

Chairperson and Committee Members
CORPORATE BUSINESS COMMITTEE

15 MAY 2014

Meeting Status: **Public**

Purpose of Report: For Information

FINANCIAL REPORT TO 31 MARCH 2014

PURPOSE OF REPORT

- 1 This report sets out Council's financial results and financial position at 31 March 2014. Financial exceptions are noted in the report together with explanations for any significant variations from the budgets.

SIGNIFICANCE OF DECISION

- 2 This report does not trigger Council's Significance Policy.

BACKGROUND

- 3 The financial reports to 31 March 2014 show the Council's financial performance and position against budgets. Financial exceptions and analysis indicators are highlighted.
- 4 The Council is now provided with information on seven broad areas of financial performance at each quarter. These are:

Part A: Statement of Comprehensive Income (Financial Performance)

Part B: Statement of Financial Position

Part C: Statement of Cash Flow (NEW)

Part D: Statement of Rating Position

Part E: Capital Works Programme Performance

Part F: Outstanding Rates Debt as at 31 March 2014

Part G: Statement of Performance against Treasury Policy Limits

Full explanations are provided under each part.

Part A: Statement of Comprehensive Income (Financial Performance)

- 5 The Statement of Comprehensive Income covers all of Council's revenue and expenditure. The net position of revenue less expenditure provides the operating surplus or deficit. In addition to the operating revenue, there are other comprehensive income items such as the revaluation increase on the value of Council's infrastructural assets. Table 1 summarises Council's Statement of Comprehensive Income as at 31 March 2014 and also includes a full year forecast against budget.

Table 1: Statement of Comprehensive Income

Statement of Comprehensive Income	Note	March 2014 Year to Date				2013/14 Full Year			
		Actual	Budget	Var Fav/ (Unfav)	Var	Forecast	Annual Plan	Var Fav/ (Unfav)	Var
		\$000's	\$000's	\$000's	%	\$000's	\$000's	\$000's	%
Revenue									
General Rates		7,950	7,751	200	3%	10,534	10,334	200	2%
Targeted Rates (Excluding Water)		24,558	24,361	197	1%	32,678	32,481	197	1%
Targeted Water Rates	1	5,908	5,944	(36)	(1%)	7,925	7,925	-	0%
Other Revenue		6,272	6,235	37	1%	8,313	8,313	-	0%
NZTA Capital Funding		369	1,820	(1,451)	(80%)	2,691	2,427	264	11%
Development Contributions		-	974	(974)	(100%)	1,299	1,299	-	0%
Trust Fund Revenue (Aquatic)		165	94	71	76%	165	125	40	32%
Vested Assets		514	812	(298)	(37%)	514	1,082	(568)	(52%)
Unrealised Gain on Revaluation of Financial Instruments		-	-	-		1,511	-	1,511	0%
Total Operating Revenue		45,736	47,990	(2,254)	(5%)	65,630	63,986	1,644	3%
Expenditure									
Payments to Employees		16,296	16,232	(64)	(0%)	20,968	20,559	(409)	(2%)
Other Expenditure		13,976	16,591	2,615	16%	21,895	23,203	1,308	6%
Finance Costs		5,701	6,522	821	13%	7,664	8,696	1,032	12%
Depreciation/Amortisation		10,985	10,613	(373)	(4%)	14,631	14,150	(481)	(3%)
Total Operating Expenditure		46,958	49,958	3,000	6%	65,158	66,608	1,450	2%
Net Surplus/(Deficit)		(1,222)	(1,968)	746	38%	472	(2,622)	3,094	118%
Other Comprehensive Income									
Revaluation of Assets		-	-	-		60,831	60,831	-	0%
Total Comprehensive Income		(1,222)	(1,968)	746	38%	61,303	58,209	3,094	5%

Note 1 - Operating Revenue has a full year budget of \$9.527 million as per the Annual Plan. This includes \$0.313 million for commercial water meter revenue and \$0.901 million for the Te Roto Drive upgrade. To better align budget with actual deliverables, Council has reduced Operating Revenue's full year budget by \$1.214 million and increased the Targeted Water Rates and NZTA Capital Funding Annual Plan budgets by \$0.313 million and \$0.901 million respectively. This change will be disclosed by way of a note to the financial statements in the 2013/14 Annual Report.

Overall Summary of Financial Performance for the period ended 31 March 2014

- 6 Council has achieved net deficit of \$1.22 million, which is \$0.75 million favourable to budget at 31 March 2014. This favourable position was achieved mainly from significant under spends in direct operating costs budgeted for the Proposed District Plan, less utilisation of contractors and lower professional fees.
- 7 Provided that both asset and financial instrument revaluations are in line with budget and the NZTA subsidised capital works are completed on schedule, Council is forecasting a net surplus of approximately \$0.47 million at year end. This would increase public equity by a further \$3.09 million to the benefit of Kapiti Coast ratepayers and the wider community.

Explanation of Revenue

8 Exceptional variances are discussed below. Please note that for revenue items, over budget is favourable and under budget is unfavourable.

9 NZTA Capital Funding

Brief Description:	Government subsidy received for upgrades and renewals completed on national roads.
Year to date Variance:	\$1.45 million under budget as low levels of subsidised roading expenditure has been incurred year to date which results in lower levels of subsidy being claimed. This is expected to increase in the final quarter.
Full Year Forecast Variance:	\$0.26 million over budget due to higher upgrade costs to Te Roto Drive. A higher subsidy will be claimed.

