

SOUTH WAIRARAPA DISTRICT COUNCIL

15 JULY 2015

AGENDA ITEM D3

CHIEF EXECUTIVE OFFICER REPORT

Purpose of Report

To report to Council on general activities since the last meeting.

Recommendations

The Chief Executive Officer recommends that Council:

1. *Receive the information.*
2. *Receive the Financial Statements for the 11 months ended 31 May 2015.*

1. Executive Summary

The adoption of the Long Term Plan on 24 June ended a fairly intensive process.

The receipt of around 125 submissions covering 330 items indicates a good level of engagement within the district and these submissions certainly influenced the final shape of the Plan.

The Governance process continues with meetings locally with the Wairarapa Governance Review Working Party, and at the Mayoral Forum held in Upper Hutt.

The hearing for the Martinborough Wastewater consent was held, this being the first such hearing I have attended the process was interesting. The Commissioners appreciated the fact we had an agreed position with the Wellington Regional Council on most matters and therefore the hearing concentrated on the points of difference.

2. Governance/Leadership/Advocacy

The following table provides the year to date results for KPI's set for the Governance output [note this report is as at 30 June 2014]

GOVERNANCE/LEADERSHIP/ADVOCACY KEY PERFORMANCE INDICATORS	TARGET 2013/14	YTD RESULT 2013/14	COMMENT SOURCE, AND ACTIONS TAKEN TO ACHIEVE TARGET
Ratepayers and residents feel they can contact a Council member to raise an issue or problem	75%	73%	NRB Survey 3 yearly*
Ratepayers and residents feel that the Mayor and councillors give a fair hearing to their views	75%	62%	NRB Survey 3 yearly
Ratepayers and residents are satisfied with Council's decisions and actions	50%	76% (very or fairly satisfied)	NRB Survey 3 yearly
Ratepayers and residents are satisfied with how Council allocates rates/funds to be spent on the services and facilities provided (target peer group age)	78%	64%(very or fairly satisfied)	NRB Survey 3 yearly
Community Board decision - making reports on local issues	90%		Community Board reports and minutes
% of ratepayers and residents who know how to contact a community board member	65%	65%	NRB Survey 3 yearly
Ratepayers and residents satisfied with the way Council involves the public in the decision it makes	65%	49%	NRB Survey 3 yearly
The Maori Standing Committee makes recommendations to Council in relation to policy and plan development and resource management applications	100% applicable applications		Maori Standing Committee minutes

2.1 Local Government Commission/Governance Review

It is now common knowledge that the Local Government Commission decided not to proceed with the "super city" proposal.

What is not fully understood is that the Commission did not reject the two main applications received, so on the basis that it has live applications to consider the LGC can continue investigating options for the future.

There has been a change in approach with the Commission wanting to work more closely with local authorities to find common ground and a path forward.

To that end there have been a number of meetings both at mayoral level and chief executive level following the announcement that the Commission would not continue with their proposal.

Timings and process have not yet been finalised yet.

3. Strategic Planning and Policy Development

3.1 Meetings/Conferences

3.1.1. Chief Executive Forum

Two meetings were attended, these meetings concentrating on the governance options and process.

3.1.2. Mayoral Forum

One Mayoral Forum was held and I am sure this will be covered in Her Worship's report. As indicated above governance matters were high on the agenda.

3.2 Wastewater Consents

The Martinborough hearing was held on June 3.

The Commissioners complemented the parties on the way evidence was presented, we had previously agreed the majority of issues so the Commissioners really only had to hear the independent submissions and consider the outstanding matters.

These outstanding matters were really limited to the length of the consent and the monitoring regime.

The Commissioners requested further information, mainly on the content of the management plans we had proposed, and around the monitoring regime.

There was one spanner in the works when it was discovered the Regional Council had dug a significant river channel in the vicinity of our discharge. The issue here is how this impacts on the reasonable mixing zone and testing regime and sites.

The Commissioners may or may not reconvene the hearing, they indicated however that they do want time to get this right given the length of the application and a few weeks at this end would not matter in the big scheme of things.

