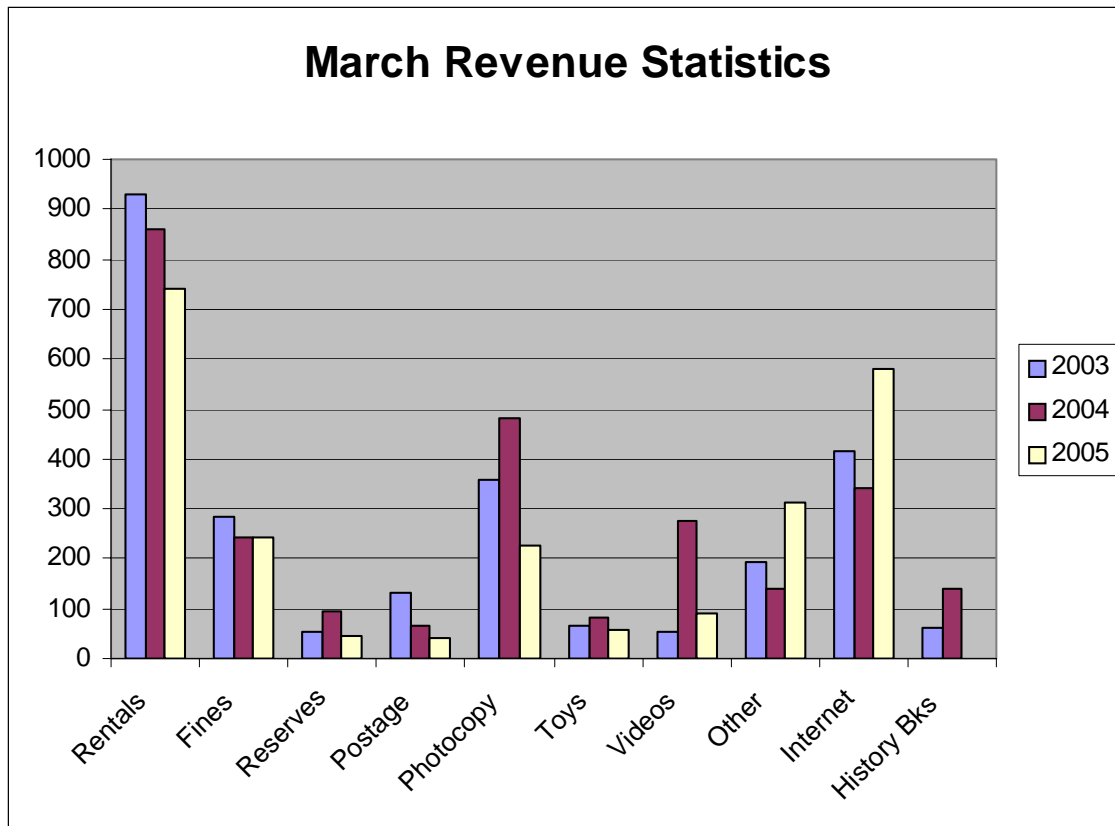
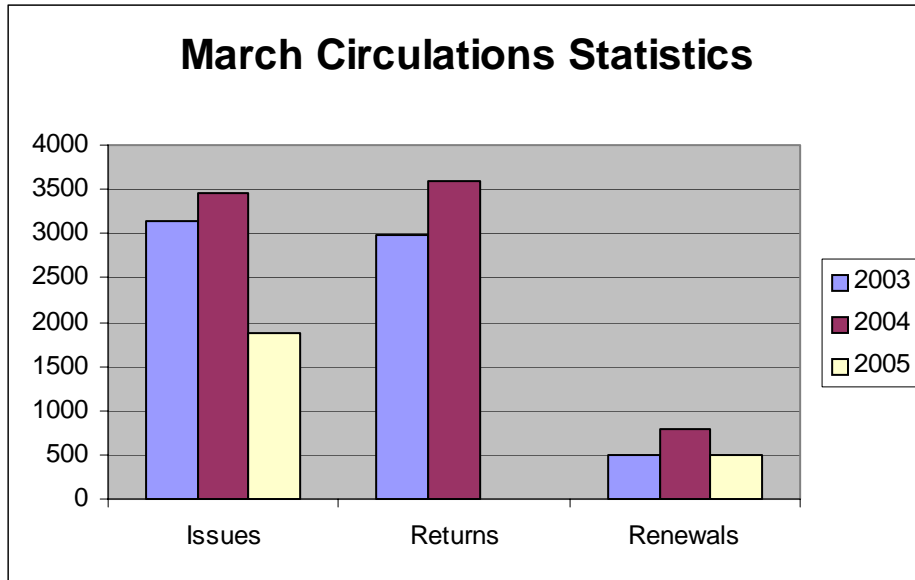


