

Document No: A402463

Report To: Audit and Risk Committee



Meeting Date: 21 August 2018

Subject: Declaration of Members' Conflicts of Interest

Purpose of Report

- 1.1 The purpose of this business paper is for elected members to –
- 1 Declare interests that may create a conflict with their role as an elected member relating to the business papers for this meeting, and
 - 2 Declare any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 29168.

Commentary

2.1 Conflicts of Interest

2.2 Every elected member has a number of professional and personal links to their community. They may own a business or be a member on a board or organisation. They may have a pecuniary (financial) interest or a non-pecuniary (non-financial) interest. These interests are a part of living in the community which they need to make decisions about in their role with Council.

2.3 Elected members are governed by the Local Authorities (Members' Interests) Act 1968 and are guided by the Auditor-General in how this Act is administered. In relation to pecuniary interests, the two underlying purposes of the Act are to:

- ensure members are not affected by personal motives when they participate in local authority matters; and
- in contracting situations, prevent members from using their position to obtain preferential treatment from the authority (the Council).

2.4 Non-pecuniary interests relate to whether an elected member could be in danger of having a real or perceived bias for an issue under consideration.

2.5 Elected members will also have interests that are considered no greater than the public at large. For example, most elected members will own a property and therefore be a ratepayer in the Waitomo District.

2.6 Conflicts of interest at times cannot be avoided, and can arise without anyone being at fault. They need not cause problems when they are promptly disclosed and well managed.

2.7 Declarations of Interest

2.8 At the beginning of each triennial council term, elected members are requested to disclose known interests on behalf of themselves and spouses or partners. It is

up to the elected member to judge whether they have any interests to declare. Some elected members may have none.

- 2.9 As well as this, elected members may decide that they have an interest in a particular issue or item to be discussed at a meeting. There is a standing item on every meeting agenda for elected members to declare conflicts of interest.
- 2.10 Members who have declared an interest in any matters that are due to be considered at a Council or Committee meeting should declare that they have an interest in the matter, leave the table and not take part in any discussion, debate or vote on that matter.
- 2.11 Attached to and forming part of this business paper is information to assist elected members in determining conflicts of interest.

Declarations

Mayor Hanna will invite elected members to give notice of any conflicts of interest relating to the business for this meeting.

In the event of a Declaration being made, the elected member must provide the following information relating to the Declaration:

Name:	
Item of Business on the Agenda:	
Reason for Declaration:	

MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Local Authority (Members' Interests) Act 1968
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- 3.1 The Local Authority (Members' Interests) Act 1968 helps to protect the integrity of local authority decision-making by ensuring that Councillors are not affected by personal motives when they participate in Council decision-making and cannot use their position to obtain preferential access to contracts. This Act deals with two forms of "interest":
1. Pecuniary
 2. Non-pecuniary
- 3.2 **Pecuniary Interest**
- 3.3 The **two** specific rules in the Act are that members cannot:
1. Enter into contracts with their local authority worth more than \$25,000 (including GST) in a financial year unless the Auditor-General approves the contracts (referred to as the contracting rule). Breach of this rule results in automatic disqualification from office; and
 2. Participate in matters before the Council in which they have a pecuniary interest, other than an interest in common with the public (referred to as the participation rule). Breach of this rule is a criminal offence and conviction results in automatic disqualification from office
- 3.4 A pecuniary interest is one that involves money. This could be direct or indirect. It is sometimes difficult to decide whether an interest in a particular matter is pecuniary or some other kind. It is always the responsibility of elected members to make this decision, to declare any interest when appropriate and to ensure that as an elected member you comply with the Act's requirements at all times. The Act generally provides that no person shall be capable of being a member of Council if that person is concerned or interested in any contracts with the Council where the total payments made by the Council in respect of such contracts exceeds \$25,000 in any one financial year.
- 3.5 The Act also provides that an "interest" exists where a member's spouse is involved and/or where a member or their spouse is a major shareholder or have control or management of a company which contracts with Council or where the company has a pecuniary interest in the decision. It may also apply where your family trust has a contract with the Council.
- 3.6 The Act does provide that on application to it the Office of the Auditor General may give specific approval to a member being concerned or interested in a particular contract, in which case the provisions of the Act will not disqualify the Councillor from remaining in office. The approval needs be gained before the contract concerned is entered into.
- 3.7 The Act also requires that a member shall not vote or take part in the discussion of any matter in which he/she has any pecuniary interest, other than an interest in common with the public. This interest is required to be declared by the member and is noted in the minutes.
- 3.8 The Office of the Auditor General is the agency, which oversees this legislation and it also has the responsibility and power to institute proceedings against any member. The Act does not define pecuniary interest, however the Office of the Auditor-General uses the following test: "Whether, if the matter were dealt with in a particular way, discussing or voting on that matter could reasonably give rise to an expectation of a gain or loss of money for the member concerned."

- 3.9 In deciding whether you have a pecuniary interest you should consider the following factors: What is the nature of the decision being made? Do I have a financial interest in that decision – do I have a reasonable expectation of gain or loss of money as a result of making that decision? Is my financial interest one that is in common with the public? Do any of the exceptions in the Act apply to me? Could I apply to the Auditor-General for approval to participate?
- 3.10 Further guidance is provided in the booklet “Guidance for members of local authorities about the Local Authorities (Members’ Interests) Act 1968” which has been provided to 5 elected members. It is important that you pay particular attention to the contents of this booklet as this is one of the few areas of the Council’s business where staff do not set out to provide pro-active advice and members are personally liable for compliance with the provisions of this Act.

3.11 Non-Pecuniary Interest

- 3.12 Non-pecuniary interest is any interest the member may have in an issue that does not involve money. A common term for this is “bias” or pre-determination. Rules about bias operate not only to ensure that there is no actual bias, but also so there is no appearance or possibility of bias. The principle is that justice should not only be done, but it should be seen to be done. Bias may be exhibited where: -
- By their statements or conduct a member may indicate that they have predetermined the matter before hearing or considering all of the relevant information on it (including the Council’s debate); or
 - The member has a close relationship with an individual or organisation affected by the matter.
- 3.13 Non-pecuniary interest is a difficult issue as it often involves matters of perception and degree. The question you need to consider, drawn from case law, is: “Is there, to a reasonable, fair-minded and informed observer, a real indication of bias on the part of a member of the decision making body, in the sense that they might unfairly regard with favour (or disfavour) the case of a party to the issue under consideration?” If there is, the member should declare their interest and withdraw from the debate and take no further part in the discussion of this item. The law about bias does not put you at risk of personal liability. Instead, the validity of the Council’s decision could be at risk. The need for public confidence in the decision-making process is paramount and perception can be an important factor. Again the booklet provided by Office of the Auditor General provides some excellent advice and information on this issue.

Waitomo District Council Procurement Policy – 23 February 2013

4.1 The following is an extract from the Procurement Policy:

2.1.11 Conflicts of Interest

WDC procurement process will be conducted with a spirit of probity demonstrating:

- *integrity;*
- *honesty;*
- *transparency;*
- *openness;*
- *independence;*
- *good faith; and*
- *service to the public.*

A conflict of interest occurs where:

A member's or official's duties or responsibilities to Council could be affected by some other interest or duty that the member or official may have.

The other interest or duty might exist because of:

- *holding another public office;*
- *being an employee, advisor, director, or partner of another business or organisation;*
- *pursuing a business opportunity;*
- *being a member of a club, society, or association;*
- *having a professional or legal obligation to someone else (such as being a trustee);*
- *owning a beneficial interest in a trust;*
- *owning or occupying a piece of land;*
- *owning shares or some other investment or asset;*
- *having received a gift, hospitality, or other benefit from someone;*⁹
- *owing a debt to someone;*
- *holding or expressing strong political or personal views that may indicate prejudice or predetermination for or against a person or issue ; or*
- *being a relative or close friend of someone who has one of these interests, or who could otherwise be personally affected by a decision of Council*

A relative or close friend includes:

- *For matters covered by the Local Authorities (Members' Interests) Act 1968, the interests of a spouse, civil union partner, or de facto partner must be considered.*
- *Generally, the interests of any relative who lives with the member or official (or where one is otherwise dependent on the other) must be treated as being effectively the same as an interest of the member or official.*
- *For other relatives, it will depend on the closeness of the relationship, but it will usually be wise not to participate if relatives are seriously affected*
- *Where Council's decision or activity affects an organisation that a relative or friend works for, it is legitimate to take into account the nature of their position or whether they would be personally affected by the decision.*

Examples of potential conflicts of interest include:

- *conducting business on behalf of Council with a relative's company;*
- *owning shares in (or working for) particular types of organisation that have dealings with (or that are in competition with) Council;*

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- *deliberating on a public consultation process where the member or official has made a personal submission (or from making submissions at all, in areas that directly relate to the entity's work);*
- *accepting gifts in connection with their official role; or*
- *influencing or participating in a decision to award grants or contracts where the member or official is connected to a person or organisation that submitted an application or tender.*

All elected members, WDC staff or advisers involved in a procurement process are required to declare any other interests or duties that may affect, or could be perceived to affect, their impartiality. WDC will then decide the steps necessary to manage the conflict, having regard to any relevant statutory requirements. WDC will maintain a register of declarations of conflicts of interest that records any conflicts of interest and how they will be managed.

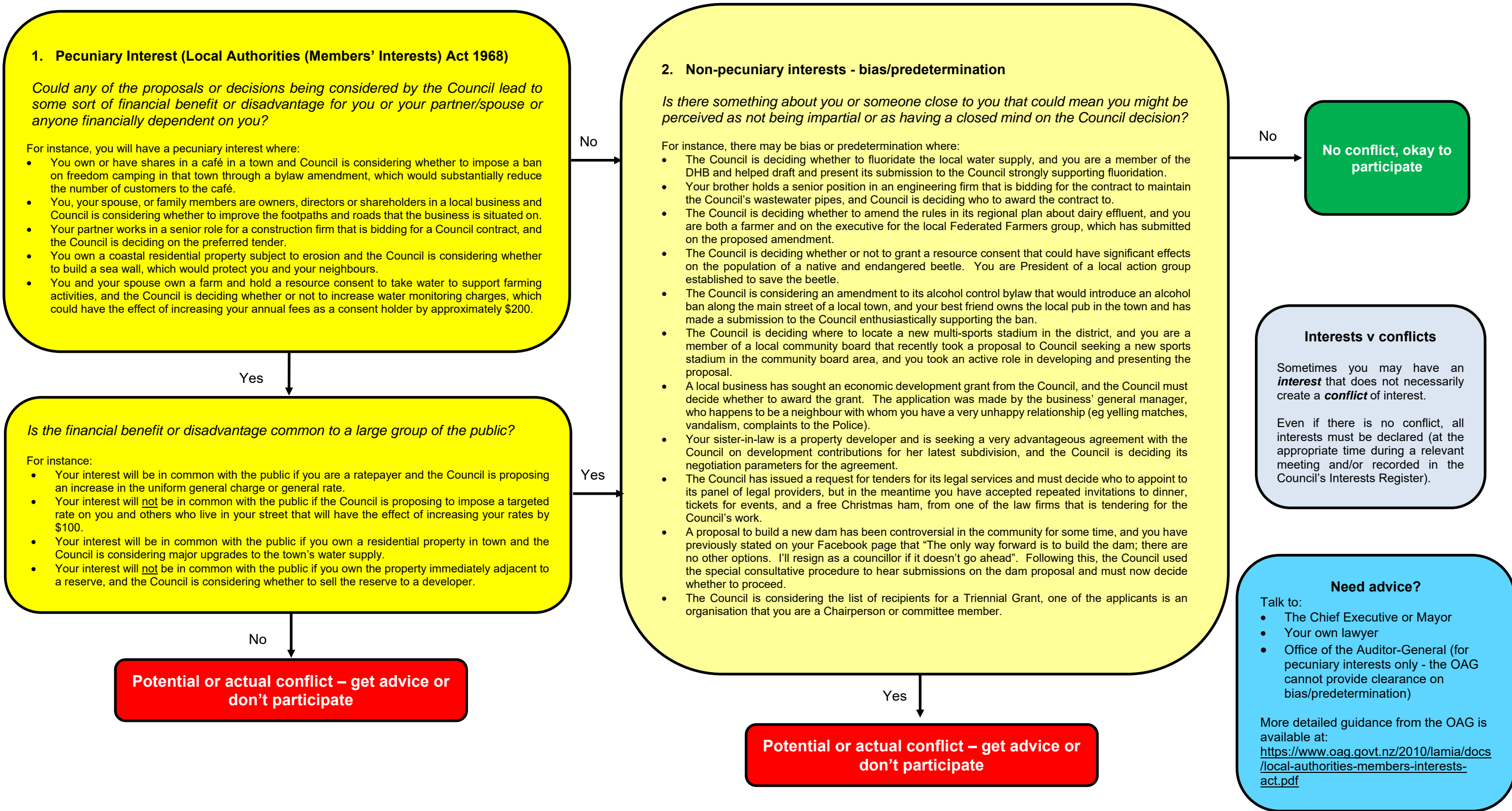
An annual update of the register will be coordinated and maintained by the Executive Office.

Under no circumstances will a procurement process allow as an outcome of that process a circumstance where Council elected members, WDC staff or advisers to receive preferential treatment.

Before you participate in any Council decision ...

CONFLICTS OF INTEREST

Check you don't have a pecuniary interest and that there is no bias or predetermination.



Remember: If in doubt, stay out!

**WAITOMO DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE**

**MINUTES OF A MEETING OF THE WAITOMO DISTRICT COUNCIL AUDIT
AND RISK COMMITTEE HELD IN THE COUNCIL CHAMBERS, QUEEN
STREET, TE KUITI ON TUESDAY 29 FEBRUARY 2018 AT 1.00PM**

PRESENT: Mayor Brian Hanna, Deputy Mayor Guy Whitaker, Council Members Phil Brodie, Terry Davey, Allan Goddard, Janene New and Sue Smith and Independent Member Bruce Robertson

IN ATTENDANCE: Chief Executive, Executive Assistant, Group Manager – Corporate Services, General Manager – Infrastructure Services and Group Manager – Community Services

Mayor Hanna declared the meeting open and welcomed Mr Bruce Robertson as an Independent Member of the Committee.

Mr Robertson introduced himself and provided the Committee with a verbal briefing on his background and experience. Mr Robertson advised that his primary role as an Independent Member from an audit and risk perspective is to represent the ratepayer, and that this would mean raising issues about the Council when necessary, but equally to work with the Committee for the benefit of Waitomo. Mr Robertson advised that it is also his intention to bring his experience, ideas and thoughts from the other Audit and Risk Committees to add greater value to the Waitomo Committee.

