

SOUTH WAIRARAPA DISTRICT COUNCIL

15 MAY 2019

AGENDA ITEM D1

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 and report for the period ended 28 February 2019.*

1. Executive Summary

This is my first report as Acting Chief Executive Officer of SWDC.

It has been a very busy period since I took over the role, starting with review and publication of the Lutra report into the *e-coli* incident in Martinborough (MBA) in February 2019.

1.1 Martinborough Water Supply Issues

We held a public meeting in Martinborough regarding the water issues on Monday 8th April 2019. This meeting was attended by about 60 locals, some of whom were extremely vocal about their disappointment with Council's performance in the management of the MBA town water supply (MWS) and their concern about the matters raised in the Lutra report. This meeting was chaired by Jenny Rowan. The panel members were Mark Allingham, Jonathan Church from Lutra, Laurence Edwards from Wellington Water Limited (WWL) and Doctor Jill McKenzie from Regional Public Health (RPH).

The day after the public meeting we received two more positive *e-coli* test results from the reservoirs and Shooting Butts Road. We immediately contacted RPH and agreed to put in place another boil water notice (BWN) to protect the health of the residents and visitors to MBA. A considerable amount of work has been put in since then including daily incident management team meetings (IMTs) involving officers from SWDC, WWL, Lutra and Wairarapa DHB. RPH staff have also attended on an advisory basis. After much discussion and investigation, it was agreed that the source of the *e-coli* could not be pinned down in this case and may be the

result of back flow into the system from insecure connections to the MWS. Work continues to identify possible sources, check backflow prevention devices and all other possible sources. In the end the conclusion of officers and expert advisors was that the only full-proof solution was to temporarily chlorinate the MWS.

Two workshops were held with councillors, RPH and Lutra consultants to discuss the options and an emergency Council meeting (ECM) was called on 24 April 2019 to make the decision to temporarily chlorinate.

One complicating issue discovered less than a week before the ECM, at 4pm on the Thursday prior to Easter weekend, was that the winemakers could not have chlorinated water due to the risk that their products would be tainted as a result. Officers had numerous conversations with winemakers and meetings to discuss options to mitigate this risk. The main options are installing carbon filters or finding alternative water sources. Officers continue to work with the winemakers to find a resolution to this prior to chlorination on 13 May 2019.

Since the decision to chlorinate, there have been two occurrences of brown water in parts of MBA which have reinforced the need to chlorinate.

At the time of writing, a systematic flushing of the MWS is being carried out over a six-day period from Monday 6 May to Saturday 11 May. Residents have received hand delivered mail drops to prepare them for this and information has been placed on SWDC's website, Facebook page and the Martinborough Community Board (MCB) Facebook page. Radio and newspaper advertising is also in place to inform people. SWDC has hired portaloos to be in the relevant part of town each day for use while the water supply is turned off for 4-6 hours.

Obviously this issue has consumed a lot of time over the last 5 weeks and thanks must go out to all staff involved including those who have walked the streets delivering BWNs and updates and thanks also to the MBA Volunteer Fire Brigade who delivered the BWN on the evening of 9th April complete with flashing lights and loud hailer. Also to councillors and the Lions Club who have helped with subsequent mail drops. It's been a real community effort and we are grateful for the support.

I would also like to acknowledge the patience of the community while we work through the solution to this issue. We realise this has been very inconvenient for many residents and in particular our MBA business community.

Two other big decisions have been made by Council over the last six weeks. The first was the decision to become a shareholder of Wellington Water Limited. Officers are currently working with WWL staff to plan the transition.

The second was the granting of the three year roading contract in conjunction with Carterton District Council (CDC). Work is progressing well on plans for this transition.

2. Governance/Leadership/Advocacy

We have had our first round of the new Committee structure meetings and the Assets and Infrastructure and Planning and Regulatory Committees have both met twice. To date we have had only one contribution from the public and no members of the public sitting in on meetings but we expect that to change as residents become more familiar with the new structure and we encourage them to attend the appropriate Committee meeting rather than Council itself.

The first meeting of the 57 Fitzherbert Street, Featherston sub-committee has also been held and we will progress with the sale of that property in the coming months.

Our new Committee Advisor commenced working at SWDC on 1 May and will assist with the additional workload of preparing Agendas and minutes for the various committees and Council going forward.

2.1 Election 2019

Our officers have started preparing for the upcoming Local body election on 12 October 2019, two regional planning meetings have been attended and election protocols have been circulated to elected members and staff. A workshop was held for councillors and community board chairs with our electoral officer Warwick Lampp after the Council meeting on 3 April 2019.

2.2 Logo Launch

We launched our new logo on 4 April 2019 and it is pleasing to see the new signage, new look website and letterhead being used. We are currently working on new uniforms for staff incorporating the new logo and will update all collateral gradually as time and budgets allow. A huge thank you once again to Leigh Hay for her leadership with this project and for the rest of the logo working party for their input.

The following table provides the year to date results for KPI's set for the Governance output. This has been updated for the 2017/18 results.

GOVERNANCE, LEADERSHIP AND ADVOCACY MEASURING SERVICE DELIVERY PERFORMANCE					
SERVICE LEVEL	KEY PERFORMANCE INDICATORS	2016/17	2017/18	2017/18	COMMENTS
		ACTUAL	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	79% (13/14: 73%)	75%	69%	The National Research Bureau (NRB) Customer Satisfaction survey was carried out in October 2018. In addition to the 69% (2016: 79%) positive response, 18% (2016: 13%) felt they were unable to comment.
	Ratepayers and residents feel that the Mayor and councillors give a fair hearing to their views	63% (13/14: 62%)	75%	47%	The National Research Bureau (NRB) Customer Satisfaction survey was carried out in October 2018. In addition to the 47% (2016: 63%) positive response, 20% (2016: 23%) 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	70% (14/15: 59%)	80%	65%	The National Research Bureau (NRB) Customer Satisfaction survey was carried out in October 2018. In addition to the 65% (2016: 70%) positive response, 8% (2016: 14%) felt they were unable to comment. The 2014/15 result of 59% was a separate survey with a sample size of 117, and was used to provide an interim indication. The NRB survey size of 300, which is our main survey and has a significantly lower margin of error.
	Ratepayers and residents are satisfied with how Council allocates rates/funds to be spent on the services and facilities provided (target peer group age)	65% (13/14: 64%)	80%	61%	The National Research Bureau (NRB) Customer Satisfaction survey was carried out in October 2018. In addition to the 65% (2016: 65%) positive response, 10% (2016: 14%) felt they were unable to comment.
Community Boards make decisions that consider local issues	Community Board decision - making reports on local issues	GTN 96% FTN 95% MBA 92%	90%	GTN 90% FTN 94% MBA 93%	This measure reports on the percentage of resolutions made that relate solely to local issues.
	% of ratepayers and residents who know how to contact a community board member	69% (13/14: 65%)	71%	60%	The National Research Bureau (NRB) Customer Satisfaction survey was carried out in October 2018.
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 decisions it makes	47% (13/14: 49%)	72%	36%	The National Research Bureau (NRB) Customer Satisfaction survey was carried out in October 2018. In addition to the 36% (2016: 47%) positive response, 26% (2016: 31%) felt they were neither satisfied nor dissatisfied, and 4% (2016: 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%	100%	100%	Maori Standing Committee met on 7 occasions. In total 24 resource consent applications were considered. (2017: 7 meetings and 21 resource consent applications).

