

## Nelson Tasman housing Trust

Treasurer's Commentary: Year Ended 30 June 2018

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### Highlights

- The Financial Report shows another successful year operating with a positive financial outcome for the Trust's activities. Among the standout reasons:
  - We have sustained a high percentage of our tenancies receiving IRRS subsidies
  - Reduced turnover of tenants has continued this year. Improved tenant vetting is delivering direct financial benefit.
  - Occupancy % has slipped due to the lengthy voids caused by remediation for "P" contamination. Bad debts have had negligible impact this year.
  - A full year of the Orchard development has boosted our returns.
- Successfully integrating the NCC management operation with the Trust's existing portfolio presented especially demanding challenges in containing expenses while new staff got up to speed and new systems and programs were "bedded-in". Staff and our Director are to be congratulated on the way this was managed. The NCC Management Contract has made a significant contribution to the Trust's financial results and enabled our staff resources to be considerably enhanced.
- Cash management through the use of our reserves in a floating credit facility through ASB is working well.

### Challenges

- First mentioned last year, managing the risks associated with "P": the costs of remediation (delays and insurance excess increases); remain an especially difficult challenge to manage. The lack of an industry-wide agreed solution to "P" contamination has only increased our exposure.
- The future of the NCC Management Contract is uncertain. NCC housing may be sold (to Housing NZ or the Trust) or the Council may be unable to make a satisfactory deal, in which case the contract may be renewed. The costs to the Trust in managing any change or transition will be significant (financially and in management and Trustee time).

### Looking Forward

- Separating the Warmer Healthier Homes finances from the Trusts finances will be beneficial.
- Capital funding continues to be the primary constraint to the Trust's growth.
- Ongoing sober oversight of financial risk is imperative – watching for any tendency of Trustees and Management towards exuberant enthusiasm. I refer especially to the potential cost of purchasing NCC housing stock.

I close by thanking our auditors especially Graeme Scarlett for their support and advice. Our Finance Manager has successfully producing a comprehensive Financial Report following what has been a challenging year for the Trust. Thank you Phill.

I move the adoption of the Nelson Tasman Housing Trust Performance Report for the Year Ended 30 June 2018. As this is my last report can I take the opportunity to thank Carrie and Phill for their support and congratulate my fellow Trustees for their understanding and work while I have been part of the trust.

You have my very best wishes for your future endeavours.

Chris Armstrong  
Treasurer