



Te Kaunihera-ā-Rohe o Ngāmotu

NEW PLYMOUTH DISTRICT COUNCIL

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MEETING AGENDA

FINANCE SUBCOMMITTEE

Monday 5 May 2014

at 4.30pm

Council Chamber

Chairperson

Cr Richard Handley

Members:

Cr Keith Allum

Cr Colin Johnston

Cr Craig McFarlane

Cr Marie Pearce

Mayor Andrew Judd

FINANCE SUBCOMMITTEE MONDAY 5 MAY 2014

Addressing the subcommittee

Members of the public have an opportunity to address subcommittees during the public forum section or as a deputation.

A public forum section of up to 30 minutes precedes all subcommittee meetings. Each speaker during the public forum section of a meeting may speak for up to 10 minutes. In the case of a group a maximum of 20 minutes will be allowed.

A request to make a *deputation* should be made to the secretariat within two working days before the meeting. The chairperson will decide whether your deputation is accepted. The chairperson may approve a shorter notice period. No more than four members of a deputation may address a meeting. A limit of 10 minutes is placed on a speaker making a presentation. In the case of a group a maximum of 20 minutes will be allowed.

Definitions in reports

The reports contained in this agenda address the requirements of the Local Government Act 2002 in relation to decision making. For the purpose of clarity, the following definitions apply:

Significance assessment refers to the degree of importance in terms of its likely impact on the current and future well-being of the district, as articulated by the seven Community Outcomes (Connected, Prosperous, Secure and Healthy, Skilled, Sustainable, Together and Vibrant); the persons likely to be affected by, or interested in, the matter; and the extent to which strength of feeling exists or is known to exist on the issue; changes or potential changes to the levels of services currently offered to the community and therefore the current and future capacity of the council to perform its roles, and the financial and other costs of doing so.

Views of those affected refers to those persons, including tangata whenua, who are likely to be affected by, or have an interest in, the issue. A description of the affected parties, a description of the processes, methods and levels of consultation used to identify their views, along with a summary of those views will provide a means of presenting the community viewpoint on the issue. Where the views of those affected have not yet been sought, the future means of seeking those views will be set out)

Tangata whenua considerations refers to those matters that the local authority must assess in relation to its undertaking of decisions. Where an option for the achievement of the objective of a decision involves a significant matter in relation to land or bodies of water, the local authority must take into account the relationship of Maori, and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna and other taonga.

**FINANCE SUBCOMMITTEE
TUESDAY 8 APRIL 2014**

APOLOGIES

None advised.

PUBLIC FORUM

None advised.

DEPUTATIONS

None advised.

A ITEMS FOR DECISION BY COMMITTEE

A1 MINUTES

Recommendation

That the minutes of the Finance Subcommittee meeting held on 8 April 2014 be confirmed as a true and accurate record.

B ITEMS FOR RECOMMENDATION TO COUNCIL

B1 FINANCIAL UPDATE REPORT MARCH 2014

The purpose of this report is to present the financial results of the Council for the 9 months to the end of March 2014.

B2 EXCLUSION OF THE PUBLIC FROM THE REMAINDER OF THE MEETING

This report details items that are recommended should be considered with the public excluded, and the reason for excluding the public.



**FINANCE SUBCOMMITTEE
MONDAY 5 MAY 2014
PUBLIC EXCLUDED**

XB1 WRITE OFF UNRECOVERABLE DEBTS

The purpose of this report is to recommend writing off debts now considered to be unrecoverable.



FINANCE SUB COMMITTEE

- FILE REFERENCE:** DP-14-02 DM 1545553
- MEETING DATE:** Tuesday 8 April 2014 at 3pm
- VENUE:** Council Chamber
- MEMBERS PRESENT:** Councillor Richard Handley (Chairperson); Mayor Andrew Judd, Councillors Keith Allum, Craig McFarlane, Colin Johnston, Marie Pearce
- NON-MEMBERS PRESENT:** Councillors Gordon Brown, John McLeod, , Richard Jordan, Grant Coward, Shaun Biesiek, Howie Tamati, Len Houwers, Murray Chong (from 3.20pm)
- STAFF IN ATTENDANCE:** Barbara McKerrow, Jan Higley, Steve Taylor, Jim Willson, Cathy Thurston, Simon Pickford, Phil Armstrong, Lucy Graydon

KARAKIA

Cr Tamati opened the meeting with a karakia.

DEPUTATION

Fiona Clark regarding NPDC's annual roading budget, the TIML Fund and the Tasmanian Farms and maintenance of assets

PART B**ITEMS FOR FINAL DETERMINATION BY THE COUNCIL**2. **Financial Update Report February 2014**

FILE REFERENCE: DM 1536723

The purpose of this report is to present the financial results of the Council for the 8 months to the end of February 2014.

