

1. Executive summary for the Social and Cultural Wellbeing Committee: Warm Wellington

1.1 Programme overview

The Warm Wellington programmes popularity has continued but at a slower pace since heating was removed from the EECA funded scheme and as we approach the renewal date for the EECA scheme in the May 2013 budget.

Since Greater Wellington's programme started 7,116 applications have been approved at a total \$14 million, with 6,183 of these completed at \$12 million of funds paid to suppliers.

As the programme has progressed we are now seeing more house sales where with agreement between seller and purchaser it is more likely that the rate will be cleared rather than remain with the property. To date this equates to over \$700k which lowers the net debt of the scheme.

During the quarter EECA celebrated reaching the programme target of 188,500 homes 6 months earlier than their 4 year target. Greater Wellington has significantly assisted reaching this target within the Wellington region with some suppliers recording greater than 50% of installs utilising the Warm Wellington scheme.

COUNCIL NAME	No of Apps		GW \$		No of Apps	GW\$		GW No	GW\$
	Approved		Installed			not yet completed			
Carterton District Council	123	\$219,980	111	\$197,398	12	\$22,582			
Hutt City Council	2312	\$4,726,605	1,997	\$4,075,117	315	\$651,488			
Kapiti Coast District Council	597	\$1,056,448	542	\$961,813	55	\$94,635			
Masterton District Council	419	\$805,125	360	\$697,965	59	\$107,160			
Porirua City Council	715	\$1,445,519	622	\$1,250,348	93	\$195,171			
South Wairarapa District Council	122	\$228,916	97	\$180,700	25	\$48,217			
Upper Hutt City Council	1069	\$2,162,292	930	\$1,884,945	139	\$277,346			
Wellington City Council	1759	\$3,504,262	1,524	\$3,044,257	235	\$460,005			
Totals (Inc GST)	7116	\$14,149,147	6,183	\$12,292,543	933	\$1,856,604			
Total Approved							Quotes *		
	Excluding GST	7116	\$12,303,606	6183	\$10,689,168	933	\$1,650,315		
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		952		1,429	\$2,357,610				
* Note, not all not yet installed approvals will go ahead with a rates component.									

31 December 2012

It is not expected that all of the 933 approved (but not yet installed) quotes will go ahead with a rates component.

1.2 Looking ahead

The overall EECA programme of grants and product / supplier administration's future is reliant on Central Governments May 2013 budget. Until this is known it is not possible to recommend to councillors the future of the Warm Wellington programme.

Once we have this information a report to council will be provided seeking a decision on the future of this programme. The Annual Plan has been prepared on the assumption it will continue but this can be changed when adopting the final plan for 2013/14.

1.3 Financial reports

Warm Greater Wellington Income Statement For the 6 months ended 31 December 2012	Actual \$000	Full Year Budget \$000	Variance \$000	Forecast \$000	Full Year Budget \$000	Variance \$000
Regional Rates	-	-	-	-	-	-
Warm Greater Wellington Rates	547	627	(80)	1,090	1,253	(163)
Regional Water Supply Levies	-	-	-	-	-	-
Rates & Levies	547	627	(80)	1,090	1,253	(163)
Government Grants & Subsidies	-	-	-	-	-	-
External Revenue	5	-	5	-	-	-
Investment Revenue	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
TOTAL INCOME	552	627	(75)	1,090	1,253	(163)
less:						
Personnel Costs	-	-	-	-	-	-
Materials,Supplies & Services	209	201	(8)	239	403	164
Travel & Transport Costs	-	-	-	-	-	-
Contractor & Consultants	9	-	(9)	-	-	-
Grants and Subsidies Expenditure	-	-	-	-	-	-
Internal Charges	-	20	20	40	40	-
Total Direct Expenditure	218	221	3	279	443	164
Financial Costs	326	400	74	800	800	-
Bad Debts	-	-	-	-	-	-
Corporate & Department Overheads	5	5	-	11	11	-
Depreciation	4	-	(4)	-	-	-
Loss / (Gain) on Sale of Assets / Investments	-	-	-	-	-	-
TOTAL EXPENDITURE	553	626	73	1,090	1,254	164
OPERATING SURPLUS / (DEFICIT)	(1)	1	(2)	-	(1)	1
Add Back Depreciation	4	-	4	-	-	-
Other Non Cash	-	-	-	-	-	-
Net Asset Acquisitions	-	-	-	-	-	-
Net External Investment Movements	-	-	-	-	-	-
NET FUNDING BEFORE DEBT & RESERVE MOVEMENTS	3	1	2	-	(1)	1
Debt Additions / (decrease)	369	572	(203)	1,146	1,147	(1)
Debt Repaid	(372)	(573)	201	(1,146)	(1,146)	-
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 2012 compared to budget which was finalised earlier than this. The primary difference from budget is from the house sales where the rates have been fully repaid.

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.

1.5 Risk analysis

This is a hugely popular scheme and the council will need to consider its future shortly. Through this review council will need to consider the impact of any central government budget announcement for the EECA scheme in May, the level of debt it is comfortable with for this programme, and the priority of any continued expenditure.