3. Strategic Planning and Policy Development

3.1 Meetings/Conferences

3.1.1. Mayoral Forum

One Mayoral forum was held which I was unable to attend due to the MWS issues

3.1.2. Rooding Review – S17A

We have completed the Section 17A review, with the result being South Wairarapa and Carterton Councils will work together on procuring and delivering roading outputs, using Fulton Hogan as the contractor. The new joint contract will commence from 1 July 2019.

3.1.3. Wairarapa Regional Economic Development Strategy

Progress continues towards the delivery under this plan. Several meetings have been held and an application was made to the Provincial Growth Fund (PGF) in the last week of April 2019 by Nga Pumanawa Tupuna (NPT) (the strengths & talents of the ancestors') initiative. NPT is a joint venture between The Youth Education, Training, and Employment partnership (YETE), The Wairarapa Rural Education Action Programme (REAP), and the three Wairarapa councils.

The initiative will target (predominantly but not exclusively) at-risk rangatahi Maori and build the skills, attitudes, habits and confidence they need to effectively transition into further education or training or directly into employment. Local businesses met recently to discuss workforce planning and a common issue was the increased difficulty in finding work ready applicants - this initiative will help address that.

Funding has been sought for two years, to target the development of up to 60 rangatahi per year from across the Wairarapa. Each rangatahi will be provided with ongoing intensive mentoring and other support.

3.1.4. Wellington Water Limited

As mentioned above, the decision to become a shareholder of WWL was made by Council at an extraordinary meeting on 17 April 2019. Officers continue to work with Wellington Water senior officers to prepare for the transition. Wellington Water expertise has been an integral part of the response to the *e-coli* issues in the MWS.

3.1.5. Spatial Planning

Following on from the Long Term Plan Action, we have commenced this process. A separate paper covers the progress to date since the workshops led by Ree Anderson.

3.1.6. Featherston Wastewater to Land Consent

Various meetings and discussions have been held with officers, consultants, WWL, GWRC and councillors to discuss and prepare for the upcoming hearing for the Featherston wastewater to land consent. A drop-in session has been organised for members of the public to come and ask questions of the subject matter experts on 13 May 2019. Council will also be working on providing more information to the public via various channels such as Facebook, Council's website and newspapers.

3.1.7. Other Meetings

We continue to work through the issues from the first occupation of a large building, the Waihinga Centre. The centre has now hosted a number of events including a wedding, a concert and a funeral. We have considerable interest and future bookings coming through on a regular basis.

The Waihinga Centre Charitable Trust are working hard with fund raising and planning for stage 2 which is the playground.

NZTA carried out an audit of our roading department during April, the results of this were positive and have been discussed at the A&I Committee meeting.

The Mayor and I have had meetings with Audit NZ and also the Deputy Auditor General both of which were positive and we updated them on recent events and issues within the District. Both were keen to hear how we were dealing with the MBA water issues, the decision to join WWL and work with Masterton District Council (MDC) and Carterton District Council (CDC) on shared services, such as the roading contract and the Wairarapa Economic Development Strategy (WEDS)

The Mayor and I also met with Greytown Rugby Club to discuss their concerns regarding reduction in funding from Greytown Trustlands Trust (GTLT). We also attended the GTLT public meeting where they explained their funding decisions going forward.

I met with Graham Mitchell from Crown infrastructures for an update on the rollout of ultra-fast broadband (UFB) to the District. The presentation is attached at Appendix 1.

4. Corporate

4.1 Financial Statements

The Financial Statements and Financial Report as at 28 February 2019 are presented at this meeting for adoption (Appendix 2).

These financial statements were distributed to the Finance Audit and Risk Committee via e-mail.

4.2 Annual Plan

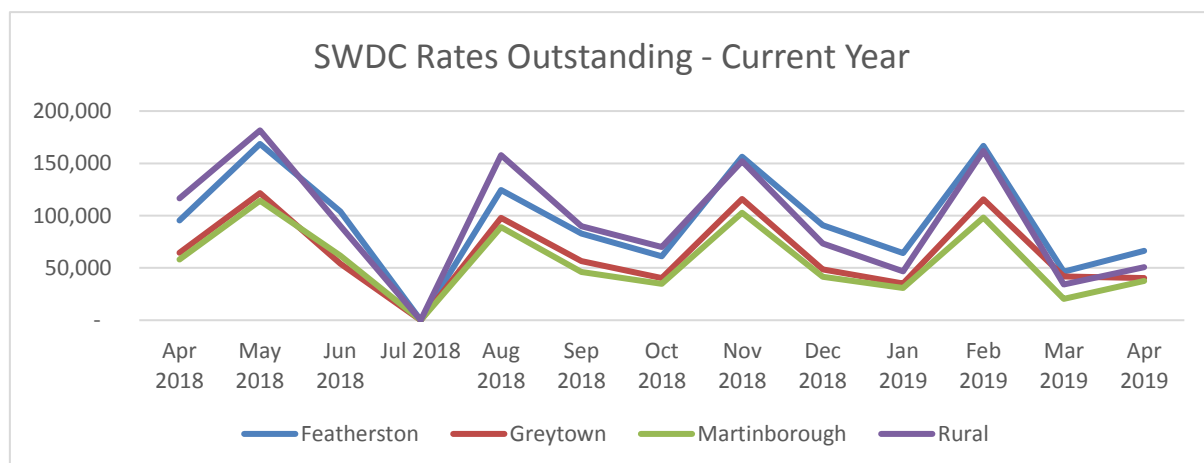
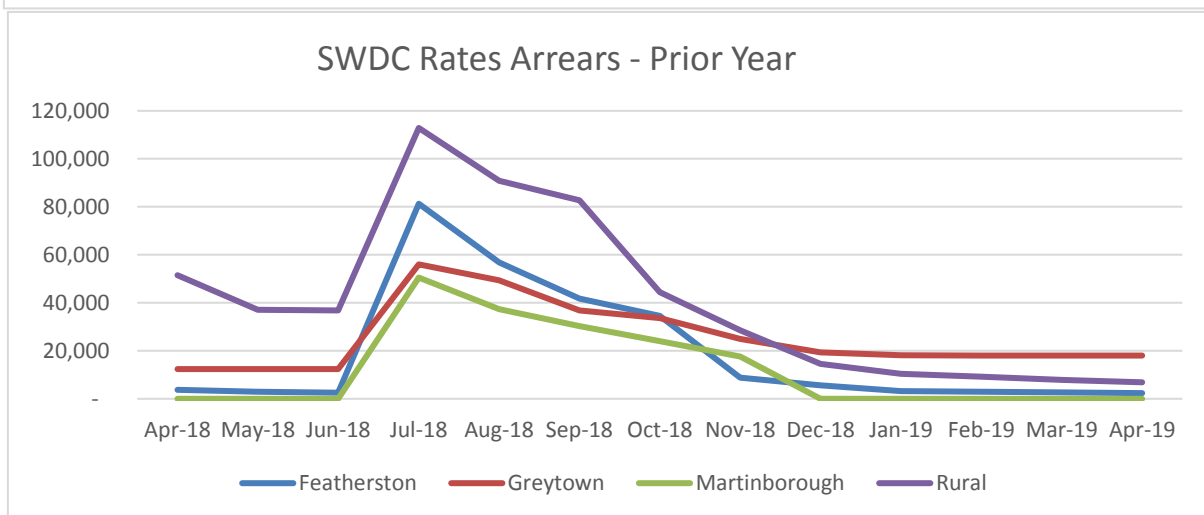
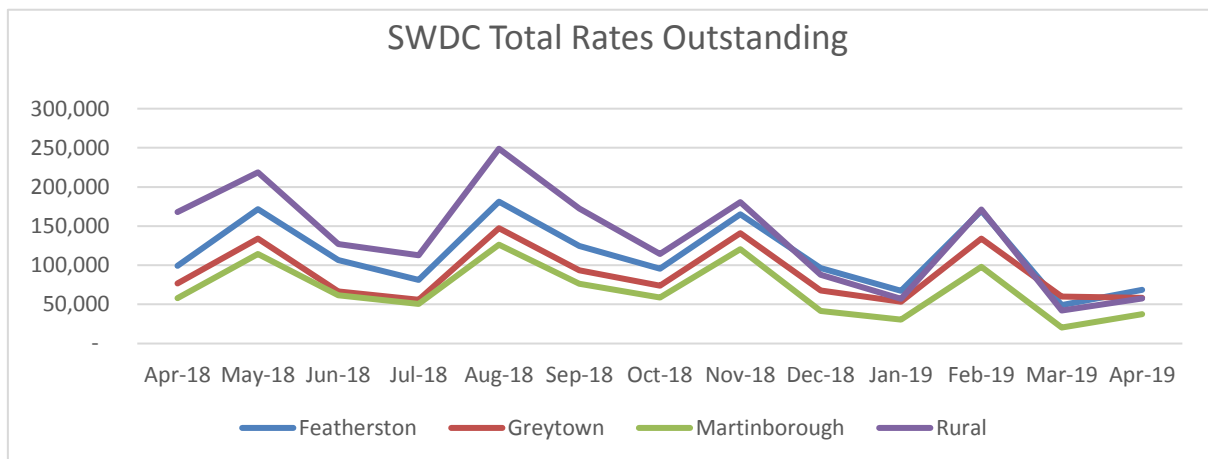
Annual plan workshops were held in each town to discuss the Consultation Document and annual plan with our residents. Between 14 and 20 residents attended each workshop and gave their thoughts on the four topics being consulted on (reducing library fees, increasing pool hours, ratepayers funding some of the cost of housing for seniors, and ratepayers funding additional footpath maintenance). As expected there were varying views on each topic and other topics were raised by attendees. We encouraged everyone to submit and look forward to sharing the submissions with councillors and the public to assist with the Annual plan process. Verbal submissions will be heard and deliberated on by councilors at the end of May 2019.