3.3 Financial Statements

The year to date 30 May 2015 Financial Statements are included as appendix 1 of this report.

3.4 Long Term Plan

The 2015/25 Long Term plan was adopted on 24 June following completion of the requisite legislative processes.

While the public meetings were not particularly well attended there was still some good debate and ideas sharing. These meetings along with the targeted sector group meetings provided excellent input into the plan.

There was a good level of submissions received which enabled many issues to be debated as the plan was finalised.

Audit New Zealand issued an unmodified opinion and were happy with the level of underlying information.

Taking a longer term approach (more than the 10 years) has given some comfort that there are no big issues on the horizon, and if the unexpected happens we are reasonably well placed to cope.

3.5 Rural Broadband

The submission to MBIE will have been lodged by the due date, 3 July.

The submission was prepared on a Wairarapa wide basis and whether we are successful or not really depends on how our needs line up with the

criteria set by the Government, i.e. we cannot really influence the decision, just put our circumstances forward for consideration.

The decision will be largely driven by commercial imperatives, will the company who invests or installs the infrastructure get a return on that investment.

3.6 Rates Arrears (Incl. GST)

DATE	AMOUNT \$'000	NUMBER	DAYS SINCE INSTALMENT DUE	SWDC COMPONENT \$'000 (81%)
1 June 2012	\$855	722	10	\$692
19 June 2012	\$730	632	31	\$591
10 September 2012	\$947		21	\$767
15 February 2013	\$820	565	57	\$664
17 June 2013	\$913	740	27	\$739
4 March 2014	\$1,033	863	12	\$836
14 April 2014	\$954	675	53	\$773
19 August 2014	\$818	592	91	\$663
30 September 2014	\$1,008	809	37	\$816
11 November 2014	\$770	627	83	\$623
27 January 2015	\$672	537	68	\$544
2 March 2015	\$784	798	10	\$635
25 May 2015	\$762	803	3	\$617
3 July 2015	\$624	669	39	\$505

You will note that the outstanding amount is the lowest dollar amount on this report. The concerted efforts at collection are paying off.

The balance above now becomes the "arrears" balance and this is the amount we will be advising to the banks, or referring for legal action. There will be a 10% penalty added to this shortly, so the arrears for the year ended 30 June 2015 will be approximately \$686K.

4. Corporate

4.1 Occupational Health and Safety

There were no OH & S matters since the last reporting period.

We have received some consulting advice and will be reviewing our current position prior to the enactment of the new legislation.

4.2 LGOIMA Requests

DATE	TOPIC OF INFORMATION REQUEST	REQUEST RESPONSE
17 April	Details of district parking charges	No parking charges.
22 April	Details of any advice, policy documents or summary that records Council's understanding of its obligations under The Treaty of Waitangi.	Sent copy Of Council Policy.
22 April	Property transactions with Iwi since July 2013	No transactions
23-April	Spend on external consultants in each of the past three years and the purpose	Information provided
23 April	process flow to assess an application for a building or land use consent	Information provided
12 May	Further clarification of Council RMA processes and details of the minutes of a meeting that may have taken place in 2012 between former CEO and the Treasurer of Gun Club.	
20 May	Detail relating to the possible placement of a crematorium on Featherston	
20 May	Detail relating to the proposed sale of vacant land site in Featherston	