**FINANCE AND POLICY COMMITTEE MEETING HELD  
FOLLOWING THE ENVIRONMENTAL SERVICES COMMITTEE  
MEETING ON WEDNESDAY 20 APRIL 2005 IN THE MEMORIAL  
HALL SUPPER ROOM, ESPLANADE, KAIKOURA.**

***AGENDA***

- 1. Apologies***
- 2. Matters of Importance to be raised as Urgent Business***
- 3. Matters arising from Report of 16/03/05*** ***page 70***
- 4. Reports:***
  - ◆ ***Finance Report*** ***page 32***
  - ◆ ***Statement of Financial Position***
  - ◆ ***Statement of Financial Performance***
  - ◆ ***Corporate Services Budget Report*** ***page 41***
  - ◆ ***Library Report*** ***page 45***
- 5. Quarterly Reports*** ***page 47***
- 6. Quotable Value Report*** ***page 56***
- 7. Urgent Business***

# Library Report



## ***Activities and Events***

- ◆ Cheryl attended Words on wheels on Tuesday 1<sup>st</sup> March at the Hapuku Lodge. Kaikoura was the last stop on an eight-day tour around the top of the South Island, which was well received by those who attended and were well entertained by 6 top New Zealand writers who read from their works to a lunchtime crowd of about 20 people.
- ◆ Toddler time sessions are well on the way again during school terms.
- ◆ Library staff set up a book sale of second hand books in front of the library on Thursday 24<sup>th</sup> March between 12-4pm. This was done in the hope to attract any interest from the visitors to the District here for the start of the Easter weekend. Locals also enjoyed the benefits with a total of \$50.00 made.
- ◆ The Kaikoura Adult Learning Centre enjoyed 4 visits throughout the month on the 3<sup>rd</sup>, 10<sup>th</sup>, 16<sup>th</sup> and 31<sup>st</sup> March.
- ◆ Saint Joseph's Convent School class visits;
  - 2<sup>nd</sup> March
  - 15<sup>th</sup> March
- ◆ Whale Tales Preschool enjoyed a visit on 8 March.
- ◆ Barnardos also enjoyed a visit on 9<sup>th</sup> March.

## ***Administration***

- ◆ The Library resumed Winter Hours on March 21<sup>st</sup>, closing at 5.30pm on Friday evenings.

## ***Training***

- ◆ Epic training took place at the library for Cheryl and Lalita on March 21<sup>st</sup> for an hour by Maryce Johnstone who was undertaking a road trip around New Zealand concentrating on the smaller centres and visiting libraries. The training session focused on marketing the resources to their user groups, training (both for library staff and for library users) and any technical issues that may be affecting the use of the EPIC electronic resources.