1.	Declarations of Member Conflicts of Interest	A394688
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Declarations were made as follows:

Mayor Brian Hanna declared conflict of interest with respect to the Public Excluded item on this Agenda – “Office of the Auditor General” as it refers to himself.

Deputy Mayor Guy Whitaker declared conflict of interest with respect to the Public Excluded item on this Agenda – “Office of the Auditor General” as it refers to himself.

Member Bruce Robertson made a general declaration advising that there was nothing in this Agenda that would affect him, and that in general he did not think there were any personal circumstances that would conflict with any Waitomo District related issues. However he advised he would monitor this situation and make the relevant declaration should his circumstances alter.

2.	Confirmation of Minutes – 27 February 2018	A388047 and A388048
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Resolution

The Minutes of the Waitomo District Council Audit and Risk Committee meeting of 27 February 2018, including the Public Excluded minutes, be confirmed as a true and correct record.

Davey/Goddard Carried

3.	Mastercard Expenditure Report (February 2018 to April 2018)	A390743
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Council considered a business paper presenting for the Committee's information and consideration, details of expenditure incurred via WDC issued Corporate Mastercards.

The Chief Executive expanded verbally on the business paper and answered Members' questions.

Resolution

The Mastercard Expenditure Report for the period February 2018 to April 2018 be received.

New/Brodie Carried

4.	Financial and Non-Financial Report for the Period ended 31 March 2018	A389112
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Council considered a business paper presenting the financial and non-financial results for the period ended 31 March 2018.

The Chief Executive and Group Managers expanded verbally on the business paper and answered Members' questions.

Resolution

The business paper on Financial and Non-Financial Report for the period ended 31 March 2018 be received.

Goddard/Brodie Carried

5.	Audit Engagement Letter for the Audit of the Annual Report and Summary Annual Report 2017/18	A393647
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Council considered a business paper presenting the Audit Engagement Letter (AEL) for the audit of the Annual Report and Summary Annual Report 2017/18 and to obtain the Committee's approval for the signing of the AEL.

The Group Manager – Corporate Services expanded verbally on the business paper and answered Members' questions.

Resolution

1 The business paper on Audit Engagement Letter for the Audit of the Annual Report and Summary Annual Report 2017/18 be received.

2 The Committee approves the signing of the Audit Engagement Letter.

Brodie/New Carried

6.	Progress Report: WDC Resource Consent – Compliance Monitoring	A393050
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Council considered a business paper providing a progress report on compliance reporting against Resource Consent conditions.

The Chief Executive expanded verbally on the business paper and answered Members' questions.

Bruce Robertson congratulated the Council on this level of reporting advising it is very good and not something that he has seen at any other Council.

Resolution

The Progress Report: Resource Consent – Compliance Monitoring be received.

Davey/Whitaker Carried

7.	Motion to Exclude the Public for the consideration of:	A394694
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The Committee considered a business paper pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987 giving Council the right by resolution to exclude the public from the whole or any part of a meeting on one or more of the grounds contained within that Section.

The Committee noted that Item 4 on the Order Paper - Progress Report: No 5 Trust - Offer of Service for ongoing provision of Exhibition Space is to be moved into the Public Excluded portion of the meeting.

Resolution

- 1 The public be excluded from the following part of the proceedings of this meeting.

- 2 The Committee agree the following staff, having relevant knowledge, remain in attendance to assist Council with its decision making:
 - Chief Executive
 - Executive Assistant
 - Group Manager – Corporate Services
 - Group Manager – Community Services
 - General Manager – Infrastructure Assets

- 3 The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
1. Progress Report: Health and Safety	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
2. Progress Report: Risk Management – Procurement/Contract Schedule	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
3. Draft Audit Planning Report and Timeline for the 2017/18 Annual Report	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
4. Limited Independent Assurance Report in respect of the Waitomo District Council's Debenture Trust Deed	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
5. Office of the Auditor General	7(2) (a) protect the privacy of natural persons, including that of deceased natural persons	48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6, Section 7 or Section 9 of the Official Information Act 1982 as the case may require are listed above.

New/Smith Carried

There being no further business the meeting closed at 2.26pm.

Dated this day of 2017.

BRIAN HANNA
MAYOR

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Document No: A402467

Report To: Audit and Risk Committee



Meeting Date: 21 August 2018

Subject: **Mastercard Expenditure Report
May 2018 to July 2018**

Purpose of Report

- 1.1 The purpose of this business paper is to present for the Committee's information and consideration, details of expenditure incurred via WDC issued Corporate Mastercard.

Commentary

2.1 Introduction

2.2 In today's technological climate, the use of credit cards is an everyday norm. The issue of WDC Corporate Mastercards is also deemed a prudent and sometimes necessary form of currency.

2.3 Many purchases can be made online with discounts not applicable through other purchasing avenues, necessitating the use of a credit card. In other circumstances the only purchase method available is online. Online purchases also significantly reduce staff time in making purchases.

2.4 From time to time WDC's Senior Management Team incur work related expenses where the use of a WDC corporate credit card is the most expedient method of payment. The use of corporate credit cards avoids time consuming processes for the arranging pre-purchase cheques, petty cash or making payment personally and claiming back the expense after the fact.

2.5 Acknowledgement of Risk

2.6 However, it is also acknowledged that as with dealing with any type of cash equivalent, there is always a risk.

2.7 To mitigate the level of risk in WDC employees utilising credit cards, WDC has an implemented Credit Card Policy.

2.8 Policy

2.9 A copy of the **Credit Card Policy** is attached to and forms part of this business paper for information.

2.10 A summary of the Policy is as follows:

- Provides guidance on the use of a WDC Corporate Credit Card
- Limits approval of the issue of any credit card to the Chief Executive
- Requires a bi-annual review of both Cardholders and the Policy
- Details what is valid expenditure and what is not
- Makes an allowance for exceptional circumstances

- Requires all credit card purchases (both online and telephone) to reflect good security practice, to meet the criteria of WDC's Procurement Policy and comply with authorized Financial Delegations.
- Requires reimbursement of any unauthorized expenditure.
- Details the procedure for documenting monthly statements, monitoring by the Chief Executive and the approval (sign-off) of expenditure.
- Details card "limits" and the process for dealing with lost or stolen cards

2.11 **Presentation of Expenditure Details**

2.12 Copies of the monthly "Mastercard Statement Authorisation Forms" as explained in the Policy, will be presented to each Audit and Risk Committee Meeting.

2.13 Only copies of the actual signed Authorisation Form will be included. The supporting invoices/receipts will not be included in any Agendas, however should a Committee Member wish to view any of this supporting information, that information can be made available by arrangement.

2.14 Attached for the Committee's information are copies of signed Authorisation Forms for the period May 2018 to June 2018.

Suggested Resolution

The Mastercard Expenditure Report for the period May 2018 to June 2018 be received.



MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Attachments: Credit Card Policy (Doc A207793)

Mastercard Statement Authorisation Forms for:

- May 2018
- June 2018
- July 2018



Credit Card Policy

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1.0 Policy Background

- 1.1 This policy is intended to provide guidance on the use of Corporate Credit Cards.

2.0 Eligibility for Credit Cards

- 2.1 This policy authorises the issue of credit cards to:
- Members of the Executive Management Team
 - The Executive Assistant to the Mayor and Chief Executive
 - The Mayor

3.0 Issuance of Additional Cards

- 3.1 The Chief Executive may approve the issue of additional cards to staff where that is appropriate. Before authorising the issuing of additional cards the Chief Executive must be satisfied that they are strictly necessary and will provide administrative efficiencies.
- 3.2 In approving the issue of a card, the Chief Executive will also confirm the approved credit limit. The credit limit will be set based on the minimum amount necessary to enable the cardholder to undertake their Council duties.

4.0 Maintenance and Review of Card Holder List

- 4.1 The Human Resources Officer shall maintain a central register (Doc# 284155) of all cardholders and a review of the register will be undertaken in conjunction with the bi-annual Policy review, or as otherwise required, to ensure that those staff currently holding cards should still do so. This frequency of review is seen as adequate, given the unlikelihood of a staff member moving from a position where they were entitled to hold a credit card to one where they are not entitled to do so.

5.0 Procedure for Issuing Cards

- 5.1 Upon approval from the Chief Executive, the Human Resources Officer will arrange for the issue of a corporate credit card via the Group Manager - Corporate Services.

6.0 Valid expenditure

- 6.1 Corporate Credit cards are to be used:
- solely for the payment of business-related expenditure;
 - subject to the limits in the appropriate annual operating expenditure budget; and
 - in accordance with the Procurement Policy and Delegations Register.
- 6.2 Credit cards shall **not** be used for the following purposes:
- Personal purchases;
 - Cash advances or cash reimbursement;
 - Payment for any work attracting PAYE tax;
 - Court costs or fines, tax payments, personal services or any other inappropriate spending.
- 6.3 **Exceptional Circumstances**

There may be circumstances that lend themselves to an exception to the above - e.g. emergencies where cash advances are required. In these cases an explanation is to be

provided to the Chief Executive, or in the case of the Chief Executive, the Mayor, within two days of the expenditure being incurred and the expenditure is to be fully reimbursed to WDC prior to the monthly credit card payment being due.

6.4 Internet Purchases

Purchasing over the internet (using a Credit card) is authorised but the purchase transaction process must reflect good internet security practice. Good security practice involves ensuring the internet site is secure and purchasing only from established reputable companies. Where internet purchases are made, the cardholder is required to keep a copy of any online order forms completed when purchasing, and any purchasing over the internet needs to be consistent with WDC's normal purchasing procedures.

6.5 Telephone Purchases

Purchasing over the telephone (using a Credit card) is authorised but the purchase transaction process must reflect good telephone security practice. Good security practice involves ensuring the purchase is via an established and reputable company. Where telephone purchases are made, the cardholder is required to keep a manual record of the transaction. Purchasing over the telephone needs to be consistent with WDC's normal purchasing procedures.

7.0 Liability for Inappropriate Expenditure

- 7.1 WDC will not be liable for any unauthorised transactions incurred by the cardholder. In all cases the cardholder will be liable for the reimbursement to WDC of any inappropriate or unauthorised expenditure charged to the credit/purchasing card. Inappropriate expenditure is deemed to be that specified in this policy.

8.0 Procedure When More Than One Cardholder is Present

- 8.1 Where more than one cardholder is present (for example, at a staff function), it is expected that the most senior staff member will use their card for the payment of expenses incurred.

9.0 Documentation to Accompany Monthly Statements

- 9.1 Each Cardholder must complete a "Mastercard Statement Authorisation Form" (Doc# 317041) for every monthly credit card statement.
- 9.2 All credit card transactions in excess of \$20.00 in value must be supported by original documentation (tax invoices and/or receipts) to corroborate transactions.
- 9.3 For credit card transactions less than \$20.00 in value, the preference is to include supporting documentation, however this is not mandatory.
- 9.4 For transactions less than \$20.00 in value which do not have supporting documentation, or where a transaction is in excess of \$20.00 in value and supporting documentation is not available or has been lost by the cardholder, a note explaining the nature of the transaction and verifying that the expenditure incurred was valid and work-related must be included on the Mastercard Statement Authorisation Form.
- 9.5 For all entertainment and travel transactions, the business reason and other parties (if any) must be recorded along with the purpose of the meeting. This is to ensure that all transactions can be appropriately reviewed by the authoriser, and to allow WDC to claim back the GST content of qualifying purchases. GST invoices (where relevant) shall be attached to the card statement prior to review by the authoriser.

10.0 Monitoring

- 10.1 Credit card use is monitored monthly by the Chief Executive. The approval process must be structured in accordance with the following clause 11.0 'Approval of Expenditure'.

11.0 Approval of Expenditure

- 11.1 An approval hierarchy for monthly credit card statement approval, based on a "one-up" procedure where possible, has been defined as part of this policy as follows:

- 1 Executive Management Team statements must be approved by the Chief Executive.
- 2 The Chief Executive's statements must be approved jointly by the Mayor and Executive Assistant.
- 3 The Mayor's statements must be approved jointly by the Executive Assistant and Chief Executive.
- 4 The Executive Assistant's statements must be approved jointly by the Mayor and Chief Executive.

Note: The OAG guidance on sensitive expenditure states that it is essential that there should be no reciprocal arrangement for approving sensitive expenditure – therefore the Chief Executive cannot approve the Mayor's statements alone and vice versa.

- 11.2 The Executive Assistant and the Chief Executive will jointly approve the Mayor's statements (i.e. with the Mayor there can be no true "one-up procedure" and by having a joint authorisation any "reciprocal" arrangement is removed).

- 11.3 The Executive Assistant to the Mayor and Chief Executive is also in the position of knowing the Mayor's daily activities/whereabouts and will know what claims are appropriate on his Mastercard.

- 11.4 The Executive Assistant's statements will be jointly approved by both the Chief Executive and Mayor as from time to time there are purchases made on behalf of both the Mayor and Chief Executive on the Executive Assistant's credit card (i.e. Airfares, Accommodation, etc.)

- 11.2 Items will be coded by the Cardholder for posting in the accounting system. Credit card payments must be authorised like other invoices and in accordance with the Procurement Policy and Delegations Register.

- 11.3 The approval hierarchy will be as follows:

Expenditure incurred by	Statements approved by
Mayor	Chief Executive and Executive Assistant
Chief Executive	Mayor (or Deputy Mayor in the Mayor's absence) and Executive Assistant
Executive Assistant	Mayor and Chief Executive
Executive Management Team	Chief Executive

12.0 Card Limits

- 12.1 Unless otherwise determined by the Chief Executive, the credit limit of cards shall be as follows:

- Chief Executive \$10,000
- Mayor \$5,000
- Executive Team Members \$5,000
- Executive Assistant to CE \$5,000

13.0 Procedure for the Surrender of Cards

- 13.1 All cards will be surrendered by the cardholder on termination of their employment with Council. The credit card is to be returned to the Human Resources Officer in the first instance who will then pass the card on to the Group Manager – Corporate Services for cancellation. This cancellation should be processed to the card issuer within 5 working days of the employee leaving Council and the card destroyed. All final wage/salary payments will be approved upon return of the credit card.

14.0 Lost or Stolen Cards

- 14.1 The cardholder is responsible for immediately reporting a card that is lost or stolen to the Westpac Bank Credit Cards division of the Westpac Bank. The hotline telephone number **0800 888 111** is given to each cardholder when uplifting the card. If a card is lost or stolen outside New Zealand, it must be reported to the nearest VISA member bank or by ringing **+64 09 914 8026 collect**.
- 14.2 Written confirmation of what happened when the card was lost or stolen must be provided to Westpac Bank within a reasonable timeframe. Full details (where, when, how) must be included, as the bank may need to relay these details to police.
- 14.3 Replacement of a lost or stolen card is to be arranged through the Human Resources Officer.

