rates revenue overbudget \$64k. Revenue from rates penalties is underbudget (\$12k). Overall income from rates and penalties is slightly overbudget.

#### Interest Revenue

16% Interest received on term deposits underbudget (\$25k) variance YTD. This reflects lower short-term deposit rates.

#### User Levies

22% Underbudget by \$73k. The variance reflects reduced activity in several areas, including:

- Transfer stations (\$37k),
- Water meter fees (\$37k)
- Cemeteries (\$7k)
- Water & Sewer connections (\$2k).

These are slightly offset by increased income from LIM applications (\$12k), and Libraries (\$6k).

#### Fees & Licences

38% Overbudget by \$269k. Activity has been strong in the following areas:

- Building consents (\$224k overbudget)
- Resource consents (\$43k overbudget)
- Food safety verifications (\$7k overbudget)
- Alcohol licences (\$4k overbudget)

#### NZTA Operating Subsidy

16% Underbudget by \$161k due to phasing of the budget not reflecting the peak season for work being October to April.

#### Rental / Hire

3% Overbudget by \$10k.

#### Miscellaneous Income

38% Overbudget by \$120k once the \$1,400k for water reform is accounted for.

## Operating Expenditure

### Corporate Services

6%

Overbudget by \$80k, mainly due to higher-than-expected software & support costs.

### In-house Professional Services

12%

Overbudget by \$30k. This is mainly due to \$22k of consultant costs from Wellington Water's management fee being incorrectly allocated to Professional Services. This will be adjusted in January.

### Governance, Leadership & Advocacy

On budget

### Public Protection

1%

Overbudget by \$10k. Slightly higher-than-expected costs in Animal Control, Building & Construction, and Emergency Management have been offset by lower costs in Public Protection & Health.

#### ● *Animal Control*

Overbudget by \$20k.

#### ● *Building & Construction*

Overbudget by \$16k.

#### ● *Emergency Management & Rural Fire*

Overbudget by \$25k.

#### ● *Public Protection & Health*

Underbudget by \$51k.

### Resource Management

10%

Overbudget by \$36k. This is mainly due to higher-than-expected consultant (\$36k) and legal (\$56k) costs, offset slightly by reduced salaries & wages costs (\$26k) while a budgeted Planner role was vacant.

### Economic Cultural & Community Development

7%

Overbudget by \$19k, mainly due to \$14k of unbudgeted costs related to work on the Featherston Community Centre. This is offset by income from the Provincial Growth Scheme so will be at no net cost to SWDC.

### Amenities

8%

Underbudget by \$145k. Some notable variances are:

#### ● *Campgrounds*

Underbudget by \$7k.

#### ● *Cemeteries*

Underbudget by \$7k.

#### ● *Community Buildings - includes Wahinga Centre, and Greytown Town Hall*

Underbudget by \$6k.



*Housing*

Overbudget by \$4k.



*Libraries*

Underbudget by \$28k.



*Pain Farm*

Overbudget by \$69k, due to higher than budgeted cost (\$82k) for repairs and maintenance, offset slightly by lower consultant and legal costs than budgeted.



*Parks, Reserves, and Campgrounds*

Underbudget by \$84k, mainly due to reduced personnel (\$5k) and works (\$79k) costs so far this year.



*Rental Properties*

Overbudget by \$4k.



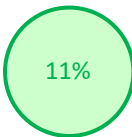
*Swimming Pools*

Underbudget, by \$68k, due to lower contractor costs than budgeted.



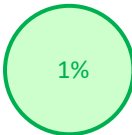
*Toilets*

Underbudget \$23k due to lower than budgeted works costs.



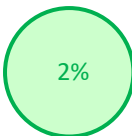
**Land Transport**

Underbudget by \$352k, this reflects the peak season for work being October to April, costs should catch up with budget as work levels increase.



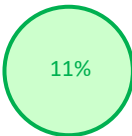
**Solid Waste Management**

Underbudget by \$5k.



**Water Supply**

Underbudget by \$39k to date, with forecast from Wellington Water is to be 1% overbudget by year-end.



**Wastewater**

Underbudget by \$124k to date, with costs due to be 32% overbudget by year-end. The forecast overspend is due to

- increased monitoring costs following the Lake Ferry incident,
- unbudgeted costs of pond desludging at Greytown,
- reactive maintenance in Featherston where the sewer main collapsed, and
- costs of servicing UV filtration.



**Stormwater Drainage**

Over budget by \$73k due to higher than budgeted network costs. Wellington Water forecast costs to be 3% underbudget by year-end.

## Capital Expenditure Income

### **NZ Transport Agency**

60%

Overbudget by \$222k, reflecting the increase in capital spending on subsidised roads.

### **Contributions**

60%

Overbudget by \$995k due to contributions from large subdivisions in Greytown and Martinborough.



### **3. Statement of Financial Position**

#### **Working Capital**

Working capital (current assets, less current liabilities) is \$12,695k (30 June 2020 \$11,438k).

#### **Prepayments and Receivables**

Prepayments and receivables total \$2,287k. Key components are Rates Received in Advance \$828k, General Debtors \$675k, Prepayments \$321k, NZTA & Fuel Tax Receivable \$283k, Prepayments \$321k, and Water Debtors \$124k.

#### **Investments**

Term deposits with BNZ exceeded the maximum amount to be invested of 30% at the end of December, making up 43% of investments. This was due to a last-minute investment of available cash for one month, over the summer break. The maturing funds will be invested with another provider in January if not required to meet payments.

#### **Payables and Accruals**

Payables and accruals total \$2,897k. Key items are GWRC rates payable & in advance \$1,006k, SWDC rates in advance \$573k, sundry creditors \$369k, and accrued expenses not yet invoiced \$193k.

#### **Gross Public Debt**

Total public debt stands at \$21,900k. Our average interest rate on borrowings is 2.76%.

# South Wairarapa District Council

## Statement of Financial Performance

FOR THE PERIOD ENDED 31 DECEMBER 2020

Last Year <i>Actual</i>	Current Year			Full Year	
	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Budget</i>	<i>%</i>
	<b>Operating Income</b>				
7,012,165	7,750,098	7,685,658	64,440	15,371,307	-50.4%
77,103	49,907	61,500	(11,593)	123,000	-40.6%
232,492	125,349	150,000	(24,651)	300,000	-41.8%
10,526	10,526	10,440	86	(20,875)	50.4%
744,202	983,048	713,598	269,450	1,304,200	-75.4%
280,826	255,101	328,380	(73,279)	830,446	-30.7%
37,355	39,166	37,674	1,492	75,350	-52.0%
634,011	838,111	999,486	(161,375)	1,998,975	-41.9%
49,381	50,854	43,296	7,558	86,593	-58.7%
156,047	248,104	6,642	241,462	13,283	-1867.8%
272,392	333,084	323,154	9,930	646,308	-51.5%
(14,292)	1,681,261	161,476	1,519,785	322,961	-520.6%
9,492,209	12,364,609	10,521,304	1,843,305	21,051,548	-58.7%
	<b>Operating Expenditure</b>				
978,043	1,486,117	1,406,212	(79,905)	2,780,703	53.4%
568,446	288,960	259,119	(29,841)	511,544	56.5%
308,430	341,890	341,703	(187)	664,170	51.5%
652,557	877,085	866,979	(10,106)	1,711,482	51.2%
217,111	414,708	378,222	(36,486)	759,433	54.6%
310,221	284,211	265,386	(18,825)	1,530,770	18.6%
1,592,099	1,584,312	1,729,450	145,138	3,298,521	48.0%
2,204,792	2,798,710	3,150,898	352,188	6,292,557	44.5%
1,181,333	1,646,864	1,685,570	38,706	3,286,344	50.1%
750,951	790,195	794,996	4,801	1,575,996	50.1%
795,341	1,032,550	1,156,240	123,690	2,274,943	45.4%
87,983	238,346	165,380	(72,966)	323,893	73.6%
9,421	10,688	15,000	4,312	30,000	35.6%
4,282	2,087	-	(2,087)	-	-
2,058	-	-	-	-	-
9,663,067	11,796,723	12,215,155	418,432	25,040,356	47.1%
<b>(170,858)</b>	<b>567,886</b>	<b>(1,693,851)</b>	<b>2,261,737</b>	<b>(3,988,808)</b>	<b>14.2%</b>
	<b>Other Income</b>				
391,647	593,758	371,430	222,328	742,856	-79.9%
275,000	140,000	-	140,000	-	0.0%
450,971	1,672,409	677,334	995,075	1,354,689	-123.5%
589,137	1,739	-	1,739	-	0.0%
-	-	-	-	39,494	0.0%
1,706,755	2,407,906	1,048,764	1,359,142	2,137,039	-112.7%
	<b>Other Expenditure</b>				
-	-	-	-	-	0.0%
<b>1,535,897</b>	<b>2,975,792</b>	<b>(645,087)</b>	<b>3,620,879</b>	<b>(1,851,769)</b>	<b>-227.3%</b>
	Included in the operating expenditure is:				
2,223,637	2,603,840	2,603,748	(92)	5,207,532	50.0%
297,684	283,850	326,448	42,598	652,909	43.5%