---

# INVESTMENT QUARTERLY REPORT FOR THE PERIOD TO 31 MARCH 2005

---

## *Objective*

**TO ENSURE THAT THE COUNCIL'S INVESTMENTS ARE MANAGED PRUDENTLY AND EFFECTIVELY, THEREBY OPTIMISING VALUE AND RETURN.**

Kaikoura District Council's investment portfolio consists of short, medium and long term investments, and these must be optimised to provide sufficient funds for planned expenditure including Council's ability to meet its payments as they fall due. Investments must therefore be chosen which -

- are for the period of time that the funds are surplus
- are able to be liquidated for the right price at the appropriate time
- provide a spread of investments covering short, medium and long term

## *Value and Mix of Investments*

In order to optimise Council's investment portfolio, and maintain an appropriate mix of short, medium and long-term investments, investments shall be kept at the following levels –

- A minimum of \$250,000 of its investment on short-term money market or fixed interest securities of not more than 30 days.
- Investment in forestry assets, including Marlborough Regional Forestry joint venture, should not exceed 75% of the total investment portfolio where practicable.

Council's investments shall include (but not be limited to) at least three of the following;

- a) Treasury Investments
- b) Property Investments
- c) Forestry Investments
- d) Equity Investments

## *Acquisition of New Investments*

All proposed acquisition of new investments decisions are to be approved by Council, with the exception of treasury investments, which are managed on a day to day basis by the Chief Executive Officer and the Financial Services Officer.

## *Use of Revenue from Investments*

Income generated from investment should be used initially to offset costs associated with owning and operating that investment. The use of surplus revenues will then be used according to:

- a) the source and criteria attached to the initial investment sum, or the criteria attached to the fund from which the investment fund came, or
- b) in accordance with any resolution of Council, or
- c) for general operating revenue.

On maturity, investments held for a specific purpose will only be used for that purpose or reinvested for a further period. The capital portion of any investment will not be used to offset general operating expenditure unless the purpose for which the investment was initially set up no longer exists.

### ***Proceeds from Sale of Assets***

Council assets will be disposed of from time to time. Income received from the disposal of vehicles and operating plant will be credited to Council's plant renewal account while income from the disposal of property will go into Council's property account. The capital from these accounts will either be reinvested in a separate account for this special purpose or used to purchase other assets required toward the realisation of Council's strategic objectives. The funds could also be used to repay term debt but such a move would only be by resolution of Council.

### **Reporting Procedure**

A report will be prepared quarterly on Council's investment portfolio. Such a report will include:

- a) the value and mix of Council's investments
- b) any changes to the mix and value from the previous report
- c) terms and interest rates or treasury investment
- d) net rental yields of property investments
- e) earnings per share of equity investments
- f) return on investment on each investment type
- g) comparisons of actual returns versus budgeted returns

### ***Assessment and Management of Risks associated with Investments***

The Kaikoura District Council minimises its exposure to risk by;

- a) maintaining a minimum cash on short term deposit of \$250,000; and
- b) encouraging diversification of the type of investments held;
- c) limiting its treasury investments to those organisations identified in Council's liability management policy

### ***Day to Day Management Procedure***

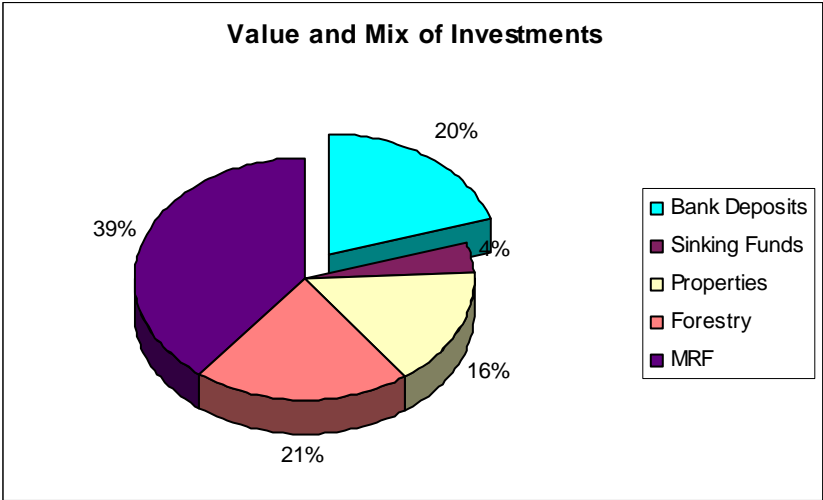
The day to day management of Council's investment portfolio will be undertaken by the Chief Executive Officer. All treasury investments will be made by the Chief Executive Officer and recorded on deal reports. These reports will be held by the Financial Services Officer.