15.0 Breach of Policy

- 15.1 Any breach of this policy will be considered to be serious misconduct. When there is reason to believe that violation of policy or law has occurred disciplinary action may be taken. For repeat offenders, or where the breach of policy is significantly serious, the card will be automatically cancelled and formal disciplinary action taken.

16.0 Policy Review

- 16.1 The Human Resources Advisor is responsible for the administration, revision, interpretation, and application of this Policy. The Policy will be reviewed and revised where necessary every two years.

17.0 Staff Contact

Human Resource Advisor

18.0 Policy Review Date

Next Review: February 2020 (2 years)

Policy Approved:



Chris Ryan
Chief Executive

Date: 16 February 2018



22A395343

RECEIVED

31 MAY 2018

WAITOMO DISTRICT
COUNCIL

53 GALWAY STREET, AUCKLAND CITY, 1010

MasterCard
BusinessCardTHE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

3941

Closing Date	Page
27/05/18	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

Card/ Customer No.	0000 0000 0860 2564
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***** CONSOLIDATED SUMMARY *****

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$5000	MR A B HANNA	0000 0030 2936 5529	304.20
\$5000	MS M D HIGGIE	0000 0030 2936 5933	1521.59
\$5000	MRS H M BEEVER	0000 0030 3956 2081	977.71
\$5000	MRS V CHOPRA	0000 0030 3961 3868	1281.00
\$5000	MR S J DU TOIT	0000 0030 5022 0312	3143.80
\$5000	MISS T D KELLY	0000 0030 5326 1230	405.30
TOTAL CARDHOLDER LIMIT	\$30000	NET BALANCE	7633.60

WE ADVISE THAT \$7,633.60 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT
030449 0070201 00 ON 20/06/18, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS
PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES
ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.

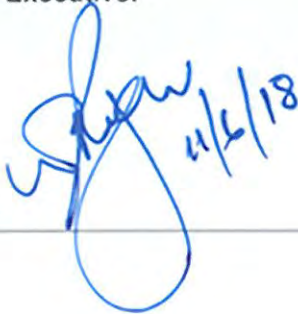


159990010337801007099751

Mastercard Statement Authorisation Form

23



Name: Chris Ryan		
Position: Chief Executive		
Statement Date: 27 / 05 / 19		
(1) Creditor:		
Date:		
Amount: No Transactions this Period		
GL Code:		
Expenditure:		
I certify that:		
1 I have attached the necessary supplementary docket or receipt.		
2 The account is payable.		
3 The debt incurred is work related.		
4 That any private component is identified and the amount has been reimbursed as follows:		
Signature of Chief Executive:	Authorised by Mayor:	Authorised by Executive Assistant:
		
Date:	Date:	Date:

24 Mastercard Statement Authorisation Form



Name:	Brian Hanna	
Position:	Mayor	
Statement Date:	27 / 05 / 19	

(1)	Creditor:	Hutt & City Taxis
	Date:	10 May 2018
	Amount:	\$50.20
✓	GL Code:	110 42 705
	Expenditure:	Taxi Fare – Attendance at 2018 Central and Local Government Forum in Wellington

(2)	Creditor:	Hamilton International Airport
	Date:	11 May 2019
✓	Amount:	\$29.00
	GL Code:	110 42 705
	Expenditure:	Airport Parking – Attendance at Sport Waikato Stakeholder Workshop

(3)	Creditor:	Speights Ale House (Hamilton)
	Date:	14 May 2018
	Amount:	\$92.00
✓	GL Code:	811 20 700
	Expenditure:	lunch WITH ICL Directors

(4)	Creditor:	Kiwi Cabs
	Date:	18 May 2018
✓	Amount:	\$36.00
	GL Code:	110 42 705
	Expenditure:	Taxi Fare: Airport to Wellington CBD – Attendance at LGNZ National Council Meeting in Wellington

(5)	Creditor:	Wellington Cabs
	Date:	21 May 2018
✓	Amount:	\$53.00
	GL Code:	110 42 705
	Expenditure:	Taxi Fare: Wellington CBD to Airport – Attendance at LGNZ National Council Meeting in Wellington

(6)	Creditor:	Hamilton International Airport
	Date:	21 May 2018
✓	Amount:	\$32.00
	GL Code:	110 42 705
	Expenditure:	Airport Parking – Attendance at LGNZ National Council Meeting in Wellington

(7)	Creditor:	Garden Place Car Park
	Date:	22 May 2018
✓	Amount:	\$12.00
	GL Code:	110 42 705
	Expenditure:	Parking – Attendance at Waikato Plan Leadership Group Workshop

I certify that:		
1 I have attached the necessary supplementary docket or receipt.		
2 The account is payable.		
3 The debt incurred is work related.		
4 That any private component is identified and the amount has been reimbursed as follows:		

Signature of Mayor: Date: 6/6/18	Authorised by Executive Assistant: Date: 6/6/18	Authorised by Chief Executive: Date: 11/6/18
---	--	---

25 Mastercard Statement Authorisation Form



Name: Michelle Higgle
Position: Executive Assistant
Statement Date: 27 / 05 / 19

(1) **Creditor:** Facebook
Date: 1 May 2018
Amount: \$13.59
GL Code: 432 24 515
Expenditure: Promote Great NZ Muster

(2) **Creditor:** Survey Monkey
Date: 5 May 2018
Amount: \$1,200.00
GL Code: 811 33 530
Expenditure: WDC Subscription to Survey Monkey

(3) **Creditor:** Raglan Roast
Date: 9 May 2018
Amount: \$72.00
GL Code: 811 20 700
Expenditure: Coffee Beans for Chambers

(4) **Creditor:** Air New Zealand
Date: 16 May 2018
Amount: \$236.00
GL Code: 817 38 700
Expenditure: Airfares - One Way Only - Auckland to Christchurch Sunday 15 July 2018: CEO Chris and Christine Ryan - Attendance at 2018 LGNZ AGM and Annual Conference in Christchurch

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of Executive Assistant:

Date: 6/6/18

Authorised by Chief Executive:

Date: 11/6/18

Authorised by Mayor:

Date: 6/6/18

26

Mastercard Statement Authorisation Form



Name: **Helen Beever**
Position: **Group Manager – Community Services**
Statement Date: **27 / 05 / 19**

(1) Creditor: James Cook Hotel Grand Chancellor
Date: 13 May 2018
Amount: \$477.71
GL Code: 817 38 700
Expenditure: Accommodation and Meals - Kate Turner - ALGIM Conference

(2) Creditor: Immigration NZ
Date: 17 May 2018
Amount: \$500.00
GL Code: 817 39 705
Expenditure: Renewal of Accreditation

I certify that:
1 I have attached the necessary supplementary docket or receipt.
2 The account is payable.
3 The debt incurred is work related.
4 That any private component is identified and the amount has been reimbursed as follows:

Signature of
GM – Customer Services:

Date: 6/6/18

Authorised by
Chief Executive:


Date: 11/6/18

Mastercard Statement Authorisation Form



27

Name: **Vibhuti Chopra**
Position: **Group Manager – Corporate Services**
Statement Date: **27 / 05 / 19**

(1) Creditor: **Air New Zealand**
Date: **9 May 2018** 
Amount: **\$1,281.00 - Split 3 Ways as follows:**
\$427.00 – Mayor \$427 - Chief Executive \$427 - Cr Brodie
GL Code: **110 42 705 817 38 700 111 42 710**
Expenditure: **Airfares: Mayor, Chief Executive and Cr Brodie - Attendance at LGNZ Water Summit 2018 in Wellington**

I certify that:
1 I have attached the necessary supplementary docket or receipt.
2 The account is payable.
3 The debt incurred is work related.
4 That any private component is identified and the amount has been reimbursed as follows:

Signature of
GM – Corporate Services:

Date: **6/6/2018**

Authorised by
Chief Executive:

Date: **11/6/18**

Mastercard Statement Authorisation Form



Name:	Kobus du Toit		
Position:	Group Manager – Assets		
Statement Date:	27 / 05 / 19		
(1) Creditor:	NZ Transport Agency		
Date:	8 May 2018		
Amount:	\$3,104.80		
GL Code:	820 27 763 <i>[Signature]</i>		
Expenditure:	50,000km Road User Charges for Mitsubishi ASX (Rego JMA8)		
(2) Creditor:	BP2Go Te Kuiti		
Date:	16 May 2018		
Amount:	\$39.00		
GL Code:	817 39 705 <i>Helen Beever to sign for this GL No. [Signature]</i>		
Expenditure:	Refill BBQ Gasbottle for Staff Breakfast - New Staff Welcome and Jean Hitchen Farewell		
I certify that:			
1 I have attached the necessary supplementary docket or receipt.			
2 The account is payable.			
3 The debt incurred is work related.			
4 That any private component is identified and the amount has been reimbursed as follows:			
Signature of GM – Assets:	<i>[Signature]</i>		
Date:	6/6/18		
Authorised by Chief Executive:	<i>[Signature]</i>		
Date:	11/6/18		

Mastercard Statement Authorisation Form

29



Name: Terrena Kelly
Position: Group Manager – Compliance
Statement Date: 27 / 05 / 19


(1) **Creditor:** Hamilton Airport
Date: 30 April 2018
Amount: \$20.00
GL Code: 81738700
Expenditure: Parking at Hamilton Airport for attendance at Civil Defence TAG Review Regional Structures Working Group on 30 April 18


(2) **Creditor:** Green Cabs
Date: 30 April 2018
Amount: \$38.30
GL Code: 81738700
Expenditure: Taxi to venue of Civil Defence TAG Review Regional Structures Working Group on 30 April 18

(3) **Creditor:** Air New Zealand
Date: 4 May 2018
Amount: \$327.00
GL Code: 81738700
Expenditure: Flights to Wellington Return for Civil Defence Emergency Management Conference

(4) **Creditor:** Hamilton Airport
Date: 22 May 2018
Amount: \$20.00
GL Code: 122 40 551
Expenditure: Parking at Hamilton Airport for attendance at Ministry for the Environment NZ Planning Managers Consent and Policy Forum on 22 May 2018 in Wellington

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of GM – Compliance:

Date: 6/6/18.

Authorised by Chief Executive:

Date: 11/6/18



RECEIVED 30

3 JUL 2018

WAITOMO DISTRICT COUNCIL

53 GALWAY STREET, AUCKLAND CITY, 1010



MasterCard BusinessCard

THE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

3941

Closing Date	Page
27/06/18	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

Card/ Customer No.	0000 0000 0860 2564
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***** CONSOLIDATED SUMMARY *****

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$10000	✓ MR C J RYAN	0000 0030 1565 8580	573.94
\$5000	MR A B HANNA	0000 0030 2936 5529	213.80
\$5000	✓ MS M D HIGGIE	0000 0030 2936 5933	3033.53
\$5000	MRS H M BEEVER	0000 0030 3956 2081	3104.80
\$5000	✓ MRS V CHOPRA	0000 0030 3961 3868	0.00
\$5000	MR S J DU TOIT	0000 0030 5022 0312	1244.80
\$5000	MISS T D KELLY	0000 0030 5326 1230	527.20
TOTAL CARDHOLDER LIMIT	\$40000	NET BALANCE	8698.07

WE ADVISE THAT \$8,698.07 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT
030449 0070201 00 ON 20/07/18, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS
PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES
ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.



28992010028101008P02558

31 Mastercard Statement Authorisation Form





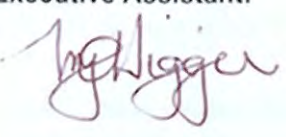
Name:	Chris Ryan
Position:	Chief Executive
Statement Date:	27 / 06 / 18
(1) Creditor:	Corporate Cabs Ltd
Date:	1 June 2018
Amount:	\$47.60
GL Code:	817 38 700
Expenditure:	Taxi Fare - Attendance at LGNZ Water Summit 2018 in Wellington
(2) Creditor:	Bristol Hotel (Wellington)
Date:	1 June 2018
Amount:	\$202.00
GL Code:	811 20 700
Expenditure:	Dinner (x5) - Attendance at LGNZ Water Summit 2018 in Wellington (Mayor Brian Hanna, Cr Phil Brodie, CEO Chris Ryan, Mayor Don Cameron and CEO of Ruapehu DC)
(3) Creditor:	Hamilton Airport
Date:	1 June 2018
Amount:	\$40.00
GL Code:	817 38 700
Expenditure:	Airport Parking - Attendance at LGNZ Water Summit 2018 in Wellington
(4) Creditor:	Te Kawa Service Station
Date:	5 June 2018
Amount:	\$88.54
GL Code:	820 27 764
Expenditure:	Fuel for Mitsubishi Pajero (Rego JSN144)
(5) Creditor:	Wellington Combined Taxis
Date:	8 June 2018
Amount:	\$48.10
GL Code:	817 38 700
Expenditure:	Taxi Fare – Attendance at LGNZ Rural & Provincial Section Meeting
(6) Creditor:	Wellington Combined Taxis
Date:	11 June 2018
Amount:	\$38.20
GL Code:	817 38 700
Expenditure:	Taxi Fare – Attendance at LGNZ Rural & Provincial Section Meeting
(7) Creditor:	Hamilton Airport
Date:	11 June 2018
Amount:	\$40.00
GL Code:	817 38 700
Expenditure:	Airport Parking - Attendance at LGNZ Rural & Provincial Section Meeting

Editor: Stoked Eatery
 Date: 15 June 2018
 Amount: \$69.50
 GL Code: 811 20 700
 Expenditure: Breakfast Meeting (CEO, GM – Infrastructure Services and Greg Boyle)

~~Misplaced receipt~~
 Receipt attached, 12/7/18

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

<p>Signature of Chief Executive:</p>  <p>Date: 16/7/18</p>	<p>Authorised by Mayor:</p>  <p>Date: 18/7/18</p>	<p>Authorised by Executive Assistant:</p>  <p>Date: 16/7/18</p>
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Mastercard Statement Authorisation Form

33



Name:	Brian Hanna	
Position:	Mayor	
Statement Date:	27 / 06 / 18	

✓	(1)	Creditor: Kiwi Cabs	Date: 31 May 2018	Amount: \$33.90	GL Code: 110 42 705	Expenditure: Taxi Fare – Attendance at LGNZ Water Summit 2018
✓	(2)	Creditor: Hamilton International Airport	Date: 1 June 2018	Amount: \$40.00	GL Code: 110 42 705	Expenditure: Airport Parking – Attendance at LGNZ Water Summit 2018
✓	(3)	Creditor: Green Cabs Ltd	Date: 8 June 2018	Amount: \$31.40	GL Code: 110 42 705	Expenditure: Taxi Fare – Attendance at LGNZ Rural & Provincial Sector Meeting
✓	(4)	Creditor: Hamilton International Airport	Date: 11 June 2018	Amount: \$40.00	GL Code: 110 42 705	Expenditure: Airport Parking – Attendance at LGNZ Rural & Provincial Sector Meeting
✓	(5)	Creditor: Hamilton International Airport	Date: 13 June 2018	Amount: \$20.00	GL Code: 110 42 705	Expenditure: Airport Parking – Attendance at LGNZ-DIA Three Waters Review Reference Group meeting
	(6)	Creditor: Wellington Taxi	Date: 13 June 2018	Amount: \$248.50 48.50	GL Code: 110 42 705	Expenditure: Taxi Fare – Attendance at LGNZ-DIA Three Waters Review Reference Group meeting

Receipt Lost
Noted
MHA.