10 Financial/Development Contributions

Brief Description:	<ul style="list-style-type: none"> Financial Contributions are levied under the Resource Management Act and cover Reserves Contributions levied on developers at the time of subdivision. Development Contributions are levied under the Local Government Act 2002 and cover all key activities except Parks and Open Space and are levied on developers at the time of subdivision.
Year to date Variance:	\$0.97 million under budget due to Council reversing previously recognised revenue until this can be matched to specific capital works.
Full Year Forecast Variance:	Expected to be in line with budget, subject to being matched to specific capital works.

11 Vested Assets

Brief Description:	These are roading, water, wastewater and stormwater assets that are vested in Council at the time of subdivision.
Year to date Variance:	\$0.29 million under budget. These vested assets related to prior year projects.
Full Year Forecast Variance:	\$0.57 million under budget. No further assets are expected to be vested to Council.

12 Unrealised Gain on Revaluation of Financial Instruments

Brief Description:	Council is required to record its interest rate swaps at fair value at 30 June each year. This change in value is treated as an unrealised gain/ (loss) in the Statement of Comprehensive Income.
Year to date Variance:	This is presently an annual adjustment but will be done monthly from April 2014.
Full Year Forecast Variance:	\$1.51 million over budget. Council expects the fair value of its interest rate swaps (present value of the net costs payable by Council) to reduce as the floating interest rates paid by the banks are increasing.

Explanation of Operating Expenditure

- 13 Exceptional variances are discussed below. Please note that for expenditure items, under budget is favourable and over budget is unfavourable.

14 Payments to employees

Brief Description:	Includes all employee personnel costs including superannuation, ACC levies etc.
Year to date Variance:	Currently in line with budget.
Full Year Forecast Variance:	\$0.41 million over budget at year end. Mainly due to \$0.28 million of swimming pool staff costs and \$0.05 million for unbudgeted overtime staff costs in Animal Control.

15 Other Operating Costs

Brief Description:	Includes contractors and all other direct operating costs except for payments made to employees.
Year to date Variance:	\$2.62 million under budget due to savings achieved on the Proposed District Plan, lower utilisation of contractors and lower professional fees.
Full Year Forecast Variance:	\$1.31 million under budget at year end mainly due to savings achieved on the Proposed District Plan. Higher professional fees are expected in quarter four for the statutory audit and asset revaluations.

16 Finance Costs

Brief Description:	Council's debt servicing costs.
Year to date Variance:	\$0.82 million under budget due to the lower average interest rates achieved for existing debt through the management of Council's interest rate swaps and lower capital spend against budget in the first nine months of the year.
Full Year Forecast Variance:	\$1.03 million under budget at year end as a continuation of lower interest rates and reduced capital works. Council's public debt is forecast to be \$14 million under budget at year end, mainly due to Council's decision to reduce its planned capital works programme by \$10 million in 2013/14 and continued reductions to Council's interest rate swap finance costs.

17 Revaluation of Council Assets

Brief Description:	This adjustment occurs every three years with the revaluation of all of Council's assets. This occurred last as at 30 June 2011 and will occur at the end of the current financial year.
Year to date Variance:	Expected to be in line with budget at this stage. Work is in progress with Council's registered and independent valuers.
Full Year Forecast Variance:	

Part B: Statement of Financial Position as at 31 March 2014

- 18 The Statement of Financial Position as at 31 March 2014 is set out in Table 2, followed by an overview of the key components.

Table 2: Statement of Financial Position

Statement of Financial Position	March YTD	2013/14 Full Year	
	Actual	Forecast	Annual Plan
	\$000	\$000	\$000
Assets			
Current Assets			
Cash and Cash Equivalents	6,901	1,850	2,154
Trade and Other Receivables	3,815	5,935	6,147
Inventories	21	92	139
Derivative Financial Investments	39	-	2
Current Assets Held for Sale	3,650	-	-
Total Current Assets	14,426	7,877	8,442
Non-Current Assets			
Property, Plant and Equipment	860,461	933,730	950,518
Forestry Assets	525	91	268
Intangible Assets	290	350	350
Derivative Financial Instruments	232	-	228
Other Financial Assets	2,206	1,766	-
Total Non-Current Assets	863,714	935,937	951,364
TOTAL ASSETS	878,140	943,814	959,806
Liabilities and Public Equity			
Current Liabilities			
Trade and Other Payables	6,408	10,783	15,897
Employee Benefit Liabilities	1,432	1,400	1,643
Deposits	932	1,218	1,218
Derivative Financial Instruments	1,342	1,030	1,668
Public Debt	19,858	5,081	20,059
Development Contributions	2,365	2,247	1,615
Total Current Liabilities	32,337	21,759	42,100
Long Term Liabilities			
Public Debt	115,147	130,066	129,118
Derivative Financial Instruments	5,147	3,948	8,716
Employee Benefit Liabilities	39	45	460
Provisions	563	563	39
Total Long Term Liabilities	120,896	134,622	138,333
TOTAL LIABILITIES	153,233	156,381	180,433
Public Equity			
Accumulated Comprehensive Revenue and Expense	575,948	578,984	557,299
Revaluation Reserve	145,713	206,544	220,169
Reserves and Special Funds	3,246	1,905	1,905
Total Public Equity	724,907	787,433	779,373
TOTAL LIABILITIES AND EQUITY	878,140	943,814	959,806

Summary of Financial Position as at 31 March 2014**Total Assets**

- 19 Council's assets are currently \$81.67 million below full year Annual Plan. This is mainly due to a temporary timing difference related to this year's asset revaluation, estimated to be a net increase of \$60 million in the Annual Plan.
- 20 Subject to the asset revaluation being in line with the budget expectations, total assets are forecast to be approximately \$16 million below full year Annual Plan at year end, mainly due to Council's decision to reduce its planned capital works programme by \$10 million.