The authority to open new bank accounts shall be made by Council and at least two of the Chief Executive Officer, Rates Officer and Financial Services Officer shall be required to sign cheques or electronic transfers associated with the investment.

**REPORT ON COMPLIANCE WITH THE POLICY AND ANY CHANGES SINCE THE  
LAST REPORT**

***Value and Mix of Council’s Investments***

Bank Deposits	\$	1,357,531
Sinking Funds	\$	289,665
Properties	\$	1,085,000
Forestry	\$	1,414,802
MRF	\$	2,687,688
	\$	6,834,685



The combined value of Council’s own forestry operations and those of Marlborough Regional Forestry is 60%, which does not exceed the 75% cap set by Council’s Investment Policy.

Currently \$264,103 is invested for a term of less than 30 days, which complies with the minimum requirement of \$250,000.

**Treasury Investments**

	<b>Balance</b>	<b>Rate</b>	<b>Maturity</b>
Operating On Call	\$ 235.85	0.00%	on call
Special Funds Call	\$ 263,780.46	5.10%	on call
Land Transport Call	\$ 87.14	2.85%	on call
Term Deposit	\$ 430,000.00	6.60%	15/06/2005
Term Deposit	\$ 589,427.15	6.53%	17/05/2005
Term Deposit	\$ 74,000.00	6.40%	14/06/2007
	<b>\$ 1,357,530.60</b>	<b>6.27%</b>	

## Net Rental Yields of Property Investments

<u>Property</u>	<u>Asset Value</u>	<u>EBIT</u>	<u>Interest</u>	<u>Net</u>	<u>Yield</u>
Camping Ground	\$ 660,000.00	\$ 38,500.00	\$ -	\$ 38,500.00	5.83%
Library	\$ 425,000.00	\$ 25,259.00	\$ 14,789.00	\$ 10,470.00	2.46%
	\$ 1,085,000.00	\$ 63,759.00	\$ 14,789.00	\$ 48,970.00	4.51%

Note the asset values given are the government valuations dated September 2003, at land value only for the camping ground, and capital value for the library.

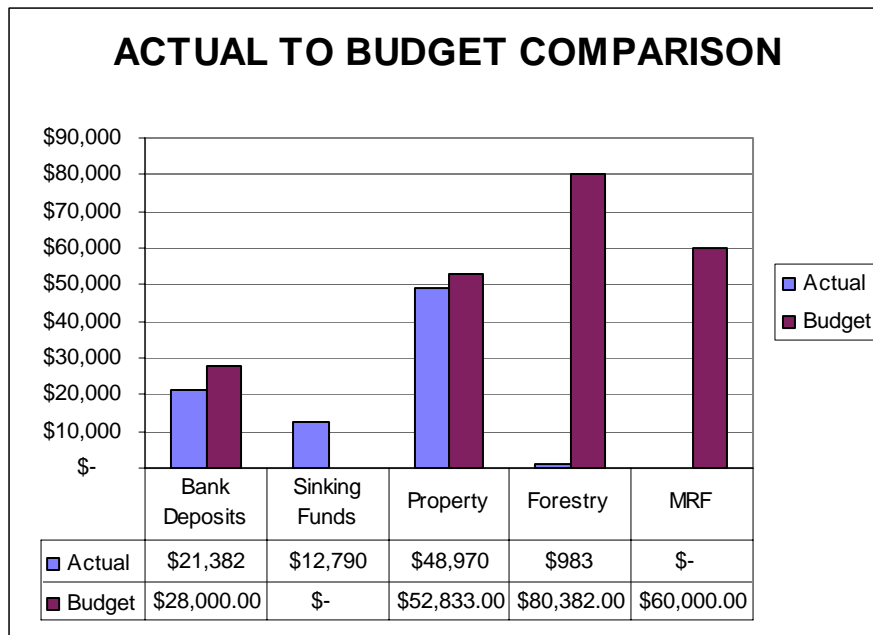
## Earnings per Share of Equity Investments

Council currently holds no equity investment.