# South Wairarapa District Council

## Statement of Financial Position

FOR THE PERIOD ENDED 31 DECEMBER 2020

	December 2020	June 2020	Movement
<b><u>Assets</u></b>			
<b><i>Current Assets</i></b>			
Cash and Bank	1,743,040	438,842	1,304,198
Short Term Deposits	12,055,348	13,373,243	(1,317,895)
Prepayments and Receivables	2,286,540	2,300,283	(13,743)
Inventories	42,516	54,418	(11,902)
Properties Intended for Sale	-	-	-
	<hr/>	<hr/>	<hr/>
	16,127,444	16,166,786	(39,342)
<b><i>Non-Current Assets</i></b>			
Intangible Assets	52,011	52,854	(843)
Investment Properties	11,226,156	11,223,000	3,156
Investments	492,298	492,298	(0)
Property Plant and Equipment	454,411,057	452,024,550	2,386,507
	<hr/>	<hr/>	<hr/>
	466,181,522	463,792,702	2,388,820
<b>Total Assets</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	482,308,966	479,959,488	2,349,478
<b><u>Liabilities</u></b>			
<b><i>Current Liabilities</i></b>			
Payables and Accruals	2,897,067	3,654,554	(757,487)
Employee Entitlements	535,511	404,341	131,170
Provisions - Current Portion	-	34,578	(34,578)
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	3,432,578	4,093,473	(660,895)
<b><i>Non-Current Liabilities</i></b>			
Public Debt - Non Current Portion	21,900,000	(21,900,000)	-
Provisions - Non Current Portion	477,117	(442,538)	34,579
	<hr/>	<hr/>	<hr/>
	22,377,117	(22,342,538)	34,579
<b><i>Equity</i></b>			
Public Equity	156,213,041	153,237,248	2,975,793
Special Separate and Trust Funds	28,263,747	28,263,747	-
Asset Revaluation Reserve	272,022,237	272,022,237	-
Other Reserves	245	245	-
	<hr/>	<hr/>	<hr/>
	456,499,270	453,523,477	2,975,793
<b>Total Liabilities &amp; Equity</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	482,308,965	479,959,488	(2,349,477)

## SUMMARY OF INVESTMENTS AS AT 31 DECEMBER 2020

ORGANISATION	INTEREST RATE	INVESTED DATE	MATURITY DATE	Term	TOTAL INVESTED	INVESTED FUNDS %	AUTHORISED FUNDS %
<b>SHORT TERM FUNDS</b>							
<b>ASB Bank</b>							
ASB Call account					\$526,235.74		
Term Deposit	1.76%	29-Jun-20	19-Mar-21	263 Days	\$1,000,000.00		
Term Deposit	1.88%	29-May-20	18-May-21	354 days	\$525,000.00		
					<b>\$2,051,235.74</b>	<b>17%</b>	<b>30%</b>
<b>ANZ Bank</b>							
ANZ Call Account					\$90.71		
Term Deposit	1.30%	31-Aug-20	1-Mar-21	182 days	\$1,000,000.00		
Term Deposit	1.40%	31-Aug-20	31-Aug-21	365 days	\$1,000,000.00		
					<b>\$2,000,090.71</b>	<b>17%</b>	<b>30%</b>
<b>BNZ Bank</b>							
BNZ Call Account	0.10%				\$100,421.53		
BNZ Call Account	0.06%				\$500,000.00		
Term Deposit	2.81%	23-Nov-20	25-Nov-21	367 days	\$1,028,253.97		
Term Deposit	2.76%	21-Feb-20	22-Feb-21	367 days	\$1,000,000.00		
Term Deposit	2.21%	29-May-20	31-May-21	367 days	\$1,000,000.00		
Term Deposit	0.15%	21-Dec-20	20-Jan-21	31 days	\$1,500,000.00		
					<b>\$5,128,675.50</b>	<b>43%</b>	<b>30%</b>
<b>Wairarapa Building Society</b>							
WBS Call Account	0.50%	31-Dec-20	On Call	On Call	\$1.35		
Term Deposit	1.25%	22-Nov-20	21-Nov-21	365 days	\$203,581.63		
Term Deposit	1.25%	25-Nov-20	24-Nov-21	365 days	\$197,277.23		
Term Deposit	1.10%	21-Dec-20	20-Dec-21	366 days	\$160,049.82		
					<b>\$560,910.03</b>	<b>5%</b>	<b>10%</b>
<b>Westpac Bank</b>							
Westpac Call Account	0.10%	31-Dec-20	On Call	On Call	\$14.61		
Term Deposit	1.75%	24-Jun-20	24-Jun-21	365 days	\$1,314,421.02		
Term Deposit	1.60%	25-Aug-20	25-Aug-21	365 days	\$1,000,000.00		
					<b>\$2,314,435.63</b>	<b>19%</b>	<b>30%</b>
<b>TOTAL</b>					<b>\$12,055,347.61</b>	<b>100%</b>	<b>100%</b>
<b>INVESTMENTS</b>							
LGFA Borrower Bonds	3.01%	20-Jun-16	15-Apr-23		\$28,800.00		
LGFA Borrower Bonds	2.81%	20-Jun-16	15-May-21		\$91,200.00		
LGFA Borrower Bonds	1.29%	15-Apr-20	15-Apr-25		\$80,000.00		
LGFA Borrower Bonds	2.03%	15-Mar-19	15-Nov-21		\$22,400.00		
LGFA Borrower Bonds	2.07%	15-Mar-19	14-Apr-22		\$32,000.00		
LGFA Borrower Bonds	2.98%	21-Aug-17	15-May-22		\$40,000.00		
LGFA Borrower Bonds	3.08%	19-Feb-18	15-Apr-23		\$24,000.00		
LGFA Borrower Bonds	1.09%	15-Apr-20	15-Apr-24		\$32,000.00		
					<b>\$350,400.00</b>		
<b>FORESTRY</b>							
Plantation - Hurupi Stock					\$9,305.00		
					<b>\$9,305.00</b>		
<b>SHARES</b>							
Farmlands					\$1,159.00		
NZ Local Government Insurance Company					\$81,434.30		
Wellington Water Limited					\$50,000.00		
					<b>\$132,593.30</b>		
<b>TOTAL INVESTMENTS</b>					<b>\$12,547,645.91</b>		