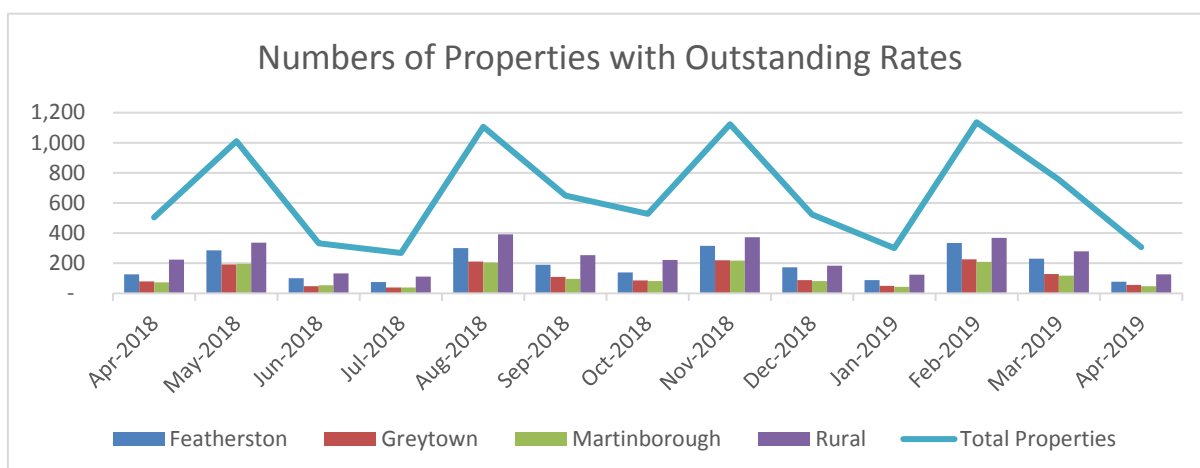
4.3 Occupational Health and Safety

We continue to make good progress on health and safety matters. A health and safety report will be provided to the Finance, Audit and Risk Committee in future.

4.4 Rates Arrears (Incl. GST) as at 30 April 2019

The continued good work on the rates debt front shows in the trends.





4.5 LGOIMA Requests

Date Received	Subject	Working Days to respond
18 March 19	Rubbish collection pickup and housing info	
3 April 19	Seeking resource consent information relating to domestic cats	15
9 April 19	Details relating to contamination of Martinborough water	
14 April 19	Restrictions placed on areas to walk dogs	9
18 April 19	Question relating to Wellington Water and Martinborough UV plant	
18 April 19	Wellington Water Tender documents and associated information	
20 April 19	Micro Chipping of dogs	

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.

Responses for a number of enquiries have been delayed over the period due to the exceptional workload resulting from the MWS issues and preparation for the consent hearing for the Featherston wastewater consent. We regret that we have been unable to meet these timeframes but urgent operational work has needed to take priority.

5. Appendices

Appendix 1 – Crown Infrastructure Update re UFB

Appendix 2 - Financial Statements for the period ended 28 February 2019

Contact Officer: Jennie Mitchell, Acting Chief Executive Officer

**Appendix 1 –
Crown Infrastructure Update
re UFB**

The logo for Crown Infrastructure Partners features a dark blue rounded rectangle. On the left side of the rectangle, there are several curved, multi-colored lines (ranging from purple to yellow) that sweep upwards and to the right, ending in bright white circular highlights. To the right of these lines, the text "Crown Infrastructure Partners" is written in a large, white, sans-serif font, stacked in three lines.

Crown Infrastructure Partners

South Wairarapa District
April 2019

Update on Rural Broadband Initiative phase two/Mobile Black Spots Fund and
Ultra-fast Broadband programmes – and PGF packages

Overview – South Wairarapa District

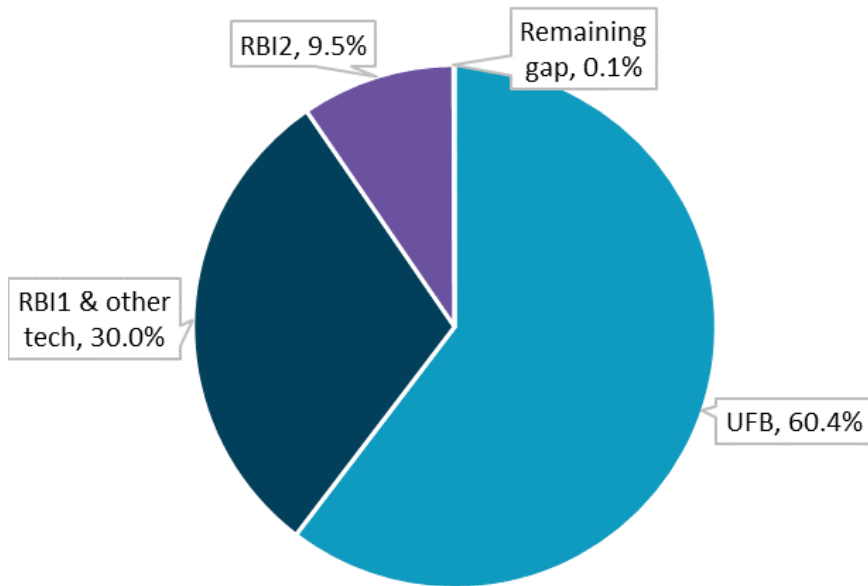
Funding

- Crown Infrastructure funding: **\$ 7.3 million**
 - UFB: \$ 5.7 million
 - Rural broadband/mobile: \$ 1.7 million
- Per-population funding is 1.72x the national average