## Return on Investments

	Value	Return	
Bank Deposits	\$ 1,357,531	\$ 85,061	6.27%
Sinking Funds	\$ 289,665	\$ 17,090	5.90%
Property	\$ 1,085,000	\$ 48,970	4.51%
Forestry	\$ 1,414,802	\$ 983	0.07%
MRF	\$ 2,687,688	\$ 78,267	2.91%

## Comparison of Actual vs Budget



## SPECIAL RESERVES AND SPECIAL FUNDS

<b>Special Reserves</b>	<b>Opening Balance</b>	<b>Inflow</b>	<b>Outflow</b>	<b>Closing Balance</b>
Town Water Maintenance	11,573.00	204,982.00	201,019.00	7,610.00
Town Water Capital	152,533.00)	237,122.00	100,836.00	(288,819.00)
East Coast Rural Water	(25,514.00)	21,861.00	36,916.00	(10,459.00)
Kincaid Rural Water	(77,832.00)	29,858.00	15,612.00	(92,078.00)
Fernleigh Rural Water	(3,647.00)	49,371.00	64,802.00	11,784.00
Peketa Rural Water	(624.00)	2,943.00	2,181.00	(1,386.00)
Roading	(77,698.00)	450,928.25	528,600.00	(26.25)
District Plan	(57,218.00)	111,084.00	115,333.00	(52,969.00)
Stormwater Maintenance	(3,946.00)	38,804.00	37,928.00	(4,822.00)
Sewerage Maintenance	58,534.00	171,414.00	190,650.00	77,770.00
Harbour	(960.00)	134,829.00	135,789.00	-
Library	(1,461.00)	-	-	(1,461.00)
Stormwater Capital	(9,247.00)	31,852.00	30,991.00	(10,108.00)
Sewerage Capital	(238,739.00)	471,614.00	90,928.00	(619,425.00)
<b>Totals</b>	<b>(579,312.00)</b>	<b>1,956,662.25</b>	<b>1,551,585.00</b>	<b>(984,389.25)</b>
<b>Special Funds</b>	<b>Opening Balance</b>	<b>Inflow</b>	<b>Outflow</b>	<b>Closing Balance</b>
Social Services Committee	2,697.00)	-	-	(2,697.00)
Tourism Strategy Fund	(26,993.00)	45,029.00	10,509.00	(61,513.00)
Memorial Hall Loan	(5,380.00)	3,920.00	9,300.00	-
West End Upgrade	26,339.00	243,285.00	168,743.00	(48,203.00)
George Low Trust	(73,854.00)	-	-	(73,854.00)
John Gibb Fund	(8,816.00)	523.00	391.00	(8,948.00)
Forestry Fund	(123,944.00)	-	123,944.00	-
Biodiversity Fund	-	66,107.00	16,908.00	(49,199.00)
Reserve Development	(116,257.00)	97,311.00	116,445.00	(97,123.00)
Property Fund	-	-	-	-
Plant Renewal	(34,974.00)	5,534.00	19,434.00	(21,074.00)
Office Equipment	(4,224.00)	18,014.00	4,997.00	(17,241.00)
Landfill Site Aftercare	(10,712.00)	-	-	(10,712.00)
Library Donations	(12,776.00)	-	-	(12,776.00)
Mayoral Fund	(8,597.00)	-	-	(8,597.00)
Creative NZ	(2,070.00)	7,090.00	3,091.00	(6,069.00)
Safer Communities	(49,922.00)	7,938.00	7,335.00	(50,525.00)
Strengthening Families	(9,450.00)	11,975.00	3,228.00	(18,197.00)
Pensioner Flats Maintenance	(26,480.00)	26,207.00	31,549.00	(21,138.00)
Land Transport Safety	(9,156.00)	22,000.00	19,984.00	(11,172.00)
Dog Control	(8,568.00)	19,289.00	20,324.00	(7,533.00)
<b>Totals</b>	<b>(508,531.00)</b>	<b>574,222.00</b>	<b>556,182.00</b>	<b>\$(526,571.00)</b>