Contact Officer: Paul Crimp, Chief Executive Officer

5. Appendix

Appendix 1 - Financial Statements for the period ended 31 May 2015

**Appendix 1 - Financial
Statements for the Period
Ended 31 May 2015**

SOUTH WAIRARAPA DISTRICT COUNCIL

MONTHLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2015

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 MAY 2015

	YTD			2015	
	Actual	Budget	Variance	Budget	% of Budget
<u>OPERATING INCOME</u>					
Rates	11,853,575	11,903,118	(49,543)	11,903,118	100%
Rates Penalty	214,692	292,519	(77,827)	292,520	73%
Interest	291,804	198,759	93,045	216,831	135%
Internal Interest Loans	34,422	34,375	47	37,505	92%
Fees & Licences	755,317	560,863	194,454	601,384	126%
User Levies	488,904	305,943	182,961	583,733	84%
Commissions	61,156	57,849	3,307	63,103	97%
NZ Transport Agency Subsidy	1,054,822	1,054,942	(120)	2,972,658	35%
Petrol Tax	76,478	90,695	(14,217)	98,939	77%
Grants, Donations & Subsidies	14,624	13,112	1,512	642,352	2%
Rental / Hire	379,320	384,626	(5,306)	326,868	116%
Profit on Sale of Assets	249	-	249	-	0%
Miscellaneous Income	242,505	374,935	(132,430)	409,012	59%
Total Operating Income	15,467,866	15,271,736	196,130	18,148,023	
<u>OPERATING EXPENDITURE</u>					
Corporate Services	1,460,819	1,588,928	128,109	1,733,375	84%
In-House Professional Services	644,295	815,771	171,476	889,920	72%
Governance, Leadership & Advocacy	340,429	385,506	45,077	420,556	81%
Public Protection	998,377	1,102,354	103,977	1,202,526	83%
Resource Management	323,199	373,626	50,427	407,587	79%
Economic, Cultural & Community Development	256,428	294,365	37,937	256,802	100%
Amenities	2,062,509	2,127,488	64,979	2,320,928	89%
Land Transport	4,761,468	4,615,743	(145,725)	5,035,326	95%
Water Supply	1,968,429	2,055,669	87,240	2,242,526	88%
Solid Waste Management	1,148,740	1,088,109	(60,631)	1,228,302	94%
Sewerage	1,225,356	1,361,613	136,257	1,374,175	89%
Stormwater Drainage	143,420	197,549	54,129	150,399	95%
Rate Debtors Written Off	19,757	42,271	22,514	42,271	47%
Bad Debts	-	-	-	-	0%
Loss on Sale of Assets	-	-	-	-	0%
Total Operating Expenditure	15,353,226	16,048,992	695,766	17,304,693	
Operating Surplus/(Deficit)	114,640	(777,256)	891,896	843,330	
<u>CAPITAL EXPENDITURE INCOME</u>					
NZ Transport Agency Subsidy	1,172,117	1,172,000	117	-	0%
Grants, Donations & Subsidies	276,605	-	276,605	-	0%
Contributions	423,971	251,680	172,291	274,523	154%
Total Capital Expenditure Income	1,872,694	1,423,680	449,014	274,523	
<u>OTHER INCOME</u>					
Assets Vesting in Council	-	-	-	-	0%
Gain on Asset Revaluations	-	-	-	49,000	0%
Total Other Income	-	-	-	49,000	
TOTAL SURPLUS / (DEFICIT)	\$ 1,987,334	\$ 646,424	\$ 1,340,910	\$ 1,166,853	

Included in the operating expenditure is:

Depreciation	3,878,883	4,115,507	(236,624)	4,489,653	86%
Interest	703,518	758,538	(55,020)	827,500	85%

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2015

	31 MAY 2015	30 JUNE 2014	MOVEMENT
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Bank	1,850,503	74,963	1,775,540
Short Term Deposits	8,914,333	7,969,009	945,323
Investments	-	439,601	(439,601)
Prepayments & Receivables	2,109,956	2,688,711	(578,754)
Inventories	34,247	33,641	607
Properties Intended For Sale	-	-	-
Total Current Assets	12,909,039	11,205,925	1,703,114
<u>Non-Current Assets</u>			
Investments	74,235	74,235	-
Investment Properties	9,723,000	9,723,000	-
Intangible Assets	191,281	199,461	(8,180)
Property, Plant & Equipment	388,378,583	388,196,371	182,213
Total Non-Current Assets	398,367,099	398,193,067	174,032
TOTAL ASSETS	\$ 411,276,138	\$ 409,398,992	1,877,146
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Cash and Bank	-	-	-
Payables and Accruals	2,665,276	2,685,834	(20,559)
Employee Entitlements	276,876	271,122	5,754
Public Debt - Current Portion	-	1,106,428	(1,106,428)
Finance Leases - Current Portion	-	-	-
Provisions - Current Portion	-	33,013	(33,013)
Total Current Liabilities	2,942,152	4,096,397	(1,154,245)
<u>Non-Current Liabilities</u>			
Public Debt - Non-Current Portion	12,180,825	11,171,880	1,008,945
Finance Leases - Non-Current Portion	-	-	-
Provisions - Non-Current Portion	411,051	378,038	33,013
Total Non-Current Liabilities	12,591,876	11,549,918	1,041,958
<u>EQUITY</u>			
Public Equity	144,408,106	142,418,673	1,989,433
Special Separate & Trust Funds	17,604,046	17,604,046	-
Asset Revaluation Reserve	231,390,228	231,390,228	-
Sinking Fund Reserves	2,337,182	2,337,182	-
Other Reserves	2,548	2,548	-
Total Equity	395,742,108	393,752,677	1,989,432
TOTAL LIABILITIES & EQUITY	\$ 411,276,138	\$ 409,398,992	1,877,144