Total Liabilities

- 21 Council's liabilities are currently \$27.2 million below full year Annual Plan. This is due to the following:
- A temporary timing difference with trade and other payables expected to incur an additional \$10 million of capital expenditure in quarter four.
 - Public debt is currently \$14 million below full year Annual Plan mainly due to a \$10 million reduction to the current years capital work programme.
 - Committed Interest rate swap finance charges are approximately \$3 million below full year Annual Plan due to increases to floating interest rates payable to Council under swap agreements with selected banks.
- 22 Total liabilities are forecast to be \$24.05 million below full year Annual Plan. This is mainly due to the following:
- Trade and other payables are forecast to be \$5.11 million under budget mainly due to a \$10 million reduction to the current years capital work programme.
 - Public debt is forecast to remain \$15 million below full year Annual Plan mainly due to a \$10 million reduction to the current years capital work programme.
 - Committed Interest rate swap finance charges are forecast to be approximately \$4 million below full year Annual Plan due to increases to floating interest rates payable to Council under swap agreements with selected banks.

Public Equity

- 23 Public Equity is \$54.47 million below full year Annual Plan mainly due to a temporary timing difference related to this year's asset revaluations.
- 24 Public Equity is forecast to be \$8.06 million above full year Annual Plan mainly due to prior years' operating expenditure and actual asset revaluations tracking below prior years' Annual Plan assumptions.

Explanation of Table 2

Exceptional variances to Annual Plan are discussed below.

25 Current Assets

Year to date Position:	\$5.98 million in excess of Annual Plan. Mainly due to: <ul style="list-style-type: none"> a high level of cash on hand (\$6.901 million) as: <ol style="list-style-type: none"> \$10 million of debt was drawn down in December 2013. Third quarter rates payments were received in March 2014. 2013/14 capital works programme reduced by \$10 million. No debt maturities fell due in the third quarter. Council continued to hold \$3.65 million of land for resale for roads of national significance.
Full Year Forecast Variance:	\$0.57 million below full year Annual Plan due to lower cash on hand after maturing debt repayments of \$19.80 million and a strong focus on debt collection in the fourth quarter.

26 Non-Current Assets

Brief Description:	Council's infrastructural assets of Roading, Water, Wastewater and Stormwater, Land and Buildings, Parks and Reserves, Improvements and Community Facilities.
Year to date Position:	\$87.65 million below full year Annual Plan. Property, plant and equipment is \$90 million below Annual Plan mainly due to a \$60 million budgeted revaluation increase not included until 30 June 2014 and a \$10 million reduction to the current years planned capital works programme.
Full Year Forecast Position:	\$15.43 million below full year Annual Plan mainly due to Council's decision to reduce the current years planned capital works by \$10 million. This forecast assumes the revaluation increase is in line with budget.

27 Current Liabilities

Brief Description:	This mainly includes Council's public debt (including committed interest rate swap finance charges) and supplier payments falling due before 30 June 2015.
Year to date Position:	\$9.76 million below full year Annual Plan. Trade and other payables are \$9.49 million below Annual Plan mainly due to \$10 million of capital works expenditure expected to be incurred in the fourth quarter.
Full Year Forecast Position:	\$20.34 million below full year Annual Plan mainly due to approximately \$20 million of public debt repayments falling due in the fourth quarter. Note however that this will be paid from new borrowings. Hence, Council's long term liabilities will increase by \$20 million.

28 **Long Term Liabilities**

Brief Description:	This mainly includes Council's public debt (including committed interest rate swap finance charges) and supplier payments falling due beyond 30 June 2015.
Year to date Position:	<p>\$17.43 million below full year Annual Plan. This is mainly due to:</p> <ul style="list-style-type: none"> Public debt is \$14 million below full year Annual Plan mainly due to a \$10 million reduction to the current years capital work programme. Committed Interest rate swap finance charges are approximately \$3 million below full year Annual Plan due to increases to floating interest rates payable to Council under swap agreements with selected banks.
Full Year Forecast Position:	\$3.71 million below full year Annual Plan. This is due to Council's committed Interest rate swap finance charges forecast to be below full year Annual Plan due to increases to floating interest rates payable to Council under swap agreements with selected banks.

29 **Public Equity**

Brief Description:	Public equity is the community's interest in Council and is measured as the difference between total assets and total liabilities.
Year to date Variance:	\$54.47 million below Annual Plan mainly due to a budgeted \$60 million asset revaluation increase not included until 30 June 2014.
Full Year Forecast Variance:	\$8.06 million above full year Annual Plan due to prior years' operating costs and asset revaluations tracking below prior years' Annual Plan assumptions.

Part C: Statement of Cash Flows as at 31 March 2014

- 30 The Statement of Cash Flows as at 31 March 2014 is set out in Table 3, followed by an overview of the key components.