**Appendix 2 –  
Financial statements to  
30 September 2020  
to  
30 November 2020**

# South Wairarapa District Council

## Statement of Financial Performance

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Last Year <i>Actual</i>		Current Year			Full Year	
		<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Budget</i>	<i>%</i>
	<b>Operating Income</b>					
3,705,852	Rates	3,875,175	3,842,829	32,346	15,371,317	25.2%
41,120	Rates Penalty	34,733	30,750	3,983	123,000	28.2%
98,562	Interest	67,775	75,000	(7,225)	300,000	22.6%
5,263	Internal Interest Loans	5,263	(5,220)	10,483	-	-25.2%
448,689	Fees & Licences	553,899	418,299	135,600	1,304,200	42.5%
144,322	User Levies	147,448	164,190	(16,742)	830,446	17.8%
18,829	Commissions	19,458	18,837	621	75,350	25.8%
324,563	NZ Transport Agency Subsidy	115,622	499,743	(384,121)	1,998,975	5.8%
25,373	Petrol Tax	17,683	21,648	(3,965)	86,593	20.4%
1,482	Grants, Donations & Subsidies	640	3,321	(2,681)	13,283	4.8%
156,827	Rental / Hire	182,077	161,577	20,500	646,308	28.2%
4,487	Miscellaneous Income	264,286	80,738	183,548	322,961	81.8%
4,975,369		5,284,058	5,311,712	(27,654)	21,051,558	25.1%
	<b>Operating Expenditure</b>					
618,060	Corporate Services	710,195	715,414	5,219	2,780,703	25.5%
278,525	Professional Services	220,613	132,313	-	511,544	43.1%
148,331	Governance, Leadership & Advocacy	194,259	179,310	-	664,170	29.2%
358,258	Public Protection	461,823	449,758	-	1,711,482	27.0%
174,028	Resource Management	202,731	189,114	-	759,432	26.7%
213,963	Economic, Cultural & Community Development	174,144	132,693	-	1,530,770	11.4%
905,763	Amenities	903,712	946,874	43,162	3,298,518	27.4%
1,115,215	Land Transport	1,443,052	1,393,389	-	6,292,557	22.9%
704,835	Water Supply	807,009	887,420	80,411	3,286,344	24.6%
334,455	Solid Waste Management	394,139	404,498	10,359	1,575,996	25.0%
514,707	Sewerage	541,259	595,807	54,548	2,274,943	23.8%
67,677	Stormwater Drainage	122,710	86,129	-	323,893	37.9%
5,499	Rate Debtors Written Off	5,344	7,500	2,156	30,000	17.8%
	Bad Debts					
	Loss on Sale of Assets					
5,439,315		6,180,991	6,120,219	-	25,040,352	24.7%
<b>(463,946)</b>	<b>Operating Surplus/(Deficit)</b>	<b>(896,933)</b>	<b>(808,507)</b>	<b>(88,426)</b>	<b>(3,988,794)</b>	<b>22.5%</b>
	<b>Other Income</b>					
154,028	NZTA CAPEX Subsidy	31,151	185,715	(154,564)	742,856	4.2%
36,619	Grants, Donations & Subsidies	-	-	-	-	0.0%
366,969	Contributions	1,020,986	338,667	682,319	1,354,689	75.4%
	Assets Vesting in Council	1,739	-	1,739	-	0.0%
	Gain on Asset Revaluations	-	-	-	39,494	0.0%
557,616		1,053,876	524,382	529,494	2,137,039	49.3%
	<b>Other Expenditure</b>					
-		-	-	-	-	0.0%
<b>93,670</b>	<b>Total Surplus/(Deficit)</b>	<b>156,944</b>	<b>(284,125)</b>	<b>441,069</b>	<b>(1,851,755)</b>	<b>-8.5%</b>
	Included in the operating expenditure is:					
	Depreciation	1,273,218	1,301,874	28,656	5,207,532	24.4%
	Interest Expense	176,396	163,224	-	652,909	27.0%

# South Wairarapa District Council

## Statement of Financial Position

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	September 2020	June 2020	Movement
<b><u>Assets</u></b>			
<b><i>Current Assets</i></b>			
Cash and Bank	549,775	438,842	110,932
Short Term Deposits	13,178,399	13,373,243	(194,844)
Prepayments and Receivables	1,898,024	2,300,283	(402,259)
Inventories	46,532	54,418	(7,886)
Properties Intended for Sale	-	-	0
	<u>15,672,729</u>	<u>16,166,786</u>	<u>(494,057)</u>
<b><i>Non-Current Assets</i></b>			
Intangible Assets	52,066	52,854	(788)
Investment Properties	11,223,000	11,223,000	0
Investments	492,298	492,298	0
Property Plant and Equipment	451,930,426	452,024,550	(94,123)
	<u>463,697,790</u>	<u>463,792,702</u>	<u>(94,912)</u>
<b>Total Assets</b>	<u><u>479,370,520</u></u>	<u><u>479,959,488</u></u>	<u><u>(588,969)</u></u>
<b><u>Liabilities</u></b>			
<b><i>Current Liabilities</i></b>			
Payables and Accruals	2,752,625	3,654,554	901,929
Employee Entitlements	560,357	404,341	(156,017)
Provisions - Current Portion	-	34,578	34,578
	<u>3,312,982</u>	<u>4,093,473</u>	<u>780,490</u>
<b><i>Non-Current Liabilities</i></b>			
Public Debt - Non Current Portion	21,900,000	21,900,000	0
Provisions - Non Current Portion	477,117	442,538	(34,578)
	<u>22,377,117</u>	<u>22,342,538</u>	<u>(34,578)</u>
<b><i>Equity</i></b>			
Public Equity	153,394,191	153,237,248	(156,944)
Special Separate and Trust Funds	28,263,747	28,263,747	0
Asset Revaluation Reserve	272,022,237	272,022,237	0
Other Reserves	245	245	0
	<u>453,680,421</u>	<u>453,523,477</u>	<u>(156,944)</u>
<b>Total Liabilities &amp; Equity</b>	<u><u>479,370,520</u></u>	<u><u>479,959,488</u></u>	<u><u>588,969</u></u>
	-	-	-

# South Wairarapa District Council

## Statement of cashflows

AS AT 30 SEPTEMBER 2020

	30 SEPTEMBER 2020	30 SEPTEMBER 2019	30 JUNE 2020
<b>OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Rates	4,675,836	4,100,214	14,602,540
Grants & Subsidies	579,462	515,071	3,385,897
Petrol Tax	-	-	91,337
Other Income	1,993,067	1,768,700	4,418,720
Interest on Investments	76,228	46,587	361,428
<b>Total Operating Cash Inflow</b>	<b>7,324,593</b>	<b>6,430,573</b>	<b>22,859,922</b>
<b>Cash was applied to:</b>			
Payments to Suppliers & Employees	6,182,193	4,729,801	16,538,160
Interest Paid	48,004	47,763	624,765
<b>Total Operating Cash Outflow</b>	<b>6,230,197</b>	<b>4,777,563</b>	<b>17,162,925</b>
<b>Net Cashflow from Operating Activities</b>	<b>1,094,395</b>	<b>1,653,010</b>	<b>5,696,997</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Sale of Property, Plant & Equipment	-	-	1,726,130
Term Investments, Shares & Advances	2,669,000	(3,285,837)	18,512,156
<b>Total Investing Cash Inflow</b>	<b>2,669,000</b>	<b>(3,285,837)</b>	<b>20,238,286</b>
<b>Cash was applied to:</b>			
Purchase of Property, Plant & Equipment	1,178,307	1,726,836	8,947,522
Term Investments, Shares & Advances	2,669,000	459,764	21,250,000
<b>Total Investing Cash Outflow</b>	<b>3,847,307</b>	<b>2,186,600</b>	<b>30,197,522</b>
<b>Net Cashflow from Investing Activities</b>	<b>(1,178,305)</b>	<b>(5,472,435)</b>	<b>(9,959,234)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Public Debt	-	5,000,000	7,000,000
<b>Total Financing Cash Inflow</b>	<b>-</b>	<b>5,000,000</b>	<b>7,000,000</b>
<b>Cash was applied to:</b>			
Repayment of Public Debt	-	5,000,000	5,000,000
<b>Total Financing Cash Outflow</b>	<b>-</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>(83,909)</b>	<b>(3,819,426)</b>	<b>(2,262,236)</b>
<b>30 SEPTEMBER 2019</b>	<b>13,812,085</b>	<b>792,127</b>	<b>4,465,555</b>
<b>30 SEPTEMBER 2020</b>	<b>\$ 13,728,175</b>	<b>\$ 2,134,921</b>	<b>\$ 2,203,317</b>
<b>REPRESENTED BY:</b>			
Cash and Cash equivalents	13,728,175	2,134,919	2,203,316
	-	-	-
	<b>\$ 13,728,175</b>	<b>\$ 2,134,919</b>	<b>\$ 2,203,316</b>
Variance	\$ -	\$ 2	\$ 1