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF CASHFLOWS AS AT 31 MAY 2015

	31 MAY 2015	31 MAY 2014	30 JUNE 2014
<u>OPERATING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Rates	12,893,224	11,913,975	14,738,095
Government Grants & Subsidies	2,707,867	2,704,191	3,017,940
Petrol Tax	60,150	57,782	76,966
Other Income	2,454,591	2,775,042	3,115,951
Interest on Investments	322,361	261,972	278,729
Total Operating Cash Inflow	18,438,193	17,712,962	21,227,681
<u>Cash was applied to:</u>			
Payments to Suppliers & Employees	11,302,753	11,458,228	15,438,080
Interest Paid	703,781	642,474	705,647
Total Operating Cash Outflow	12,006,534	12,100,702	16,143,727
Net Cashflow from Operating Activities	6,431,659	5,612,260	5,083,955
<u>INVESTING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Sale of Property, Plant & Equipment	-	-	32,947
Term Investments, Shares & Advances	439,604	3,528,291	5,550,972
Investments in Loan Redemption & Sinking Funds	-	210,332	-
Total Investing Cash Inflow	439,604	3,738,623	5,583,919
<u>Cash was applied to:</u>			
Purchase of Property, Plant & Equipment	4,052,916	5,457,122	6,266,401
Term Investments, Shares & Advances	-	-	2,222,364
Investments in Loan Redemption & Sinking Funds	-	210,332	210,332
Total Investing Cash Outflow	4,052,916	5,667,454	8,699,097
Net Cashflow from Investing Activities	(3,613,311)	(1,928,831)	(3,115,178)
<u>FINANCING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Public Debt	-	3,110,000	3,110,000
Total Financing Cash Inflow	-	3,110,000	3,110,000
<u>Cash was applied to:</u>			
Repayment of Public Debt	97,483	122,368	96,346
Total Financing Cash Outflow	97,483	122,368	96,346
Net Cash Flow from Financing Activities	(97,483)	2,987,632	3,013,654
NET INCREASE / (DECREASE) IN CASH	2,720,864	6,671,061	4,982,431
OPENING CASH BALANCE	1 JULY 2014	8,043,972	3,061,539
CLOSING CASH BALANCE	31 MAY 2015	\$ 10,764,836	\$ 8,043,972
<u>REPRESENTED BY:</u>			
Cash and Cash equivalents	1,850,503	90,385	74,963
Short Term Deposits	8,914,334	9,641,214	7,970,009
Investments	-	-	-
Total	\$ 10,764,836	\$ 9,731,600	\$ 8,043,972

