

## **1. Executive summary for the Social and Cultural Wellbeing Committee**

### **1.1 Programme overview**

The Warm Wellington programme has not slowed down, with a huge June of \$600,000 in installations paid for. Interestingly, 336 properties have fully repaid the amount funded (\$565,000) as a result of house sale or when we sent out the annual statement. At year end there were 4,352 open accounts equating to \$7.3 million excluding GST.

The Warm Greater Wellington programme won the Community sector award in the EECA energy awards. The judges recognising not just the 4,500 properties at the time that had been insulated or had clean heating appliances installed, but the fact that 6 other councils had followed Greater Wellington's lead on this project.

During the year Council approved a doubling of the annual budget to \$6 million which was met. With many service providers actively marketing the scheme and the ability to access the Greater Wellington's scheme there was no drop off in applications over summer and a marked increase as we approached winter.

New software has been locally sourced and installed and is in the process of bedding down.

### **1.2 Key results for the year**

Over 6,164 applications have been processed and approved since the programme began in April 2010, with 4,754 of these completed by 30 June 2012.

| COUNCIL NAME  | No of Apps  |                     | GW \$        |                    | No of Apps | GW\$              |              | GW No              | GW\$               |
|---|-------------|---------------------|--------------|--------------------|------------|-------------------|--------------|--------------------|--------------------|
|   | Approved    |                     | Installed    |                    |            | not yet completed |              |                    |                    |
| Carterton District Council  | 97          | \$183,623           | 72           | \$129,602          |            |                   | 25           | \$54,022           |                    |
| Hutt City Council   | 2017        | \$4,158,052         | 1,551        | \$3,188,747        |            |                   | 466          | \$969,305          |                    |
| Kapiti Coast District Council   | 528         | \$964,622           | 400          | \$711,688          |            |                   | 128          | \$252,934          |                    |
| Masterton District Council  | 341         | \$687,148           | 257          | \$518,872          |            |                   | 84           | \$168,276          |                    |
| Porirua City Council  | 629         | \$1,287,162         | 500          | \$1,015,107        |            |                   | 129          | \$272,055          |                    |
| South Wairarapa District Council  | 87          | \$163,744           | 69           | \$133,342          |            |                   | 18           | \$30,402           |                    |
| Upper Hutt City Council   | 944         | \$1,940,230         | 696          | \$1,429,718        |            |                   | 248          | \$510,512          |                    |
| Wellington City Council   | 1521        | \$3,062,617         | 1,209        | \$2,454,217        |            |                   | 312          | \$608,400          |                    |
| <b>Totals (Inc GST)</b>   | <b>6164</b> | <b>\$12,447,198</b> | <b>4,754</b> | <b>\$9,581,292</b> |            |                   | <b>1,410</b> | <b>\$2,865,906</b> |                    |
| <b>Total Approved</b>   |             |                     |              |                    |            |                   |              | <b>Quotes *</b>    |                    |
| <b>Excluding GST</b>  |             |                     |              |                    |            |                   |              | <b>1,410</b>       | <b>\$2,547,472</b> |
| Totals at 30 June 2011 excluding GST  | 2,205       |                     | 1,297        | \$2,681,620        |            |                   |              |                    |                    |
| Totals for Year to 30 June 2012   | 3,959       |                     | 3,457        | \$5,649,938        |            |                   |              |                    |                    |
| * Note, not all not yet installed approvals will go ahead with a rates component. |             |                     |              |                    |            |                   |              |                    |                    |
| 30 June 2012  |             |                     |              |                    |            |                   |              |                    |                    |

It is not expected that all of the 1,410 approved (but not yet installed) quotes will go ahead with a rates component.

### 1.3 Looking ahead

From 1 July, the EECA grant money is primarily focused on insulation as they seek to have the programme extended in the May 2013 Budget.

Service providers will also need to consider their own resources if the programme starts to wind down.

Failing an extension to the EECA programme being funded Council will need to determine if and how it wishes the Warm Wellington programme to continue.