## SUMMARY OF INVESTMENTS AS AT 30 SEPTEMBER 2020

ORGANISATION	INTEREST RATE	INVESTED DATE	MATURITY DATE	Term	TOTAL INVESTED	INVESTED FUNDS %	AUTHORISED FUNDS %
<b>SHORT TERM FUNDS</b>							
<b>ASB Bank</b>							
ASB Call account					\$226,235.74		
Term Deposit	2.63%	31-Oct-19	19-Oct-20	354 days	\$225,000.00		
Term Deposit	1.76%	29-Jun-20	26-Dec-20	180 days	\$500,000.00		
Term Deposit	1.76%	29-Jun-20	19-Mar-21	263 Days	\$1,000,000.00		
Term Deposit	2.70%	22-Nov-19	21-Nov-20	365 days	\$1,500,000.00		
Term Deposit	1.88%	29-May-20	18-May-21	354 days	\$525,000.00		
					<b>\$3,976,235.74</b>	<b>27%</b>	<b>30%</b>
<b>ANZ Bank</b>							
ANZ Call Account					\$90.71		
Term Deposit	0.60%	31-Aug-20	30-Nov-20	91 days	\$1,000,000.00		
Term Deposit	1.30%	31-Aug-20	1-Mar-20	182 days	\$1,000,000.00		
Term Deposit	1.40%	31-Aug-20	31-Aug-21	365 days	\$1,000,000.00		
					<b>\$3,000,090.71</b>	<b>20%</b>	<b>30%</b>
<b>BNZ Bank</b>							
BNZ Call Account					\$818,265.32		
Term Deposit	2.81%	22-Nov-19	23-Nov-20	367 days	\$1,000,000.00		
Term Deposit	2.76%	21-Feb-20	22-Feb-21	367 days	\$1,000,000.00		
Term Deposit	2.21%	29-May-20	31-May-21	367 days	\$1,000,000.00		
					<b>\$3,818,265.32</b>	<b>26%</b>	<b>30%</b>
<b>Wairarapa Building Society</b>							
WBS Call Account					\$1.32		
Term Deposit	3.05%	22-Nov-19	21-Nov-20	365 days	\$197,570.44		
Term Deposit	3.05%	25-Nov-19	24-Nov-20	365 days	\$191,452.32		
Term Deposit	3.05%	21-Dec-19	20-Dec-20	366 days	\$155,325.00		
					<b>\$544,349.08</b>	<b>4%</b>	<b>10%</b>
<b>Westpac Bank</b>							
Westpac Call Account					\$14.61		
Term Deposit	1.75%	24-Jun-20	24-Jun-21	365 days	\$1,314,421.02		
Term Deposit	1.60%	25-Aug-20	25-Aug-21	365 days	\$1,000,000.00		
Term Deposit	0.63%	25-Aug-20	25-Sep-20	31 days	\$1,000,000.00		
					<b>\$3,314,435.63</b>	<b>23%</b>	<b>30%</b>
<b>TOTAL</b>					<b>\$14,653,376.48</b>	<b>100%</b>	<b>100%</b>
<b>INVESTMENTS</b>							
LGFA Borrower Bonds	3.01%	20-Jun-16	15-Apr-23		\$28,800.00		
LGFA Borrower Bonds	2.81%	20-Jun-16	15-May-21		\$91,200.00		
LGFA Borrower Bonds	1.29%	15-Apr-20	15-Apr-25		\$80,000.00		
LGFA Borrower Bonds	2.03%	15-Mar-19	15-Nov-21		\$22,400.00		
LGFA Borrower Bonds	2.07%	15-Mar-19	14-Apr-22		\$32,000.00		
LGFA Borrower Bonds	2.98%	21-Aug-17	15-May-22		\$40,000.00		
LGFA Borrower Bonds	3.08%	19-Feb-18	15-Apr-23		\$24,000.00		
LGFA Borrower Bonds	1.09%	15-Apr-20	15-Apr-24		\$32,000.00		
					<b>\$350,400.00</b>		
<b>FORESTRY</b>							
Plantation - Hurupi Stock					\$9,305.00		
					<b>\$9,305.00</b>		
<b>SHARES</b>							
Farmlands					\$1,159.00		
NZ Local Government Insurance Company					\$81,434.30		
Wellington Water Limited					\$50,000.00		
					<b>\$132,593.30</b>		
<b>TOTAL INVESTMENTS</b>					<b>\$15,145,674.78</b>		

**SOUTH WAIRARAPA DISTRICT COUNCIL**  
**SCHEDULE OF CAPITAL EXPENDITURE**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

<u>DESCRIPTION</u>	Year to Date		Annual	Budget	Total	Percentage spent
	Actual	Budget	Budget	Brought Forward from Prev Years	Budget Available	Year to date
<b>Baseline CAPEX:</b>						
Amenities	151,161	208,064	1,248,386	1,119,102	2,367,488	6%
Water Supply	521,512	518,400	3,407,400	716,290	4,123,690	13%
Solid Waste Management	-	20,820	124,920	331,355	456,275	0%
Stormwater Reticulation	3,234	12,168	73,008	108,379	181,387	2%
Wastewater	143,104	642,594	3,855,562	1,931,507	5,787,069	2%
Land Transport	182,307	396,715	2,380,289	-	2,380,289	8%
Information Technology	57,978	13,186	79,116	53,753	132,869	44%
Council Property	21,980	15,198	91,189	636,433	727,622	3%
	<u>\$ 1,081,275</u>	<u>\$ 1,827,145</u>	<u>\$ 11,259,870</u>	<u>\$ 4,896,818</u>	<u>\$ 16,156,688</u>	<u>7%</u>

# South Wairarapa District Council

## Statement of Financial Performance

FOR THE PERIOD ENDED 31 OCTOBER 2020

Last Year <i>Actual</i>		Current Year			Full Year	
		<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Budget</i>	<i>%</i>
	<b><u>Operating Income</u></b>					
7,417,777	Rates	7,750,324	7,685,658	64,666	15,371,317	50.4%
40,509	Rates Penalty	32,661	61,000	(28,339)	123,000	26.6%
132,077	Interest	89,121	100,000	(10,879)	300,000	29.7%
7,036	Internal Interest Loans	7,036	(6,960)	13,996	(20,875)	-33.7%
534,914	Fees & Licences	701,344	516,732	184,612	1,304,200	53.8%
202,587	User Levies	195,587	218,920	(23,333)	830,446	23.6%
25,176	Commissions	26,033	25,116	917	75,350	34.5%
426,123	NZ Transport Agency Subsidy	516,113	666,324	(150,211)	1,998,975	25.8%
57,691	Petrol Tax	27,884	28,864	(980)	86,593	32.2%
4,368	Grants, Donations & Subsidies	150,130	4,428	145,702	13,283	1130.2%
218,486	Rental / Hire	236,364	215,436	20,928	646,308	36.6%
42,909	Miscellaneous Income	270,777	90,984	179,793	322,961	83.8%
9,109,654		10,003,374	9,606,502	396,872	21,051,558	47.5%
	<b><u>Operating Expenditure</u></b>					
864,280	Corporate Services	998,898	973,896	- 25,002	2,780,703	35.9%
528,186	Professional Services	201,996	175,515	- 26,481	511,544	39.5%
172,871	Governance, Leadership & Advocacy	241,245	234,191	- 7,054	664,170	36.3%
484,801	Public Protection	606,926	588,175	- 18,751	1,711,482	35.5%
240,308	Resource Management	304,407	241,148	- 63,259	726,432	41.9%
215,332	Economic, Cultural & Community Development	217,083	176,924	- 40,159	1,530,770	14.2%
1,086,448	Amenities	1,141,905	1,208,186	66,281	3,298,518	34.6%
1,397,852	Land Transport	1,966,628	1,985,474	18,846	6,292,557	31.3%
910,967	Water Supply	1,098,444	1,153,470	55,026	3,286,344	33.4%
458,367	Solid Waste Management	512,761	534,664	21,903	1,575,996	32.5%
647,769	Sewerage	698,485	782,257	83,772	2,274,943	30.7%
88,914	Stormwater Drainage	165,630	112,546	- 53,084	323,893	51.1%
10,422	Rate Debtors Written Off	10,688	15,000	4,312	30,000	35.6%
	Bad Debts					
	Loss on Sale of Assets					
7,106,517		8,165,097	8,181,446	16,349	25,007,352	32.7%
<b>1,907,557</b>	<b><i>Operating Surplus/(Deficit)</i></b>	<b>1,838,277</b>	<b>1,425,056</b>	<b>413,221</b>	<b>(3,955,794)</b>	<b>-46.5%</b>
	<b><u>Other Income</u></b>					
351,941	NZTA CAPEX Subsidy	434,324	247,620	186,704	742,856	58.5%
66,619	Grants, Donations & Subsidies	-	-	-	-	0.0%
436,867	Contributions	1,524,929	451,556	1,073,373	1,354,689	112.6%
-	Assets Vesting in Council	1,739	-	1,739	-	0.0%
-	Gain on Asset Revaluations	-	-	-	39,494	0.0%
855,427		1,960,992	699,176	1,261,816	2,137,039	91.8%
	<b><u>Other Expenditure</u></b>					
-		-	-	-	-	0.0%
<b>2,762,984</b>	<b>Total Surplus/(Deficit)</b>	<b>3,799,269</b>	<b>2,124,232</b>	<b>1,675,037</b>	<b>(1,818,755)</b>	<b>-208.9%</b>
	Included in the operating expenditure is:					
1,577,427	Depreciation	1,705,469	1,735,832	30,363	5,207,532	32.8%
200,280	Interest Expense	182,789	217,632	34,843	652,909	28.0%