Finance Subcommittee Recommendation:

Cr Allum)

Cr Pearce)

That having considered all matters raised in the report the Council notes and receives the report.

Carried

3. **Independent Review – Terms of Reference and Process for First Stage of Effectiveness and Efficiency Review**

FILE REFERENCE: DM 1536347

The purpose of this report is to develop the terms of reference and process for Stage One of an effectiveness and efficiency review – to establish the efficiency with which all existing functions of the Council deliver on existing levels of service.

Finance Subcommittee Recommendation:

Cr Johnston)

Mayor Judd)

That having considered all matters raised in the report the Terms of Reference as outlined in the appendix and the process for Stage One of the effectiveness and efficiency review as outlined in the report be approved.

Carried**4. Exclusion of the Public from the Remainder of the Meeting****FILE REFERENCE:** DM 1538046

This report details items that are recommended should be considered with the public excluded, and the reason for excluding the public.

Finance Subcommittee Resolution:

Cr Pearce)

Mayor Judd)

That having considered all matters raised in the report, the Council hereby resolves that, pursuant to the Local Government Official Information and Meetings Act 1987, the public be excluded from the following parts of the proceedings of this meeting:

a) Confirmation of Previous Minutes

PIF Performance Report to 31 December 2013

The withholding of the information is necessary to protect the commercial position of the person or organisation supplying information to the Council, this particular interest being protected by section 7(2)(b)(ii) of the Act.)

TIML Director Appointment Process

The withholding of the information is necessary to protect the privacy of natural persons, including the deceased persons, this particular interest being protected by section 7(2)(a) of the Act.

PIF & TIML Review Process 2012/13

The withholding of the information is necessary to protect the commercial position of the person or organisation supplying information to the Council, this particular interest being protected by section 7(2)(b)(ii) of the Act.)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987.

Carried

FINANCE SUB COMMITTEE (PUBLIC EXCLUDED)

- FILE REFERENCE:** DP-14-02 DM 1540482
- MEETING DATE:** Tuesday 8 April 2014 at 3pm
- VENUE:** Council Chamber
- MEMBERS PRESENT:** Councillor Richard Handley (Chairperson); Mayor Andrew Judd, Councillors Keith Allum, Craig McFarlane, Colin Johnston, Marie Pearce
- NON-MEMBERS PRESENT:** Councillors Gordon Brown, John McLeod, , Richard Jordan, Grant Coward, Shaun Biesiek, Howie Tamati, Len Houwers, Murray Chong
- STAFF IN ATTENDANCE:** Barbara McKerrow, Jan Higley, Steve Taylor, Jim Willson, Cathy Thurston, Simon Pickford, Phil Armstrong, Lucy Graydon

PART A**MATTERS FINALLY DETERMINED BY THE COMMITTEE UNDER DELEGATED AUTHORITY AND REFERRED TO THE COUNCIL FOR INFORMATION AND RECORD**5. **Minutes (Public Excluded)**

File Reference: DP-14-02 DM 1537973

Finance Subcommittee Resolution:

Cr McFarlane)

Cr Johnston)

That the minutes of the Finance Sub Committee (Public Excluded) meeting held on Wednesday 26 February 2014 be confirmed as a true and accurate record.

Carried

The Finance subcommittee meeting closed at 3.41pm.

FINANCIAL UPDATE REPORT MARCH 2014

PREPARED BY: Philip Armstrong
 TEAM: Finance
 APPROVED BY: Steve Taylor
 WARD/COMMUNITY: District Wide
 DATE: 23 April 2014
 FILE REFERENCE: DM 1545559

PURPOSE

The purpose of this report is to present the financial results of the Council for the nine (9) months to the end of March 2014.

EXECUTIVE SUMMARY

The attached financial reporting pack is to be a regular monthly high level financial summary for the Finance Committee to review and receive. If there are issues arising from the financial performance, then the Finance Committee will report those to the appropriate Standing Committee and the Council.

RECOMMENDATION

That having considered all matters raised in the report the Council notes and receives the report.

SIGNIFICANCE ASSESSMENT

In terms of the Council's Significance Policy this matter is of:

Low significance Medium significance High significance

This matter has been assessed as low significance because the report is largely for information and monitoring purposes.

BACKGROUND

The Council previously received quarterly financial updates with the quarterly performance report. The current Council has formed a new Finance Committee which will meet monthly so it is appropriate to provide monthly financial updates to facilitate timelier reporting of financial information and issues of the Council.

ITEM B1**ITEM FOR RECOMMENDATION****DISCUSSION**

The Financial reporting pack is a monthly high level financial report, highlighting the performance and forecast of the Council's finances. The report covers operational expenditure and revenue, capital expenditure, treasury and debt management of the Council. Reporting of the PIF (Perpetual Investment Fund) will be provided separately by TIML.