---

## LIABILITY MANAGEMENT POLICY AND QUARTERLY REPORT TO 31 MARCH 2005

---

### Objective

TO ENSURE THAT ALL CURRENT AND TERM LIABILITIES OF THE KAIKOURA DISTRICT COUNCIL ARE MANAGED PRUDENTLY AND EFFECTIVELY.

### *Current Liabilities*

Current Liabilities are those liabilities which will be repaid in a short period of time, not exceeding 12 months, and include accounts payable, cash advance facilities, and other short term liabilities. For the purposes of this section of the policy, the current portion of term liabilities do not apply, these are to be considered as term liabilities.

Accounts payable are to be paid in full by the due date wherever possible. Those current liabilities that incur a late payment penalty are to be paid in full by the due date in all cases.

### *Term Liabilities*

Term Liabilities are those liabilities which are for a term exceeding 12 months, and include Council borrowings, and liabilities associated with the Marlborough Regional Forestry joint venture.

### Interest Rate Exposure

The interest rate exposure table below is Council's guideline for interest rate exposure. This table does not incorporate the liabilities associated with the Marlborough Regional Forestry joint venture.

<b>Term of exposure</b>	<b>Proportion of Debt</b>
0 - 1 year	20% - 27%
1 - 2 years	20% - 27%
2 - 3 years	20% - 27%
3 - 4 years	20% - 27%
4 years +	0% - 20%

### Liquidity

Council will maintain a liquidity ratio of a minimum of 1.1 :1 at all times, subject to the liquidity ratio excluding the current portion of sinking funds and the current portion of term liabilities.

- the use of overdraft facilities is to be budgeted for to meet operating expenses
- Council delegate responsibility for establishing short term debt and overdraft facilities to the Chief Executive Officer.

## Credit Exposure

The mix of agencies and financial limits as set out below is to be used by Council to manage its credit exposure.

<b>Approved Counter Party Credit Limits</b>	<b>Limits (percentage of total Investment Portfolio)</b>
1. Government	Unlimited
Banks with A or better long term rating. These include, but are not limited to BNZ, ASB, NB, ANZ, Westpac Trust, Countrywide.	Up to 100% subject to not more than \$1 million with one issue
Other entities with AA- or better long term rating. These include but are not limited to: Auckland Regional Council Christchurch City Council ■ Auckland City Council ■ Dunedin City Treasury Ltd ■ Electricity Corp ■ Telecom Corp	Up to 50% but no more than \$50,000 with any single issuer

## Debt Repayment

Council will not use internal loans to pay external debt nor will it use special funds to repay debt unless the fund has been established specifically for that purpose.

Council will ensure that either a sinking fund is established to repay specific borrowing or it will repay debt from general funds subject to going through the special consultative process.

## Borrowing Limits

Councils external borrowing limit for term debt will be set at the following limits:

- the gross interest expense of all external term borrowing's will not exceed 18% of annual rates revenue, or
- the gross interest expense of all external term borrowing's will not exceed 10% of total revenues

## Security

Council will not pledge assets as security. Council has in place a Cash Advance and Term Borrowing facility secured by negative pledge.