# South Wairarapa District Council

## Statement of Financial Position

FOR THE PERIOD ENDED 31 OCTOBER 2020

	October 2020	June 2020	Movement
<b><u>Assets</u></b>			
<b><i>Current Assets</i></b>			
Cash and Bank	627,208	438,842	188,366
Short Term Deposits	12,860,406	13,373,243	- 512,837
Prepayments and Receivables	6,474,539	2,300,283	4,174,256
Inventories	43,391	54,418	- 11,028
Properties Intended for Sale	-	-	-
	<u>20,005,544</u>	<u>16,166,786</u>	<u>3,838,757</u>
<b><i>Non-Current Assets</i></b>			
Intangible Assets	52,048	52,854	- 807
Investment Properties	11,226,156	11,223,000	3,156
Investments	492,298	492,298	-
Property Plant and Equipment	453,428,691	452,024,550	1,404,141
	<u>465,199,193</u>	<u>463,792,702</u>	<u>1,406,491</u>
<b>Total Assets</b>	<b><u>485,204,736</u></b>	<b><u>479,959,488</u></b>	<b><u>5,245,248</u></b>
<b><u>Liabilities</u></b>			
<b><i>Current Liabilities</i></b>			
Payables and Accruals	4,909,120	3,654,554	1,254,566
Employee Entitlements	595,754	404,341	191,413
Provisions - Current Portion	-	34,578	(34,578)
	<u>5,504,873</u>	<u>4,093,473</u>	<u>- 1,411,401</u>
<b><i>Non-Current Liabilities</i></b>			
Public Debt - Non Current Portion	21,900,000	21,900,000	-
Provisions - Non Current Portion	477,117	442,538	34,578
	<u>22,377,117</u>	<u>22,342,538</u>	<u>- 34,578</u>
<b><i>Equity</i></b>			
Public Equity	157,036,517	153,237,248	3,799,269
Special Separate and Trust Funds	28,263,747	28,263,747	-
Asset Revaluation Reserve	272,022,237	272,022,237	-
Other Reserves	245	245	-
	<u>457,322,746</u>	<u>453,523,477</u>	<u>3,799,269</u>
<b>Total Liabilities &amp; Equity</b>	<b><u>485,204,736</u></b>	<b><u>479,959,488</u></b>	<b><u>- 5,245,248</u></b>
	-	-	-

# South Wairarapa District Council

## Statement of cashflows

AS AT 31 OCTOBER 2020

	31 OCTOBER 2020	30 OCTOBER 2019	30 JUNE 2020
<b>OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Rates	5,027,536	4,785,782	14,602,540
Grants & Subsidies	997,899	601,792	3,385,897
Petrol Tax	22,337	23,860	91,337
Other Income	2,719,772	2,153,414	4,418,720
Interest on Investments	83,774	95,732	361,428
<b>Total Operating Cash Inflow</b>	<b>8,851,318</b>	<b>7,660,580</b>	<b>22,859,922</b>
<b>Cash was applied to:</b>			
Payments to Suppliers & Employees	6,307,471	5,448,784	16,538,160
Interest Paid	188,609	200,267	624,765
<b>Total Operating Cash Outflow</b>	<b>6,496,080</b>	<b>5,649,051</b>	<b>17,162,925</b>
<b>Net Cashflow from Operating Activities</b>	<b>2,355,238</b>	<b>2,011,529</b>	<b>5,696,997</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Sale of Property, Plant & Equipment	-	-	1,726,130
Term Investments, Shares & Advances	2,669,000	-	18,512,156
<b>Total Investing Cash Inflow</b>	<b>2,669,000</b>	<b>-</b>	<b>20,238,286</b>
<b>Cash was applied to:</b>			
Purchase of Property, Plant & Equipment	2,679,708	2,569,735	8,947,522
Term Investments, Shares & Advances	2,669,000	2,669,000	21,250,000
<b>Total Investing Cash Outflow</b>	<b>5,348,708</b>	<b>5,238,735</b>	<b>30,197,522</b>
<b>Net Cashflow from Investing Activities</b>	<b>(2,679,706)</b>	<b>(5,238,733)</b>	<b>(9,959,234)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Public Debt	-	-	7,000,000
<b>Total Financing Cash Inflow</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>
<b>Cash was applied to:</b>			
Repayment of Public Debt	-	-	5,000,000
<b>Total Financing Cash Outflow</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>(324,469)</b>	<b>(3,227,204)</b>	<b>(2,262,236)</b>
<b>31 OCTOBER 2019</b>	<b>13,812,085</b>	<b>792,127</b>	<b>4,465,555</b>
<b>31 OCTOBER 2020</b>	<b>\$ 13,487,616</b>	<b>\$ 2,134,921</b>	<b>\$ 2,203,317</b>
<b>REPRESENTED BY:</b>			
Cash and Cash equivalents	13,487,616	2,134,919	2,203,316
	-	-	-
	<b>\$ 13,487,616</b>	<b>\$ 2,134,919</b>	<b>\$ 2,203,316</b>
Variance	\$ -	\$ 2	\$ 1