OK noted.

I certify that:		
1 I have attached the necessary supplementary docket or receipt.		
2 The account is payable.		
3 The debt incurred is work related.		
4 That any private component is identified and the amount has been reimbursed as follows:		

Signature of Mayor: Date: 18/7/18	Authorised by Executive Assistant: Date: 20/7/18	Authorised by Chief Executive: Date: 29/7/18
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34

Mastercard Statement Authorisation Form



Name: Michelle Higgie
Position: Executive Assistant
Statement Date: 27 / 06 / 18

✓ (1) **Creditor:** Air New Zealand
Date: 28 May 2018
Amount: -\$366.00
GL Code: 807 38 700
Expenditure: Refund of cancelled "Friday 13th July 2018 - Hamilton to Christchurch flight"

✓ (2) **Creditor:** NZ Transport Agency
Date: 29 May 2018
Amount: \$6.70
GL Code: 820 27 764
Expenditure: Toll Road Charge for Chief Executive (Vehicle Rego JSN144)

✓ (3) **Creditor:** NZ Transport Agency
Date: 30 May 2018
Amount: \$624.80
GL Code: 820 27 718
Expenditure: 10,000km Road User Charges for Holden Colorado (Rego GUS512)

✓ (4) **Creditor:** NZ Transport Agency
Date: 30 May 2018
Amount: \$624.80
GL Code: 820 27 728
Expenditure: 10,000km Road User Charges for Holden Colorado (Rego JAC855)

✓ (5) **Creditor:** NZ Transport Agency
Date: 30 May 2018
Amount: \$128.80
GL Code: 820 27 716
Expenditure: 2,000km Road User Charges for Mitsubishi Triton (Rego GEM14)

✓ (6) **Creditor:** Shutterstock
Date: 31 May 2018
Amount: \$391.93
GL Code: 811 33 530
Expenditure: Fee for annual image subscription license

✓ (7) **Creditor:** Air New Zealand
Date: 1 June 2018
Amount: \$484.00
GL Code: 81738700
Expenditure: Airfare - SOLGM Contract Management Workshop Wellington – Legal Advisor

✓ (8) **Creditor:** SOLGM
Date: 1 June 2018
Amount: \$1,138.50
GL Code: 81738700
Expenditure: Registration - SOLGM Contract Management Workshop – Legal Advisor

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of Executive Assistant:

Date: 27/7/18

Authorised by Chief Executive:

Date: 26/7/18

Authorised by Mayor:

Date: 18/7/18

35

Mastercard Statement Authorisation Form



Name:	Helen Beever
Position:	Group Manager – Community Services
Statement Date:	27 / 06 / 18

(1) Creditor:	NZTA	
Date:	13 June 2018	
Amount:	\$3,104.80	
GL Code:	820 27 768	
Expenditure:	50,000km Road User Charges for Mitsubishi Triton (Rego KBU341)	

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of GM – Customer Services: Date: 24/7/2018	Authorised by Chief Executive: Date: 25/7/18
--	--

Mastercard Statement Authorisation Form

36




Name: Vibhuti Chopra	
Position: Group Manager – Corporate Services	
Statement Date: 27 / 06 / 18	
(1) Creditor:	
Date:	
Amount: No Transactions this Period	
GL Code:	
Expenditure:	
I certify that:	
1 I have attached the necessary supplementary docket or receipt.	
2 The account is payable.	
3 The debt incurred is work related.	
4 That any private component is identified and the amount has been reimbursed as follows:	
Signature of GM – Corporate Services:	Authorised by Chief Executive:
Date:	Date:

37

Mastercard Statement Authorisation Form



Name:	Kobus du Toit
Position:	Group Manager – Assets
Statement Date:	27 / 06 / 18

(1) Creditor:	NZTA	
Date:	13 June 2018	
Amount:	\$1,244.80	
GL Code:	820 27 733	
Expenditure:	50,000km Road User Charges for Mitsubishi Triton (Rego JDQ986)	

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of GM – Assets:	
Date:	

Authorised by Chief Executive:	
Date:	

38 Mastercard Statement Authorisation Form



Name:	Terrena Kelly	
Position:	Group Manager – Compliance	
Statement Date:	27 / 06 / 18	
(1) Creditor:	Hamilton Airport	
Date:	29 May to 31 May 2018	
Amount:	\$58.00	
GL Code:	81738700	
Expenditure:	Parking at Hamilton Airport for attendance at National Emergency Management Conference ✓	
(2) Creditor:	Rydges Wellington	
Date:	29 May and 30 May 2018	
Amount:	\$469.20	
GL Code:	81738700	
Expenditure:	Accommodation and Meals - National Emergency Management Conference May 2018 ✓	
I certify that:		
1 I have attached the necessary supplementary docket or receipt.		
2 The account is payable.		
3 The debt incurred is work related.		
4 That any private component is identified and the amount has been reimbursed as follows:		
Signature of GM – Compliance:		Authorised by Chief Executive:
Date: 26/7/18		Date:

With Charlene to complete



39
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2 AUG 2018

WAITOMO DISTRICT
COUNCIL

53 GALWAY STREET, AUCKLAND CITY, 1010



MasterCard
BusinessCard

THE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

3941

Closing Date	Page
29/07/18	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

Card/ Customer No.	0000 0000 0860 2564
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37792010338401007709846

***** CONSOLIDATED SUMMARY *****

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$10000	MR C J RYAN	0000 0030 1565 8580	0.00
\$5000	MR A B HANNA	0000 0030 2936 5529	115.00
\$5000	MS M D HIGGIE	0000 0030 2936 5933	3587.20
\$5000	MRS H M BEEVER	0000 0030 3956 2081	776.12
\$5000	MR S J DU TOIT	0000 0030 5022 0312	0.00
\$5000	MISS T D KELLY	0000 0030 5326 1230	62.40
TOTAL CARDHOLDER LIMIT	\$35000	NET BALANCE	4540.72

WE ADVISE THAT \$4,540.72 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT
030449 0070201 00 ON 20/08/18, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS
PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES
ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.

Mastercard Statement Authorisation Form




40



Name: Chris Ryan		
Position: Chief Executive		
Statement Date: 27 / 07 / 18		
(1) Creditor:		
Date:		
Amount: No Transactions this Month		
GL Code:		
Expenditure:		
I certify that:		
1 I have attached the necessary supplementary docket or receipt.		
2 The account is payable.		
3 The debt incurred is work related.		
4 That any private component is identified and the amount has been reimbursed as follows:		
Signature of Chief Executive:	Authorised by Mayor:	Authorised by Executive Assistant:
Date:	Date:	Date:

41 Mastercard Statement Authorisation Form



Name: Brian Hanna Position: Mayor Statement Date: 27 / 07 / 18		
(1)	Creditor: Hamilton International Airport Date: 9 July 2018 Amount: \$20.00 GL Code: 111 42 712 Expenditure: Airport Parking – Attendance at LGNZ-DIA Three Waters Review Reference Group Meeting in Wellington	
(2)	Creditor: Hamilton International Airport Date: 18 July 2018 Amount: \$95.00 GL Code: 111 42 712 Expenditure: Airport Parking – Attendance at 2018 LGNZ AGM & Conference	
I certify that: 1 I have attached the necessary supplementary docket or receipt. 2 The account is payable. 3 The debt incurred is work related. 4 That any private component is identified and the amount has been reimbursed as follows:		
Signature of Mayor:  Date: 5-8-18	Authorised by Executive Assistant:  Date: 9/8/18	Authorised by Chief Executive:  Date: 14/8/18

42 Mastercard Statement Authorisation Form



Name:	Michelle Higgle
Position:	Executive Assistant
Statement Date:	27 / 07 / 18

✓	(1)	Creditor:	Raglan Roast
		Date:	2 July 2018
		Amount:	\$72.00
		GL Code:	811 20 700
		Expenditure:	Coffee beans for Chambers
✓	(2)	Creditor:	Air New Zealand
		Date:	9 July 2018
		Amount:	-\$318.00
		GL Code:	807 38 700
		Expenditure:	Refund of cancelled airfare (CEO to LGNZ AGM & Conference) Auckland to Christchurch
✓	(3)	Creditor:	Air New Zealand
		Date:	9 July 2018
		Amount:	-\$216.00
		GL Code:	807 38 700
		Expenditure:	Refund of cancelled airfare (CEO to LGNZ AGM & Conference) Christchurch to Hamilton
✓	(4)	Creditor:	NZ Transport Agency
		Date:	13 July 2018
		Amount:	\$1,244.80
		GL Code:	820 27 765
		Expenditure:	20,000km Road User Charges for Mitsubishi ASX (Rego KBU338)
✓	(5)	Creditor:	NZ Transport Agency
		Date:	13 July 2018
		Amount:	\$1,244.80
		GL Code:	820 27 729
		Expenditure:	20,000km Road User Charges for Holden Colorado (Rego JAC856)
✓	(6)	Creditor:	NZ Transport Agency
		Date:	13 July 2018
		Amount:	\$314.80
		GL Code:	820 27 713
		Expenditure:	5,000km Road User Charges for Holden Cruze (Rego FYU858)
✓	(7)	Creditor:	NZ Transport Agency
		Date:	25 July 2018
		Amount:	\$1,244.80
		GL Code:	820 27 723
		Expenditure:	20,000km Road User Charges for Ford Ranger (Rego HKG235)

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of Executive Assistant: Date: 3/8/18	Authorised by Chief Executive: Date: 14/8/18	Authorised by Mayor: Date: 15/8/18
---	---	---------------------------------------

43

Mastercard Statement Authorisation Form



Name: Helen Beever	
Position: Group Manager – Community Services	
Statement Date: 27 / 07 / 18	
<hr/>	
(1) Creditor:	RIM Professional Australia
Date:	28 June 2018
<i>AB</i> Amount:	\$331.82 Australian Dollars
GL Code:	817 38 700
Expenditure:	RIM Membership - Hamish Redpath
<hr/>	
(2) Creditor:	Air NZ
Date:	9 July 2018
<i>AB</i> Amount:	\$406.00
GL Code:	817 38 700
Expenditure:	Flights to Wellington - Clowdy Ngatai - Safe Communities Conference
<hr/>	
I certify that:	
1 I have attached the necessary supplementary docket or receipt.	
2 The account is payable.	
3 The debt incurred is work related.	
4 That any private component is identified and the amount has been reimbursed as follows:	
Signature of GM – Customer Services: <i>[Signature]</i>	Authorised by Chief Executive: <i>[Signature]</i>
Date: 21/8/18	Date: 14/8/18

Mastercard Statement Authorisation Form

44



Name: Vibhuti Chopra	
Position: Group Manager – Corporate Services	
Statement Date: 27 / 07 / 18	
(1) Creditor:	
Date:	
Amount: No Transactions this Period	
GL Code:	
Expenditure:	
I certify that:	
1 I have attached the necessary supplementary docket or receipt.	
2 The account is payable.	
3 The debt incurred is work related.	
4 That any private component is identified and the amount has been reimbursed as follows:	
Signature of GM – Corporate Services:	Authorised by Chief Executive:
Date:	Date:

Mastercard Statement Authorisation Form

45



Name: **Kobus du Toit**
Position: **Group Manager – Assets**
Statement Date: **27 / 07 / 18**

(1) Creditor:
Date:
Amount: **No Transactions this Period**
GL Code:
Expenditure:

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of
GM – Assets:



Authorised by
Chief Executive:

Date:

Date:

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Mastercard Statement Authorisation Form



Name:	Terrena Kelly
Position:	Group Manager – Compliance
Statement Date:	27 / 07 / 18
(1) Creditor:	Horselands Hamilton
Date:	9 July 2018
Amount:	\$62.40
GL Code:	511 40 550
Expenditure:	Halter and Lead for impounding Horses (Impounding Act)
I certify that: 1 I have attached the necessary supplementary docket or receipt. 2 The account is payable. 3 The debt incurred is work related. 4 That any private component is identified and the amount has been reimbursed as follows:	
Signature of GM – Compliance: 	Authorised by Chief Executive: 
Date: 9/8/18	Date: 14/8/18

Document No: A403082

Report To: Audit and Risk Committee



Meeting Date: 21 August 2018

Subject: **Unaudited Interim Financial Report for the Year ended 30 June 2018**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present the unaudited interim financial results for the year ended 30 June 2018.

Background

- 2.1 The period covered by this report is 1 July 2017 to 30 June 2018.

- 2.2 The order of the report is as follows:

- **Summary Income Statement** with comments detailing significant variances to budget on Council's operating performance for the year ended 30 June 2018.
- **Summary Balance Sheet** with comments detailing significant balance sheet movements from 1 July 2017 to 30 June 2018.
- **Capital Expenditure** summary with commentary on material variances of expenditure for the year compared with the EAP 2017/18.
- **Summary Treasury Management** which reports on the Public Debt position, cash reserves and significant treasury transactions.
- **Cost of Service Statement** Summary and Cost of Service Statements for Council's ten significant activities are presented in **Appendix 1**.
- **Balance Sheet** as at 30 June 2018 is presented in **Appendix 2**.
- **Treasury Management Report** from Bancorp Treasury Services Limited, Council's treasury management advisors is enclosed as **Attachment 1**.

- 2.3 All figures in the tables, except percentages, are expressed in thousands of dollars (\$000s).

Risk Considerations

- 3.1 This financial report is prepared based on information available at the time of preparation. The information contained within the report is subject to change as a

result of finalising the financial result for year and as part of the audit process. Any changes will be incorporated in the final Annual Report for 2017/18.