Coverage

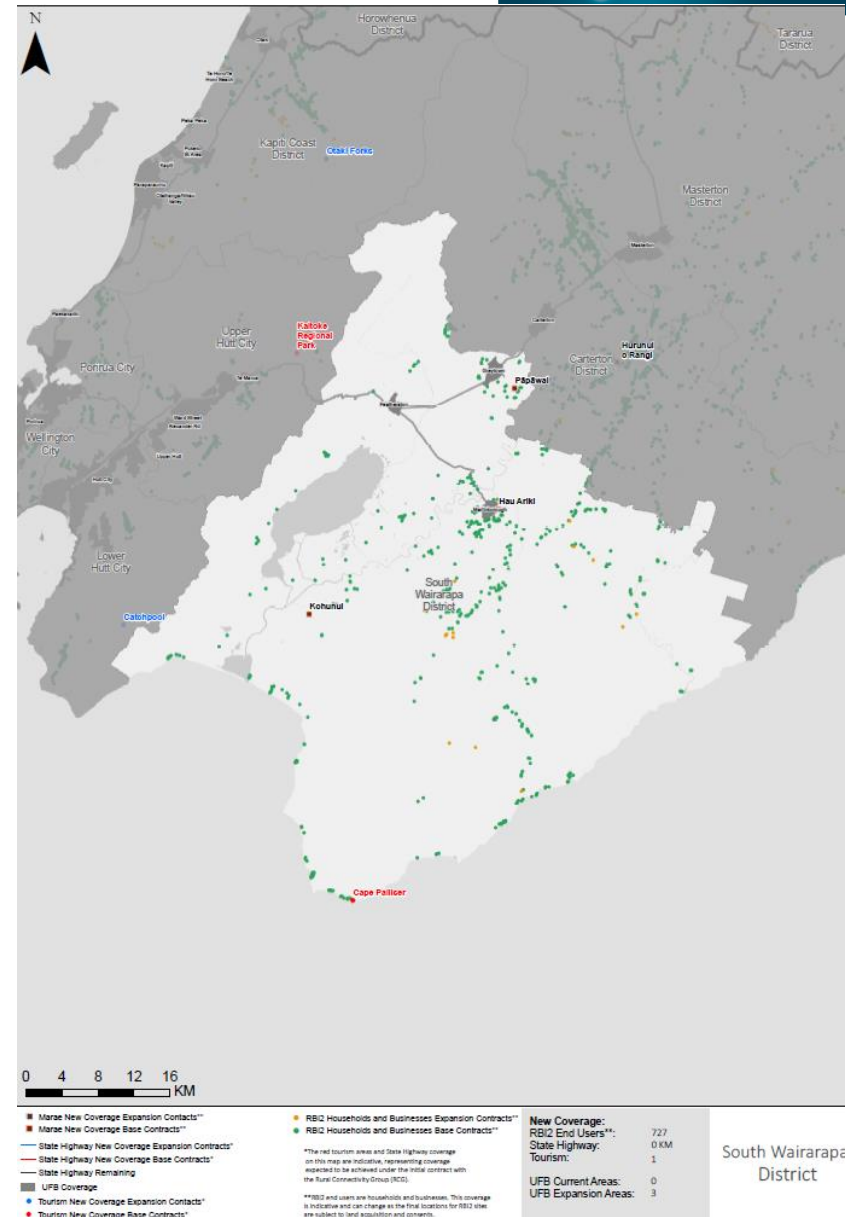
- UFB
 - ~60% population
 - 3 towns
- Rural Broadband
 - ~727 end users, ~10% of population
 - only 0.2% of District population left
- Mobile black spots:
 - 1 tourism site
- Mobile Towers:
 - 5 new mobile towers
- Marae:
 - 3 eligible in connectivity programme