Table 3: Statement of Cash Flows

Statement of Cash Flows	March YTD	2013/14 Full Year	
	Actual	Forecast	Annual Plan
	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Cash was provided from:</u>			
Rates	38,125	50,204	50,409
Rates - Greater Wellington Regional Council	6,354	8,120	8,120
User Charges and Other Receipts	6,161	12,454	12,053
	50,640	70,778	70,582
<u>Cash was applied to:</u>			
Payments to Suppliers & Employees	30,469	46,087	43,762
Interest Paid on Public Debt	5,756	7,719	8,696
Rates Paid - Greater Wellington Regional Council	6,354	8,120	8,120
	42,579	61,926	60,578
Net Cash Inflows From Operating Activities	8,061	8,852	10,004
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Cash was provided from:</u>			
Sale of Property, Plant and Equipment	5,684	5,684	5,220
Trust Funds (Coastlands Aquatic Centre)	165	165	125
	5,849	5,849	5,345
<u>Cash was applied to:</u>			
Purchase of Property, Plant and Equipment	22,508	28,453	39,581
Other	220	260	-
	22,728	28,713	39,581
Net Cash Outflow From Investing Activities	(16,879)	(22,864)	(34,236)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Long Term Borrowing Raised	10,000	30,000	32,541
Cash was applied to:			
Debt Principal Repayment	220	20,077	8,096
Net Cash Inflows from Financing Activities	9,780	9,923	24,445
NET (DECREASE)/INCREASE IN CASH	962	(4,089)	213
Add Total Cash and Cash Equivalents	5,939	5,939	1,941
CLOSING CASH AND CASH EQUIVALENTS	6,901	1,850	2,154

Explanation of Table 3

Overall Summary

- 31 Council is currently holding a high cash balance of \$6.9 million as at 31 March 2014. New loans of \$10 million and an operating cash surplus of \$8 million have fully funded Council's current capital works requirements.
- 32 Council is forecasting a relatively low cash balance of \$1.81 million at 30 June 2014. Opening cash reserves (\$4.09 million), prudent loan drawdowns and a forecast operating cash surplus of \$8.85 million will fund Council's forecast capital works programme.

33 Cash Flow from Operating Activities

Brief Description:	Net cash flow from cash generated from total operating revenue less operating cash expenditure.
Year to date:	Council is fully funding its operating costs from revenue and generating a net surplus of \$8.06 million.
Full Year Forecast Variance:	Council is forecasting to fully fund its operating costs from revenue and generate a net surplus of \$8.85 million.

34 Cash flows from Investing Activities

Brief Description:	Net cash flow from the sale and purchase of Council assets.
Year to date:	Council's asset investments are currently costing \$16.88 million, net of asset sale proceeds. These investments are being funded from a combination of an operating cash surplus and new borrowings.
Full Year Forecast Variance:	Council's asset investments are expected to cost \$22.86 million, net of asset sale proceeds. These investments are being funded from a combination of cash reserves held on deposit, an operating cash surplus and from new borrowings.

35 Cash flows from Financing Activities

Brief Description:	Net cash flow from cash loans.
Year to date:	Council borrowed \$10 million of new short term debt via Commercial Paper in December 2013 and made a contractual repayment against its EECA loan. \$9.78 million of new debt was used to fund Council's capital work programme.
Full Year Forecast Variance:	Council is forecasting to drawdown \$20 million additional debt in the fourth quarter to repay \$20 million of debt maturing in the same period. \$9.92 million of new borrowings will be used to fund Council's 2013/14 capital work programme.

Part D: Statement of Rates Funding

36 The Rates Funding Surplus/(Deficit) is different to the Operating Surplus/(Deficit) per the Statement of Comprehensive Income, as shown on Page 2, due to the following:

- Operating Surplus/ (Deficit) covers all of Council's operating revenue and expenditure from all funding sources, including vested assets.
- Rates Funding Surplus / (Deficit) only covers Council's revenue and expenditure that is rates funded. Any surplus/(deficit) effects the rates required for the 2015/16 year.

37 The total Rates Funding requirement for 2013/14 is \$50.80 million. Table 4 below details the actual total Rates Funding surplus achieved for the period ended 31 March 2014 and similarly, the total Rates Funding surplus forecast for the year ended 30 June 2014.

Table 4: Rates Revenue Requirement								
Rates Funding Requirement	March 2014 Year to Date				Forecast	2013/14 Full Year		
	Actual	Budget	Var	Var		Annual	Var	Var
	\$000's	\$000's	Fav/(Unfav) \$000's	%		\$000's	\$000's	Fav/(Unfav) \$000's
Total External Revenue	7,320	9,937	(2,617)	-26%	12,982	13,246	(264)	-2%
Expenditure								
Payments to Employees	16,296	16,232	(64)	(0.00)	20,968	20,559	(409)	-2%
Direct Costs	13,976	16,591	2,615	16%	21,895	23,203	1,308	6%
Funded Depreciation	6,787	6,408	(379)	-6%	9,031	8,544	(487)	-6%
Finance Costs	5,701	6,522	821	13%	7,664	8,696	1,032	12%
Capital Costs	174	2,285	2,111	92%	3,047	3,047	-	-
Total Expenditure	42,934	48,038	5,104	11%	62,605	64,049	1,444	2%
Net Expenditure for Rates Funding Requirement	35,614	38,102	2,488	7%	49,623	50,803	1,180	2%

Depreciation has a full year budget of \$14.15 million as per the Annual Plan. \$8.544 million is funded from rates revenue and \$5.6 million is non funded in 2013/14. Non funded depreciation must be repaid from future rates revenue over the 20 year period ending 30 June 2032, as prescribed by the 2012/13 Long Term Plan.