- 3.2 There is potential risk that some revenue included in the financial statements is subsequently not converted to cash or cash equivalents due to dispute by the customer or ratepayer. The raising of invoices and recognition of income is carried out with management review and approval to minimise this risk and trade debtors and other receivables are actively monitored and reviewed. This risk is also mitigated by the recognition of a provision for doubtful debt at 30 June 2018.
- 3.3 Depreciation could be materially different in this report compared with the year end result due to asset additions and disposals in the process of being completed. The depreciation on for Stormwater, Sewerage and Water Supply is **estimated** for the purposes of this report.
- 3.4 There is a risk that some financial assets may become impaired, but that the impairment amount is unknown. This will cause an over statement of carrying value of the asset in this report, that would be subsequently corrected in a later report.
- 3.5 There is a risk that the financial results and position stated within this report is materially different for those assets were not revalued at 30 June 2018. These assets include roads and solid waste assets. To minimise this risk, an assessment of the fair value of significant assets in between revaluation years will be undertaken by external valuers. Assessments have been received from our valuers for Roads and Solid Waste assets, which states these two asset classes will be carried in the Annual Report at fair value.
- 3.6 Included in financial assets is the carrying value for Council's investment in Inframax Construction Limited. Valuers have been engaged to carry out a valuation of Council's investment in ICL as required under the accounting standards. This valuation will be included in the final annual report.

Financial Report to 30 June 2018

4.1 INCOME STATEMENT HIGHLIGHTS

- 4.2 Set out below is the summary of financial information for the year ended 30 June 2018. Detailed Cost of Service Statements are attached as Appendix 1.

FINANCIAL HIGHLIGHTS (Amounts in \$000's)	Actual 2016/17	EAP 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Total Expenditure					
- Direct Operating	13,409	16,090	14,991	(1,098)	
- Indirect Operating	11,980	13,290	11,908	(1,377)	
Total Expenditure	25,389	29,380	26,899	(2,475)	-8%
Total Revenue					
- Operating Revenue	(10,580)	(10,767)	(11,864)	(1,096)	
- Rates Revenue	(19,197)	(20,031)	(20,131)	(100)	
Total Revenue	(29,777)	(30,798)	(31,995)	(1,196)	4%
Net Operating Cost/(Surplus)	(4,388)	(1,418)	(5,096)	(3,671)	258%

Other Comprehensive Revenue and Expense					
- Revaluation of Property, plant and equipment	493	(4,620)	0	0	
-(Gains)/Losses from Cash Flow Hedges	(1,121)	0	48	48	
Total Other Comprehensive Revenue and Expense	(628)	(4,620)	48	48	
Total Comprehensive Revenue and Expense	(5,016)	(6,038)	(5,048)	(3,623)	254%

4.3 **Net Operating Surplus:** The net operating surplus of \$5,096,000 was \$3,671,000 more than budget for the year ended 30 June 2018. The Cost of Service Statements for each activity are included as Appendix 1.

4.4 **Total Expenditure** was 8% (\$2,475,000) less than budget for the year ended 30 June 2018.

- **Direct operating expenditure** was \$1,098,000 less than budget. The main contributors to this variance in order of magnitude are:

- Community Service: \$428,000 less as repair and maintenance expenditure was less than budget.
- Leadership: \$289,000 less as district plan review expenditures was less than budget.
- Sewerage: \$277,000 less mainly due to expenditures for power, chemicals and internal WSBU charges was less than budget.
- Water Supply: \$140,000 less as chemicals, electricity and pump station maintenance and operational costs were less than budget.

This decrease in direct expenditure is offset by:

- Roads and Footpaths: \$149,000 more than budget due subsidised road maintenance expenditures being more than budget.

- **Indirect expenditure** was \$1,377,000 less than budget:

- Interest: \$947,000 less than budget. The budgeted interest cost was based on 1 July 2017 projected public debt of \$50 million while the actual public debt at that date was \$43.4 million. The main reason for lower debt position than forecast in the EAP was due to reduced capital expenditure in prior years and the cost of funds were lower than forecast.
- Depreciation: \$264,000 less than forecast mainly due to reduced depreciation for road assets, Te Kuiti water, community service and leadership.
- Allocated Costs: \$166,000 less as human resources costs, information services, staff costs and motor vehicles costs were less than budget.

4.5 **Total Revenue** was 4% (\$1,196,000) more than budget for the year ended 30 June 2018.

- **Operating revenue** \$1,096,000 more than budget. The main contributors to this variance are:
 - Solid Waste Management: \$388,000 more than budget due to increased revenue received for landfill charges including a significant one-off revenue transaction from a commercial customer.
 - Sewerage: \$272,000 more than budget due to increased volume of discharge from the major commercial users.
 - Roads and Footpaths: \$180,000 more than budget. More NZTA subsidy being received due to maintenance expenditure being more than the budget. In addition to that the subsidy rate being received for the LED street light upgrade is at 85%, more than the 64% being received for most work categories.
 - Resource Management: \$112,000 more than budget as district plan administration revenue is more than full year budget.
- **Rates revenue** was \$100,000 more than budget overall, with Metered Water Rates, Targeted Rates, General Rates and UAGC being more and Rates Penalties being less than budget.

4.6 **BALANCE SHEET HIGHLIGHTS**

4.7 Balance Sheet highlights presented below show the movement in Council's financial position from 30 June 2017 to 30 June 2018. The full Balance Sheet is attached as **Appendix 2**.

BALANCE SHEET HIGHLIGHTS (Amounts in \$000's)	Actual Position 30 June 2017	Unaudited Interim Actual Position 30 June 2018	Movement from 30 June 2017
Assets			
- Cash and cash equivalents	112	1,762	1,650
- Receivables	6,361	5,291	(1,070)
- Other current assets	1,099	69	(1,030)
- Other financial assets	5,686	5,319	(367)
- Non-current assets	332,439	336,314	3,875
TOTAL ASSETS	345,697	348,755	3,058
Liabilities			
- Other Liabilities	6,452	6,043	(409)
- Total Borrowings	43,419	41,737	(1,682)
- Derivative financial instruments	1,636	1,737	101
Total Liabilities	51,507	49,517	(1,990)
Equity			
- Equity	294,190	299,238	5,048
TOTAL LIABILITIES AND EQUITY	345,697	348,755	3,058

4.8 Total Assets have increased from \$345.7 million to \$348.8 million.

- Cash and cash equivalents have increased by \$1,650,000 from \$112,000 to \$1,762,000. The significant increase in cash was due to receipt of NZTA subsidy monies on the 29 June (the last working day of the financial year).
- Receivables decreased by \$1,070,000 since 30 June 2017 from \$6.36 million to \$5.29 million due to a decrease in NZTA and Ministry of Health subsidy receivables, however this decrease was offset by an increase in GST and Other receivables.
- Other current assets decreased by \$1,030,000. The decrease is due to the complete disposal of the Parkside Sections which were classed as Current Assets Held for Sale.
- Non-current assets have increased by \$3,875,000. The increase is due to the net effect of asset additions of \$9,882,000 less depreciation of \$5,735,000, asset disposals of \$222,000 and Emissions Trading Scheme ETS surrender of units worth \$50,000.

4.9 Total Liabilities have decreased from \$51.5 million to \$49.5 million.

- Other Liabilities decreased by \$409,000 due to a general decrease in Payables at 30 June 2018.
- Total Borrowings decreased by \$1,682,000 from \$43.4 million to \$41.7 million.

4.10 Equity increased by \$5.05 million to \$299.24 million which equals the total comprehensive revenue and expense for the year.

- Within Total Equity three transactions have been processed. The effect of these transactions have no effect on total comprehensive revenue and expense for the year;
- \$255,000 has been transferred from Revaluation Reserve to Accumulated Funds, for assets that were revalued previously and have now been disposed.
- An adjustment has been made to Council Created Reserves, where the write down of valuation of Inframax Construction Ltd at 30 June 2009 of \$3,313,000 was held in the Investments Operational Reserve has been cleared to Accumulated Funds.
- The effective portion of the change in valuation of the Derivative Financial Instruments, being the interest rate swaps has been included in Other Reserves.

4.11 **ADJUSTMENTS AND OTHER CONSIDERATIONS FOR THE ANNUAL REPORT**

4.12 The following adjustments have yet to be made to the accounts and will be completed as part of development of the Annual Report.

- Land and Buildings and Investment Properties revaluation: The draft valuation data has been received but is still to be reviewed and agreed along with the valuation summary report yet to be received, reviewed and agreed before entry into the accounts.

- Stormwater, Sewerage and Water Supply assets revaluation: This valuation is underway, but draft results have not been received for review and inclusion into the accounts.
- Valuation of Council's Investment in Inframax Construction Limited: The biennial valuation of the company is underway, however the revaluation results have not been received for inclusion in this report.
- Completion of the asset ledger: Which will involve completing asset additions and disposals and finalising depreciation expense for the year.
- Other minor adjustments: Throughout finalising the annual report minor adjustments may be required. These changes are not expected to materially alter the financial result reported in this report.
- This report includes rates paid on Council owned properties, as both rates revenue and expenditure. These transactions will be eliminated in the final Annual Report.

5.0 CAPITAL EXPENDITURE

5.1 Set out below is the Capital Expenditure budget for the year compared to actual expenditure for the year ended 30 June 2018.

CAPITAL EXPENDITURE SUMMARY	EAP	Unaudited Interim Actual	Variance
(Amounts in \$000's)	2017/18	June 2018	2017/18
Governance: Leadership and Investments			
- Investments	105	0	(105)
- Corporate Support	531	456	(75)
Community Service			
- Parks and Reserves	261	152	(109)
- Housing and Other Property	89	140	51
- Recreation and Culture	380	265	(115)
- Public Amenities	96	309	213
- Safety	5	0	(5)
Community Development			
- District Development	65	0	(65)
Solid Waste Management			
- Landfill Management	316	200	(116)
Stormwater			
- Urban	299	108	(191)
- Rural	5	0	(5)
Sewerage			
- Te Kuiti Sewerage	536	644	108
- Te Waitere Sewerage	0	13	13
- Benneydale Sewerage	52	8	(44)
- Piopio Sewerage	31	14	(17)
Water Supply			
- Te Kuiti Water	1,098	1,838	740
- Mokau Water	145	53	(92)

- Piopio Water	114	25	(89)
- Benneydale Water	7	2	(5)
Roads and Footpaths			
- Subsidised Roads	5,680	5,498	(182)
- Unsubsidised Roads	335	157	(178)
TOTAL CAPITAL EXPENDITURE	10,150	9,882	(268)

5.2 Capital Expenditure was \$9.88 million for the year ended 30 June 2018, of which \$5.66 million (57%) related to Roads, \$1.92 million (19%) related to Water Supply and \$0.87 million (9%) related to Community Service.

5.3 Capital expenditure budgets are listed in the table above and major projects detailed in the commentary that follows. It should be noted that "Unspecified" renewal/ upgrade budgets are forecast for expenditure to be incurred on an 'as needed' basis only.

5.4 Accounting for the fixed asset additions and disposals has yet to be finalised for the year ended 30 June 2018.

5.5 **Governance: Leadership and Investments**

Investments:

- Safety improvement capital works budgeted for at a number of Council owned quarries (Budget \$105,000). No expenditure to date.

Corporate Support:

- Corporate Support (Budget \$531,000): Expenditure of \$456,000 has been for replacement of motor vehicles, computer hardware renewals, replacement of mower, category 3 building assessment and renewals of administration building.

5.6 **Community Service**

Parks and Reserves:

- Expenditure of \$23,000 has been incurred for Esplanade Reserves (Budget \$65,000).
- Brook Park Entrance (Budget \$123,000): Expenditure of \$129,000 for this project.
- No expenditures to date for park renewals in Passive Reserves (Budget \$33,000).
- Playground renewals (Budget \$40,000): No expenditure to date.

Housing and Other Property:

- Expenditures of \$80,000 incurred in relation to the Marokopa Camp Ground, installation of dog pound fence, installation of new audio system in Piopio Hall, modification work for wheel chair access to

Mokauiti Hall and toilets, and stage one upgrade of elder persons housing (Budget \$89,000).

- Expenditures of \$61,000 incurred for the remedial work of 47 Te Kumi Road. This expenditure was not budgeted for separately, but was deemed necessary to bring the property up to a rentable standard.

Recreation and Culture:

- Expenditure for the year on Library collection renewals is \$51,000 and is ongoing (Budget \$50,000).
- Library technology and library renewal (Budget \$43,000): Expenditures incurred for the replacement of library furniture.
- Expenditures incurred for the aquatic centre canopy steel structure remedial work, roof replacement and variable speed drive for pump (Budget \$68,000).
- The renewal of the bathroom facilities at the Les Munro Centre was completed in August with a total cost of \$141,000 (Budget \$180,000).

Public Amenities:

- Toilet renewal project at Benneydale was completed in July 2017 with a total project cost of \$221,000 of which \$119,000 is included in 2017/18 year. This project was budgeted for in 2015/16.
- The renewal work of Marokopa toilet has been completed with expenditure of \$147,000 of which \$2,000 was included in the prior year (Carryover budget \$223,000).
- The renewal work of graffiti resistant partitions for Te Kuiti central toilet has commenced and is scheduled to finish early in the new financial year (Budget \$23,000).
- Expenditures were incurred for berms and grave stones numbering tags, for Te Kuiti Cemetery (Budget \$15,000).
- The budget of \$53,000 for development of the Te Kuiti Cemetery has not been spent.
- Te Kuiti railway pedestrian over-bridge renewal is under review with \$18,000 spent for the year (Carryover budget \$140,000).

Safety:

- No expenditure incurred for the year on signage for Civil Defence initiatives (Budget \$5,000).

5.7 Community Development

- No expenditure incurred for the year on Motor Home Friendly District Initiative (Budget \$40,000).
- No expenditure incurred for the year for i-SITE (Budget \$10,000).

5.8 **Solid Waste Management**

- Work has commenced on the Resource Consent for volume expansion at the Landfill with expenditure of \$28,000 and is ongoing (Budget \$50,000).
- Repair work has been undertaken for landfill swing gate for better access management with total expenditures of \$28,000 (Budget \$44,000).
- Landfill main entrance and tip head improvements (Budget \$126,000): Landfill entrance way and safety improvements at all transfer station tip heads have been completed with a total expenditures of \$137,000.
- No expenditure incurred for the year for purchase of carbon credits required under the Emissions Trading Scheme (Budget \$75,000). This budget will be carried over to the next financial year.
- Expenditure incurred for the installation of fencing at Piopio transfer station (Budget \$21,000).

5.9 **Stormwater**

- The investigation and construction of View Rd pipework is completed. The Waitete Road pipe work has been planned for 2018 year. This project is currently under design phase and an investigation has also been undertaken (Unspecified minor storm water renewals budget \$100,000).
- The Taupiri Street storm water pipe rehabilitation has been tendered and work will be carried out in the 2018/19 financial year (Budget \$46,000).
- Storm water rehabilitation (Budget \$110,000): Expenditures of \$15,000 incurred for repairing storm water outlet at Te Kuiti Landfill.
- Storm water asset risk minimisation (Budget \$43,000): Minor expenditures incurred.
- Unspecified stormwater renewals for rural communities (Budget \$5,000): Minor expenditures incurred for the year. A section of new storm water extending an existing outfall in Oha Street is planned to allow the Tainui Street water main to be properly installed.

