

SOUTH WAIRARAPA DISTRICT COUNCIL

14 DECEMBER 2011

AGENDA ITEM D3

CORPORATE SUPPORT GROUP REPORT

Purpose of Report

To update Councillors on the Corporate Support Group activities.

Recommendations

Officers recommend that the Council:

1. *Receive the information.*

1. Executive Summary

This report marks the end of another busy year, and considering what is already on the list, foreshadows a busy period ahead.

The corporate support team continues to develop in their roles and apart from the one unfortunate hiccup have produced to a high level and I thank them for their efforts.

The period since the last report has been highlighted by closing the annual report project, and virtually immediately getting into the long Term Plan.

The new website is up and running and thanks must go to Jen and Suzanne for their work on this important customer interface. We will be deciding on "where to from here" in the new year.

The emissions trading scheme close off caused a flurry of activity after it was realized that previously thought unqualifying plantings did qualify.

2. Discussion

2.1 Revenue and Financing Policy

The draft policy will be presented to the Policy and Finance Committee. This policy is one of the key policies for the LTP, and as you know is the result of a number of workshops.

2.2 LTP Timetable

Audit New Zealand visited on 30 November to discuss progress on the LTP, and agree dates when we would have information to them for audit.

Audit New Zealand seemed happy with progress and was particularly interested in our longer term approach.

An updated timetable will be tabled, following finalisation of a number of workshop dates.

2.3 LTP Meetings

Following on from the internal meetings, the external focus group meetings commenced with the business group on 30 November. Despite the numbers being lower than anticipated, I think the discussion generated all the ideas that would have been raised anyway.

2.4 Emissions Trading Scheme

A short text from Dr Dowds resulted in a flurry of activity and a reasonable amount of work to register our pre 1990 plantings under the Emissions Trading Scheme.

The Pre 1990 application was a matter of claiming the compensation units available for the PRE 1990 land which due to legislation change, is now required to remain as forest land (it can be cut down and replanted).

Woodnet, a Masterton based firm, were retained to assist with the mapping and lodging of the claim, which was successfully completed a minute or so prior to the 30 November deadline.

We have applied for approximately 70 Ha (there is one block I am not sure of the actual size), this will be subject to MAF review.

The next step is to review our other landholdings and ascertain whether it is prudent to plant additional areas under the ETS. This is not as straightforward as it may seem as pre and post 1990 plantings are treated quite differently under the scheme.

2.4.1. Summary of rate arrears

The following table summarises the rate arrears excluding multi ownership Maori land.

Date	Amount \$'000	Number	Days since instalment due	SWDC component \$'000 (81%)
30 June 2011	\$851	631	31	\$689
1 August 2011	\$780	463	64	\$632
28 November 2011	\$969	760	7	\$785

At the time of writing (6 December 2011), the \$969K had reduced by \$41K to \$928K.

The table includes total arrears, including that collected on behalf of GWRC. The SWDC component is shown in the right hand column, and includes GST.

2.5 Financial Statements for the four months ended 31 October, and five months ended 30 November 2011

The financial statements for the four months are presented for the record. No commentary has been provided for these statements as the November financial statements will be tabled with full commentary.

A full year forecast will also be presented.

2.6 Software Suite

As you are aware, the ACS software suite has been "end of life" and we are required to find an alternative.

In terms of our purchasing policy we are required to obtain prices from at least three vendors, unless a "certificate of expediency" is issued.

The current circumstances do not warrant applying for a certificate of expediency.

Initial discussions with Splice Group were held last week with a view to mapping out a process for efficiently obtaining the market information we need. Splice Group are assisting local authorities with GIS implementations and have been advising MDC for many years.

It is anticipated "go live" will be in the latter part of next year.

