

## Treasurer's Report on SIRA's February 2018 Management accounts

Dear Committee

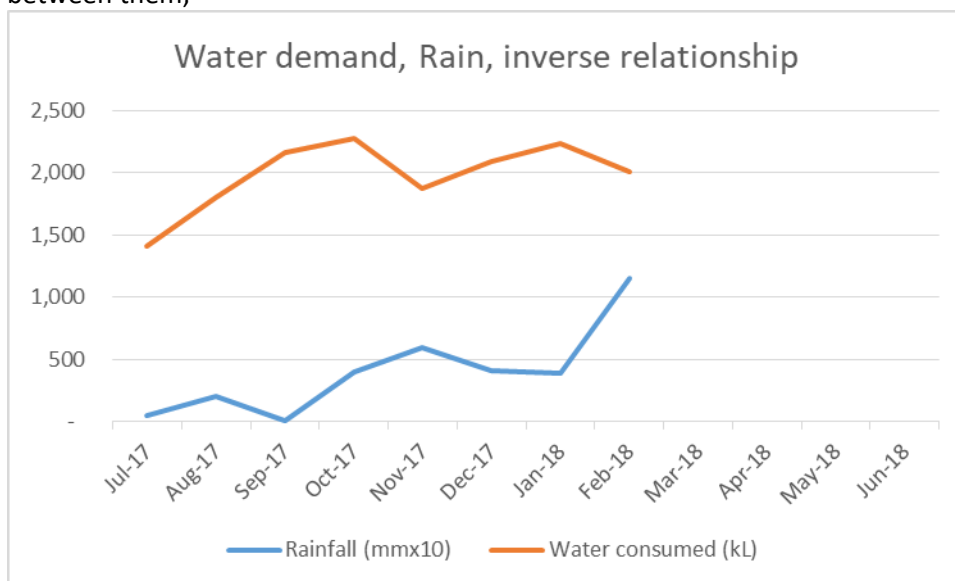
Attached are Management Accounts for the association covering the eight months to 28 February 2018.

February has been another successful month for SIRA. Income remains up compared to budget. Despite the return of some rain, Emergency Water sales were still 42% higher than budget for the month. Our water monitors continue to be very busy.

February was also the month in which SIRA served as the collector of contributions towards the costs of obtaining legal advice on the Pasadena issues. \$9,500 was collected for this purpose and \$10,000 was spent on Peter Tomasetti SC, so the net contribution of SIRA is presently \$500 although there is a prospect of further expense, and a co-contribution from the West Pittwater Association.

Prospects for the rest of the year: SIRA's most significant financial activity is Emergency Water. There is a link between water sales and weather. The Bureau of Meteorology website issued a 3 month outlook on 15 March 2018. They stated "The April to June outlook shows eastern parts of Victoria and Tasmania, and southeast NSW are likely to be wetter than average." And "The La Niña in the tropical Pacific Ocean has ended, and ENSO neutral conditions now prevail. With neutral conditions also in the Indian Ocean, there is no strong push towards broadscale wetter or drier conditions for much of the country" (<http://www.bom.gov.au/climate/outlooks/#/overview/summary/>)

This chart that compares rainfall and water consumption on the island shows the relationship between them;



Cost of water. On 1 July 2017 Sydney Water raised its price from \$2.00 per kL of water to \$2.04. The amount that Sydney Water can charge is tightly controlled by IPART, the Independent Pricing & Regulatory Tribunal of NSW, so it is unlikely that prices will increase more than CPI for the foreseeable future. I believe the latest price increase gives no reason for us to increase the amount that SIRA charges water buyers (currently \$5 per kL). There is sufficient contingency in our pricing to hold the current price for at least another year.

**Tab marked 'Feb P&L with budget'**

This shows the full month result; a net gain of \$2,634 on a turnover of \$21,560. The budget for February was for a surplus of \$699, so the actual result has exceeded budget by \$1,935, due mainly to increased water sales. Most other income and expense categories did not significantly deviate from budget.

***Tab marked 'Feb YTD P&L with budget' (YTD is year-to-date)***

Water sales are running ahead of budget, and most expense categories are under budget. The year to date (July to February) surplus of \$20,400 is ahead of budget by \$16,128. A large surplus does not mean we have over-priced our water. We need to budget on a healthy surplus to allow funds to be available for future maintenance and replacement of water infrastructure.

***Tab marked 'Activity P&L'***

This tab shows the organisation result split up by activity. It shows a YTD trading surplus for water of \$30,692. The deficit for Membership (or Core) activities is \$7,810 for the same period. It is reasonable for some EW funds to contribute towards core expenses because SIRAC performs many administrative tasks related to EW. However, its preferable if we can improve the 'Membership' results by measures such as increasing membership fees.

***Tab marked 'Balance sheet'***

SIRA enjoys a strong asset situation (net assets of \$159,366). The association is solvent.

Work was completed on the Middle Elsie steps in March, so once the work has been signed off, we will release the \$15,000 that we received from the Community Building Partnership Fund. Work on the steps was carried out by Total Earth Care led by Scotland Island resident Paul Blackband.

As mentioned at the February SIRA meeting, NBC had erred in not providing us with the last two invoices for water. Those invoices were received and paid in March, and the water expense accrual has been reduced accordingly.

***Forthcoming events***

I'm not aware of any post-balance date or future events that would substantially effect financial results.

Regards  
Boyd Attewell