Table 5: Reconciliation of Total Rates Funding to the Statement of Comprehensive Income								
	March 2014 Year to Date				Forecast	2013/14 Full Year		
	Actual	Budget	Var	Var		Annual	Var	Var
	\$000's	\$000's	Fav/(Unfav) \$000's	%		\$000's	\$000's	Fav/(Unfav) \$000's
Total External Revenue per Table 4	7,320	9,937	(2,617)	(26%)	12,982	13,246	(264)	(2%)
Add: Total Rates Funding Requirement per Table 4	35,614	38,102	(2,488)	(7%)	49,623	50,803	(1,180)	(2%)
Add: Additional Rates received	3,083	-	3,083	-	1,890	-	1,890	-
Add: Reclassified Commercial Water Meter Revenue	-	233	(233)	(100%)	-	313	(313)	(100%)
Add: Unrealised Gain on Revaluation of Financial Instruments	-	-	-	100%	1,511	-	1,511	-
Less: Internal Rates	(281)	(281)	-	-	(376)	(376)	-	-
Total Comprehensive Revenue per Statement of Comprehensive Income	45,736	47,990	(2,254)	(5%)	65,630	63,986	1,644	3%
Total Expenditure per Table 4	42,934	48,038	5,104	11%	62,605	64,049	1,444	2%
Add: Non Funded depreciation	4,198	4,205	7	-	5,600	5,606	6	-
Less: Capital Costs	(174)	(2,285)	(2,111)	(92%)	(3,047)	(3,047)	-	-
Total Operating Expenditure per Statement of Comprehensive Income	46,958	49,958	3,000	(82%)	65,158	66,608	1,450	2%

PART E: Capital Works Programme Performance

- 38 A summary of the year to date actual capital expenditure and full year forecast is detailed below:

Capital Projects	March 2014 Year to Date				2013/14 Full Year			
	Actual	Budget	Variance Fav/(Unfav)	Var	Forecast \$000	Budget \$000	Variance Fav/(Unfav) \$000	Var
11041 - Aquatic centre - second Hydroslide	-	323	323	(100%)	-	431	431	(100%)
15555 - Raumati Pool Closure	-	188	188	(100%)	-	250	250	(100%)
13170 - Strategic Land Purchase	194	733	539	(74%)	500	977	477	(49%)
1335A - Clean Technology Development	423	488	65	(13%)	423	650	227	(35%)
18340 - Energy Efficiency Council Facilities	-	198	198	(100%)	-	264	264	(100%)
121B9 - Raumati Pool Building Retrofit	20	278	258	(93%)	55	370	315	(85%)
18339 - Pensioner Housing	-	293	293	(100%)	-	391	391	(100%)
18412 - Waikakariki Gravel Extraction	7	233	226	(97%)	27	310	283	(91%)
48138 - Kakariki SH1 and Awanui	29	605	576	(95%)	51	807	756	(94%)
58133 - Otaki Beach Pump Station	55	1,251	1,196	(96%)	300	1,668	1,368	(82%)
48409 - Waikanae Water Treatment Plant Renewals	665	3,219	2,554	(79%)	1,464	4,292	2,828	(66%)
48471 - Waikanae Water Treatment Plant Upgrade	78	552	474	(86%)	223	736	513	(70%)
484E1 - WPR Water Supply Project	677	3,848	3,171	(82%)	3,368	5,130	1,762	(34%)
1792G - NZTA Traffic Services Renewals	331	275	(56)	20%	367	367	-	-
1794L - Local Area Connectors	34	1,388	1,354	(98%)	2,196	1,850	(346)	19%
17950 - Major Community Connector Upgrades	118	455	337	(74%)	444	607	163	(27%)
1792B - NZTA Sealed Road Resurfacing	174	1,082	908	(84%)	1,442	1,442	-	-
11244 - Otaki - Replace Roof Changing Room	311	278	(33)	12%	331	371	40	(11%)
9990A - Plant Purchase	131	473	342	(72%)	630	630	-	-
0064F - Council Software Systems	202	321	119	(37%)	428	428	-	-
14811 - Library Materials Additions	241	326	85	(26%)	472	434	(38)	9%
38147 - Stormwater Paraparumu Renewals	429	312	(117)	38%	416	416	-	-
47750 - Paraparumu Wastewater Treatment Plant Drier Replacement	178	370	192	(52%)	494	493	(1)	-
38832 - Milne Drive Wastewater Pumping Station Upgrade	104	941	837	(89%)	1,114	1,254	140	(11%)
58811 - Otaki Wastewater Treatment Plant Oxidation Lagoon Desludging	191	453	262	(58%)	604	604	-	-
48835 - Rauparaha PS Upgrade	640	662	22	(3%)	910	883	(27)	3%
484E8 - Water Metering Project	2,470	2,633	163	(6%)	3,511	3,511	-	-
Ngahina Land	5,629	-	(5,629)	-	5,629	-	(5,629)	-
Other Projects > \$250k each	4,592	7,511	2,919	(39%)	9,005	10,015	1,010	(10%)
Total Gross Capital Expenditure	17,923	29,686	11,763	(40%)	34,404	39,581	5,177	(13%)
Less: Ngahina Land Sale	(5,629)	-	5,629	-	(5,629)	-	5,629	-
Total Net Capital Expenditure	12,294	29,686	17,392	(59%)	28,775	39,581	10,806	(27%)