3. Appendices

Appendix 1 – Financial Statements for the four months ended 31 October 2011

Contact Officer: Paul Crimp, Group Manager Corporate Support

**Appendix 1 – Financial
Statements for the Four
Months Ended 31 October
2011**

MONTHLY FINANCIAL STATEMENTS							
FOR THE PERIOD ENDED							
31 October 2011							

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 OCTOBER 2011

	CURRENT MONTH			YEAR TO DATE			2011	
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	BUDGET	% OF BUD
OPERATING INCOME								
Rates	2,599,599	2,650,005	(50,406)	5,200,417	5,300,010	(99,593)	10,157,552	51%
Rates Penalty	-	8,167	(8,167)	141,332	32,664	108,668	96,224	147%
Interest	23,204	12,803	10,401	73,904	51,217	22,687	193,413	38%
Internal Interest Loans	3,185	3,125	60	12,639	12,505	134	37,505	34%
Fees & Licences	38,215	45,614	(7,399)	270,336	286,464	(16,128)	788,129	34%
User Levies	49,187	130,919	(81,732)	82,931	233,663	(150,732)	499,008	17%
Commissions	137	5,130	(4,993)	15,924	20,510	(4,586)	62,248	26%
NZ Transport Agency Subsidy	30,429	135,432	(105,003)	382,679	541,729	(159,050)	1,005,691	38%
Petrol Tax	6,047	7,727	(1,680)	24,190	30,903	(6,713)	90,194	27%
Grants, Donations & Subsidies	5,284	1,558	3,726	11,323	6,198	5,125	21,671	52%
Rental / Hire	1,997	27,067	(25,070)	72,794	108,264	(35,470)	289,873	25%
Profit on Sale of Assets	-	-	-	-	-	-	-	0%
Miscellaneous Income	37,611	32,628	4,983	137,577	130,500	7,077	391,830	35%
Total Operating Income	2,794,895	3,060,175	(265,280)	6,426,046	6,754,627	(328,581)	13,633,338	47%
OPERATING EXPENDITURE								
Corporate Services	174,680	141,526	33,154	562,226	566,135	3,909	1,638,809	34%
In-House Professional Services	50,032	59,339	(9,307)	205,035	237,349	32,314	622,419	33%
Governance, Leadership & Advocacy	37,073	31,017	6,056	120,876	124,064	3,188	383,138	32%
Public Protection	108,145	81,576	26,569	311,559	326,245	14,686	788,849	39%
Resource Management	29,966	34,141	(4,175)	108,786	136,537	27,751	470,744	23%
Economic, Cultural & Community Development	29,449	19,256	10,193	153,286	77,009	(76,277)	193,043	79%
Amenities	148,273	147,854	419	516,255	591,415	75,160	1,737,231	30%
Land Transport	277,639	368,949	(91,310)	1,453,355	1,475,774	22,419	4,201,584	35%
Water Supply	164,826	182,088	(17,262)	616,941	728,334	111,393	2,169,150	28%
Solid Waste Management	89,882	98,165	(8,283)	307,970	392,697	84,727	967,649	32%
Sewerage	93,831	92,179	1,652	275,817	368,701	92,884	982,622	28%
Stormwater Drainage	10,758	10,555	203	36,203	42,213	6,010	159,128	23%
Rate Debtors Written Off	-	3,333	(3,333)	25,387	13,336	(12,051)	42,766	59%
Bad Debts	-	2,500	(2,500)	6,143	10,000	3,857	16,208	38%
Loss on Sale of Assets	-	-	-	-	-	-	10,805	0%
Total Operating Expenditure	1,214,554	1,272,478	(57,924)	4,699,839	5,089,809	389,970	14,384,145	33%
Operating Surplus/(Deficit)	1,580,341	1,787,697	(207,356)	1,726,207	1,664,818	61,389	(750,807)	-230%
CAPITAL EXPENDITURE INCOME								
NZ Transport Agency Subsidy	34,068	144,718	(110,650)	151,929	578,871	(426,942)	1,074,644	14%
Grants, Donations & Subsidies	-	14,663	(14,663)	-	58,664	(58,664)	176,055	0%
Contributions	(3,720)	24,341	(28,061)	16,293	97,387	(81,094)	344,964	5%
Total Capital Expenditure Income	30,348	183,722	(153,374)	168,222	734,922	(566,700)	1,595,663	11%
OTHER INCOME								
Assets Vesting in Council	-	-	-	-	-	-	-	0%
Gain on Asset Revaluations	-	-	-	-	-	-	249,838	0%
Total Other Income	-	-	-	-	-	-	249,838	0%
TOTAL SURPLUS / (DEFICIT)	\$ 1,610,689	\$ 1,971,419	\$ (360,730)	\$ 1,894,429	\$ 2,399,740	\$ (505,311)	\$ 1,094,694	173%
Included in the operating expenditure is:								
Depreciation	627,535	326,189	301,346	1,234,620	1,304,736	(70,116)	3,396,135	36%
Interest	67,257	60,249	7,008	216,558	240,999	(24,441)	598,671	36%