## SUMMARY OF INVESTMENTS AS AT 31 OCTOBER 2020

ORGANISATION	INTEREST RATE	INVESTED DATE	MATURITY DATE	Term	TOTAL INVESTED	INVESTED FUNDS %	AUTHORISED FUNDS %
<b>SHORT TERM FUNDS</b>							
<b>ASB Bank</b>							
ASB Call account					\$376,235.74		
Term Deposit	1.76%	29-Jun-20	26-Dec-20	180 days	\$500,000.00		
Term Deposit	1.76%	29-Jun-20	19-Mar-11	263 Days	\$1,000,000.00		
Term Deposit	2.70%	22-Nov-19	21-Nov-20	365 days	\$1,500,000.00		
Term Deposit	1.88%	29-May-20	18-May-21	354 days	\$525,000.00		
Term Deposit	0.00%	0-Jan-00	0-Jan-00	0-Jan-00	\$0.00		
					<b>\$3,901,235.74</b>	<b>30%</b>	<b>30%</b>
<b>ANZ Bank</b>							
ANZ Call Account					\$90.71		
Term Deposit	0.60%	31-Aug-20	30-Nov-20	91 days	\$1,000,000.00		
Term Deposit	1.30%	31-Aug-20	1-Mar-21	182 days	\$1,000,000.00		
Term Deposit	1.40%	31-Aug-20	31-Aug-21	365 days	\$1,000,000.00		
					<b>\$3,000,090.71</b>	<b>23%</b>	<b>30%</b>
<b>BNZ Bank</b>							
BNZ Call Account					\$100,294.58		
Term Deposit	2.81%	22-Nov-19	23-Nov-20	367 days	\$1,000,000.00		
Term Deposit	2.76%	21-Feb-20	22-Feb-21	367 days	\$1,000,000.00		
Term Deposit	2.21%	29-May-20	31-May-21	367 days	\$1,000,000.00		
					<b>\$3,100,294.58</b>	<b>24%</b>	<b>30%</b>
<b>Wairarapa Building Society</b>							
WBS Call Account					\$1.35		
Term Deposit	3.05%	22-Nov-19	21-Nov-20	365 days	\$197,570.44		
Term Deposit	3.05%	25-Nov-19	24-Nov-20	365 days	\$191,452.32		
Term Deposit	3.05%	21-Dec-19	20-Dec-20	366 days	\$155,325.00		
					<b>\$544,349.11</b>	<b>4%</b>	<b>10%</b>
<b>Westpac Bank</b>							
Westpac Call Account					\$14.61		
Term Deposit	1.75%	24-Jun-20	24-Jun-21	365 days	\$1,314,421.02		
Term Deposit	1.60%	25-Aug-20	25-Aug-21	365 days	\$1,000,000.00		
Term Deposit	0.63%	25-Aug-20	25-Sep-20	31	\$0.00		
					<b>\$2,314,435.63</b>	<b>18%</b>	<b>30%</b>
<b>TOTAL</b>					<b>\$12,860,405.77</b>	<b>100%</b>	<b>100%</b>
<b>INVESTMENTS</b>							
LGFA Borrower Bonds	3.01%	20-Jun-16	15-Apr-23		\$28,800.00		
LGFA Borrower Bonds	2.81%	20-Jun-16	15-May-21		\$91,200.00		
LGFA Borrower Bonds	1.29%	15-Apr-20	15-Apr-25		\$80,000.00		
LGFA Borrower Bonds	2.03%	15-Mar-19	15-Nov-21		\$22,400.00		
LGFA Borrower Bonds	2.07%	15-Mar-19	14-Apr-22		\$32,000.00		
LGFA Borrower Bonds	2.98%	21-Aug-17	15-May-22		\$40,000.00		
LGFA Borrower Bonds	3.08%	19-Feb-18	15-Apr-23		\$24,000.00		
LGFA Borrower Bonds	1.09%	15-Apr-20	15-Apr-24		\$32,000.00		
					<b>\$350,400.00</b>		
<b>FORESTRY</b>							
Plantation - Hurupi Stock					\$9,305.00		
					<b>\$9,305.00</b>		
<b>SHARES</b>							
Farmlands					\$1,159.00		
NZ Local Government Insurance Company					\$81,434.30		
Wellington Water Limited					\$50,000.00		
					<b>\$132,593.30</b>		
<b>TOTAL INVESTMENTS</b>					<b>\$13,352,704.07</b>		

# South Wairarapa District Council

## Statement of Financial Performance

FOR THE PERIOD ENDED 30 NOVEMBER 2020

Last Year <i>Actual</i>		Current Year			Full Year	
		<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Budget</i>	<i>%</i>
	<b><u>Operating Income</u></b>					
7,013,644	Rates	7,750,324	7,685,658	64,666	15,371,307	50.4%
82,671	Rates Penalty	51,075	61,250	(10,175)	123,000	41.5%
189,268	Interest	108,594	125,000	(16,406)	300,000	36.2%
8,752	Internal Interest Loans	8,752	(8,700)	17,452	20,875	-41.9%
692,585	Fees & Licences	841,288	615,165	226,123	1,304,200	64.5%
225,174	User Levies	240,964	273,650	(32,686)	830,446	29.0%
31,464	Commissions	32,449	31,395	1,054	75,350	43.1%
448,146	NZ Transport Agency Subsidy	644,501	832,905	(188,404)	1,998,975	32.2%
39,234	Petrol Tax	40,331	36,080	4,251	86,593	46.6%
4,660	Grants, Donations & Subsidies	192,357	5,535	186,822	13,283	1448.1%
236,853	Rental / Hire	288,500	269,295	19,205	646,308	44.6%
(13,097)	Miscellaneous Income	1,675,448	151,230	1,524,218	322,961	518.8%
8,959,354		11,874,584	10,078,463	1,796,121	21,051,548	56.4%
	<b><u>Operating Expenditure</u></b>					
775,474	Corporate Services	1,240,198	1,190,054	50,144	2,780,703	44.6%
480,267	Professional Services	238,922	217,317	21,605	511,544	46.7%
256,003	Governance, Leadership & Advocacy	293,912	287,947	5,965	664,170	44.3%
546,714	Public Protection	728,392	728,702	310	1,711,482	42.6%
178,306	Resource Management	337,166	315,185	21,981	759,433	44.4%
310,057	Economic, Cultural & Community Development	236,363	221,155	15,208	1,530,770	15.4%
1,188,880	Amenities	1,364,433	1,469,218	104,785	3,298,521	41.4%
1,752,887	Land Transport	2,389,876	2,577,559	187,683	6,292,557	38.0%
1,060,667	Water Supply	1,354,086	1,419,520	65,434	3,286,344	41.2%
613,686	Solid Waste Management	614,379	664,830	50,451	1,575,996	39.0%
668,112	Sewerage	864,216	968,707	104,491	2,274,943	38.0%
77,495	Stormwater Drainage	198,786	138,963	59,823	323,893	61.4%
9,421	Rate Debtors Written Off	10,688	15,000	4,312	30,000	35.6%
(215)	Bad Debts					
2,058	Loss on Sale of Assets					
7,919,811		9,871,417	10,214,157	342,740	25,040,356	39.4%
<b>1,039,543</b>	<b>Operating Surplus/(Deficit)</b>	<b>2,003,168</b>	<b>(135,694)</b>	<b>2,138,862</b>	<b>(3,988,808)</b>	<b>-50.2%</b>
	<b><u>Other Income</u></b>					
278,328	NZTA CAPEX Subsidy	555,569	309,525	246,044	742,856	74.8%
25,000	Grants, Donations & Subsidies	-	-	-	-	0.0%
368,017	Contributions	1,648,411	564,445	1,083,966	1,354,689	121.7%
589,137	Assets Vesting in Council	1,739	-	1,739	-	0.0%
-	Gain on Asset Revaluations	-	-	-	39,494	0.0%
1,260,482		2,205,719	873,970	1,331,749	2,137,039	103.2%
	<b><u>Other Expenditure</u></b>					
-		-	-	-	-	0.0%
<b>2,300,025</b>	<b>Total Surplus/(Deficit)</b>	<b>4,208,887</b>	<b>738,276</b>	<b>3,470,611</b>	<b>(1,851,769)</b>	<b>-227.3%</b>
	Included in the operating expenditure is:					
1,854,054	Depreciation	2,136,450	2,169,790	33,340	5,207,532	41.0%
245,770	Interest Expense	232,846	272,040	39,194	652,909	35.7%

# South Wairarapa District Council

## Statement of Financial Position

FOR THE PERIOD ENDED 30 NOVEMBER 2020

	November 2020	June 2020	Movement
<b><u>Assets</u></b>			
<b><i>Current Assets</i></b>			
Cash and Bank	2,069,370	438,842	1,630,528
Short Term Deposits	13,475,536	13,373,243	102,293
Prepayments and Receivables	3,515,837	2,300,283	1,215,554
Inventories	42,516	54,418	- 11,902
Properties Intended for Sale	-	-	-
	<hr/>	<hr/>	<hr/>
	19,103,259	16,166,786	2,936,473
<b><i>Non-Current Assets</i></b>			
Intangible Assets	52,029	52,854	- 825
Investment Properties	11,226,156	11,223,000	3,156
Investments	492,298	492,298	-
Property Plant and Equipment	452,587,193	452,024,550	562,644
	<hr/>	<hr/>	<hr/>
	464,357,676	463,792,702	564,974
<b>Total Assets</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	483,460,935	479,959,488	3,501,447
<b><u>Liabilities</u></b>			
<b><i>Current Liabilities</i></b>			
Payables and Accruals	2,882,171	3,654,554	(772,383)
Employee Entitlements	469,284	404,341	64,943
Provisions - Current Portion	-	34,578	(34,578)
	<hr/>	<hr/>	<hr/>
	3,351,454	4,093,473	742,018
<b><i>Non-Current Liabilities</i></b>			
Public Debt - Non Current Portion	21,900,000	21,900,000	-
Provisions - Non Current Portion	477,117	442,538	34,578
	<hr/>	<hr/>	<hr/>
	22,377,117	22,342,538	- 34,578
<b><i>Equity</i></b>			
Public Equity	157,446,135	153,237,248	4,208,887
Special Separate and Trust Funds	28,263,747	28,263,747	-
Asset Revaluation Reserve	272,022,237	272,022,237	-
Other Reserves	245	245	-
	<hr/>	<hr/>	<hr/>
	457,732,365	453,523,477	4,208,887
<b>Total Liabilities &amp; Equity</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	483,460,935	479,959,488	- 3,501,447
	-	-	-



