

Year End REPORT



30 June 2013

WARM WELLINGTON

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1 EXECUTIVE SUMMARY FOR THE SOCIAL AND CULTURAL WELLBEING COMMITTEE

1.1 Programme overview

The Warm Wellington programmes continued to be very popular in 2012/13, but at a slower pace since heating was removed from the EECA funded scheme at 30 June 2012. There is a new EECA Heat Smart 2 programme which requires GWRC to reshape its programme.



Since Greater Wellington's programme started 8,331 applications have been approved at a total \$16.4 million, with 7,240 of these completed at \$14.3 million of funds paid to local suppliers.

The removal of heating by EECA did see a drop off in numbers, with \$4.2m of work completed in 2012/13 compared to \$5.6m in 2011/12.

As the programme has progressed we are now seeing more house sales where with agreement between seller and purchaser it is more likely than not that the rate will be cleared rather than remain with the property. To date this equates to over \$1.6 million which lowers the net debt of the scheme.

The EECA Heat Smart 1 scheme has funding through to September, and for Heat Smart 2, a rates top up will not be required.

Work on Warm Wellington 2 is progressing which would see rates as an option to continue to be offered in conjunction with EECA maintaining product and supplier quality.

The table below shows the number by local TA area, overall a widely utilised programme that has provided great benefits across the region.

COUNCIL Area	No of Apps		GW \$		No of Apps	GW\$		GW No	GW\$
	Approved		Installed			not yet completed			
Carterton District Council	148	\$267,380	131	\$232,891	17	\$34,489			
Hutt City Council	2,760	\$5,581,047	2,359	\$4,784,807	401	\$796,240			
Kapiti Coast District Council	668	\$1,180,259	601	\$1,067,537	67	\$112,721			
Masterton District Council	499	\$933,422	442	\$830,061	57	\$103,360			
Porirua City Council	814	\$1,641,007	710	\$1,427,110	104	\$213,897			
South Wairarapa District Council	160	\$299,881	131	\$243,039	29	\$56,843			
Upper Hutt City Council	1,264	\$2,546,720	1,124	\$2,271,612	140	\$275,108			
Wellington City Council	2,018	\$3,984,875	1,742	\$3,458,788	276	\$526,087			
Totals (Inc GST)	8,331	\$16,434,592	7,240	\$14,315,846	1,091	\$2,118,746			
Total Approved								Quotes *	
Excluding GST	8,331	\$14,290,949	7,240	\$12,448,561	1,091	\$1,883,330			
Totals at 30 June 2011 excluding GST	2,205		1,297	\$2,681,620					
Totals at 30 June 2012 excluding GST	3,959		3,457	\$5,649,938					
Totals for Year to 30 June 2013	2,167		2,486	\$4,117,003					
* Note, not all not yet installed approvals will go ahead with a rates component.									
30 June 2013									
Properties that have been fully repaid by report date			846	\$1,655,225					

Not all of the 1,091 approved (but not yet installed) quotes will go ahead with a rates component.

1.2 Looking ahead

This has been a highly successful programme and with the proposed EECA changes the challenge will be to keep the momentum going if Council agrees to stay in the scheme.

To do this we will require EECA to provide product and supplier audit work. We have been working closely with EECA to ensure they can continue to do this.

If all goes to plan, by September a new programme will be in operation. It will operate with the reduced number of suppliers that are EECA approved at 1 July 2013 and there will be no EECA grant available. Several suppliers have indicated that they are keen for us to continue to the programme.

With the general EECA grant being removed I would recommend increasing the amount per property to \$3,900, from \$2,600. This allows an average sized home to be insulated, with the total being able to be added to their rates bill.

1.3 Financial reports

Warm Greater Wellington Income Statement For the year ended 30 June 2013	Full Year			Last Year
	Actual \$000	Budget \$000	Variance \$000	FY Actual \$000
Rates & Levies	1,095	1,253	(158)	371
External Revenue	5	-	5	-
Investment Revenue	-	-	-	-
Internal Revenue	-	-	-	-
TOTAL INCOME	1,100	1,253	(153)	371
less:				
Personnel Costs	-	-	-	2
Materials,Supplies & Services	358	403	45	(7)
Travel & Transport Costs	-	-	-	1
Contractor & Consultants	13	-	(13)	6
Grants and Subsidies Expenditure	-	-	-	-
Internal Charges	-	40	40	-
Total Direct Expenditure	371	443	72	2
Financial Costs	710	800	90	363
Bad Debts	-	-	-	-
Corporate & Department Overheads	11	11	-	-
Depreciation	8	-	(8)	6
Loss / (Gain) on Sale of Assets / Investments	-	-	-	-
TOTAL EXPENDITURE	1,100	1,254	154	371
OPERATING SURPLUS / (DEFICIT)	-	(1)	1	-
Add Back Depreciation	8	-	8	6
Other Non Cash	-	-	-	-
Warm Wellington net advances	(3,484)	(4,862)	1,378	(5,060)
Net Asset Acquisitions	-	-	-	(23)
Net External Investment Movements	-	-	-	-
NET FUNDING BEFORE DEBT & RESERVE MOVEMENTS	(3,476)	(4,863)	1,387	(5,077)
Debt Additions / (decrease)	4,497	6,009	(1,512)	5,445
Debt Repaid	(1,021)	(1,146)	125	(368)
Net Reserves (Increase) / decrease	-	-	-	-
NET FUNDING SURPLUS (DEFICIT)	-	-	-	-

1.4 Financial summary and variance analysis

The rates income is slightly less than budget as is based on the actual amount of funds advanced in the programme at 30 June 2013 compared to budget which was finalised earlier than this. Early repayments lower the overall advance balance to be funded and held.

The accounting treatment of this programme results in expenses matching income as the programme progresses resulting in a nil operating surplus/deficit. Over time the advanced funds to pay for insulation equates to the outstanding debt within the programme which will reduce to nil once the programme repayments are fully made.

All administrative and finance costs of the programme are fully recuperated from those ratepayers participating in the scheme.

GWRC charges a margin of 7% on the cost funded to recover its administration, insurance, software and interest costs to ensure the programme does not impact the ratepayers not participating in the scheme.

1.5 Risk analysis

This has been a hugely popular scheme and the council will be considering its future in August. If as expected the programme continues the risks primarily remain the same.

Risks of the programme are mitigated through only working alongside EECA and the products and suppliers they work with



greater WELLINGTON

REGIONAL COUNCIL

Te Pane Matua Taiao