SOUTH WAIRARAPA DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2011

	31 OCTOBER 2011	30 JUNE 2011	MOVEMENT
ASSETS			
Current Assets			
Cash and Bank	131,865	630,655	(498,790)
Short Term Deposits	4,681,880	2,942,565	1,739,315
Investments	-	1,903,121	(1,903,121)
Prepayments & Receivables	5,597,225	3,077,525	2,519,700
Inventories	39,551	35,203	4,348
Properties Intended For Sale	-	-	-
Total Current Assets	10,450,521	8,589,069	1,861,452
Non-Current Assets			
Investments	77,844	77,844	-
Investment Properties	8,024,200	8,024,200	-
Intangible Assets	4,152	5,714	(1,562)
Property, Plant & Equipment	357,513,823	357,650,635	(136,812)
Total Non-Current Assets	365,620,019	365,758,393	(138,374)
TOTAL ASSETS	\$ 376,070,540	\$ 374,347,462	\$ 1,723,078
LIABILITIES			
Current Liabilities			
Cash and Bank	-	-	-
Payables and Accruals	2,505,387	2,616,693	(111,306)
Employee Entitlements	193,598	231,810	(38,212)
Public Debt - Current Portion	-	5,458,051	(5,458,051)
Finance Leases - Current Portion	-	10,579	(10,579)
Provisions - Current Portion	-	33,019	(33,019)
Total Current Liabilities	2,698,985	8,350,152	(5,651,167)
Non-Current Liabilities			
Public Debt - Non-Current Portion	8,381,917	2,941,421	5,440,496
Finance Leases - Non-Current Portion	16,421	10,119	6,302
Provisions - Non-Current Portion	439,263	406,244	33,019
Total Non-Current Liabilities	8,837,601	3,357,784	5,479,817
EQUITY			
Public Equity	143,968,861	142,074,433	1,894,428
Special Separate & Trust Funds	15,976,239	15,976,239	-
Asset Revaluation Reserve	203,078,950	203,078,950	-
Sinking Fund Reserves	1,508,140	1,508,140	-
Other Reserves	1,764	1,764	-
Total Equity	364,533,954	362,639,526	1,894,428
TOTAL LIABILITIES & EQUITY	\$ 376,070,540	\$ 374,347,462	\$ 1,723,078
Variance	\$ -	\$ -	\$ -

SOUTH WAIRARAPA DISTRICT COUNCIL				
STATEMENT OF CASHFLOWS				
AS AT 31 OCTOBER 2011				
		31 OCTOBER 2011	30 JUNE 2010	30 JUNE 2010
OPERATING ACTIVITIES				
Cash was provided from:				
Rates		5,118,533	9,466,001	9,406,007
Government Grants & Subsidies		(211,552)	1,626,470	2,048,291
Petrol Tax		22,497	79,352	77,809
Other Income		617,695	2,752,951	2,333,340
Interest on Investments		93,392	243,261	243,321
Total Operating Cash Inflow		5,640,565	14,168,035	14,108,768
Cash was applied to:				
Payments to Suppliers & Employees		3,685,073	9,779,647	9,718,623
Interest Paid		216,558	647,936	654,818
Total Operating Cash Outflow		3,901,631	10,427,583	10,373,441
Net Cashflow from Operating Activities		1,738,934	3,740,452	3,735,327
INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Property, Plant & Equipment		-	649	649
Term Investments, Shares & Advances		2,228,711	1,136,677	1,440,784
Investments in Loan Redemption & Sinking Funds		-	221,724	-
Total Investing Cash Inflow		2,228,711	1,359,050	1,441,433
Cash was applied to:				
Purchase of Property, Plant & Equipment		3,549,173	3,103,502	3,104,025
Term Investments, Shares & Advances		-	-	370,390
Investments in Loan Redemption & Sinking Funds		325,590	230,502	307,659
Total Investing Cash Outflow		3,874,763	3,334,004	3,782,074
Net Cashflow from Investing Activities		(1,646,052)	(1,974,954)	(2,340,641)
FINANCING ACTIVITIES				
Cash was provided from:				
Public Debt		1,961,000	7,000,000	7,000,000
Total Financing Cash Inflow		1,961,000	7,000,000	7,000,000
Cash was applied to:				
Repayment of Public Debt		1,982,832	5,570,264	5,564,335
Total Financing Cash Outflow		1,982,832	5,570,264	5,564,335
Net Cash Flow from Financing Activities		(21,832)	1,429,736	1,435,665
NET INCREASE / (DECREASE) IN CASH		71,050	3,195,234	2,830,350
OPENING CASH BALANCE	1 JULY 2010	3,573,219	3,109,282	3,109,282
CLOSING CASH BALANCE	31 OCTOBER 2011	\$ 3,644,269	\$ 6,304,516	\$ 5,939,632
REPRESENTED BY:				
Cash and Bank		131,865	146,037	630,654
Short Term Deposits		4,681,880	6,158,479	2,942,565
Investments		-	-	-
		\$ 4,813,745	\$ 6,304,516	\$ 3,573,219
Variance		\$ -1,169,476	\$ -	\$ 2,366,413
				(2,366,413)