# South Wairarapa District Council

## Statement of cashflows

AS AT 30 NOVEMBER 2020

	30 NOVEMBER 2020	30 NOVEMBER 2020	30 JUNE 2020
<b>OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Rates	8,931,649	8,121,813	14,602,540
Grants & Subsidies	1,537,399	941,893	3,385,897
Petrol Tax	22,337	23,860	91,337
Other Income	3,376,386	2,575,973	4,418,720
Interest on Investments	167,671	149,137	361,428
<b>Total Operating Cash Inflow</b>	<b>14,035,442</b>	<b>11,812,676</b>	<b>22,859,922</b>
<b>Cash was applied to:</b>			
Payments to Suppliers & Employees	9,302,376	6,768,051	16,538,160
Interest Paid	298,820	310,479	624,765
<b>Total Operating Cash Outflow</b>	<b>9,601,196</b>	<b>7,078,529</b>	<b>17,162,925</b>
<b>Net Cashflow from Operating Activities</b>	<b>4,434,246</b>	<b>4,734,147</b>	<b>5,696,997</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Sale of Property, Plant & Equipment	-	-	1,726,130
Term Investments, Shares & Advances	2,669,000	2,669,000	18,512,156
<b>Total Investing Cash Inflow</b>	<b>2,669,000</b>	<b>2,669,000</b>	<b>20,238,286</b>
<b>Cash was applied to:</b>			
Purchase of Property, Plant & Equipment	2,701,425	3,157,695	8,947,522
Term Investments, Shares & Advances	2,669,000	2,669,000	21,250,000
<b>Total Investing Cash Outflow</b>	<b>5,370,425</b>	<b>5,826,695</b>	<b>30,197,522</b>
<b>Net Cashflow from Investing Activities</b>	<b>(2,701,423)</b>	<b>(3,157,693)</b>	<b>(9,959,234)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Public Debt	-	-	7,000,000
<b>Total Financing Cash Inflow</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>
<b>Cash was applied to:</b>			
Repayment of Public Debt	-	-	5,000,000
<b>Total Financing Cash Outflow</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>1,732,823</b>	<b>1,576,455</b>	<b>(2,262,236)</b>
<b>30 NOVEMBER 2019</b>	<b>13,812,085</b>	<b>792,127</b>	<b>4,465,555</b>
<b>30 NOVEMBER 2020</b>	<b>\$ 15,544,908</b>	<b>\$ 2,134,921</b>	<b>\$ 2,203,317</b>
<b>REPRESENTED BY:</b>			
Cash and Cash equivalents	15,544,908	2,134,919	2,203,316
	-	-	-
	<b>\$ 15,544,908</b>	<b>\$ 2,134,919</b>	<b>\$ 2,203,316</b>
Variance	\$ -	\$ 2	\$ 1

## SUMMARY OF INVESTMENTS AS AT 30 NOVEMBER 2020

ORGANISATION	INTEREST RATE	INVESTED DATE	MATURITY DATE	Term	TOTAL INVESTED	INVESTED FUNDS %	AUTHORISED FUNDS %
<b>SHORT TERM FUNDS</b>							
<b>ASB Bank</b>							
ASB Call account					\$451,236		
Term Deposit	1.76%	29-Jun-20	26-Dec-20	180 days	\$500,000		
Term Deposit	1.76%	29-Jun-20	19-Mar-21	263 Days	\$1,000,000		
Term Deposit	1.88%	29-May-20	18-May-21	354 days	\$525,000		
					<b>\$2,476,236</b>	<b>18%</b>	<b>30%</b>
<b>ANZ Bank</b>							
ANZ Call Account					\$91		
Term Deposit	1.30%	31-Aug-20	1-Mar-20	182 days	\$1,000,000		
Term Deposit	1.40%	31-Aug-20	31-Aug-21	365 days	\$1,000,000		
					<b>\$2,000,091</b>	<b>15%</b>	<b>30%</b>
<b>BNZ Bank</b>							
BNZ Call Account					\$3,100,334		
Term Deposit	2.81%	23-Nov-20	25-Nov-21	367 days	\$1,028,254		
Term Deposit	2.76%	21-Feb-20	22-Feb-21	367 days	\$1,000,000		
Term Deposit	2.21%	29-May-20	31-May-21	367 days	\$1,000,000		
					<b>\$6,128,588</b>	<b>45%</b>	<b>30%</b>
<b>Wairarapa Building Society</b>							
WBS Call Account					\$1		
Term Deposit	1.25%	22-Nov-20	21-Nov-21	365 days	\$203,582		
Term Deposit	3.05%	25-Nov-20	24-Nov-21	365 days	\$197,277		
Term Deposit	3.05%	21-Dec-19	20-Dec-20	366 days	\$155,325		
					<b>\$556,185</b>	<b>4%</b>	<b>10%</b>
<b>Westpac Bank</b>							
Westpac Call Account					\$15		
Term Deposit	1.75%	24-Jun-20	24-Jun-21	365 days	\$1,314,421		
Term Deposit	1.60%	25-Aug-20	25-Aug-21	365 days	\$1,000,000		
					<b>\$2,314,436</b>	<b>17%</b>	<b>30%</b>
<b>TOTAL</b>					<b>\$13,475,536</b>	<b>100%</b>	
<b>INVESTMENTS</b>							
LGFA Borrower Bonds	3.01%	20-Jun-16	15-Apr-23		\$28,800		
LGFA Borrower Bonds	2.81%	20-Jun-16	15-May-21		\$91,200		
LGFA Borrower Bonds	1.29%	15-Apr-20	15-Apr-25		\$80,000		
LGFA Borrower Bonds	2.03%	15-Mar-19	15-Nov-21		\$22,400		
LGFA Borrower Bonds	2.07%	15-Mar-19	14-Apr-22		\$32,000		
LGFA Borrower Bonds	2.98%	21-Aug-17	15-May-22		\$40,000		
LGFA Borrower Bonds	3.08%	19-Feb-18	15-Apr-23		\$24,000		
LGFA Borrower Bonds	1.09%	15-Apr-20	15-Apr-24		\$32,000		
					<b>\$350,400</b>		
<b>FORESTRY</b>							
Plantation - Hurupi Stock					\$9,305		
					<b>\$9,305</b>		
<b>SHARES</b>							
Farmlands					\$1,159		
NZ Local Government Insurance Company					\$81,434		
Wellington Water Limited					\$50,000		
					<b>\$132,593</b>		
<b>TOTAL INVESTMENTS</b>					<b>\$13,967,834</b>		

# **Appendix 3 – Draft Investment Policy**

# INVESTMENT POLICY

## 1. General Policy

The investment policy will be consistent with Council's overall objectives and plans. Council acknowledges that there are financial risks associated with its investment activities but is risk averse. The treasury function is based on managing risk and protecting investments. There is no involvement in speculative transactions.

The management of trusts, special funds and reserves will be reviewed on a regular basis. This will ensure that their holding complies with any statutory or other special requirements and that their use is consistent with these requirements and with Council policy at the time.

Investments generally will be made having regard to the following objectives:

- To manage short term cash flows in an efficient and prudent manner providing cash for approved expenditure needs and in the event of urgent requirements.
- To provide cash for the future retirement of debt on maturity.
- To maximise interest income and minimise risk to the capital invested.
- To minimise the risk of investments.