OPTIONS

The report is for informational and monitoring purposes. There are no specific recommendations in the report but there may be matters the Subcommittee may wish to note to the applicable Standing Committee or the Council.

IMPLICATIONS ASSESSMENT**Local Government Purpose**

The matter comes within the scope of the Council's lawful powers, including satisfying the purpose statement in section 10 of the Local Government Act 2002. The matter will enable the Council to meet the current and future needs of communities for good quality (i.e. efficient, effective and appropriate to present and anticipated future circumstances):

Local Infrastructure Local public services Performance of regulatory function

Community Outcomes

This matter contributes to the following community outcomes:

Connected Skilled Prosperous Secure and Healthy
 Together Vibrant Sustainable

Community outcomes are the outcomes that the Council aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions.

LTP / Annual Plan

Is this matter currently budgeted for? Yes No

Consistency with Policy and Plans

The matter is consistent with the Council's plans and policies, in particular the 2013/14 Annual Plan the financial performance is measured against.

Legal

N/A

Tangata Whenua Maori

There are no particular matters in this report which affect Tangata Whenua

Community Views and Preferences

N/A

Risk Analysis

N/A

APPENDICES

Financial Reporting Pack attached.

NPDC
Finance Committee Financial Performance
Report
March 2014



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Monthly Overview

- Overall the business continues to track in line with budget. In general where there are revenue shortfalls these have been offset by cost reductions. Currently we are forecasting to have a surplus against budget mainly driven by lower interest cost. This is a result of the capital programme running behind schedule and therefore no current requirement to increase borrowing. The surplus against budget will mean a reduction in deficit funding to meet the current years operation.
- The 3rd quarter release from the PIF was deferred, as our cash position is currently strong and much better than forecast, primarily because the timing of our Capital spend. We will continue to review and monitor our funding balances over the next few months through to year end and will make a recommendation to the Council towards the end of the financial year, on the level of the final release to take from the PIF for the current financial year.



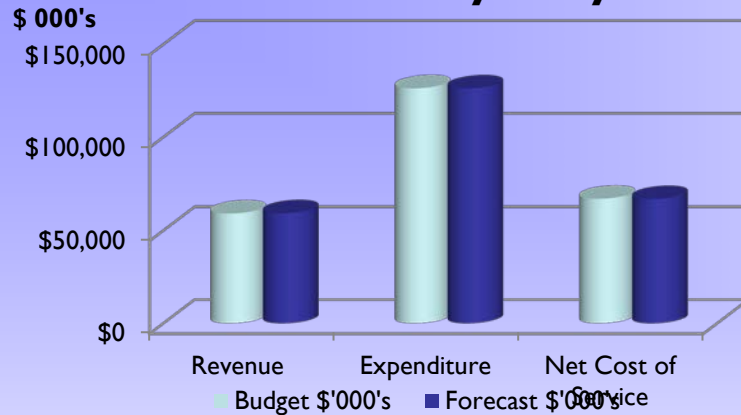
Financial Performance Highlights

- Operational performance forecasted to be inline with budget. 
- Capital projects tracking to budget but behind schedule there will be substantial carry forwards. 
- Borrowing balance less than plan due primarily to the timing of the Capital spend. 
- Borrowing and Treasury limits within policy. 
- Rating and debt collection on target to meet internal KPI's. 



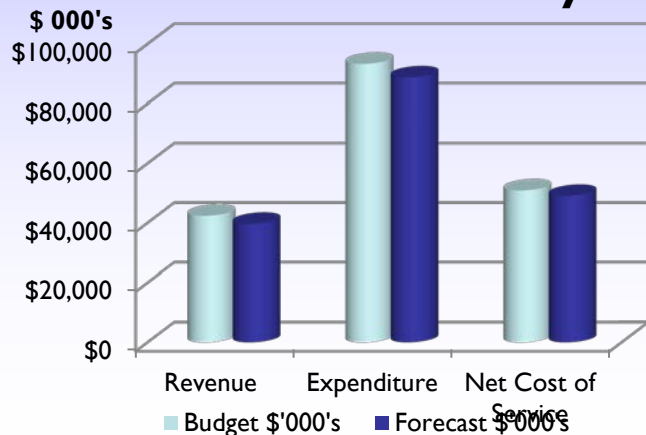
Financial Performance Snapshot

Financial Summary full year Forecast



- The full year financial forecast is tracking to budget. While there are some variances in specific activities as detailed in the Operating Summary, the net impact is in line with budget.