SOUTH WAIRARAPA DISTRICT COUNCIL

SCHEDULE OF INVESTMENTS AS AT 31 OCTOBER 2011

ORGANISATION	INTEREST RATE	DATE INVESTED	DATE MATURES	TOTAL INVESTED	INVESTED FUNDS %	AUTHORISED FUNDS %
SHORT TERM FUNDS						
Registered Banks						
BNZ Autocall Account	3.20%	31-Oct-11	On Call	\$ 56,013		
BNZ Reserves Fund	4.60%	18-Oct-11	17-Nov-11	\$ 702,870		
Total BNZ Funds				\$ 758,883	16%	30%
Kiwibank Reserves Fund	3.75%	23-May-11	23-Nov-11	\$ 696,985		
Total Kiwibank Funds				\$ 696,985	15%	30%
ASB Loan Redemption Reserves	3.89%	30-Jun-11	27-Dec-11	\$ 757,614		
Total ASB Funds				\$ 757,614	16%	30%
National Bank of NZ	2.40%	31-Oct-11	On Call	\$ 2,094		
Total NBNZ Funds				\$ 2,094	0%	30%
ANZ Call Account	3.50%	31-Oct-11	On Call	\$ 119,156		
Loan Redemption Reserves	3.50%	22-Oct-11	13-Feb-12	\$ 766,629		
ANZ Term investment	3.10%	31-Aug-11	4-Nov-11	\$ 500,000		
Total ANZ Funds				\$ 1,385,785	29%	30%
Westpac Term investment	4.20%	31-Aug-11	5-Dec-11	\$ 500,000		
Westpac Call Account	2.50%	31-Oct-11	On Call	\$ 187,188		
Total Westpac Funds				\$ 687,188	14%	30%
Other						
WBS (21220)	4.50%	30-Jun-11	27-Dec-11	\$ 137,673		
WBS (21220)	4.50%	29-Mar-11	25-Sep-11	\$ 143,869		
WBS (21220)	4.50%	8-Oct-11	5-Apr-11	\$ 111,470		
WBS (21220)		31-Oct-11	On Call	\$ 319		
Total Other Funds				\$ 393,331	8%	10%
TOTAL SHORT TERM FUNDS				\$ 4,681,880	98%	100%
SHARES						
NZ Local Govt Insurance Co Limited				\$ 65,255		
Airtel Limited				\$ 6,664		
Farmlands Trading Society Limited				\$ 699		
TOTAL SHARES				\$ 72,618	2%	
FORESTRY						
Plantation - Hurupi Stock				\$ 5,226		
TOTAL FORESTRY				\$ 5,226		
TOTAL INVESTMENTS				\$ 4,759,724	100%	
REPRESENTED BY:						
Short Term Deposits				4,681,880	98%	
Investments - Current Assets				-	0%	
Investments - Non-Current Assets				77,844	2%	
				\$ 4,759,724	100%	