## 2. Treasury Investments

Council's treasury investments comprise sums reserved for special purposes and funds held for working capital requirements. These funds are managed using the following guidelines:

- To minimise risk to Council funds will only be invested only with institutions which offer an excellent-high degree of security. These include the New Zealand Government, State Owned Enterprises, Local Authorities (including itself), Local Government Funding Agency, and New Zealand registered banks with:-
  - For long term investments, a credit rating of Standard & Poors 'A' (or equivalent) or better
  - For short term investment, a credit rating of Standard & Poors 'BB' (or equivalent) or better
- Within the above institutions, funds are invested to optimise the return to Council from the investment
- Funds are invested in a way that maintains the liquidity of the Council's investments so that cash is available when required.
- The maximum amount to be invested with any one approved institution is 30% of Council's total investments except for the the Wairarapa Building Society which shall not exceed 10%.

### **3. Equity Investments**

Council has small shareholdings in the following organisations:

- Civic Financial Services Limited
- AIRTEL Limited
- [Farmlands Trading Society Limited](#)
- [Wellington Water Limited](#)

A Council resolution is required to dispose of these shares.

Council is risk averse and does not wish to expose itself to the risks associated with equity investments. It will not as a general rule seek to acquire further equity investments.

### **4. Emissions trading scheme**

Council has a number of “New Zealand Emissions Units” that were issued as a result of the introduction of the emissions trading scheme.

A Council resolution is required to transact these units.

### **5. Local Government Funding Agency**

Council may borrow funds from the Local Government Funding Agency (LGFA).

Council holds Borrower Notes with the LGFA. Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to 1.6% of the aggregate borrowings by that local authority. Under certain very limited circumstances, the borrower notes can convert to shares.

If this were to occur, a Council resolution will be required to manage these shares.

### **6. Property**

Council holds a limited amount of real property for investment purposes. It may and does purchase property from time to time to assist in the provision of its core services to the community. Surplus properties will be disposed of wherever possible. Council will review its property holdings on a regular basis.

#### **6.1 Mix of Investments**

The mix of investments will be determined having regard to the overall funding needs of Council. Investment mix is also influenced by risk management considerations. Council will maintain sufficient general funds for day to day operational needs.

Council may establish, alter or dissolve a fund for a particular purpose by ordinary resolution.

## 6.2 Acquisition of New Investments

Treasury investments are acquired under delegated authority to the Chief Executive.<sup>1</sup>

It is unlikely that Council will invest in shares in the foreseeable future. Any such acquisitions would require a resolution by Council.

When acquiring treasury investments Council seeks to:

- Optimise return on investments.
- Ensure investments are secure.
- Manage potential interest rate movement losses.

## 6.3 Disposition of Revenue from Investments

All dividends, interest and other income from investments will be available for Council's general use except where Council has resolved that interest earned on funds invested in an account shall be reinvested in that account. These accounts shall be subject to review each year.

## 6.4 Disposition of Proceeds of Sale of Investments

Equity and property investments may be disposed of by resolution of Council. In general terms, these proceeds will not be available for operational purposes unless Council resolves otherwise. These proceeds will normally be used for capital investments or the retirement of debt.

On maturity, treasury investments may be realised for Council's general use or reinvested under delegated authority by the Chief Executive.

## 6.5 Procedures

Equity and property investments will be reviewed by Council each year.

Treasury investments will be managed under delegated authority by the Chief Executive. All realisations, transfers and reinvestments will comply with this policy. The Audit and Risk working party will receive a schedule of all treasury investments for each month. A schedule of investments will be provided to Council on a regular basis as part of the financial statements included in the Chief Executive Officer's report.

## 6.6 Investment Risk Assessment and Management

Council has no investment properties and only ~~two~~ equity investments.<sup>2</sup> [Council does hold shares in Airtel Ltd and Farmlands Trading Society Limited, however these are not held for investment purposes]. The exposure to risk in these areas is minimal.

Council's primary objective in respect of treasury investments is the protection of those investments. Only credit worthy counter parties are acceptable. Council will manage its exposure to credit risk by maintaining a diverse investment portfolio with prescribed limits for each counter party. The exposure to interest rate risk will be

<sup>1</sup> The Chief Executive and/or other officers to whom the Chief Executive may delegate from time to time.

<sup>2</sup> Civic Financial Services Ltd 53,390 shares.  
[Wellington Water Ltd 150 Class A and 25 Class B shares.](#)

managed by a mix of terms and staggered maturity dates to mitigate the effect of market fluctuations.

#### **6.7 Objectives for holding and managing financial investments and equity securities**

The objectives of holding financial investments are:

- To maintain sufficient cashflow to meet current and future needs.
- To ensure sufficient funding is available to meet future loan repayments as they fall due.

The objectives of holding equity investments are:

- Equity investments are held solely for strategic purposes and are not held for financial return.
- Equity investments will only be made to support companies that provide a service that may not otherwise be provided, for the benefit of either the three Wairarapa local authorities, or a wider base of local authorities.

#### **6.8 Targets for returns on financial investments and equity investments**

The targets for returns on financial investments are:

- The key rationale of the holdings of financial investments is risk minimisation. Due to the levels of cash holdings these are managed solely for cashflow purposes. Council policy limits investment to very low risk investment, which by its nature provides modest returns.

The objectives of holding equity investments are:

- Equity investments are held solely for strategic purposes and are not held for financial return.
- There is no quantified target for equity investments for the reasons outlined above.



# FINANCE AUDIT AND RISK COMMITTEE

24 FEBRUARY 2021

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## AGENDA ITEM B2

### ACTION ITEMS REPORT

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#### **Purpose of Report**

To present the Committee with updates on actions and resolutions.

#### **Recommendations**

Officers recommend that the Committee:

1. *Receive the Finance Audit and Risk Action Items Report.*

#### **1. Executive Summary**

Action items from recent meetings are presented to the Committee for information. The Chair may ask the Finance Manager for comment and all members may ask the Finance Manager for clarification and information through the Chair.

If the action has been completed between meetings it will be shown as 'actioned' for one meeting and then will be remain in a master register but no longer reported on. Procedural resolutions are not reported on.

#### **2. Appendices**

Appendix 1 – Action items to 24 February 2021

Contact Officer: Suzanne Clark, Committee Advisor

Reviewed By: Katrina Neems, Finance Manager

# **Appendix 1 – Action Items to 24 February 2021**

Number	Raised Date	Action Type	Responsible Manager	Assigned to	Action or Task details	Open	Notes
245	11-Dec-19	Action	Katrina	Katrina	Review the Reserves Policy to establish a process for when use of the reserve funds would cause the fund to enter a negative balance	Open	22/06/2020 Deferred due to AP. Review for August FAR  Should refer to Financial Contributions Policy
246	11-Dec-19	Action	Katrina		Review the Investment Policy in June 2020, specifically noting the opportunity to review investment opportunities to get a higher return versus a higher level of risk	Actioned	22/06/2020 Deferred due to AP. 16/02/2021 Draft Policy to be presented to FAR at February meeting.
248	11-Dec-19	Action	Euan		Find out the background to the Bonny Glen landfill risk and update FAR Committee members	Open	14/8/20 Bonnie Glen is owned by Waste Management and Environmental Services and charges are climbing outside of regular pricing for waste disposal due to a monopoly and limited future capacity at the site. We have a contract for service to use Bonnie Glen which ends shortly. Alternative avenues to dispose of refuse will be researched prior to the contract ending.
249	11-Dec-19	Action	Karen		Review the Sensitive Expenditure Policy in March 2020 to ensure best practice guidelines are followed	Open	4/8/20: To be considered as part of LTP
250	11-Dec-19	Action	Karen		Review the Procurement and Contract Management Policy in March 2020 to ensure it covers all procurement and management activities	Open	4/8/20: To be considered as part of LTP
191	21-May-20	Action	Katrina	Charly	Work towards revising the financial accounts to include a rolling forecast alongside the full year budget.	Open	22/06/2020 changes to financial reporting are ongoing 14/8/20 Aiming to progress towards the end of the financial year
562	21-Oct-20	Action	Euan		Advise councillors what wastewater capacity is currently at Papawai and Pinot Grove and what the project proposed capacities are	Actioned	4/2/21: Report sent to A&S Committee 16 Dec 20.