## **LIABILITY MANAGEMENT POLICY COMPLIANCE**

### **Interest Rate Exposure**

<b>Term of exposure</b>	<b>Proportion of Debt</b>	<b>Policy Levels</b>
0 - 1 year	9%	20 – 27%
1 - 2 years	27%	20 – 27%
2 - 3 years	15%	20 – 27%
3 - 4 years	34%	20 – 27%
4 years +	16%	0 - 20%

Progress is being made to meet the policy requirements for liquidity exposure, and it is anticipated that the terms of exposure will be within policy limits by 30 June.

### **Liquidity**

Council's liquidity ratio is currently 2.17:1, which exceeds the requirements of the Liability Management Policy.

### **Credit Exposure**

All of Council's loans are taken with Banks of A or better ratings, and have not been for over \$1 million in any one issue.

### **Debt Repayment Policy**

Council does not use internal loans to pay external debt. Sinking Funds are established for all loans raised, specifically to repay the loan on maturity.

### **Borrowing Limits**

Gross interest expense as a percentage of rates revenue:	8.46% (Policy 18%)
Gross interest expense as a percentage of total revenue:	4.85% (Policy 10%)

### **Security**

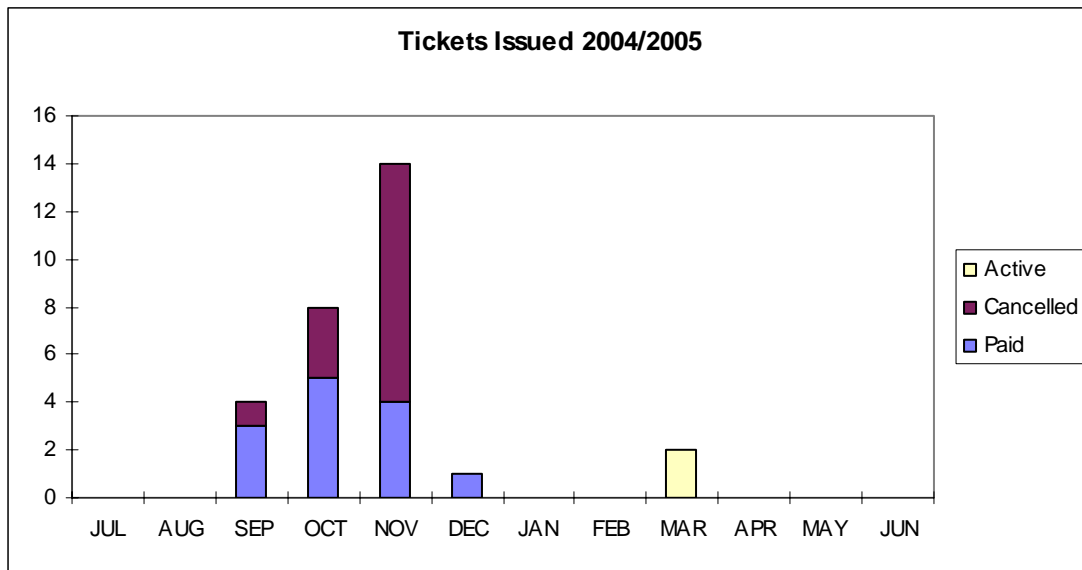
Council secures all loans by way of negative pledge.

# TRAFFIC CONTROL QUARTERLY REPORT

**FOR THE PERIOD TO 31 MARCH 2005**

## Infringements

A total of 29 infringement notices have been issued in the period from 1 July 2004. These infringements issued total \$964. The majority of these were issued in the West End for exceeding time limits, or failing to display a Pay & Display ticket. This financial year \$867 in infringement income has been received. Five infringements have been lodged with the District Court since 1 July.



## Pay & Display Parking

This table indicates the income received from Pay & Display for the last five years, for the respective periods to 31 March. The variances from year to year may be attributable to the timing of clearing out the machine, which is now encouraged more often. Even so, there is a significant increase in revenues from the carpark in 2002/03 due to the whole West End car park becoming a Pay & Display area.

2000/01	2001/02	2002/03	2003/04	2003/04
\$3,117	\$5,944	\$10,342	\$14,691	\$13,765