Overall, 99.8% of New Zealand's population will have access to broadband



Tourism sites: 1

Mobile towers: 5



Progress – UFB programme



Featherston: March 2021



Greytown: May 2020



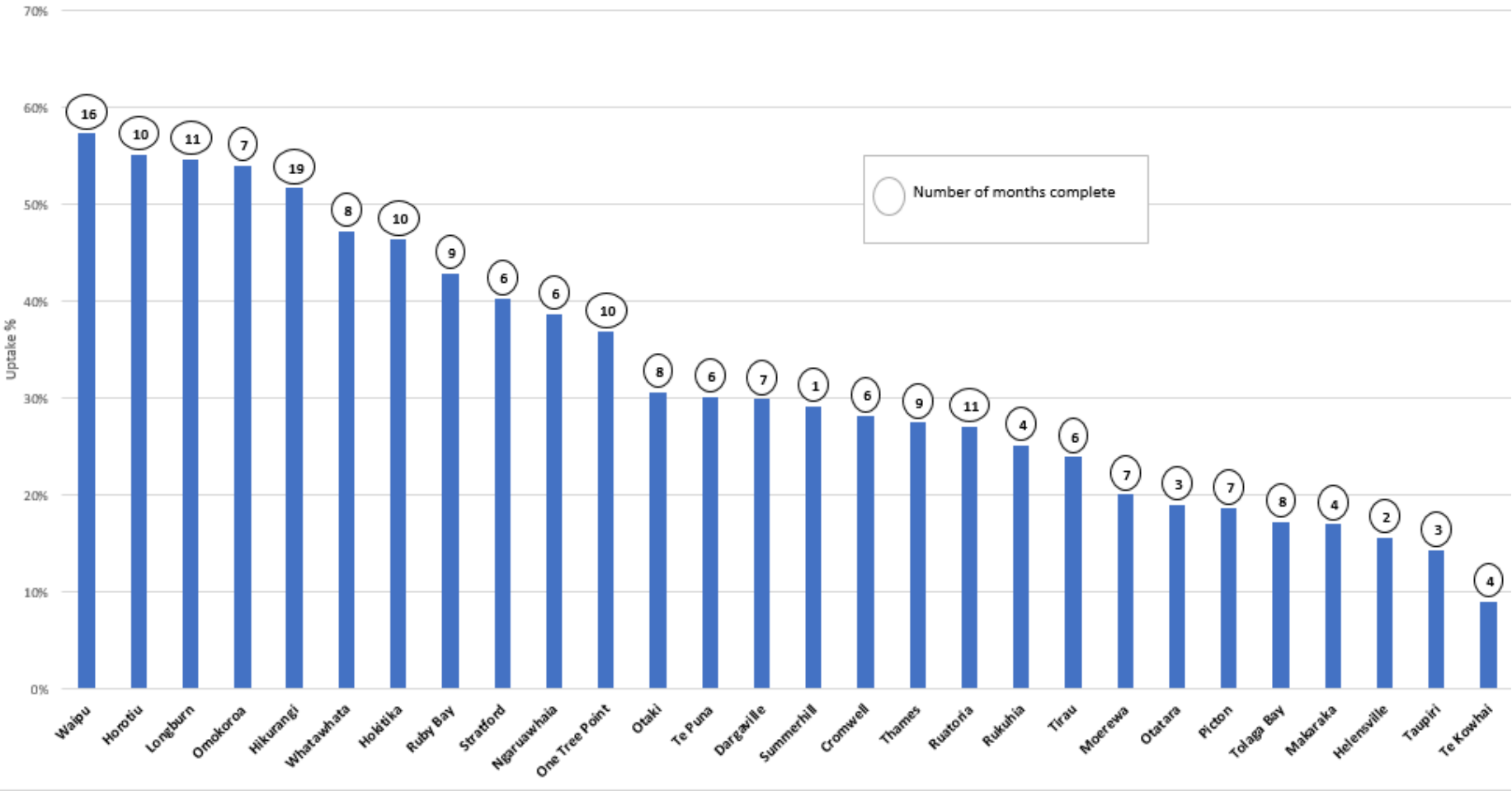
Martinborough: Dec 2021

C H ● R U S



Uptake strong in Expansion Towns

UFB Expansion Towns - February 2019 Uptake



Progress – RBI2/MBSF programme

RBI2/MBSF coverage to date in South Wairarapa

- ~200 end users with new broadband coverage
- ~40% Complete
- Mobile Towers
 - Cape Palliser lighthouse: 1H 2021
 - Ruakokoputuna: 2H 2021
 - Stony Bay: 1H 2021
 - Whangaimoana: 1H 2021
 - Ngawi: 1H 2021



Rural broadband offers



	Light	Standard	Advance
50 GB	\$59	Super Value - Ideal entry plan for families who have been on dial-up satellite services	
200 GB <small>Low data</small>	\$99	\$109	\$129
400 GB <small>Medium data</small>	\$119	\$129	\$149
600 GB <small>High data</small>	\$129	\$149	\$169

Super Value and Light Plan 10/5mbps;
Standard 15/5.5mbps; Advance 20-25/10
mbps. All RBI2 will be 25mbps Offpeak
/10mbps Peak with 5mbps upload



Rural Wireless Broadband and Landline

This package comes with a landline. Local and national

Charge	Monthly data allowance
\$95.99 /month	60GB
\$105.99 /month	120GB

Naked Rural Wireless Broadband

Rural Wireless Broadband without the landline.

Charge	Monthly data allowance
\$95.99 /month	120GB



Rural Broadband 120GB and Calling

120GB
of wireless data

- ✓ Get \$10 off your On Account plan*
- ✓ Home calling line
- ✓ National landline calling
- ✓ Superfast wireless 4G capable modem
- ✓ Flexi Data 15GB for \$20

\$105.99
per month

Rural Broadband 200GB and Calling

200GB
of wireless data

- ✓ Get \$10 off your On Account plan*
- ✓ Home calling line
- ✓ National landline calling
- ✓ Superfast wireless 4G capable modem
- ✓ Flexi Data 15GB for \$20

\$165.99
per month

Rural Broadband 120GB

120GB
of wireless data

- ✓ Get \$10 off your On Account plan*
- ✓ Superfast wireless 4G capable modem
- ✓ Flexi Data 15GB for \$20

\$95.99
per month

Rural Broadband 200GB

200GB
of wireless data

- ✓ Get \$10 off your On Account plan*
- ✓ Superfast wireless 4G capable modem
- ✓ Flexi Data 15GB for \$20

\$155.99
per month

PGF Marae programme



Kohunui



Hau Ariki



Papawai



Te Puni Kōkiri
Ministry of Māori
Development

- Infrastructure coverage
- Assisting connectivity package
- Assisting equipment package
- Total of 3 Marae in South Wairarapa are eligible for the programme

On-farm mobile solutions

Let our Sure Signal device give you a boost

What does it cost?

What you will need



- \$199 incl GST
- Boosts the 3G signal throughout your house by up to 30 metres
- Allows up to eight people to be on their Vodafone mobiles at the same time
- Easy to install - connects to your Vodafone fixed broadband line
- 30-day money-back guarantee

Buy now

Large farm



Outdoor Femtocell

Outdoor Femtocell uses your Vodafone VDSL, Fibre or Satellite broadband to boost the 3G mobile signal throughout your medium sized office. It also creates outdoor 3G coverage in remote locations, giving you more bars on your mobile and enhanced call quality.

Provide up to 500 metres of 3G indoor and outdoor coverage with up to 32 users. Peak speeds of 21 Mbps download and 5.7 Mbps upload.

Mobile data and calling coverage solution.

Recommended for outdoor use.

Requirements

Vodafone fixed line connection with a minimum upload & download speed of 2 Mbps or satellite connection.

Price on application and costs will vary by location and backhaul. Indicative costs are around \$1600 for hardware, \$3000 for installation and ongoing annual backhaul costs of \$1200 per year.