Financial Summary YTD



- Both revenue and expenditure slightly behind due largely to the timing of Roading operations, and the phasing of some budgets



Operating Summary Full Year Forecast Expenditure

Description	Annual Plan Revised	Projected Year End	Variance \$	Variance %	Commentary (exceptions/variance only)
EXPENDITURE					
Puke Ariki	12,315,300	12,282,400	32,900	0%	
Govett Brewster Art Gallery	3,510,400	3,266,600	243,800	7%	Projected operational savings/efficiencies to offset loss of operating revenue due to full closure of GBAG and timing of grants and sponsorships.
Community Development	5,271,600	5,482,200	(210,600)	-4%	Savings made - general and program delivery costs, postponement of project to next financial year. Budget oversight - total rates remission under budgeted, \$141k general rates and \$73k HFE rates.
Recreation & Event Venues	9,608,300	10,342,300	(734,000)	-8%	Operational costs greater as no shutdown as planned for Todd Energy Aquatic Centre, \$100k unbudgeted maintenance costs at Yarrow Stadium. Increased events activity resulting in increased revenue.
Parks	16,115,400	15,910,700	204,700	1%	Predominantly staff vacancies creating an under spend
Roads	23,345,600	23,426,100	(80,500)	0%	
Solid Waste Management	5,762,500	4,715,300	1,047,200	18%	Cost of renewing collection contract not specifically budgeted for. Effect of lower ETS costs than forecast in LTP.
Storm Water	2,538,500	2,527,800	10,700	0%	
Flood Control and Protection	258,200	255,400	2,800	1%	
Water	10,262,700	10,399,500	(136,800)	-1%	LAPP insurance \$35k over budget
Wastewater	14,751,000	15,055,500	(304,500)	-2%	Expect more overtime & sludge disposal costs due to TDF operational issues.
Regulatory Services	10,756,600	11,283,400	(526,800)	-5%	2 temp Animal Control Officers approved by Council, Increased cost in Land Use & Subdivision Consents and Monitoring (recoverable). Costs of new parking system - Depreciation and Maintenance
Emergency Management	445,600	445,600	0	0%	
Economic Growth	2,809,600	2,809,600	0	0%	
Civic & Democracy	6,180,800	6,150,700	30,100	0%	Projected savings in Communications
Management of Investments	2,464,800	1,833,800	631,000	26%	Capital program behind budget, further borrowing will not be required until late in the financial year. Offset with additional forestry harvest costs.
TOTAL EXPENDITURE	126,396,900	126,186,900	210,000	0%	



Operating Summary Full Year Forecast Revenue

Description	Annual Plan Revised	Projected Year End Outcome	Variance \$	Variance %	Commentary (exceptions/variance only)
REVENUE					
Puke Ariki	968,600	986,500	17,900	2%	The increase in revenue forecast is due to sponsorship for external projects eg MOE contracts, TRC allocations and Swainson Wood project grants some of which will need to be carried forward for work in progress.
Govett Brewster Art Gallery	4,958,900	2,997,300	(1,961,600)	-40%	Loss of operating revenue matched by operating savings. Delay in receiving capital grant revenue for LLC (Len Lye Centre) due to timing of works, no rates impact as Capital revenue.
Community Development	1,012,900	1,012,900	0	0%	
Recreation & Event Venues	2,662,100	3,429,400	767,300	29%	Maintenance shutdown for Aquatic Centre delayed for 12 months - has impacted on budgeted revenue, TSB Festival of Lights sponsorship did not reach target, some savings achieved, Revenue higher than anticipated in venues due to increased activity.
Parks	2,035,900	1,879,500	(156,400)	-8%	Plot sales & Burial Fees under budget expectations,
Roads	10,847,700	11,329,650	481,950	4%	Income from Oil and Gas contributions.
Solid Waste Management	5,183,700	5,183,700	0	0%	
Storm Water	13,100	13,100	0	0%	
Water	4,391,000	4,391,000	0	0%	
Wastewater	1,896,300	1,896,300	0	0%	
Regulatory Services	9,072,100	9,776,500	704,400	8%	Increase in most regulatory activities including dog registrations \$80k, land use consents \$150k, LIMs \$100k and development contributions \$240k. Offset with a reduction in parking based on current CBD occupancy.
Emergency Management	900	900	0	0%	
Civic & Democracy	136,900	260,000	123,100	90%	Increased revenue from election due to higher than anticipated voting turnout
Management of Investments	16,089,500	16,559,500	470,000	3%	A good forestry harvest at Mangamahoe with strong log prices achieved, exceeding budget expectations.
TOTAL REVENUE	59,269,600	59,716,250	446,650	1%	