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF CAPITAL EXPENDITURE FOR THE PERIOD ENDED 31 MAY 2015

<u>DESCRIPTION</u>	Year to Date		Annual
	Actual	Budget	Budget
<u>Amenities</u>			
Playgrounds	25,456	22,000	24,000
Parks & Reserves	91,941	54,813	59,800
Campgrounds	-	4,587	5,000
Swimming Pools	167,895	55,000	60,000
Toilets	30,326	22,913	25,000
Cemeteries	2,244	45,837	50,000
Libraries	-	-	-
Rental Properties	8,000	19,250	21,000
Community Housing	-	34,837	38,000
Community Buildings	11,732	51,887	56,600
ANZAC Town Hall	59,832	-	-
Greytown Town Hall	-	4,125	4,500
Martinborough Town Hall	-	462,913	505,000
Martinborough Town Hall investigation	466,744	5,500	6,000
Featherston Town Centre	-	9,163	10,000
Greytown Town Centre	-	9,163	10,000
Martinborough Town Centre	-	9,163	10,000
Library Books	27,786	27,500	30,000
Library Books	23,719	27,500	30,000
Library Books	38,295	27,500	30,000
Amenities (Miscellaneous)	-	187,913	205,000
	953,969	1,081,564	1,179,900
<u>Water Supply</u>			
Water Supply	36,528	169,587	185,000
Water Races	-	-	-
Plant & Bores	-	-	-
FSTN Supplementary water supply	104,606	670,175	731,100
Water Supply (Misc.)	-	-	-
	172,842	839,762	916,100
<u>Solid Waste Management</u>			
Solid Waste Management	-	49,500	54,000
Solid Waste Management (Miscellaneous)	-	-	-
	-	49,500	54,000
<u>Stormwater Reticulation</u>			
Stormwater Reticulation	963	-	-
	963	-	-
<u>Sewerage</u>			
Sewerage	1,575	509,663	556,000
Sewerage (Lake Ferry)	1,707	9,163	10,000
Oxidation Ponds	448,000	-	-
Sewerage (Miscellaneous)	-	1,837	2,000
Alternative Disposal System (GTN)	103,188	210,837	230,000
Alternative Disposal System (MBA)	174,311	145,750	159,000
Alternative Disposal System (FSTN)	156,456	49,500	54,000
	885,238	926,750	1,011,000
<u>Land Transport</u>			
New St. Lighting (Other Roads) - 222	-	-	-
New St. Lighting (SPRs) - 222	-	-	-
Signs/Guardrails (Other Roads) - 222	22,022	36,234	39,526
Signs/Guardrails (SPRs) - 222	3,593	4,807	5,243
New Bridges (Other Roads) - 215	3,675	10,087	11,000
Structures Renewal (SPR) -215	-	-	-
Seal Extensions	39,844	220,000	240,000

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF CAPITAL EXPENDITURE FOR THE PERIOD ENDED 31 MAY 2015

<u>DESCRIPTION</u>	Year to Date		Annual
	Actual	Budget	Budget
Seal Extensions (SPRs)	-	-	-
Reseals (Other Roads) - 212	458,188	457,688	499,300
Reseals (SPRs) - 212	63,371	59,037	64,409
Rehabilitation (Other Roads) - 214	295,753	204,083	222,630
Rehabilitation (SPRs) - 214	156,160	156,618	170,854
New Footpaths	144,587	82,500	90,000
Footpath Renewals	184,331	40,480	44,160
Drain Renewal (Other Roads) - 213	64,106	83,413	91,000
Drainage Renewal (SPR) - 213	655	19,228	20,972
Minor Safety Works (Other) - 341	37,080	93,676	102,188
Erosion Control (SPRs) - 244	189,256	-	-
Land Transport (Misc.)	-	-	-
New Bridges (SPRs)	-	-	-
Minor Safety Works (SPRs) - 341	12,470	158,763	173,200
Road metalling (renewal) other - 211	87,886	178,750	195,000
Road metalling (renewal) (SPR) - 211	-	14,421	15,729
Development Work	-	-	-
Asso Improvements (Other) - 231	5,276	39,545	43,137
Asso Improvements (SPR) - 231	-	-	-
Traffic Services Renewal (SPR)	622	-	-
Erosion Control (SPR)	-	220,000	240,000
Preventative Maintenance (SPR)14/15 - 241	-	-	-
Improve-expand-replace - 322	-	471,064	513,888
Emergency Work (SPR)11/12 - 141	-	-	-
Preventative Maintenance (SPR) 13/14 - 241	19,152	-	-
Preventative Maintenance - Tora Te Awaite	40,576	-	-
Preventative Maintenance - Tuturumuri	6,385	-	-
	<u>1,834,986</u>	<u>2,550,394</u>	<u>2,782,236</u>
<u>Information Technology</u>			
IT Hardware	31,826	39,897	43,520
IT Software	6,219	80,333	87,640
Geographical information system	-	26,686	29,106
	<u>38,045</u>	<u>146,916</u>	<u>160,266</u>
<u>Council Property</u>			
Council Offices	-	9,977	10,880
Office Equipment & Furniture	872	27,687	30,203
Other Equipment	7,021	-	-
Motor Vehicles	-	76,153	83,080
	<u>7,893</u>	<u>113,817</u>	<u>124,163</u>
	<u>\$ 3,893,936</u>	<u>\$ 5,708,703</u>	<u>\$ 6,227,665</u>