## 1.4 Financial reports

| Warm Greater Wellington<br>Income Statement<br>For the year ended 30 June 2012 | Full Year       |                 |                   | Last Year<br>FY Actual<br>\$000 |
|--|-----------------|-----------------|-------------------|---------------------------------|
|  | Actual<br>\$000 | Budget<br>\$000 | Variance<br>\$000 |                                 |
| Regional Rates   | 371             | 532             | (161)             | 38                              |
| Regional Water Supply Levies   | -               | -               | -                 | -                               |
| Rates & Levies   | 371             | 532             | (161)             | 38                              |
| Government Grants & Subsidies  | -               | -               | -                 | -                               |
| External Revenue   | -               | -               | -                 | -                               |
| Investment Revenue   | -               | -               | -                 | -                               |
| Internal Revenue   | -               | -               | -                 | -                               |
| <b>TOTAL INCOME</b>  | <b>371</b>      | <b>532</b>      | <b>(161)</b>      | <b>38</b>                       |
| less:  |                 |                 |                   |                                 |
| Personnel Costs  | 2               | -               | (2)               | -                               |
| Materials,Supplies & Services  | (7)             | 3,010           | 3,017             | (320)                           |
| Travel & Transport Costs   | 1               | -               | (1)               | -                               |
| Contractor & Consultants   | 6               | -               | (6)               | -                               |
| Grants and Subsidies Expenditure   | -               | -               | -                 | -                               |
| Internal Charges   | -               | -               | -                 | -                               |
| <b>Total Direct Expenditure</b>  | <b>2</b>        | <b>3,010</b>    | <b>3,008</b>      | <b>(320)</b>                    |
| Financial Costs  | 332             | 323             | (9)               | 76                              |
| Bad Debts  | -               | -               | -                 | -                               |
| Corporate & Department Overheads   | -               | -               | -                 | -                               |
| Depreciation   | 6               | -               | (6)               | -                               |
| Loss / (Gain) on Sale of Assets / Investments                                  | -               | -               | -                 | -                               |
| <b>TOTAL EXPENDITURE</b>   | <b>340</b>      | <b>3,333</b>    | <b>2,993</b>      | <b>(244)</b>                    |
| <b>OPERATING SURPLUS / (DEFICIT)</b>   | <b>31</b>       | <b>(2,801)</b>  | <b>2,832</b>      | <b>282</b>                      |
| Add Back Depreciation  | 6               | -               | 6                 | -                               |
| Other Non Cash   | -               | -               | -                 | -                               |
| Warm Wellington net advances   | (5,660)         | -               | (5,660)           | (2,278)                         |
| Net Asset Acquisitions   | (23)            | -               | (23)              | -                               |
| Net External Investment Movements  | -               | -               | -                 | -                               |
| <b>NET FUNDING BEFORE DEBT &amp; RESERVE MOVEMENTS</b>                         | <b>(5,646)</b>  | <b>(2,801)</b>  | <b>(2,845)</b>    | <b>(1,996)</b>                  |
| Debt Additions / (decrease)  | 6,014           | 3,228           | 2,786             | 2,092                           |
| Debt Repaid  | (368)           | (427)           | 59                | (96)                            |
| Net Reserves (Increase) / decrease   | -               | -               | -                 | -                               |
| <b>NET FUNDING SURPLUS (DEFICIT)</b>   | <b>-</b>        | <b>-</b>        | <b>-</b>          | <b>-</b>                        |

| Warm Greater Wellington<br>Capital Expenditure Statement<br>For the year ended 30 June 2012 | Full Year       |                 |                   | Last Year<br>FY Actual<br>\$000 |
|---|-----------------|-----------------|-------------------|---------------------------------|
|   | Actual<br>\$000 | Budget<br>\$000 | Variance<br>\$000 |                                 |
| Total Asset Acquisitions  | 23              | -               | (23)              | -                               |
| Capital Project Expenditure   | -               | -               | -                 | -                               |
| Asset Disposal Cash Proceeds  | -               | -               | -                 | -                               |
| <b>Net Capital Expenditure</b>  | <b>23</b>       | <b>-</b>        | <b>(23)</b>       | <b>-</b>                        |

## 1.5 Financial summary and variance analysis

In the Annual plan the expenditure was treated as operational expenditure. At year end 30 June 2011 it was determined that the correct accounting treatment was to treat the expenditure as a current asset which is released to the income statement in line with the rates recoveries made over the life of the project.

This has been corrected in budgets going forward.

The asset addition is for software to manage the individual accounts

Net Warm Wellington advances of \$5.6 million is \$2.6 million ahead of the initial \$3 million per year budget. \$0.4 million of repayments have been received. In June 2012 \$0.6 million installations were completed, our largest month to date.

## **1.6 Risk analysis**

If EECA obtains approval to continue to the Heat Smart: Warm up New Zealand programme beyond June 2013, Council will need to consider its position on continuing to offer support. Council will need to determine the level of debt it is comfortable with for this programme and any resources required for the continued support of the scheme.