Operating Summary Full Year Forecast Net Cost of Service

Description	Annual Plan Revised	Projected Year End Outcome	Variance \$	Variance %	Commentary (exceptions/variance only)
Net Cost of Activity					
Puke Ariki	11,346,700	11,295,900	50,800	0%	
Govett Brewster Art Gallery	(1,448,500)	269,300	(1,717,800)	119%	Projected operational savings/efficiencies to offset loss of operating revenue due to full closure of GBAG and timing of grants and sponsorships being received in 2015/2016 to align with completion of project.
Community Development	4,258,700	4,469,300	(210,600)	-5%	Savings made - general and programme delivery costs, postponement of project to next financial year. Budget oversight - total rates remission under budgeted, \$141k general rates and \$73k HFE rates.
Recreation & Event Venues	6,946,200	6,912,900	33,300	0%	
Parks	14,079,500	14,031,200	48,300	0%	
Roads	12,497,900	12,096,450	401,450	3%	Income from Oil and Gas contributions.
Solid Waste Management	578,800	(468,400)	1,047,200	181%	Cost of renewing collection contract not specifically budgeted for., Effect of lower ETS costs than forecast in LTP.
Storm Water	2,525,400	2,514,700	10,700	0%	
Flood Control and Protection	258,200	255,400	2,800	1%	
Water	5,871,700	6,008,500	(136,800)	-2%	LAPP insurance \$35k over budget
Wastewater	12,854,700	13,159,200	(304,500)	-2%	Expect more overtime & sludge disposal costs due to TDF operational issues.
Regulatory Services	1,684,500	1,506,900	177,600	11%	Extra costs in animal control, building, land use and consents and parking offset by increased revenue in building, development contributions, land use and consents and animal control.
Emergency Management	444,700	444,700	0	0%	
Economic Growth	2,809,600	2,809,600	0	0%	
Civic & Democracy	6,043,900	5,890,700	153,200	3%	Projected savings in Communications
Management of Investments	(13,624,700)	(14,725,700)	1,101,000	-8%	Capital program behind budget, further borrowing will not be required until late in the financial year and therefore saving on interest costs. Greater harvest revenue from forestry due to strong log prices.
TOTAL EXPENDITURE	67,127,300	66,470,650	656,650	1%	
NET COST OF SERVICE	67,127,300	66,470,650	656,650	1%	
Appropriations					
Appropriations & Reserves transfer	1,613,000	880,500	(732,500)	-45%	
Net cost of Service after appro	68,740,300	67,351,150	1,389,150		



Balance Sheet

	Date 31/03/2014	Date 31/03/2013	Variance \$	%
CURRENT ASSETS				
Cash, Bank and Investments	41,752,715	39,525,046	2,227,669	5.6
Sundry Debtors	26,703,529	23,937,261	2,766,268	11.6
Other Current Assets	115,283	115,283	-	-
Total Current Assets	68,571,527	63,577,590	4,993,937	7.9
INVESTMENTS				
Other Investments	207,136,737	221,550,951	(14,414,214)	(6.5)
Total Investments	207,136,737	221,550,951	(14,414,214)	(6.5)
FIXED ASSETS	1,966,643,225	1,953,579,282	13,063,943	0.7
	2,242,351,489	2,238,707,823	3,643,666	0.2
CURRENT LIABILITIES				
Sundry Creditors	1,184,773	572,834	(611,939)	(106.8)
Annual Leave / Other Accruals	11,878,168	13,502,141	1,623,973	12.0
Total Current Liabilities	13,062,941	14,074,975	1,012,034	7.2
TERM LIABILITIES				
Public Debt	114,243,569	121,613,000	7,369,431	6.1
Total Term Liabilities	114,243,569	121,613,000	7,369,431	6.1
PUBLIC EQUITY				
Special Funds and Reserves	77,373,296	85,125,986	7,752,690	9.1
Asset Revaluation Reserves	590,897,336	578,483,868	(12,413,468)	(2.1)
Retained Earnings	1,446,774,347	1,439,409,994	(7,364,353)	(0.5)
Total Public Equity	2,115,044,979	2,103,019,848	(12,025,131)	(0.6)
	2,242,351,489	2,238,707,823	(3,643,666)	(0.2)



Balance Sheet Commentary

The Statement of Financial Position is a snap shot of the Councils financial position at a particular point in time. It reflects the changes that have occurred during the last 12 months, which straddles the Councils last financial year end on 30 June 2013

Sundry debtors include rates outstanding for the remainder of the financial year.

Other Investments of \$207 million consist primarily of the PIF \$200.5 million but also include the Councils share of the Airport JV \$2.8 M, longer term bonds, the Investment in the LGFA and the VTR scheme. The reduction from the prior year is primarily a result of a reduced PIF balance which was \$214.7 million in March 2013. The reduction in value is largely attributable to the strong New Zealand dollar.

Sundry Creditors are more than the previous year due to some large contract payments due as at 31 March 2014

Overall equity is up due to the Asset revaluation which occurred last year effective 30 June 2013.

The Council's current ratio (the ratio of current assets to current liabilities – a measure of liquidity) stands at 5 to 1 as at 31 March 2014. This reflects a very strong position for the Council. The Council also has significant “stand by” facilities, so has no liquidity concerns.



