

STAFF REPORT

TO: Chair and Members, Corporate Services Committee
FROM: Murray Staite
DATE: 9 March 2009
SUBJECT: Corporate Services Manager's Report – March 2009

Financials – December 2008

After six months the operating costs of most activities are close to budget with no real concerns being noted. Income is behind budget mainly as a result of vested assets and share of associates income not being recorded until later in the financial year. As noted previously, due to timing differences working capital and the net surplus are behind budget but are expected to improve as the year progresses.

Council's cashflow remains positive.

SUMMARISED INCOME/EXPENDITURE STATEMENT

| | <i>Actual: December 2008</i> (\$000's) | <i>Budget: Full Year June 2009</i> (\$000's) |
|-----------------------------|---|---|
| Operating revenue | 37,562 | 76,834 |
| Operating expenses | 37,504 | 70,115 |
| Operating surplus (Deficit) | 58 | 6,719 |

SUMMARISED FINANCIAL POSITION – December 2008

| Summarised Balance Sheet | | |
|---------------------------------|---|--|
| | <i>Actual: December 2008</i> (\$000's) | <i>Budget : Full Year June 2009</i> (\$000's) |
| Current assets | 17,418 | 17,719 |
| Current liabilities | (27,355) | (20,538) |
| Working capital | (9,936) | (2,819) |
| | | |
| Non current assets | 1,081,581 | 1,060,340 |
| Non current liabilities | (77,321) | (99,764) |
| | | |
| Total net assets | 1,004,260 | 960,576 |

Treasury: February 2009

Council's debt at 6 March 2009 stands at \$85.4 million with an average interest rate of 6.71%. As previously mentioned interest rates are now historically very low and have provided Council with a good opportunity to reduce its cost of funds over the long term. Work is progressing on reviewing the current interest rate contained in the 2009-2019 LTCCP. Once this work is complete it will be reported back to Council.

New transactions

The Corporate Services Manager has delegated authority to enter into interest rate swaps on behalf of Council on the proviso that it is reported back to this Committee. Since my last report the following swaps were entered into.

| Swap Date | Notional value | Interest rate | Term |
|------------------|----------------|---------------|---------|
| 4 February 2009 | 5 million | 4.45% | 7 years |
| 17 February 2009 | 6 million | 4.66% | 9 Years |
| 5 March 2009 | 4 million | 4.89% | 8 years |

Loans raised

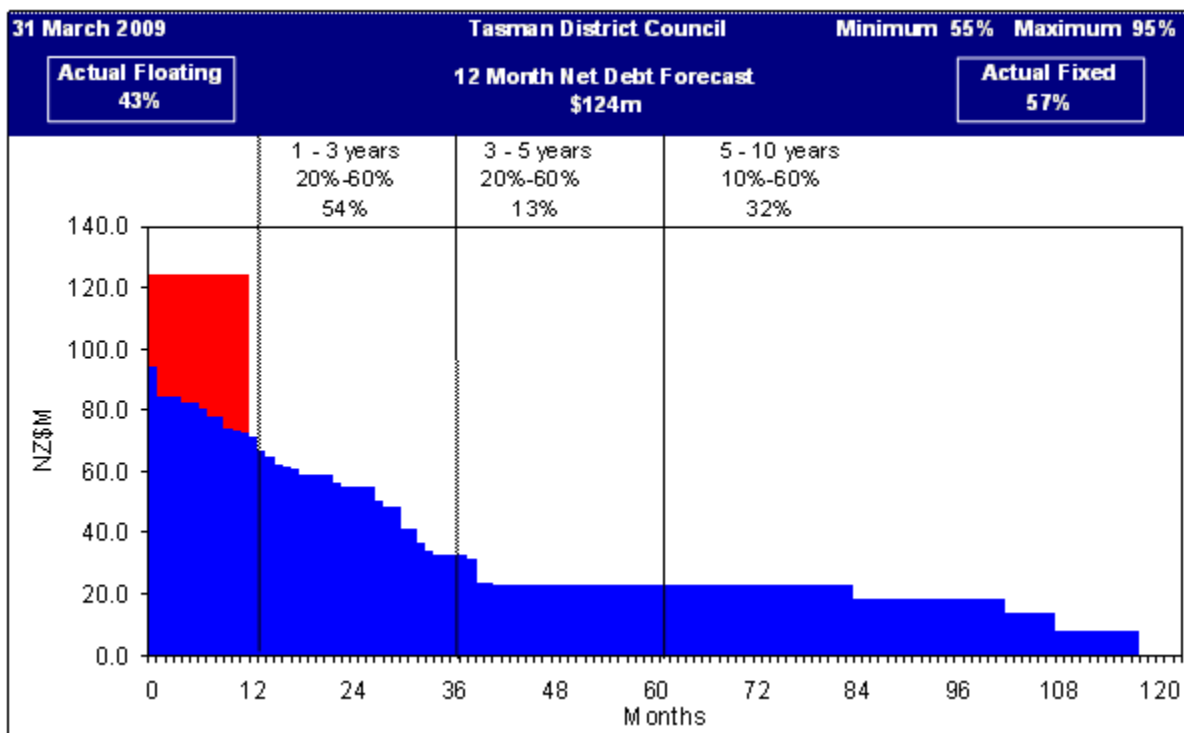
Since 1 July 2008 new loans of \$10.43 million have been entered into. All new loans are covered by a previous Council resolution.