5.10 **Sewerage**

- Expenditure to date of \$218,000 at the waste water treatment plant has been for sand filter removal and recommissioning, UV reactor and SCADA repairs, valve and pipe improvements for the sludge removal process. Construction for chemical tank bunded fill area and a storage shed has been completed (Budget \$146,000).
- Te Kuiti Reticulation and Pump Station renewals (Budget \$252,000 and carryover budget \$230,000): Expenditure for the year was \$375,000 for minor reticulation renewals. Carroll Street sewer replacement under the railway is completed and the sewer replacement under the

river has been installed. Tender awarded for Taupiri Street augmentation.

- Te Kuiti Ingress and Infiltration investigation and rehabilitation (Budget \$138,000): Expenditure for the year was \$51,000 for rehabilitation work and CCTV maintenance.
- Te Waitere unspecified renewals, pump station renewals and resource consent renewal (Carry over Budget \$29,000): Expenditures incurred for the approval of resource consent. A new electrical cabinet has been installed due to old fiber glass unit became unsafe. A new sewer pump has been installed as part of this pump station upgrade.
- Benneydale treatment plant and reticulation renewals (Budget \$52,000): Expenditures incurred for the installation of new sewer pump.
- Piopio unspecified minor treatment plant, reticulation and separator tank renewals (Budget \$31,000): Expenditure of \$14,000 was incurred at Piopio Sewer Treatment Plant. The UV disinfection unit is being rebuilt and electrical components were replaced. The lamp and sleeve replacement work is due.

5.11 Water Supply

- The budget for the Te Kuiti Water Treatment plant upgrade including the raw water intake structure (Phase II) and refurbishment of the clarifier and site upgrade (Phase III) was \$800,000 plus a Carryover budget of \$1,711,000 from 2016/17. Total expenditure for the year was \$894,000 for these two specific phases and \$425,000 for design work, the filter replacement and electrical and SCADA improvements, giving a total spend of \$1,319,000.
- On a project basis the total treatment plant upgrade project budget, as approved by Council is \$7,467,000. Total expenditure over the last four years to 30 June 2018 is \$6,199,000, leaving \$1,268,000 available for completion. Parts still to be completed is installation of the intake structure and finalisation of the mechanical and electrical components and completion of site security and landscaping.
 - Te Kuiti reticulation and pump station renewals (Budget \$260,000): Expenditure for the year was \$499,000. Water main replacement projects for Awakino Road and Hetet and Henderson Streets have been completed but at additional cost to that budgeted. The reasons for additional expenditure was unforeseen challenging ground conditions, existing pipes were found to be in worse condition than expected, there were a number of properties that were found to be interconnected and required additional mains to be installed to provide separate connections.
- Reservoir Seismic Strengthening (Budget \$22,000): Mangarino reservoir work in planning stage.
- Mokau Water reticulation renewals including the reservoir seismic strengthening (Budget \$145,000): Tender process has commenced for the Tainui Street reticulation upgrade and Aria Terrace renewal. These two projects are interdependent. The work will be carried out in the

next financial year. Any unspent budget in 2017/18 will be carried over to the next financial year.

- Piopio Water reticulation renewals and treatment plant renewals including the installation of backflow preventers (Budget \$114,000): Planning to install the Tui Street – State Highway 3 link and the water bridge at Kuritahi Street has commenced. The unseasonal rain during the previous summer construction year delayed all earthworks related work. Contract documents are being prepared and work will commence in the 2018/19 financial year, any unspent budget will be carried over to the next financial year.

5.12 **Roads and Footpaths**

5.13 **Subsidised Roads**

- Minor improvements expenditure of \$65,000 for the year incurred in relation to the design work of Te Waitere Road slips and other areas within this work category (Budget \$650,000).
- Drainage renewals (Budget \$400,000): Expenditure for the year was \$249,000. This activity is weather dependent.
- Pavement rehabilitation (Budget \$1,452,000 and carryover budget \$289,000): Expenditure for the year was \$1,530,000. The 2017/18 Road Rehabilitation program consisted of three road sections. The first two sections both in Totoro Road were completed by the end of May 2018. The section in Rangitoto Road was completed before the end of June 2018 due to delays caused by wet weather.
- Sealed road surfacing (Budget \$1,400,000): Carrying out this activity requires fair weather due to the high cost and volatility around sealing of road surfaces. The annual sealing program was completed in May with total expenditures of \$1,471,000.
- Structures component replacements and bridge maintenance (Budget \$300,000 and carryover budget \$80,000): Expenditures of \$307,000 relates to bridge maintenance work. The annual bridge structural repair work contract award was substantially delayed and work commenced in June. Work is well underway at 30 June 2018.
- Traffic services renewals (Budget \$200,000): Expenditure for the year was \$124,000.
- Unsealed road metaling (Budget \$622,000): Expenditure for the year was \$432,000. Due to an excessively wet season the program was incomplete at the end of the financial year. The unspent budget was used to fund other priorities.
- Emergency reinstatement (Budget \$650,000 and carryover budget \$246,000): Expenditure of \$966,000 incurred in removing slips and replacing washed out culverts from the April 2017 storm event. The program is now complete.
- LED street light upgrade work is nearing completion and costs of \$346,000 were spent in this financial year. This was not budgeted

separately in the 2017/18 financial year. This program was 85% funded by NZTA with the WDC component funded from street light maintenance traffic services renewal budget.

5.14 **Unsubsidised Roads**

- Footpath renewals (Budget \$122,000): Expenditure for the year was \$157,000.
- Unspecified retaining wall renewals and road improvements not eligible for subsidy (Budget \$213,000): Minor expenditures incurred in this financial year.

6.0 **TREASURY REPORT**

6.1 Set out in the following sections is the Treasury Report which provides details on Council's public debt position and debt financing costs.

6.2 **CASH POSITION**

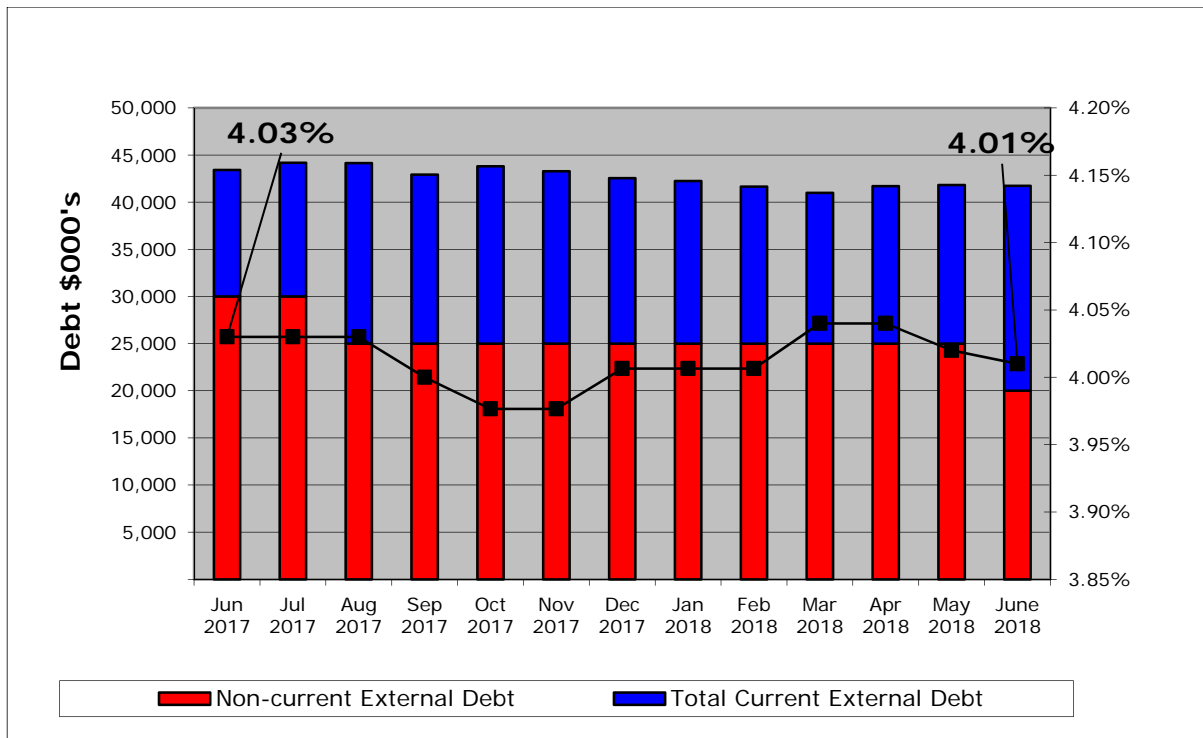
6.3 Council's cash position at 30 June 2018 was \$1,792,000 in funds, at 30 June 2017 it was \$112,000.

6.4 Included in the cash balance was \$330,000 which is held on trust to contractors for retention obligations for new contracts started on or after the 31 March 2017 and cash that can only be used for Waste Minimisation purposes.

6.5 The large cash balance was due to receipt of NZTA subsidy monies on the 29th June. This cash was subsequently applied to repayment of the Call Advance drawn and the balance transferred to Call Deposit, which earns an interest rate of 1.65%.

6.6 **SUMMARY OF PUBLIC DEBT POSITION**

6.7 Set out below is a graph recording trends in Council's current and non-current debt for the period ended June 2018. The trend line overlaid is the effective weighted average interest rate currently being paid on all loans.



6.8 At 30 June 2018 the effective weighted average interest rate for all loans excluding finance leases, accrued interest and Call Advance facility costs was 4.01%, whereas at 30 June 2017 it was 4.03%.

6.9 The slight decrease in interest rates from May to June 2018 is mainly due reduced interest costs on the unsecured Westpac Term Loan being partly repaid, this debt attracted a higher than average interest rate for the debt portfolio. This reduction was slightly offset by an increase in Call Advance drawn, attracting an interest rate of 2.85%, which was less than the weighted average interest of all loans. Overall this results in a small decrease in weighted average interest rate across the debt portfolio.

6.10 PUBLIC DEBT POSITION COMPARISON TO BUDGETS

6.11 Forecasted public debt at 30 June 2018 as per the EAP 2017/18 is \$51,136,000. Actual public debt at 30 June 2018 was \$41,737,000. Reduced capital expenditure, savings in operational expenditure and more than expected revenue has resulted in a lower debt position than forecast in the EAP.

6.12 WHOLESALE ADVANCE FACILITY (Call Advance Facility)

6.13 Council has a Call Advance facility with Westpac with a facility limit of \$10 million, with an expiry date of 1 July 2019.

6.14 The facility has a Line of Credit fee of 0.35% at an annual cost of \$35,000.

6.15 Interest is charged on daily basis at a rate of 0.90% credit margin plus the Westpac Prime rate (which is similar to the BKBM rate). At 30 June the rate charged was 2.85%.

6.16 The facility is used to finance capital expenditure prior to a loan draw down, (such as a Floating Rate Note or Fixed Rate Bond) or to meet Council's working capital requirements between each of the quarterly rates instalments.

6.17 DETAILS OF LOAN PORTFOLIO

6.18 The following table records the public debt position and the key dates for each loan as at 30 June 2018. The classification of current and non-current loans is based on when repayment is due. Current loans being those that are due for refinancing or repayment within 12 months of the balance sheet date.

AT 30 June 2018	Interest Rate Exposure	Loan Start Date	Loan Maturity Date	Effective Interest Reprice Date	Loan Balance	Effective Interest Rate
Current Loans						
Accrued Interest					261,786	0.000%
Call Advance	Floating		1/07/2019		1,100,000	2.850%
LGFA: Commercial Paper	Floating	2/02/2018	2/08/2018	2/08/2018	5,000,000	2.105%
LGFA: Commercial Paper	Hedged	18/07/2017	18/07/2018	20/04/2020	5,000,000	4.515%
Floating Rate Note	Floating	24/08/2015	24/08/2018	24/08/2018	5,000,000	2.500%
LGFA: Floating Rate Note (ICL)	Hedged	19/06/2017	30/06/2019	30/08/2019	5,000,000	4.330%
Westpac Term Loan (ICL)	Floating	24/11/2011	24/11/2018	13/08/2018	375,000	5.100%
Total Current Loans					21,736,786	
Non-current Loans						
LGFA: Floating Rate Note	Hedged	19/06/2017	15/11/2021	17/05/2021	6,000,000	5.455%
LGFA: Floating Rate Note	Hedged	19/06/2017	18/04/2024	18/04/2023	3,000,000	4.605%
LGFA: Floating Rate Note	Hedged	19/06/2017	10/09/2020	11/09/2020	5,000,000	4.260%
LGFA: Floating Rate Note	Hedged	19/06/2017	24/04/2023	24/01/2024	5,000,000	4.480%
LGFA: Fixed Rate Bond (ICL)	Fixed	19/06/2017	19/04/2025	19/04/2025	1,000,000	3.680%
Total Non-current Loans					20,000,000	
Total Public Debt					41,736,786	4.01%
Cash & Liquid Investments						
Cash Held on Trust for Retention Obligations					330,000	
Cash					1,432,161	
Total Cash & Liquid Investments					1,762,161	
Public Debt Net of Investments					39,974,625	

6.19 Total public debt was \$41,736,786 and cash assets were \$1,762,161 at 30 June 2018 giving a net debt position of **\$39,974,625**.

6.20 The Effective Interest Rate details given in the table above is the total interest applicable to each tranche of debt; it is either the fixed rate on a Bond, or the credit margin and BKBM rate on unhedged Floating Rate Notes or the credit margin on the FRN plus the fixed rate in the associated interest rate swap contract.

6.21 Most of Council's debt is held by the LGFA. The debt not held by the LGFA includes one FRN for \$5 million issued in Council's name and the Westpac Term Loan and Call advance facility. It is anticipated that on maturity of the FRN issued in Council's name it will be refinanced through the LGFA.

6.22 **TREASURY EVENTS SINCE 30 June 2018**

6.23 This treasury report portrays the debt position of Council at 30 June 2018.

6.24 Since that date to the date of this report one significant treasury management event has taken place;

6.25 The commercial paper issued to the LGFA that matured on the 18 July 2018 has been converted to a FRN with a maturity date of 22 July 2022, with a credit margin of 0.60%. This debt is hedged, with the fixed rate on the interest swap of 4.315%. This will result in the effective interest rate being 4.915% until 20 April 2020. The reason for this conversion of CP into FRN is in anticipation of funding the unhedged FRN issued in Council's name, that is due to mature on the 28 August with a CP. This CP is anticipated to remain unhedged which will allow flexibility in selection of future maturities, (but within a one year time horizon).

