

Chairperson and Community Board Members
PAEKĀKĀRIKI COMMUNITY BOARD

21 AUGUST 2012

Meeting Status: **Public**

Purpose of Report: For Decision

CAMPE ESTATE

PURPOSE OF REPORT

- 1 To provide an update on financial projections for the Campe Estate.

SIGNIFICANCE OF DECISION

- 2 The Council's Significance Policy is not triggered by this report.

BACKGROUND

- 3 At the Campe Estate meeting in July, it was requested that a report be provided to the Paekākāriki Community Board updating the financial projections for the Campe Estate based on the interest returns and the annual grant allocation each year.

CONSIDERATIONS

Issues

- 4 The financial balance of the Campe Estate funds as at 30 June 2012 is as follows:

Campe Estate Opening Balance	\$103,875
Grants	(\$5,300)
Interest Received	<u>\$3,071</u>
Closing Balance	\$101,646

- 5 The annual grant allocation has been up to \$5,300 per year over the past 3 years.
- 6 The Campe Estate funds has been invested along with other Council funds in the wholesale interest market which are now not showing the returns that are available on the retail interest market. The interest on wholesale funds has been at a rate of just over 3% whereas the interest on term deposits in the retail market is in the order of 4% to 4.5%.
- 7 Council does not separately invest its separate funds as Council overall is a net borrower rather than a net investor. The Council generally only retains sufficient funds in short term investments to meet its ongoing working capital requirements between each quarterly rate instalments. The balance of Council funds is used to fund internal borrowings of capital projects.
- 8 In future the average interest credited to the Campe Estate will be based on the average retail market term deposit rate for 12 months which, at the current time, is in the range of 4% to 4.5%.

- 9 If the Paekākāriki Community Board wants to ensure that the Campe Estate funds are maintained at around \$100,000 each year, the Campe Estate Subcommittee would need to limit the total amount of annual grants to the amount of interest that is accrued back to the Campe Estate each year, i.e. between \$4,000 and \$4,500 per annum. If the grant allocation is evenly split between the two 6-monthly grant rounds this would equate to \$2,000 to \$2,250 per round dependent on the interest rate achieved.

Financial Considerations

- 10 Financial considerations are covered in the report.

Legal Considerations

- 11 There are no legal considerations.

Delegation

- 12 Paekākāriki Community Board has delegated authority to consider this matter. Reference Part D.10 of the Governance Structure which reads:

10.15 Authority to consider and make recommendations to the Campe Estate Subcommittee on grant applications received seeking funding from the Campe Estate funding.

Consultation

- 13 There are no consultation requirements.

Policy Implications

- 14 This proposal would set guidelines for maintaining the level of funds for the Campe Estate over the longer term.

Publicity Considerations

- 15 Limitations on the total amount of annual grants from the Campe Estate would be advised at each grant round.

RECOMMENDATIONS

- 16 That the Paekākāriki Community Board Report Fin-12-664 be received.

Report prepared by:

Warwick Read
Group Manager Finance