Investments

Council investments, which include disaster funds, self insurance funds and general investments total \$4.6 million dollars with an average interest rate of 6.85%. While this is a good investment rate, as previously noted Councillors can expect to see this rate decline when these investments are renewed in March of this year.

Maturity

Noted below is the graph containing Council's treasury management limits contained in the draft 2009-2019 LTCCP. With the exception of the 3-5 year maturity bucket, all targets are being adhered to. Given the current low interest rates the current focus is on increasing the 5-10 year bucket of maturities. It is expected that come 30 June 2009 all targets will be met



The red bar on the graph signifies an estimate of where debt will stand 12 months from now.

LTCCP Timeline

Councillors will be pleased that Council's 2009-2019 LTCCP has received a clean opinion from Audit NZ and is now in the final stages of publishing. The LTCCP is due for release to the public on 23 March 2009. Well done to Susan Edwards and her team.

The following timetable is planned for the many public meetings.

| | | |
|--|---|--|
| Monday 30 March 2009 | Wakefield Village Hall | Commencing 2 – 4.30pm with an open session, with a presentation at 7pm |
| Wednesday 1 April 2009 | Murchison Sport, Recreation & Cultural Centre | Commencing 2 – 4.30pm with an open session, with a presentation at 7pm |
| Thursday 2 April 2009 | Tapawera Community Centre | Commencing 3 – 4.30pm with an open session, with a presentation at 7pm, |
| Monday 6 April 2009 | Motueka St John's Hall | Commencing 2 – 4.30pm with an open session, with a presentation at 7pm |
| Tuesday 7 April 2009 | Tasman District Council Chamber, Richmond | Commencing 2 – 4.30pm with an open session, with a presentation at 7pm |
| Wednesday 8 April 2009 | Takaka Fire Station | Commencing 1pm - 3pm in Takaka with an open session and presentation at 3pm – 4pm |
| | Collingwood Sunday School Hall | Commencing 7pm in Collingwood for presentation |
| Thursday 9 April 2009 | Mapua Hall | Commencing 2 – 4.30pm with an open session, with a presentation at 7pm |
| Tuesday 14 April 2009 Motueka flood protection project only | Motueka Memorial Hall, Pah Street, Motueka | Commencing 2 – 4.30pm with an open session, with a presentation at 7pm |
| Wednesday 15 April 2009 Motueka water supply project only | Motueka Memorial Hall, Pah Street, Motueka | Commencing 2 – 4.30pm with an open session, with a presentation at 7pm |

Small Audits and Reviews

Council staff have over the years provided a service to many small organisations by providing a free audit or review. Whilst this is beneficial to those organisations that primarily administer a Council asset, increasingly we have been receiving requests from organisations that have no affiliation to Council. There are currently 17 audits or reviews being undertaken with a considerable cost in staff time. Of equal concern is that Council does not carry insurance to cover the potential for staff errors in the audit process. To request such insurance from our insurers would be expensive.

If we were to limit these audits/reviews to those organisations primarily administering a Council asset, 12 organisations would need to seek the services of another audit provider.

Those organisations that Council would continue to provide audit/review services for would include:

- Wakefield Hall Management Committee
- Takaka Aerodrome Management Committee
- Moutere Hills Community Centre
- Murchison Recreation Reserves Board
- Tapawera Memorial Recreation Reserve

Recommendation

That Council staff provide audit or review services only to those organisations that are primarily administering a Council asset for Tasman District Council.

District Revaluation

For the committee's interest I have noted below the numbers of objections received by Quotable Value Ltd to the tri-annual revaluation by property type.

| | |
|---------------------------|-----|
| Residential | 242 |
| Rural | 94 |
| Rural Lifestyle | 179 |
| Commercial and Industrial | 35 |
| Other | 9 |

Quotable Value NZ Ltd have indicated that the 559 objections received is lower than the number received in 2005

Murray Staite
Corporate Services Manager