6.26 **INTEREST COSTS**

6.27 The total actual interest paid for the period was \$1,743,000 against the budget of **\$2,690,000; \$947,000 (or 35%) less due to a lower debt position and securing** better interest rates than forecast in the EAP. **Interest paid as a portion of total revenue is 5%**; Council's Treasury Policy requires that this amount not exceed 10%.

6.28 **FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING**

6.29 Included in the balance sheet are valuation amounts for Derivative Financial Instruments (interest rate swaps). The valuation amount is componentised into current and non-current liabilities held at balance date. At 30 June 2017 the value of the swaps was a total net liability of \$1,636,000 whereas at 30 June 2018 their net value was a liability of \$1,737,000.

6.30 The notional value of swap contracts in place at 30 June was \$29 million providing current interest rate risk cover plus \$5 million notional value with a future start date.

6.31 **DEBTORS AND OTHER RECEIVABLES**

6.32 Set out below is summary of Debtors and Other Receivables (i.e. unpaid rates and other debtor amounts owing) as at 30 June 2018 with comparatives from June 2017. Rates receivables exclude rates paid in advance (to give a more accurate picture of the receivables owing).

Receivables (Amounts in \$000's)	As at 30.06.17	As at 30.06.18	(Inc)/Dec \$	(Inc)/Dec %
Rates Receivable	2,377	2,311	66	3%
Rates Penalties	1,465	1,475	(10)	-1%
Rates and Penalties Receivable	3,842	3,786	56	1%
Extraordinary Water Charges	245	313	(67)	-27%
Total Rates receivable	4,087	4,099	-11	0%
NZ Transport Agency Subsidy	2,151	1,492	659	31%
Ministry of Health Subsidy	1,096	0	1,096	0%
Other Receivables	884	1,566	(682)	-77%
Other Receivables	4,131	3,058	1,073	26%
Gross Receivables	8,218	7,157	1,061	13%
Less Provision for Doubtful Debts	(1,857)	(1,865)	8	0%
Total Receivables	6,361	5,291	1,069	17%

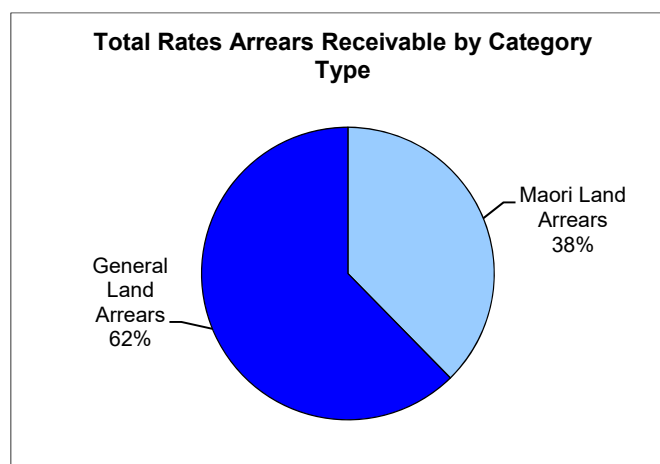
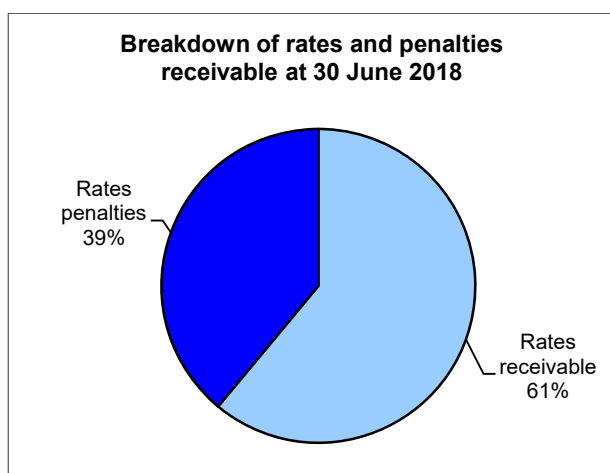
7.1 RATES AND PENALTIES RECEIVABLE

7.2 Current year rates

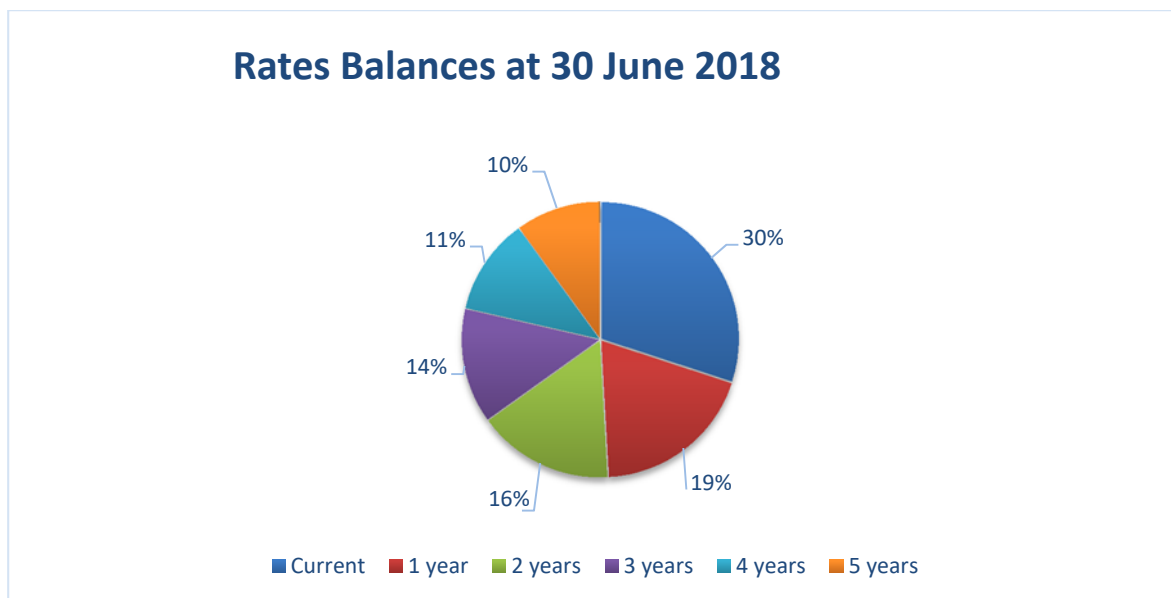
7.3 At 30 June, all instalments had been issued for the year 17/18. The collection percentage was 96% (2017: 96%).

7.4 Rates Receivables (excluding metered water rates)

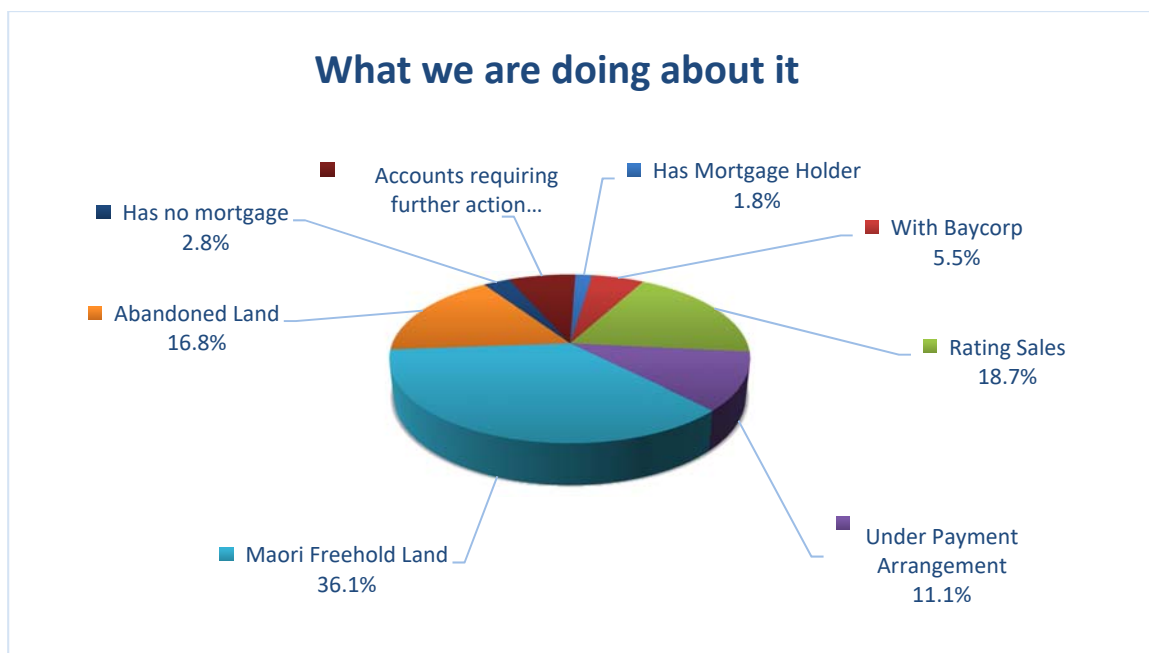
7.5 There was \$3.78 million of rates and penalties outstanding at 30 June 2018. This amount excludes rates paid in advance on future instalments. This total is made up of rates of \$2.31 million and penalties of \$1.47 million.



- 7.6 Rates and penalties receivable decreased by \$56,000 since June 2017. Of this decrease, rates receivable decreased by \$66,000 and rates penalties increased by \$10,000.
- 7.7 For the twelve months to 30 June 2018, arrears have been reduced by \$1,193,281 (31%) of the \$3,841,630 that was outstanding at 30 June 2017.
- 7.8 A total of \$288K of rates and penalties remissions have been entered against a full year's budget (\$290K).
- 7.9 The following graph illustrates the ageing of the rates receivable balance. Of the outstanding balance of \$3.78 million, \$1.13 million (30%) relates to current year, \$721K (19%) for the 2016/2017 year rates and the balance spread across the remaining years in a diminishing fashion.



- 7.10 The outstanding balance of rates is being actively managed through a variety of collection methods including lump sum payments, approved payment arrangements, demands on mortgage holders, placement of arrears with external debt collection agency and initiating properties for abandoned land and rating sale processes.
- 7.11 The action being taken on outstanding balances is shown in the following graph:



7.12 Recovery of arrears with the bank or financial institution that hold the mortgage over a property is available for general land properties, where there is a mortgage registered on the title. Where a property is identified as having a mortgage, a notice is sent to the owner and mortgage holder. If the arrears are not paid within 3 months a demand is made on the mortgage holder to pay the arrears. There are 9 properties with arrears total \$68K that will be demanded in September if the arrears are not paid.

7.13 The total arrears outstanding at 30 June was \$3.78 million:

- Of the total arrears, 38% (\$1.43m) relates to Maori freehold land
- \$420,000 are under some form of payment arrangement
- 29 Properties totaling \$708,000 have been identified for rating sale. Two properties have been approved by the courts to commence sale of the properties.
- In addition to this, there are \$636,000 of arrears relating to 42 properties that meet the criteria for abandoned land and are being progressed through the abandoned land process. The courts have granted approval for the sale or lease of 9 of these properties.
- A further \$270,000 of arrears requires further action. These properties will be reviewed for mortgages and the mortgage holder notified of the arrears.

7.14 Rates and Penalties Remissions

7.15 A total of \$293,769 in rates and penalty remissions have been granted against a full year budget of \$290,000.

7.16 The breakdown per remission type is detailed in the following table:

Remission Category	17/18 Actual	17/18 No.	16/17 Actual	16/17 No.
Clubs and Societies	32,458	15	30,110	14
Community Organisations	20,242	13	19,776	12
Rates of Maori Freehold Land	126,634	110	90,068	89
Organisations providing care for the Elderly	28,553	2	27,710	2
Penalties	29,478	122	62,862	150
Properties used joint as a single unit	55,934	62	38,560	47
New residential subdivisions	0	0	0	0
Cases of genuine financial hardship	0	0	1,739	1
Total remissions under policy	293,299	324	270,825	315
Remissions granted by Council resolution	470	1	3,521	3
Total remissions granted	293,769	325	274,346	318

7.17 There were 7 rates remission applications declined during the year. These were due to the property being developed and occupied and because the applicants did not provide sufficient information to determine whether the property met the policy criteria.

7.18 Two penalty remission applications were declined due to the customer already receiving a penalty remission within the last year. A financial hardship application was declined as the customer did not provide sufficient information to support their application.

7.19 The following Community Organisations were granted rates remissions during the 2017/18 year:

- The Order of St John Central Region Trust Board (Mokau)
- The Order of St John Central Region Trust Board (Benneydale)
- The Order of St John Central Region Trust Board (Piopio)
- The Order of St John Central Region Trust Board (Te Kuiti)
- Scout Association of New Zealand
- Tainui District Fire Party
- Aria Toy Library
- Senior Net Inc
- Waitomo Caves Museum Society Inc
- Te Kuiti Lyceum Club Inc
- Tainui Historical Society Inc
- Piopio Senior Citizens Club Inc
- Te Kuiti Historical Society

7.20 The following Clubs and Societies were granted rates remissions during the 2017/18 rating year:

- Awakino Bowling Club Inc
- Waitomo Scuba Club
- Hamilton Tomo Group Inc
- Maniapoto Rugby Sub Union Inc
- Otorohanga Club Inc (Waitomo Golf Club)
- Piopio Bowling Club

- Piopio Golf Club
- Piopio Lawn Tennis Club
- Te Kuiti Bowling Club Inc
- Te Kuiti Indoor Bowling Club Inc
- Te Kuiti Motorcycle Club Inc
- Te Kuiti Pig Hunting Club Inc
- Te Waitere Boating Club Inc
- Waitete Rugby Football Club Inc
- Te Kuiti Trapshooters Club

7.21 One remission was granted as a result of a Council resolution.

7.22 **Other Debtors Receivable**

7.23 At 30 June 2018 'Other Receivables' totalled \$ 3.058 million of which \$46K was due and owing for more than three months. The three month and over receivables include resource consent charges, dog registrations and infringements and other sundry debtors.

Suggested Resolution

1. The business paper on Financial Report for the year ended 30 June 2018 be received.



VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

13 August 2018

Attachment:

Bancorp Treasury Services Limited: Treasury Report for Waitomo District Council for the quarter ended 30 June 2018	A404005
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Appendix 1: Cost of Service Statements

The reasons for variance have been set out in sections 3.4 and 3.5 in the main body of the report and further details are also contained in the COSS for each activity that follows.

