

ANNUAL PLAN 2019/20



GREYTOWN TRUST LANDS

Growing the community since 1871

BUDGET COMMENTARY

The operating budget covering the 2019/20 financial year commencing on 1 April 2019, as adopted by Trustees in March this year, is summarised below. The 2018/19 budget and forecast actual figures (ahead of receiving an audit certificate) are also shown for comparative purposes.

Budget Summary	2019/20 budget \$000	2018/19 budget \$000	2018/19 actual \$000
REVENUE			
Rental income			
Commercial property (Land & buildings)	827	805	809
Residential property (Land)	7	6	6
Community property (Land)	114	114	115
Tenant outgoing recoveries	102	109	100
Miscellaneous income	-	-	1
Total operating revenue	<u>1,050</u>	<u>1,034</u>	<u>1,031</u>
OPERATING EXPENDITURE			
Property related expenses inc. tenant outgoings	186	201	164
Trust operating expenses	311	336	256
Depreciation	2	3	3
Total operating expenditure before interest	<u>499</u>	<u>540</u>	<u>423</u>
OPERATING SURPLUS BEFORE INTEREST	551	494	608
Interest receivable	38	-	9
Interest payable	-	(4)	(1)
Net interest	<u>38</u>	<u>(4)</u>	<u>8</u>
OPERATING SURPLUS BEFORE GRANTS	589	490	616
Education grants	(111)	(140)	(90)
Community grants	(90)	(103)	(93)
Community land rent subsidies	(102)	(108)	(108)
Total grants	<u>(303)</u>	<u>(351)</u>	<u>(291)</u>
NET SURPLUS FROM OPERATING	<u>286</u>	<u>139</u>	<u>325</u>
Net surplus from operating applied as follows:			
Repayment of debt	-	70	115
Accumulated funds - property renewal provision	210	69	122
Accumulated funds - property investment provision	70	-	48
Accumulated funds - cash in hand and invested	6	-	40
	<u>286</u>	<u>139</u>	<u>325</u>

With this budget Trustees are signalling the need to commence a structured programme of investment in the renewal, enhancement and, if necessary, replacement of properties making up the Trust's current portfolio and also to start setting aside cash reserves with the purpose of being able to invest in the future expansion of the portfolio. This has involved setting up two new provisions for property renewal and property investment.

While an effort has been made in recent years to make some provision for property enhancements, Trustees have come to recognise this provision has not been sufficient to address looming issues with regard to the "fitness" of the Trust's older buildings. A projected significant growth in the population of the Greytown District also has them concerned that future community funding needs will not be met unless there is a corresponding increase in the quality and size of the Trust's property asset base to help deliver the additional income required to support a higher community dividend in future.

However, increasing the proportion of the Trust's surplus that is set aside for investment in the business means less funds are available for distribution, so the difficult decision has had to be taken by Trustees this year to reduce the level of grants to be awarded to the community. It is probable this adjustment to the budget will become permanent at least for the foreseeable future until work to modernise the current property portfolio has been completed.

The budget was recently presented at a recent special general meeting of the Trust, where explanations for changes were positively received by a large audience representing all sections of the community.

IN THE TRUST'S WORK PROGRAMME FOR 2019/2020

Property

In the wake of the decision to set aside more funds for refreshing the portfolio a key focus will be mapping out a property strategy which will drive the renewal, improvement or replacement work programme over the coming years,. Alongside this Trustees will also be developing a funding strategy aimed at ensuring the financial resources are available when required in order to implement the work programme.

Community dividend (grants)

Having recently adopted three new strategies setting out the desired outcomes they wish to secure with grant funding Trustees will be focussing on implementation and monitoring whether the outcomes are being achieved.

Specific projects

Based on the conclusions reached in the recently published report into the feasibility of developing a shared use sports facility at Kuranui College Trustees are continuing to collaborate with the College Board of Trustees, the Ministry of Education, South Wairarapa District Council and Greytown Sports & Leisure Society to try to turn what is a once in a generation opportunity into reality. It should become clear within the next 12 months whether or not the project is likely to go ahead.