Internet of Things
in rural New Zealand

HARVEST.com
REMOTE MONITORING 0800 HARVEST



TANK MONITORING



SILO MONITORING

EFFLUENT MONITORING
& FAILSAFE

PIVOT MONITORING

SOIL MOISTURE MONITORING

WEATHER STATION

POND MONITORING &
PUMP CONTROL

WATER METER
MONITORING

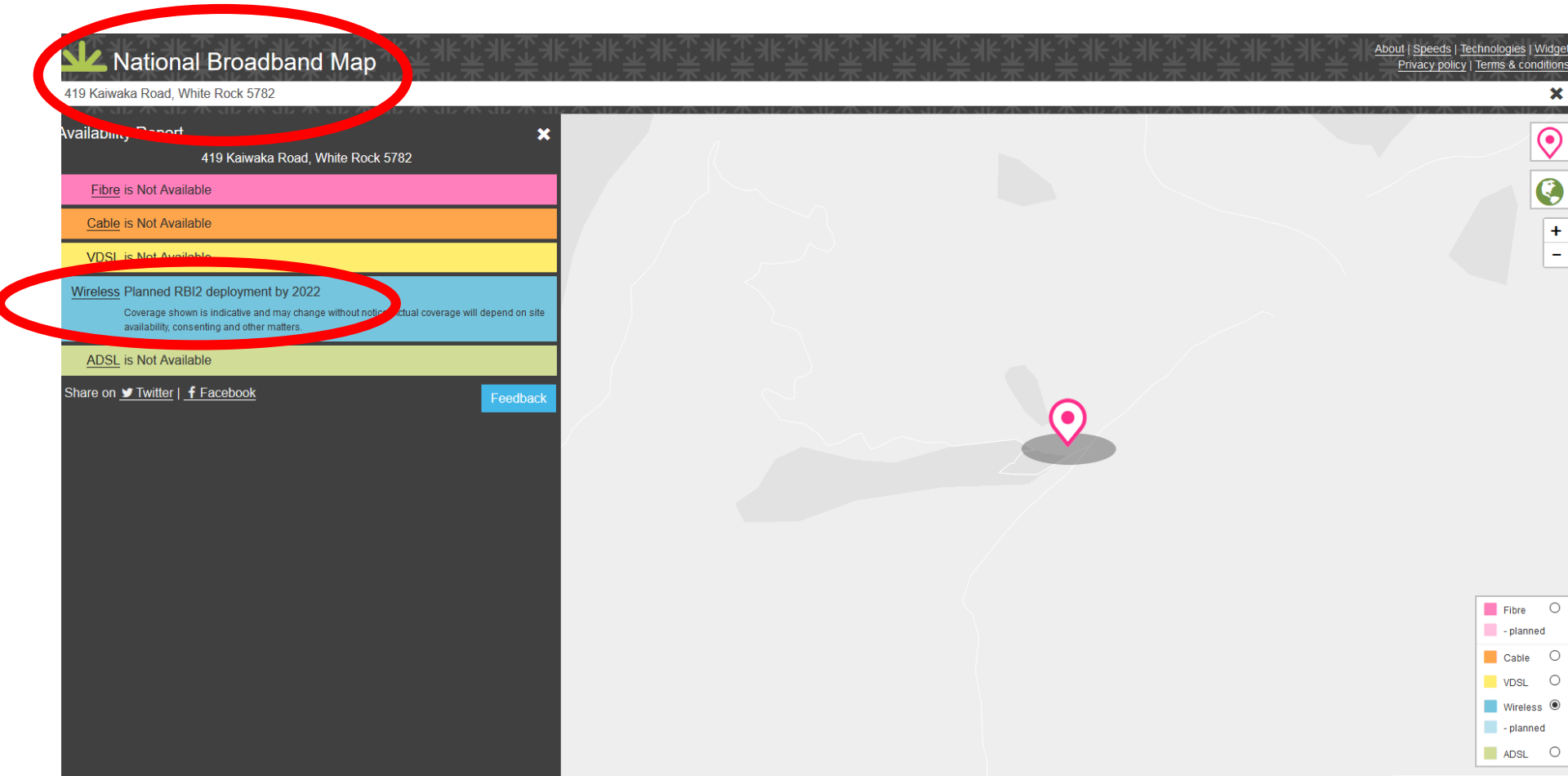
MILK VAT MONITORING

ELECTRIC FENCE MONITORING

SOIL MOISTURE MONITORING



National Broadband Map: Wireless coverage



Questions?



Minister Fafoi visit to Wiz tower in Wairarapa

Appendix 2 – Financial Statements for the period ended 28 February 2019

MONTHLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
28 FEBRUARY 2019

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

South Wairarapa District Council

For the seven months ending 28 February 2019

Financial Report

1. SUMMARY & HIGHLIGHTS

Purpose

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

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

Highlights

- Year to date operating surplus is 871K vs. budget surplus of \$459K the result is favourable to budget by \$412K.
- Total surplus YTD is \$2,875K vs. budget surplus \$1,370K, favourable by \$1,505K.
- Rates Penalties unfavourable by \$16K.
- Interest receivable favourable \$22K
- Fees and Licences favourable \$82K
- User Levies favourable \$34K
- Grants and donations are favourable by \$145K
- Rental/Hire is favourable by \$44K
- Overall Operating income is favourable by \$341K.
- Operating Expenditure is favourable by \$71K
- Working Capital which expresses the ability of council to meet its short term obligations is strong with a ratio in excess of 3 times, and a total value of \$11,060K.
- Interest cost 3.35% of rates revenue, SWDC maximum 12%.
- Current Net debt \$19,500,000, at 3.15% average borrowing rate. Maximum debt per LTP: \$25,820,000.
- 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 to budget \$19K.

Rates Penalty

Revenue from rates penalties are underbudget by \$16K reflecting the work the rates team does collecting overdue rates and getting people onto payment plans and direct debits early

Interest Revenue

Interest received on term deposits has a 22K favourable variance YTD. This is a reflection of slightly higher short term deposit rates, and timings of investments.

Fees & Licences

Favourable \$71K. The number of building consents remains high \$50K over budget, resource consents income also up \$44K over budget, Liquor & Health licences are trending higher then last year so up on budget \$13K.

User Levies

Favourable by \$34K.

NZTA Subsidy

Operating Income \$82K favourable, Capital Income \$158K favourable. The full year programme will be met so actual should align with budget at year end. This variance will reduce significantly in March accounts

Rental / Hire

Favourable \$44K, made up of rental income \$19K F and wastewater rental \$21K F

Miscellaneous Income

Unfavourable \$76K, this includes \$22K of footpath deposits being repaid to property owners.

OPERATING EXPENDITURE

Corporate Services

Unfavorable 16K

In-house Professional Services

Unfavourable \$64K, mainly due to valuation costs not budgeted until later in the year, plus salaries and wages being over budget.

Governance

Unfavourable \$50K. \$45K is the Featherston sculpture grant which is using funds carried forward from previous years.

Public Protection

Overall Public Protection expenditure is Favourable to budget \$17K, there are some variances in the outputs below that offset each other.

Public Protection & Health

On Budget

Building and Construction

Favourable \$19K, due to savings in vehicle expenses and software licences YTD.

Animal Control

On budget.

Emergency Management

Unfavourable \$10K.

Resource Management

Favourable \$40K, Salaries and wages \$16K F due to staff changes and vacancy for a short time, Legal expenses \$20K F.

Economic Cultural & Community Development

Economic Development

Unfavourable 34K due to Destination Wairarapa Grant phasing

Community Wellbeing

Favourable 28K due to Grants being under budget by 24K

Amenities

Overall Amenities are Unfavourable by \$69K, there are some variances in the outputs below that offset each other.

Swimming Pools

Favourable \$43K, however maintenance work has begun and this cost should be on budget by end of financial year

Community Buildings

On budget.

Cemeteries

On budget.

Pain Farm

The transfer of \$100k to the Waihinga Centre shows as an unfavourable variance

Waihinga Centre

Favourable variance and \$232k due to the Pain Farm transfer (as above) and \$150k donations from Waihinga Trust

Rental Properties

Unfavourable \$48K, \$32K due to expenses on properties intended for sale not budgeted - Pierce St Subdivision. R&M unfavourable \$11K due to FTN sport stadium overlay interior walls with ply and lighting not budgeted for.

Parks and Reserves

Unbudgeted cost of \$32k for Pierce St Subdivision

Toilets

Unfavourable \$29K, mainly routine maintenance \$8K unfavourable and R & M 5K unfavourable to budget YTD. Should balance out at end of the year.

Land Transport

Actual Expenditure YTD \$2,963K, made up of:

- Subsidised \$2,884K
- Non Subsidised \$165K

Water Supply

Unfavourable by \$59k due to unbudgeted cost of the structural assessment of concrete tanks, increased costs of insurance, and increased water conservation costs and leak detection.

Solid Waste Management

Favourable \$23K due to a decrease in landfill maintenance, and decrease in Visitor numbers

Wastewater

Favourable \$198K. This includes a reduction in depreciation of \$69K due to delayed capital expenditure, and utilities under budget by \$47K YTD.

Stormwater Drainage

Favourable \$20K, mainly due to favourable routine maintenance spend.

CAPITAL EXPENDITURE INCOME

NZ Transport Agency

\$158K Favourable to budget YTD.

Grants

\$275K favourable to budget due to Waihinga Centre grants and donations budgeted in previous years.

Contributions

Favourable \$71K due to increased development activity in the district.

3. STATEMENT OF FINANCIAL POSITION

Working Capital

Working capital (current assets less current liabilities) stands at \$11,060K. (30 June 2018 \$8,802K).

Prepayments and Receivables

Prepayments and receivables total \$1,537K. Key components are Rates \$139K, general Debtors \$459K, Interest receivable \$178K, Future installments \$461K & NZTA subsidies \$269K.

Payables and Accruals

Payables and accruals total \$3,566K. Key items are Sundry creditors \$772K, Rates in advance SWDC \$323K, Rates owing to GWRC \$953K, Contract retentions \$262K

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 \$17,900K.

