

# STAFF REPORT

**TO:** Chair and Members, Corporate Services Committee  
**FROM:** Murray Staite  
**DATE:** 17 November 2009  
**SUBJECT:** Corporate Services Manager's Report

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## 1. Financials – September 2009

After three months the operating costs of activities are close to budget. However with lower economic activity being experienced by some sectors in the district a watching brief on revenue is being maintained. If any significant concerns arise these will be reported to the committee.

## 2. Summarised Income/Expenditure Statement

<b>Actual: Full Year June 2009 (\$000's)</b>		<b>Actual: September 2009 (\$000's)</b>	<b>Budget: Full Year June 2010 (\$000's)</b>
86,945	Operating revenue	19,440	83,515
81,147	Operating expenses	19,921	80,611
5,798	Operating surplus (Deficit)	(482)	2,904

## Summarised Financial Position – September 2009

<b>Budget: Full Year June 2010 (\$000s)</b>		<b>Actual: September 2009 (\$000s)</b>	<b>Budget: Full Year June 2010 (\$000s)</b>
18,855	Current assets	26,628	18,074
26,489	Current liabilities	24,749	22,249
-7,634	Working capital	1,878	(4,175)
1,152,118	Non current assets	1,157,754	1,162,951
86,331	Non current liabilities	97,621	116,652
1,058,153	Total net assets	1,062,012	1,042,124

### 3. Treasury: October 2009

#### Debt Levels

Council's debt at 30 October 2009 stands at \$104.6 million (July 2009: \$102.0 million) with an average interest rate of 6.32%. (July 2009 6.08%)




#### New swap 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. No new swaps have been entered into since the last report to Council.


#### Treasury Limits

The next few pages of this report detail Council's compliance with Treasury limits.

#### Fixed Rate Maturity Profile Limit

	Minimum	Maximum	Actual: October 2009	Limit Meet
1 – 3 years	20%	60%	39%	
3 – 5 years	20%	60%	22%	
5 – 10 years	10%	60%	38%	




#### Master Fixed/Floating Risk Control Limit

Minimum	Maximum	Actual: October 2009	Limit Meet
55%	95%	70%	






#### Facility maturity limit

To minimise the risks of large concentrations of debt maturing or being reissued in periods where credit margins are high for reasons within or beyond Council's control, delegated debt maturities are generally spread widely over a band of maturities.

In the current financial market it is impossible to obtain facilities greater than three years. This exposes Council to risk and has meant an inability to meet this treasury limit.

	Minimum	Maximum	Actual: October 2009	Limit Meet
1 – 3 years	20%	60%	80%	
3 – 5 years	20%	60%	20%	
5 – 10 years	10%	60%	-	

#### Treasury Management Policy Limits

Treasury Limits	Actual October 2009	Within Limits
Net Debt not to exceed 20% of equity	9.4%	
Net external debt not to exceed 250% of total operating revenues	120%	
Net interest as a % of total revenues to be less than 20%	5.9%	
Net interest as a % of total annual rates to be less than 25%	9.2%	
Liquidity over the next 12 months to be at least 110%	116%	

#### 4. Investments

Council investments which include disaster funds, self insurance funds and general investments total \$4.561 million dollars with an average interest rate of 4.4% (July 2009 4.4%). Interest was budgeted in the 2009-2019 LTCCP at 4%.

#### 5. Insurance update

Valerie and myself have met with Richard Preston of Jardine Lloyd Thompson Ltd and reviewed Council's insurance cover. Insurance rates have reduced and in addition to obtaining excellent pricing the opportunity was taken to reduce Council's insurance excess from \$250,000 to \$100,000 at no extra cost. This reduction in excess is particularly pleasing as it reduces Council's risk exposure to any one event and will help maintain Council's self insurance fund at a healthy level.

## **6. Motueka Clock Tower Trust**

For Councillors information I have attached a copy of the Motueka Clock Tower Trust's financial statements. Debt repayments to Council are being made on time and the debt balance owing to Council as at 30 June 2009 was \$107,670.

## **7. Nelson Tasman Total Mobility Scheme**

The Annual Report of Nelson Tasman Mobility Scheme was recently received. Council contributes \$35,791 per annum to this entity. The receipt of this annual report is an important mechanism in demonstrating stewardship of the money received.

## **8. Acknowledgement**

On behalf of Corporate Services staff, I wish to thank elected representatives for their support during the 2009 calendar year. The Corporate Services Department and Council at large, has completed a significant workload during this period.

We wish you and your families a happy and healthy Christmas/New Year holiday period and look forward to working with you through the 2010 calendar year.

Murray Staite  
Corporate Services Manager