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF INVESTMENTS AS AT 31 MAY 2015

<u>ORGANISATION</u>		<u>INTEREST RATE</u>	<u>DATE INVESTED</u>	<u>DATE MATURES</u>	<u>TOTAL INVESTED</u>	<u>INVESTED FUNDS %</u>	<u>AUTHORISED FUNDS %</u>
SHORT TERM DEPOSITS							
Registered Banks							
ASB Loan Redemption Reserves	99182811	3.65%	3-Apr-15	7-Aug-15	\$1,400,624.68		
					\$1,400,624.68	16%	30%
ANZ Call Account	99182813	3.00%	31-May-15	On Call	\$52,236.23		
Loan Redemption Reserves		3.50%	25-May-15	21-Aug-15	\$1,397,434.26		
Money Market deposit x National Bank of NZ	99182815	3.40%	31-May-15	On Call	\$2,094.40		
					\$1,451,764.89	16%	30%
BNZ Autocall Account	99182812	3.00%	31-May-15	On Call	\$850,492.09		
BNZ Reserves Fund	99182812	3.50%	2-May-15	1-Jun-15	\$786,661.24		
BNZ Reserves Fund	99182812	3.50%	2-May-15	1-Jun-15	\$1,094,841.26		
					\$2,731,994.59	30%	30%
Kiwibank Reserves Fund	99182819	3.50%	31-May-15	On Call	\$778,906.55		
Kiwibank Reserves Fund	99182819	4.15%	2-Feb-15	11-May-15	\$1,094,891.82		
Kiwibank Term Deposit		3.52%	27-May-15	19-Jun-15	\$500,000.00		
					\$2,373,798.37	26%	30%
Other							
WBS (21220)	99182816	4.30%	11-Dec-14	9-Jun-15	\$159,397.94		
WBS (21220)	99182816	4.30%	8-Mar-15	4-Sep-15	\$166,286.71		
WBS (21220)	99182816	4.30%	21-Mar-15	17-Sep-15	\$128,839.00		
WBS (21220)	99182816		31-May-15	On Call	\$354.34		
					\$454,877.99	5%	10%
Westpac Online Call Account		2.75%	31-May-15	On Call	\$1,272.40		
Westpac Term Deposit		3.69%	27-May-15	5-Jun-15	\$500,000.00		
					\$501,272.40	6%	30%
TOTAL					<u>8,914,332.92</u>	0.99	1.00
SHARES							
NZ Local Govt Insurance Co Limited	99283823				\$60,401.60		
Airtel Limited	99283824				\$7,448.00		
Farmlands Trading Society Limited	99283825				\$1,159.00		
					\$69,008.60	1%	
TOTAL					<u>\$69,008.60</u>	1%	
FORESTRY							
Plantation - Hurupi Stock	99283827				\$5,226.00		
					\$5,226.00	0%	
TOTAL					<u>\$5,226.00</u>	0%	
TOTAL INVESTMENTS					<u>\$8,988,567.52</u>	100%	
REPRESENTED BY:							
Short Term Deposits					8,914,333		
Investments - Current Assets					-		
Investments - Non-Current Assets					74,235		
					<u>\$8,988,567.52</u>		