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 28 FEBRUARY 2019

2018		YTD			2019	
LY Actual		Actual	Budget	Variance	Budget	% of Budget
<u>OPERATING INCOME</u>						
9,905,906	Rates	10,521,053	10,501,797	19,256	13,993,011	75%
125,763	Rates Penalty	100,267	115,819	(15,552)	140,000	72%
299,611	Interest	299,827	277,383	22,444	449,099	67%
13,901	Internal Interest Loans	13,901	13,902	(1)	20,880	67%
823,791	Fees & Licences	878,335	807,740	70,595	1,154,450	76%
424,287	User Levies	400,311	366,429	33,882	700,315	57%
49,115	Commissions	50,084	46,694	3,390	69,650	72%
757,347	NZ Transport Agency Subsidy	679,265	597,290	81,975	1,261,390	54%
62,202	Petrol Tax	66,017	53,628	12,389	82,905	80%
459,571	Grants, Donations & Subsidies	16,867	12,040	4,827	15,198	111%
343,408	Rental / Hire	365,575	322,060	43,515	503,938	73%
50,572	Profit on Sale of Assets	-	-	-	-	0%
261,136	Miscellaneous Income	(4,898)	71,278	(76,176)	137,689	-4%
13,576,610	Total Operating Income	13,386,603	13,186,060	200,543	18,528,525	
<u>OPERATING EXPENDITURE</u>						
1,209,595	Corporate Services	1,330,008	1,314,485	(15,523)	2,017,155	66%
604,603	In-House Professional Services	730,939	666,648	(64,291)	1,034,152	71%
314,076	Governance, Leadership & Advocacy	390,361	340,451	(49,910)	546,556	71%
846,123	Public Protection	862,908	879,983	17,075	1,355,145	64%
328,293	Resource Management	297,134	336,819	39,685	526,493	56%
236,278	Economic, Cultural & Community Development	343,297	327,744	(15,553)	464,229	74%
1,766,484	Amenities	1,968,292	1,899,348	(68,944)	2,735,816	72%
3,340,923	Land Transport	2,962,821	2,975,440	12,619	5,110,234	58%
1,552,616	Water Supply	1,637,745	1,603,033	(34,712)	2,388,643	69%
952,575	Solid Waste Management	915,034	938,338	23,304	1,414,226	65%
1,017,330	Wastewater	1,083,491	1,281,235	197,744	1,886,427	57%
119,781	Stormwater Drainage	112,923	132,818	19,895	184,425	61%
13,751	Rate Debtors Remissions	14,131	30,337	16,206	40,000	35%
-	Loss on Sale of Assets	2,058	-	(2,058)	-	0%
12,302,426	Total Operating Expenditure	12,655,426	12,726,679	71,253	19,703,501	
1,274,184	Operating Surplus/(Deficit)	731,177	459,381	271,796	- 1,174,975.90	
<u>CAPITAL EXPENDITURE INCOME</u>						
367,504	NZ Transport Agency Subsidy	628,169	470,051	158,118	1,192,296	53%
728,800	Grants, Donations & Subsidies	415,000	-	415,000	-	0%
643,644	Contributions	511,375	440,626	70,749	1,036,888	49%
1,739,948	Total Capital Expenditure Income	1,554,544	910,677	643,867	2,229,185	
<u>OTHER INCOME</u>						
-	Assets Vesting in Council	589,137	-	589,137	-	0%
-	Gain on Asset Revaluations	-	-	-	38,868	0%
-	Total Other Income	589,137	-	589,137	38,868	
\$ 3,014,132	TOTAL SURPLUS / (DEFICIT)	\$ 2,874,858	\$ 1,370,058	\$ 1,504,800	\$ 1,093,077	

Included in the operating expenditure is:

2,977,664	Depreciation	2,975,630	3,209,983	(234,353)	4,892,393	61%
381,274	Interest	398,996	499,113	(100,117)	740,220	54%

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019

	28 FEBRUARY 2019	30 JUNE 2018	MOVEMENT
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Bank	79,848	161,549	(81,702)
Short Term Deposits	1,601,471	4,050,072	2,751,905
Reserve and Loan redemption Term deposits	5,200,507	-	
Investments	6,529,314	9,065,743	(2,536,428)
Prepayments & Receivables	1,537,090	2,757,040	(1,219,950)
Inventories	10,316	23,647	(13,330)
Properties Intended For Sale	1,500,000	1,500,000	-
Total Current Assets	16,458,545	17,558,050	(1,099,505)
<u>Non-Current Assets</u>			
Investments	371,898	375,022	(3,124)
Term Deposits	-	1,765,421	(1,765,421)
Investment Properties	8,435,000	8,435,000	-
Intangible Assets	98,463	124,513	(26,050)
Properties Intended For Sale	-	-	-
Property, Plant & Equipment	443,604,687	438,692,798	4,911,889
Total Non-Current Assets	452,510,048	449,392,754	3,117,294
TOTAL ASSETS	\$ 468,968,593	\$ 466,950,804	\$ 2,017,789
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Cash and Bank	-	-	-
Payables and Accruals	3,566,745	4,373,741	(806,997)
Employee Entitlements	297,697	347,769	(50,072)
Public Debt - Current Portion	-	4,000,000	(4,000,000)
Provisions - Current Portion	34,043	34,043	-
Total Current Liabilities	3,898,484	8,755,554	(4,857,069)
<u>Non-Current Liabilities</u>			
Public Debt - Non-Current Portion	17,500,000	13,500,000	4,000,000
Provisions - Landfill	433,901	433,900	-
Total Non-Current Liabilities	17,933,901	13,933,900	4,000,000
<u>EQUITY</u>			
Public Equity	153,958,107	151,083,249	2,874,858
Special Separate & Trust Funds	22,724,914	22,724,914	-
Asset Revaluation Reserve	270,450,885	270,450,885	-
Sinking Fund Reserves	-	-	-
Other Reserves	2,303	2,303	-
Total Equity	447,136,208	444,261,350	2,874,859
TOTAL LIABILITIES & EQUITY	\$ 468,968,593	\$ 466,950,804	\$ 2,017,788

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF CASHFLOWS AS AT 28 FEBRUARY 2019

	28 FEBRUARY 2019	28 February 2018	30 JUNE 2018
<u>OPERATING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Rates	11,832,780	10,997,297	13,320,429
Grants & Subsidies	2,789,498	2,818,909	4,514,636
Petrol Tax	48,536	45,907	95,559
Other Income	2,720,987	3,120,852	4,293,551
Interest on Investments	227,658	260,935	414,296
Total Operating Cash Inflow	17,619,460	17,243,901	22,638,471
<u>Cash was applied to:</u>			
Payments to Suppliers & Employees	11,041,137	9,526,498	12,302,325
Interest Paid	349,566	340,098	570,471
Total Operating Cash Outflow	11,390,703	9,866,596	12,872,796
Net Cashflow from Operating Activities	6,228,757	7,377,305	9,765,675
<u>INVESTING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Sale of Property, Plant & Equipment	-	264,522	276,612
Term Investments, Shares & Advances	4,301,849	-	6,510,056
Investments in Loan Redemption & Sinking Funds	-	-	-
Total Investing Cash Inflow	4,301,849	264,522	6,786,668
<u>Cash was applied to:</u>			
Purchase of Property, Plant & Equipment	7,858,345	3,446,269	7,969,751
Term Investments, Shares & Advances	2,058	88,000	10,895,165
Investments in Loan Redemption & Sinking Funds	-	-	-
Total Investing Cash Outflow	7,860,403	3,534,269	18,864,916
Net Cashflow from Investing Activities	(3,558,552)	(3,269,746)	(12,078,248)
<u>FINANCING ACTIVITIES</u>			
<u>Cash was provided from:</u>			
Public Debt	2,000,000	4,000,000	4,000,000
Total Financing Cash Inflow	2,000,000	4,000,000	4,000,000
<u>Cash was applied to:</u>			
Repayment of Public Debt	2,000,000	4,000,000	4,000,000
Total Financing Cash Outflow	2,000,000	4,000,000	4,000,000
Net Cash Flow from Financing Activities	-	-	-
NET INCREASE / (DECREASE) IN CASH	2,670,205	4,107,561	(2,312,572)
OPENING CASH BALANCE	1 JULY 2018	6,524,195	6,524,195
CLOSING CASH BALANCE	28 FEBRUARY 2019	\$ 10,631,756	\$ 4,211,621
<u>REPRESENTED BY:</u>			
Cash and Cash equivalents	79,848	120,337	161,549
Short Term Deposits	6,801,978	10,511,417	4,050,072
Investments (Current)			
	\$ 6,881,826	\$ 10,631,753	\$ 4,211,621