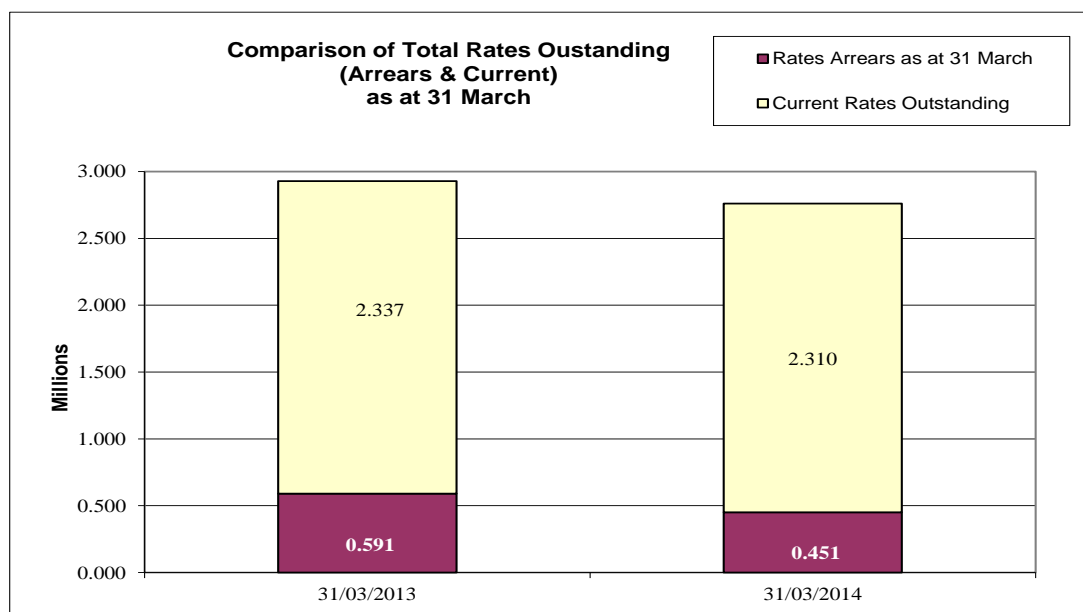
- 39 Council has reduced its 2013/14 planned capital programme by \$10 million. This has impacted on the year to date underspend of \$17.39 million and the full year forecast aligns with this reduction.
- 40 Ninety per cent of the unbudgeted strategic Ngahina land purchase was settled in October 2013. A full and final settlement is expected before 30 June 2014.
- 41 Council will need to spend a further \$16.48 million in the fourth quarter to achieve full year forecast spend of \$28.78 million.

Part F: Outstanding Rates Debt as at 31 March 2014

Rates Outstanding

42 \$2.76 million of total rates (current and arrears) is outstanding as at 31 March 2014.

43 Rate payments received are first applied to rate arrears. As a consequence, the chart below reflects a decrease in rate arrears. Quarter three current year rates outstanding are at a similar level to current rates outstanding as at 31 March 2013.

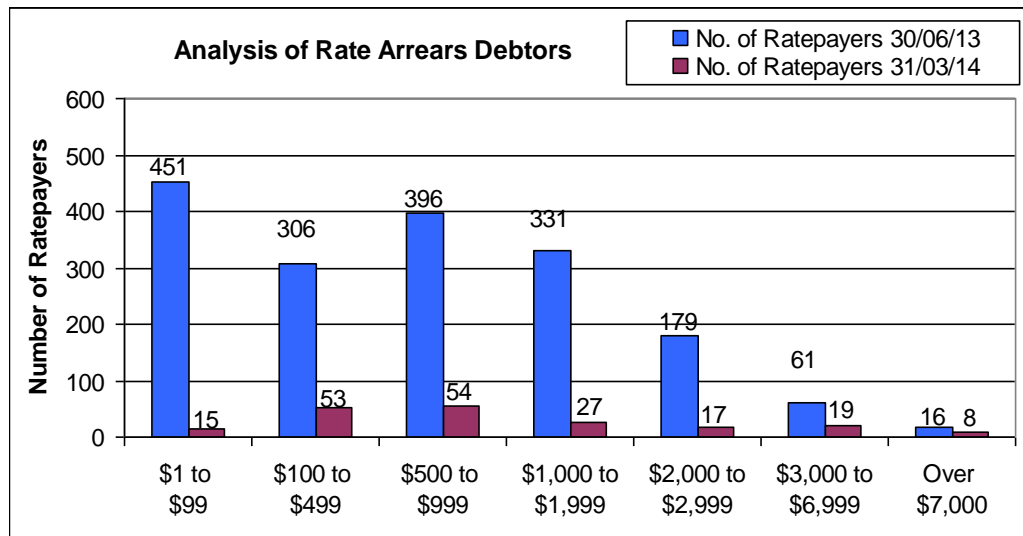


44 Council collects current year rates on behalf of the Greater Wellington Regional Council. \$2.31 million of current year rates outstanding as at 31 March 2014 is split as follows:

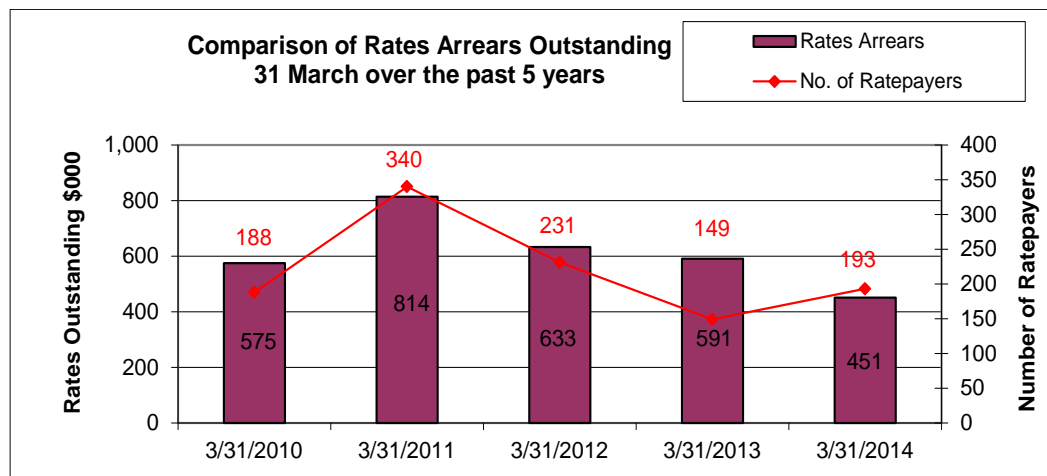
	\$000	\$000
Kāpiti Coast District Council rates	1,653	
Kāpiti Coast District Council penalties	295	
Total Kāpiti Coast District Council outstanding rates	1,948	1,948
Greater Wellington Regional Council rates	319	
Greater Wellington Regional Council penalties	43	
Total Greater Wellington Regional Council outstanding rates	362	362
Total 2013/14 rates outstanding as at 31 March 2014		2,310

45 The rates collection process involves follow up with outstanding debtors and updates to payment arrangements to ensure debts are cleared over a reasonable time period.

- 46 Rates arrears as at 31 March 2014 are \$0.45 million (\$1.90 million as at 30 June 2013). The chart below shows that good progress has been made in rates arrears collection, most notably with rates arrears exceeding \$1,000.

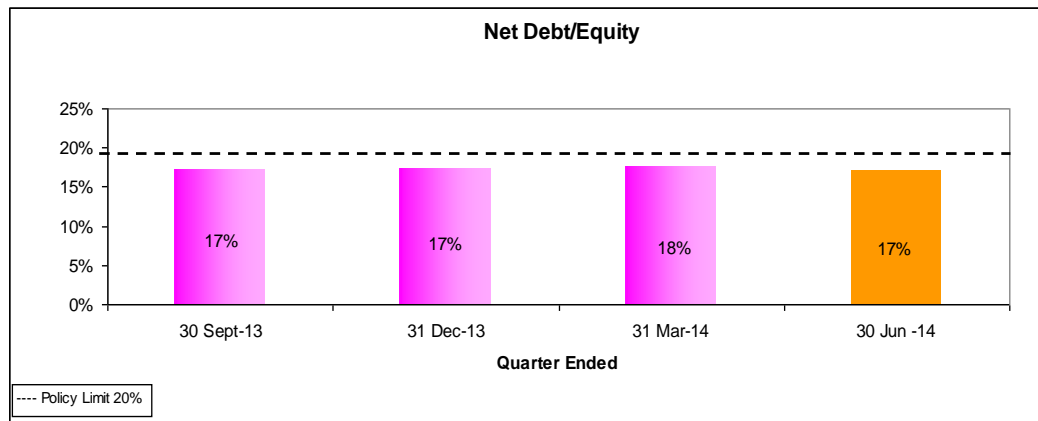


- 47 The graph below shows a comparison of the rate arrears outstanding at the 31 March over the past four years and the rate arrears outstanding as at 31 March 2014. Good progress is being made in rate arrears collection in comparison to prior years.