Capital Works - Including Significant Projects

Description (Including Significant Projects)	Annual Plan Revised	Total Current Year to Date	Projected Year End Outcome	Variance \$	Variance %	Commentary
Puke Ariki	1,678,500	566,654	1,678,500	0	0%	
Govett Brewster Art Gallery & LLC (Len Lye Centre)	11,315,500	2,717,938	9,319,127	1,996,373	18%	Timing of precast concrete panels, overall building project on schedule for completion in December 2014/January 2015. Opening May/June 2015.
Community Development	86,900	48,206	86,900	0	0%	
Recreation & Event Venues	1,853,700	1,023,347	1,596,900	256,800	14%	Delay in renew als for the Todd Energy Aquatic Centre by 12 months.
Parks	5,986,000	2,643,231	4,928,319	1,057,681	18%	Pukekura Park Sediment Removal deferred
Roads	14,741,300	7,493,681	13,055,913	1,685,387	11%	Marfell \$325k, Bell Block Bypass \$1million and Lets Go Projects
Solid Waste Management	248,400	709,571	763,800	(515,400)	-207%	Purchase of Resource Recovery Facility land. Approved funding from Solid Waste Development Reserve.
Storm Water	2,886,200	409,614	1,341,300	1,544,900	54%	Ngamotu Road renew al stalled due to private land ow nership issues w ith the Port - \$1M impact. Area N delayed \$192k.
Flood Control and Protection	215,300	83	23,000	192,300	89%	
Water	5,063,400	693,907	1,753,900	3,309,500	65%	The variance is due to w orks not started associated w ith Area Q \$1.4 million, Okato ground w ater augmentation as a certain supply has not been located (\$984k) and the Oakura duplicate main (\$536k) w hich is due to go to tender in the middle of the year.
Wastew ater	19,930,100	3,697,446	7,117,937	12,812,163	64%	The variance relates to a number of w orks w hich are to be carried forw ard including the Waitara pipeline conversion and pump station, Wai Taatari sludge treatment solution, and a variety of w orks w hich are yet to be started.
Regulatory Services	68,700	23,323	68,700	0	0%	
Support Services	4,770,100	695,198	4,516,300	253,800	5%	Civic Centre.
Total	68,844,100	20,722,199	46,250,596	22,593,504		



Significant Capital Projects

Project Title	Current Year - 2013/14			Life of Project					Commentary
	Annual Plan Revised	Total Exp Year to Date	Projected Year End Outcome	Total Budget	Total Expenditure to Date	Total Expected Cost	Variance \$	Variance %	
Len Lye Centre & Art Gallery Earthquake Strengthening Works	11,188,800	2,645,108	9,319,000	16,928,777	5,057,541	16,928,777	-	0%	
New Cemetery Site Development	433,200	181,924	566,000	1,602,200	790,957	1,602,200	-	0%	
Pukekura Park Lake Quality Improvement	1,483,300	521,960	530,000	1,425,300	1,000,043	1,425,300	-	0%	
Colson Rd Second Lift Development	246,900	48,900	100,000	1,266,400	669,892	1,266,400	-	0%	
Cycle Strategy - Let's Go	1,823,700	801,936	1,185,550	5,357,300	5,355,541	5,357,300	-	0%	
Waitara to NP Sewer Pipe & Pump Station	4,083,000	621,913	2,046,700	12,877,000	5,625,928	9,109,177	3,767,823	29%	Contract savings
WWTP Capacity Upgrade	5,863,400	2,080,125	2,170,700	23,200,000	12,679,003	23,168,000	32,000	0%	
Total	25,122,300	6,901,866	15,917,950	62,656,977	31,178,905	58,857,154	3,799,823		