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF CAPITAL EXPENDITURE FOR THE PERIOD ENDED 28 FEBRUARY 2019

<u>DESCRIPTION</u>	Year to Date		Annual	Budget	Total
	Actual	Budget	Budget	Brought Forward from Prev Years	Budget Available
Baseline CAPEX:					
Amenities	372,500	505,640	758,424	756,116	1,514,540
Water Supply	196,995	534,160	801,248	358,963	1,160,211
Solid Waste Management	27,919	224,304	336,450	20,000	356,450
Stormwater Reticulation	-	36,520	54,779	53,600	108,379
Wastewater	3,919,601	1,515,968	2,273,950	3,048,300	5,322,250
Land Transport	1,124,431	1,422,624	2,133,934	-	2,133,934
Information Technology	95,628	105,168	157,748	53,753	211,501
Council Property	3,836	407,552	611,319	32,745	644,064
Waihinga Centre	1,369,238	-	-	1,166,089	1,166,089
	<u>\$ 7,110,148</u>	<u>\$ 4,751,936</u>	<u>\$ 7,127,852</u>	<u>\$ 5,489,566</u>	<u>\$ 12,617,418</u>

SUMMARY OF INVESTMENTS

ORGANISATION		INTEREST RATE	INVESTED DATE	MATURITY DATE	Term	TOTAL INVESTED
SHORT TERM FUNDS						
Registered Banks	Code					
ASB Call account	99182811	1.25%	20-Jun-17	On Call	On Call	\$75,085.71
ASB Reserve Fund	99182811	3.58%	13-Jun-18	13-Jun-19	365 days	\$300,000.00
ASB Term Deposit - Loan redemption	99182811	3.68%	23-Jan-18	15-Jul-19	538 days	\$225,000.00
ASB Term Deposit - Loan redemption	99182811	3.58%	25-Jul-18	25-Jul-19	365 days	\$225,000.00
ASB Term Deposit - Loan redemption	99182811	3.76%	27-Apr-18	17-Oct-19	538 days	\$226,000.00
						\$1,051,085.71
ANZ CALL ACCOUNT	99182813	0.70%	28-Feb-19	On Call	On Call	\$71.32
ANZ Term Deposit	99182813	3.10%	23-Oct-18	20-Feb-19	120 days	\$500,000.00
ANZ Term Deposit	99182813	3.42%	20-Nov-18	20-May-19	181 days	\$1,000,000.00
ANZ Reserve Fund	99182813	3.54%	22-Jun-18	24-Jun-19	367 days	\$750,000.00
ANZ Term Deposit - Loan redemption	99182813	3.45%	4-Jan-19	3-Jan-20	365 days	\$150,000.00
						\$2,400,071.32
BNZ AUTOCALL (-025)	99182812	0.10%	28-Feb-19	On Call	On Call	\$1,000,194.17
BNZ Term Deposit	99182812	2.92%	21-Nov-18	19-Feb-19	90 days	\$1,000,000.00
BNZ Reserve Fund	99182812	3.66%	24-May-18	24-May-19	365 days	\$1,000,000.00
BNZ Loan Redemption	99182812	3.61%	12-Nov-18	12-Nov-19	365 days	\$375,000.00
						\$3,375,194.17
KIWIBANK Term Deposit	99182819	1.75%	28-Feb-19	On call	On call	\$0.00
KIWIBANK Term Deposit	99182819	3.15%	20-Nov-18	20-Mar-19	120 days	\$1,000,000.00
KIWIBANK Term Deposit	99182819	3.10%	23-Oct-18	23-Apr-19	182 days	\$500,000.00
KIWIBANK Loan Redemption	99182819	3.45%	23-Oct-18	23-Oct-19	365 days	\$500,000.00
KIWIBANK Loan Redemption	99182819	3.60%	13-Nov-18	13-Nov-19	365 days	\$225,000.00
						\$2,225,000.00
WBS Call account	99182816	0.50%	28-Feb-19	On Call	On Call	\$1.29
WBS Reserve fund	99182816	3.60%	22-Nov-18	22-Nov-19	365 days	\$190,705.06
WBS Reserve fund	99182816	3.60%	25-Nov-18	25-Nov-19	365 days	\$184,799.54
WBS Reserve fund	99182816	3.55%	21-Dec-18	21-Dec-19	365 days	\$150,000.00
						\$525,505.89
WESTPAC TRUST ONLINE CALL	99182814	0.10%	28-Feb-19	On Call	On Call	\$13.24
WESTPAC Term Deposit	99182814	2.63%	21-Dec-18	19-Feb-19	60 Days	\$400,000.00
WESTPAC Term Deposit	99182814	2.63%	3-Jan-19	4-Mar-19	60 Days	\$1,000,000.00
WESTPAC Reserve Fund	99182814	3.45%	22-Jun-18	24-Jun-19	367 days	\$1,314,421.02
WESTPAC Term Deposit - Loan redem	99182814	3.45%	23-Oct-18	23-Oct-19	365 days	\$500,000.00
						\$3,214,434.26
TOTAL						\$12,791,291.35
INVESTMENTS						
LGFA Borrower Bonds	NZLGFDG472C5	3.01%	20-Jun-16	15-Apr-23		\$28,800.00
LGFA Borrower Bonds	NZLGFDG472C3	2.81%	20-Jun-16	15-May-21		\$91,200.00
LGFA Borrower Bonds		2.65%	20-Feb-17	15-Mar-19		\$64,000.00
LGFA Borrower Bonds		2.98%	20-Feb-17	15-Apr-20		\$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
						\$280,000.00
FORESTRY						
Plantation - Hurupi Stock	99283827					\$9,305.00
						\$9,305.00
SHARES						
AIRTEL LTD	99283824					\$0.00
FARMLANDS	99283825					\$1,159.00
NZ LOC GOVT INS CO	99283823					\$81,434.30
						\$82,593.30
TOTAL INVESTMENTS						\$13,163,189.65
Bank of New Zealand		\$3,375,194.17		ASB		\$1,051,085.71
ANZ		\$0.00		ANZ		\$2,400,071.32
Westpac		\$3,214,434.26				
Wairarapa Building Society		\$525,505.89				\$3,451,157.03
KiwiBank		\$2,225,000.00				
		\$9,340,134.32		SHORT TERMS:		\$12,791,291.35
				SHARES		\$82,593.30