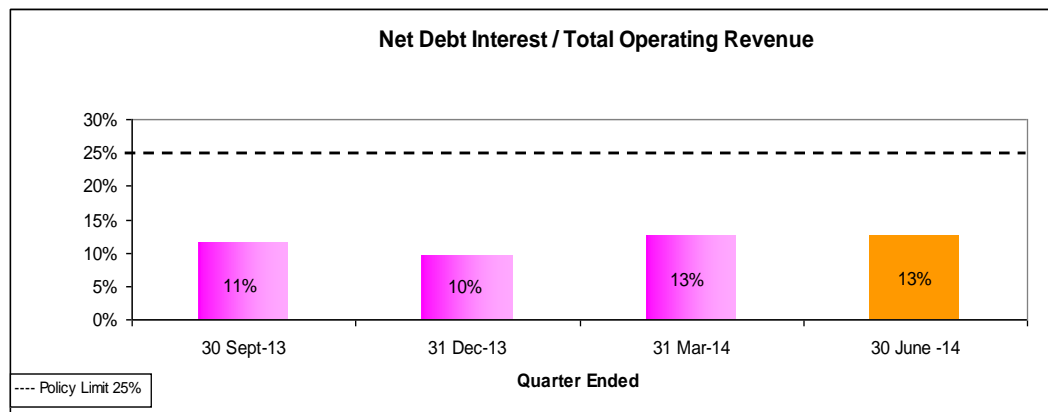


Part G: Forecast Performance against Treasury Management Policy Limits

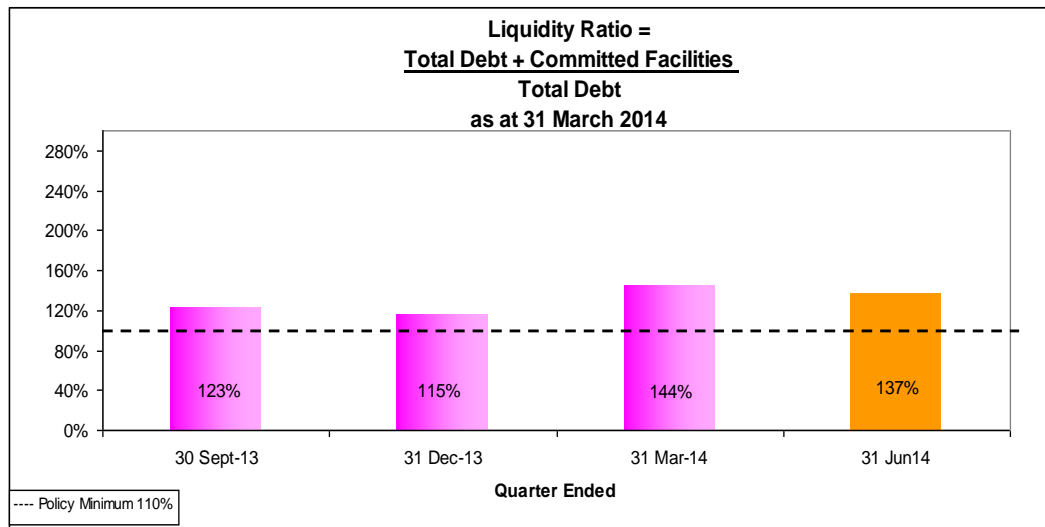
- 48 The Treasury Management Policy sets the maximum annual limit for the ratio of net debt to equity of 20%. The chart below shows actual limits achieved for each quarter and Council's forecast position as at 30 June 2014.



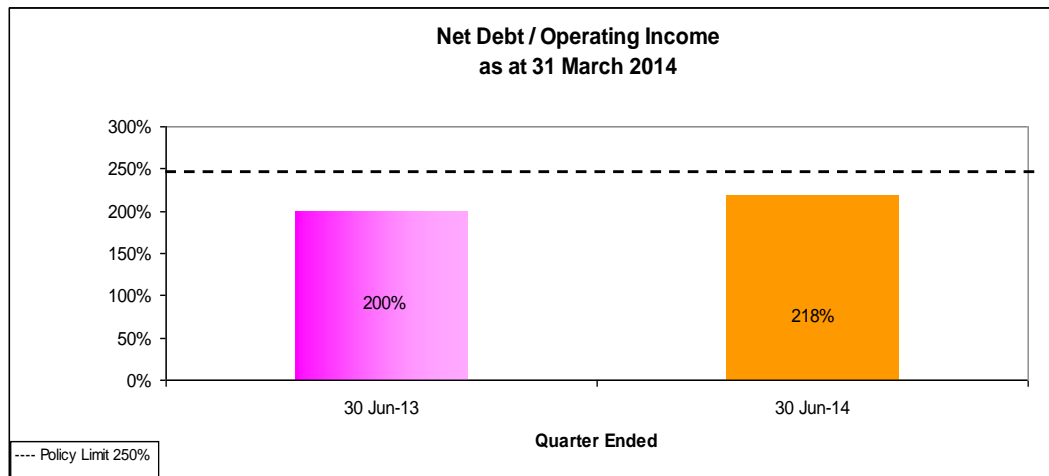
- 49 The Treasury Management Policy sets the maximum annual limit of 25% for the ratio of Debt Interest to Total Operating Revenue. The chart below shows actual limits achieved for each quarter and Council's forecast position as at 30 June 2014.



- 50 The Treasury Management Policy sets the minimum limit for the Liquidity Ratio of 110%. This is a measure of Council's available financial facilities compared to its current debt levels. The chart below shows actual limits achieved for each quarter and Council's forecast position as at 30 June 2014.



- 51 The Treasury Management Policy sets an annual limit of 250% for the ratio of Net Debt to Operating Income. This is a measure of Council's ability to repay its debt from operating income. The chart below shows Council's actual limit achieved last financial year and Council's forecast position as at 30 June 2014.



Other Considerations

- 52 There are no further financial, legal, publicity, consultation or other considerations.

Delegation

- 53 The Corporate Business Committee has delegated authority to consider this report under Section B.3.7 of the Governance Structure.
Without limiting the generality of this delegation, the committee has the following functions, duties and powers:
Financial and Asset Management,
7.5 Authority to monitor performance of the Council's financial activities, including income, operating and capital expenditure against budgets, remissions, key financial indicators and investment and debt/borrowings management.

RECOMMENDATIONS

- 54 That the Corporate Business Committee notes the actual financial performance and position for the nine month period ended 31 March 2014, and the full year forecast as contained in this report Corp-14-1199.
- 55 That the Corporate Business Committee notes the cash flows for the period ended 31 March 2014, and the full year forecast as contained in this report Corp-14-1199.
- 56 That the Corporate Business Committee notes the actual rates funding surplus for the period ended 31 March 2014, and the full year forecast as contained in this report Corp-14-1199.
- 57 That the Corporate Business Committee notes the capital works programme performance, as contained in this report Corp-14-1199.
- 58 That the Corporate Business Committee notes the total rates outstanding (current and arrears) as at 31 March 2014 as contained in this report Corp-14-1199.
- 59 That the Corporate Business Committee notes Council's full compliance (actual and forecast) against its key Treasury Management Policy Limits as contained in this report Corp-14-1199.

Report prepared by:

Approved for Submission by:

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