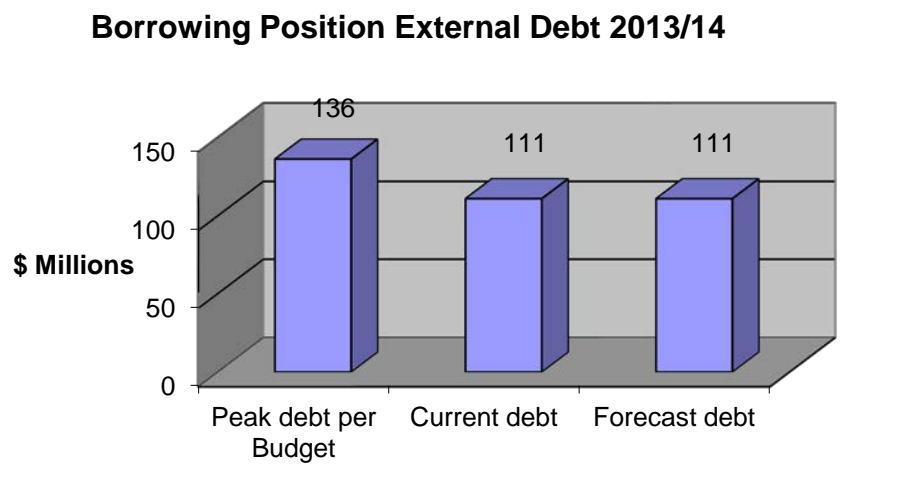


Treasury Report

March 2013



Borrowing Summary



•Overall Position

- Our current external debt stands at \$111 million, with our weighted average borrowing rate just above 5.5%.
- We have pulled back our year end forecast to \$111 million, due to the timing of our Capital programme. As a result of lower borrowing we are saving on interest costs.
- Short term interest rates remain low but have just started to rise with the OCR going up 0.25% on the 13th of March, and a further 0.25% on the 24th April. We are well hedged to protect against any further rise in long term interest rates for the next 3 to 4 years.



Interest Rate Management

- We manage our interest rate exposure in line with policy guidelines set out in the Treasury Management policy. The compliance and performance against the policy is managed and monitored monthly and is summarised in the Compliance scorecard in the next slide.
- Currently our fixed rate percentage is 85% with an average term of 4.6 years.
- We manage our fixed rate exposure through interest rate swaps which lock in fixed rates. Our longest dated SWAP is approximately 8 years.
- Our weighted average borrowing rate is currently 5.7%



Compliance Scorecard

New Plymouth District Council Interest Rate Position

12 month forecast core debt:	\$120m	31-Mar-14		
Policy Limits	55%-90%			
Overall Fixed:Floating Mix	85%			
Policy Compliance	Y			
Liquidity Ratio:	110%			
Actual	126%			
Policy Compliance	Y			
Fixed Rate Maturity Profile:				
Years	1 - 3 years	3 - 5 years	5 years plus	
Policy Limits	15%-60%	15%-60%	15%-60%	
Actual Hedging	36%	30%	34%	
Policy Compliance	Y	Y	Y	
Funding Maturity Profile:				
Years	0 - 3 years	3 - 5 years	5 years plus	
Policy Limits	15%-60%	15%-60%	10%-40%	
Actual Hedging	39%	47%	14%	
Policy Compliance	Y	Y	Y	



Compliance Ratios

Policy Compliance Borrowing limits	Mar-14		
		Measure	Performance
Net External Debt** not to exceed _____	20% of Equity	4.0%	Achieved
Net External Debt not to exceed _____	135% of Total Revenues* ¹	67.3%	Achieved
Pre-tax Funds Flow from Operations (FFO)# to Exceed Net Interest Expense by at least _____	2.5 times ¹	4.9	Achieved
Net interest expense on external debt as a percentage of total revenue to be less than _____	10% ¹	5.2%	Achieved
Net interest expense on external debt as a percentage of total annual rates income (debt secured under debenture) to be less than _____	20% ¹	9.4%	Achieved
Liquidity (Term debt + committed loan facilities + cash or cash equivalents) over existing external debt levels to be greater than _____	110%	124%	Achieved

* Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue

** Net External Debt = Gross Debt (aggregate borrowings of the council, including any capitalised finance leases, and financial guarantees provided to third parties) less any cash or near cash treasury investments held from time to time.

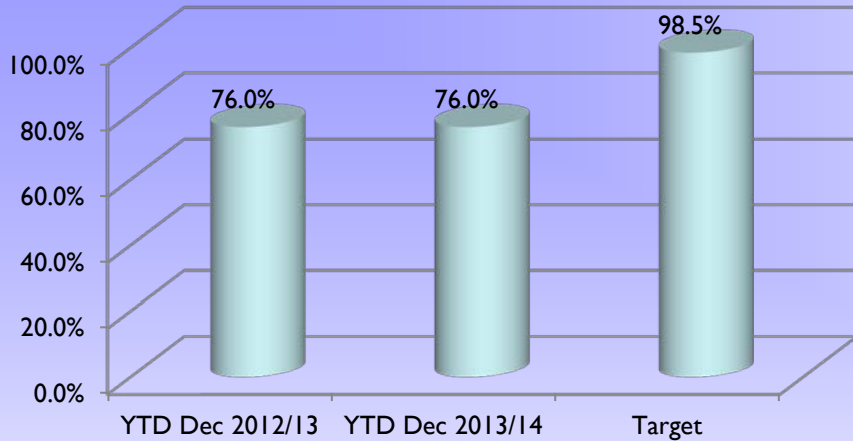
#FFO = Total revenues, less capital receipts and other non recurring revenues; less total expenditure net of any capital payments and non recurring expenditure; plus depreciation and increase in provisions

¹ Based on Budgeted revenue

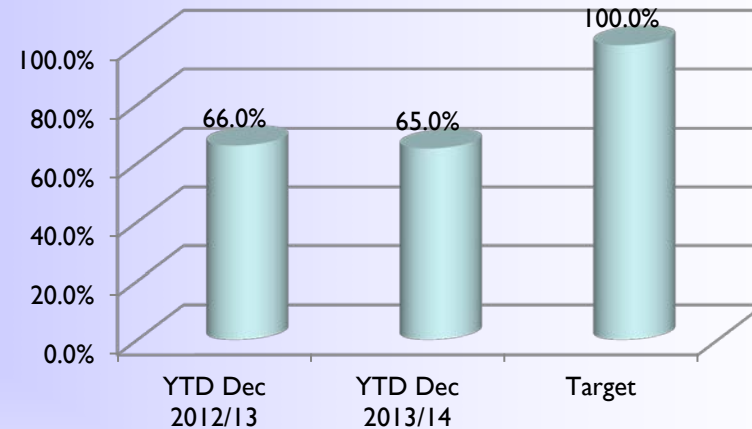


Rates and Debtors Summary

Collection Run Rate March 14



Arrears Collection March 14



Sundry Debtors					
	Current	30 Days	60 Days	90 Days	Total
	\$ 000,s				
Current Month	2,908	92	70	441	3,512
Aging	82.8%	2.6%	2.0%	12.6%	
Previous Month	2,423	176	136	561	3,296
Aging	69.0%	5.0%	3.9%	16.0%	

•Rate Rebates Processed:

- 2013/14 2,770 \$1,454,818
- 2012/13 2,906 \$1,524,106



EXCLUSION OF THE PUBLIC FROM THE REMAINDER OF THE MEETING

PREPARED BY: Jan Higley (Democracy Advisor)
 TEAM: Democratic Services
 APPROVED BY: Julie Straka (Manager Democratic Services)
 WARD/COMMUNITY: District Wide
 DATE: 23 April 2014
 FILE REFERENCE: DM 1545821

PURPOSE

This report details items that are recommended should be considered with the public excluded, and the reason for excluding the public.

EXECUTIVE SUMMARY

This report details items that are recommended should be considered with the public excluded, and the reason for excluding the public.

RECOMMENDATION

That having considered all matters raised in the report, the Council hereby resolves that, pursuant to the Local Government Official Information and Meetings Act 1987, the public be excluded from the following parts of the proceedings of this meeting:

- a) **Write off Unrecoverable Debts**
The withholding of the information is necessary to enable Council to carry out negotiations of a commercial nature, this particular interest being protected by section 7(2)(c)(i) of the Act.).

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987.

SIGNIFICANCE ASSESSMENT

In terms of the Council's Significance Policy this matter is of:

Low significance Medium significance High significance

This matter has been assessed as low significance because the exclusion of the public is a statutory procedure that will have little or no impact on both Councils strategic issues.

BACKGROUND

This report details items that are recommended should be considered with the public excluded, and the reason for excluding the public.

DISCUSSION

The items recommended for debate with the public excluded relate to information of a private and personal nature.

There is an option available to the council to not pass this resolution and to hold the meeting in the open or to release information regarding a public excluded decision following the meeting.

OPTIONS

The Councils can choose to consider these matters in open meeting. However, excluding the public from meetings can prevent information becoming released, which may adversely affect those dealing with both Councils.

IMPLICATIONS ASSESSMENT**Local Government Purpose**

The matter comes within the scope of the Council's lawful powers, including satisfying the purpose statement in section 10 of the Local Government Act 2002. The matter will enable the Council to meet the current and future needs of communities for good quality (i.e. efficient, effective and appropriate to present and anticipated future circumstances):

- Local Infrastructure Local public services Performance of regulatory function

The exclusion of the public is a procedural matter.

Community Outcomes

This matter contributes to the following community outcomes:

- Connected Skilled Prosperous Secure and Healthy
 Together Vibrant Sustainable

Community outcomes are the outcomes that both Councils aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions.

The consideration of community outcomes under section 77(1)(b)(ii) of the Local Government Act 2002 is addressed under 'Options' in this report.

ITEM FOR DECISION**ITEM B2**

The exclusion of the public is a statutory procedure that will have a little or no impact on both Council strategic issues.

LTP / Annual Plan

Is this matter currently budgeted for? Yes No

There are no budget considerations.

Consistency with Policy and Plans

There are no policy implications.

Legal

The Local Government Official Information and Meetings Act 1987 allows for the public to be excluded from the proceedings (or part thereof) of any meeting provided that the relevant parts are identified as follows:

- a) The general subject of each matter to be considered while the public is excluded.
- b) The reason for passing of a resolution for the exclusion of the public and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.
- c) The specific grounds under Section 48(1) of the said Act for the passing of any resolution excluding the public.

Tangata Whenua Maori

This is a statutory procedure with no implications specific to tangata whenua.

Community Views and Preferences

This is a statutory procedure that enables the councils to perform their functions legally.

Risk Analysis

Excluding the public from meetings can prevent information becoming released, which made adversely affect those dealing with the council.