Summary Cost of Service (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Operating Expenditure					
- Leadership	721	1,341	1,052	(289)	
- Community Service	1,827	2,380	1,951	(428)	
- Community Development	714	913	833	(81)	
- Regulation	142	200	207	7	
- Solid Waste Management	1,072	1,223	1,246	23	
- Stormwater Drainage	81	174	90	(84)	
- Resource Management	53	61	83	22	
- Sewerage	1,531	1,867	1,590	(277)	
- Water Supply	1,614	1,655	1,515	(140)	
- Roads and Footpaths	5,654	6,276	6,424	149	
Total Direct Operating Expenditure	13,409	16,090	14,991	(1,098)	-7%
Indirect Expenditure					
- Allocated Costs	4,160	4,595	4,430	(166)	
- Interest	1,981	2,690	1,743	(947)	
- Depreciation	5,839	6,005	5,735	(264)	
Total Indirect Expenditure	11,980	13,290	11,908	(1,377)	-10%
TOTAL EXPENDITURE	25,389	29,380	26,899	(2,475)	-8%
Operating Revenue					
- Leadership	(327)	(132)	(80)	52	
- Community Service	(959)	(523)	(561)	(38)	
- Community Development	(98)	(59)	(154)	(95)	
- Regulation	(433)	(481)	(513)	(32)	
- Stormwater Drainage	(7)	0	(12)	(12)	
- Resource Management	(91)	(59)	(172)	(112)	
- Solid Waste Management	(1,067)	(998)	(1,386)	(388)	
- Sewerage	(997)	(863)	(1,135)	(272)	
- Water Supply	(12)	0	(19)	(19)	
- Roads and Footpaths	(6,589)	(7,652)	(7,832)	(180)	
Total Operating Revenue	(10,580)	(10,767)	(11,864)	(1,096)	10%
Rates Revenue					
- General Rate	(3,503)	(3,646)	(3,665)	(19)	
- UAGC	(3,113)	(3,268)	(3,279)	(11)	
- Targeted Rate	(11,447)	(11,945)	(11,996)	(52)	
- Rates Penalties	(444)	(460)	(426)	34	
- Metered Water Rates	(690)	(712)	(765)	(52)	
Total Rates Revenue	(19,197)	(20,031)	(20,131)	(100)	0%
TOTAL REVENUE	(29,777)	(30,798)	(31,995)	(1,196)	4%
Net Operating Cost/(Surplus)	(4,388)	(1,418)	(5,096)	(3,671)	258%

The actuals for 2016/17 excludes rates on Council properties from both revenue and expenditure.

Governance: Leadership and Investments

GOVERNANCE: LEADERSHIP AND INVESTMENTS	Actual	EAP Budget	Unaudited Interim Actual	Variance	%
(Amounts in \$000's)	2016/17	2017/18	June 2018	June 2018	Variance
Direct Expenditure					
- Representation	297	300	324	14	
- Planning & Policy & Monitoring	282	386	449	63	
- District and Urban Development	8	505	178	(327)	
- Investments	118	140	101	(39)	
- Treasury Management and Overhead Accounts	16	10	0	0	
Total Direct Expenditure	721	1,341	1,052	(289)	-22%
- Allocated Costs	893	1,250	1,258	8	
- Interest	241	386	264	(122)	
- Depreciation	484	495	466	(23)	
Total Operating Expenditure	2,339	3,472	3,040	(426)	-12%
Operating Revenue					
- Representation	(18)	(19)	(12)	7	
- Investments	(234)	(103)	(52)	51	
- Treasury Management and Overhead Accounts	(75)	(10)	(16)	(6)	
Total Operating Revenue	(327)	(132)	(80)	52	-39%
Net Operating Cost/(Surplus)	2,012	3,340	2,960	(374)	-11%

The budget for Representation operating revenue excludes rates penalties revenue which is disclosed as part of rates revenue in the Combined Cost of Service Statement on the previous page.

Net Operating Cost for the Governance Activity was 11% (\$374,000) less than budget for the year ended 30 June 2018.

Direct Expenditure was 22% (\$289,000) less than budget for the year.

- Policy development and advocacy cost was more than budget.
- Expenditures incurred for the year includes the initial work for the structure planning and town concept planning for Mokau and Te Kuiti as part of the District Plan Review. The structure/town concept planning project is well underway, along with a range of other key consultant work-streams related to the District Plan Review (i.e. coastal hazards, landscapes, flood modelling, and significant natural areas and ecology). Additional expenditure will be incurred on an on-going basis in relation to the District Plan project.
- Expenditure for the Investments activity was less than budget as the quarry assessment work was not completed.

Operating Revenue was 39% (\$52,000) less than budget for the year.

- Revenue from the investment activity was less than budget due to reduced revenue for quarry royalties. In addition to this, whilst there was an overall cash profit from the sale of the remaining Parkside sections of \$60,000, an accounting loss on sale has been recognised. This is the result of the value of the sections being revalued upwards at 30 June 2017 to \$1,050,000 (due to sections required

to be transferred to Investment Properties and then transferred back to Assets held for sale in the holding year, which was greater than the sale proceeds. The initial purchase of the sections was \$1,269,000 in November 2011 and all sections were sold for \$1,359,000 by March 2018 giving a cash gain of \$90,000.

Community Service

COMMUNITY SERVICE (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Expenditure					
- Parks and Reserves	392	553	371	(181)	
- Housing and Other Property	249	479	391	(88)	
- Recreation and Culture	469	524	472	(52)	
- Public Amenities	633	700	645	(55)	
- Safety	84	124	72	(52)	
Total Direct Expenditure	1,827	2,380	1,951	(428)	-18%
- Allocated Costs	747	832	693	(139)	
- Interest	130	207	118	(89)	
- Depreciation	814	897	820	(77)	
Total Operating Expenditure	3,518	4,316	3,582	(733)	-17%
Operating Revenue					
- Parks and Reserves	(9)	(18)	(25)	(7)	
- Housing and Other Property	(305)	(290)	(340)	(50)	
- Recreation and Culture	(132)	(159)	(142)	17	
- Public Amenities	(513)	(56)	(54)	2	
- Safety	0	0	0	0	
Total Operating Revenue	(959)	(523)	(561)	(38)	7%
Net Operating Cost/(Surplus)	2,559	3,793	3,021	(771)	-20%

Net Operating Cost was 20% (\$771,000) less than budget for the year ended 30 June 2018.

Direct Expenditure was 18% (\$428,000) less than budget for the year.

- Expenditure for Parks and Reserves, Housing and Other Property, Public Amenities and, Recreation and Culture activities are tracking less than budget as repairs and maintenance expenditure is only spent when required. No expenditure has been incurred for the Passive Reserves management plan.
- Safety: There has been no direct expenditure for rural fires as the New Zealand Fire Service Commission (NZFSC) has undertaken this work stream from this financial year. There is a 12 month transitional agreement in place with NZFSC which involves WDC issuing Fire Permits.

Operating Revenue was 7% (\$38,000) more than budget for the year.

- Contribution received from Piopio Hall Committee for Piopio Hall, Waipa Network for granting easement on State Highway 3 Hangatiki and gain on disposal of operational land. This was partly offset by less revenue received from Aerodrome, Aquatic Centre, and Les Munro Centre Hire, which are within the Recreation and Culture activity.

Community Development

COMMUNITY DEVELOPMENT (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Expenditure					
- Community Support	503	515	500	(16)	
- District Development	211	398	333	(65)	
- Agencies	0	0	0	0	
Total Direct Expenditure	714	913	833	(81)	-9%
- Allocated Costs	520	683	593	(90)	
- Interest	1	2	0	(2)	
- Depreciation	9	7	10	3	
Total Expenditure	1,244	1,605	1,436	(170)	-11%
Operating Revenue					
- Community Support	(23)	(2)	(2)	0	
- District Development	(62)	(57)	(152)	(95)	
- Agencies	(13)	0	0	0	
Total Operating Revenue	(98)	(59)	(154)	(95)	161%
Net Operating Cost/(Surplus)	1,146	1,546	1,282	(265)	-17%

Net Operating Cost for the Community Development Activity was 17% (\$265,000) less than budget for the year ended 30 June 2018.

Direct Expenditure was 9% (\$81,000) less than budget for the year.

- Included in the District Development activity was the Sir Colin Meads Public Memorial Service cost which was not budgeted for. This was offset by funding provided from the Office of the Prime Minister.
- Expenditure for district promotions, telecommunication initiative and district development are less than budget.

Operating Revenue was 161% (\$95,000) more than budget for the year.

- Funding contribution has been received from the Office of the Prime Minister for Sir Colin Meads Public Memorial Service.
- A donation of \$2,800 was received from Destination Waitomo as part of the organisation winding up process.
- Revenue for Health Act licence fees were also more than budget.

Regulation

REGULATION (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Expenditure					
- Regulation	142	200	207	7	
Total Direct Expenditure	142	200	207	7	4%
- Allocated Costs	814	733	726	(6)	
- Interest	1	1	1	0	
- Depreciation	5	4	5	1	
Total Expenditure	962	938	939	2	0%
Operating Revenue					
- Regulation	(433)	(481)	(513)	(32)	
Total Operating Revenue	(433)	(481)	(513)	(32)	7%
Net Operating Cost/(Surplus)	529	457	426	(30)	-7%

Net Operating Cost for the Regulation Activity was 7% (\$30,000) less than budget for the year ended 30 June 2018.

Direct Expenditure was 4% (\$7,000) more than budget for the year.

- No costs have been incurred for the compliance schedule project to date. This has partly been offset by increased costs of items outlined below.
- WLASS Building Consent Group costs are more than budget due to WDC's contribution to a number of WLASS strategic building projects.
- Some costs have been incurred in relation to the Carter Holt Harvey litigation proceedings (that 48 other councils are also party to). These litigation costs are being shared as appropriate between all Councils' that are party to the proceedings.

Operating Revenue was 7% (\$32,000) more than budget for the year.

- Animal and Dog Control and Building Control revenue were more than budget. Building consent revenue received for the year to 30 June 2018 was \$215,000 from 172 processed consents, higher than that received from 125 processed for the last financial year. This was partly offset by reduced compliance schedule revenue.
- The grant contribution from the Central Government has been carried over to current year. These funds are specific for the neutering of the menacing of dogs campaign. Unspent fund will be carried over to the next financial year.

Resource Management

RESOURCE MANAGEMENT (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Expenditure					
- District Plan Administration	53	61	83	22	
Total Direct Expenditure	53	61	83	22	36%
- Allocated Costs	160	184	183	(2)	
Total Expenditure	213	245	266	20	8%
Operating Revenue					
- District Plan Administration	(91)	(59)	(172)	(112)	
Total Operating Revenue	(91)	(59)	(172)	(112)	187%
Net Operating Cost/(Surplus)	122	186	94	(92)	-49%

Net Operating Cost for the Resource Management Activity was 49% (\$92,000) less than budget for the year ended 30 June 2018.

Direct Expenditure was 36% (\$22,000) more than budget for the year.

- This is mainly due to planning consultant costs to process complex consents, which will be recovered from resource consent applicants.

Operating Revenue was 187% (\$112,000) more than budget for the year.

- District Plan Administration revenue is more than full year budget due to an increase in resource consent and LIM revenue. The reason for increase in resource consent revenue is due to the complexity of applications being processed and cost recovery of actual processing costs from applicants. There have been 65 resource consents, two designations and 161 LIMs processed for the year to 30 June 2018.

Solid Waste Management

SOLID WASTE MANAGEMENT (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget June 2018	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Expenditure						
- Collection	277	297	297	302	5	
- Landfill Management	795	926	926	944	18	
Total Direct Expenditure	1,072	1,223	1,223	1,246	23	2%
- Allocated Costs	353	371	371	395	24	
- Interest	224	244	244	163	(81)	
- Depreciation	91	64	64	82	18	
Total Expenditure	1,740	1,902	1,902	1,886	(16)	-1%
Operating Revenue						
- Collection	(134)	(134)	(134)	(132)	2	
- Landfill Management	(933)	(864)	(864)	(1,254)	(390)	
Total Operating Revenue	(1,067)	(998)	(998)	(1,386)	(388)	39%
Net Operating Cost/(Surplus)	673	904	904	500	(404)	-45%

Net Operating Cost for the Solid Waste Management Activity was 45% (\$404,000) less than budget for the year ended 30 June 2018.

Direct Expenditure was 2% (\$23,000) more than budget for the year.

- Expenditures for landfill operational costs, waste minimisation levy and asset management plans were more than budget. This was partly offset by reduced capping materials costs.

Operating Revenue was 39% (\$388,000) more than budget for the year.

- Revenue received at the landfill was more than budget mainly due to a significant one-off increase in building material charges from a commercial user. There has also been an increase in general refuse charges, green waste and recovered materials.

Stormwater Drainage

STORMWATER DRAINAGE (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Expenditure					
- Te Kuiti Stormwater	65	146	86	(60)	
- Rural Stormwater	16	28	4	(24)	
Total Direct Expenditure	81	174	90	(84)	-48%
- Allocated Costs	94	57	61	4	
- Interest	4	5	3	(2)	
- Depreciation	170	172	170	(2)	
Total Expenditure	349	408	324	(84)	-21%
Operating Revenue					
- Te Kuiti Stormwater	(7)	0	(12)	(12)	
Total Operating Revenue	(7)	0	(12)	(12)	0%
Net Operating Cost/(Surplus)	342	408	312	(96)	-24%

Net Operating Cost for the Stormwater Drainage Activity was 24% (\$96,000) less than budget for the year ended 30 June 2018.

Direct Expenditure was 48% (\$84,000) less than budget for the year.

- Expenditure for internal WSBU charges, resource consent compliance, Te Kuiti storm water drainage maintenance and insurance costs were less than budget. The reason for reduction in insurance cost is due to change in insurance provider from LAPP to AON.

Operating Revenue was \$12,000 more than budget for the year for connection fees.

Sewerage and Treatment and Disposal of Sewage

SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Expenditure					
- Waitomo Village	9	0	6	6	
- Te Kuiti	1,326	1,549	1,384	(165)	
- Te Waitere	31	40	17	(23)	
- Benneydale	72	118	76	(42)	
- Piopio	93	160	107	(53)	
Total Direct Expenditure	1,531	1,867	1,590	(277)	-15%
- Allocated Costs	272	237	255	17	
- Interest	417	525	343	(182)	
- Depreciation	753	781	765	(16)	
Total Expenditure	2,973	3,410	2,953	(458)	-13%
Operating Revenue					
- Te Kuiti	(954)	(860)	(1,123)	(263)	
- Benneydale	(2)	(1)	(3)	(2)	
- Piopio	(41)	(2)	(9)	(7)	
Total Operating Revenue	(997)	(863)	(1,135)	(272)	32%
Net Operating Cost/(Surplus)	1,976	2,547	1,818	(730)	-29%

Net Operating Cost for the Sewerage Activity was 29% (\$730,000) below budget for the year ended 30 June 2018.

Direct Expenditure was 15% (\$277,000) less than budget for the year.

- Expenditure for power, chemicals and internal WSBU charges for Te Kuiti were less than budget. This was partly offset by increased reticulation operational costs. Some major faults were picked up during routine maintenance of the reticulation network that have resulted in some major work being carried out.
- Operations and maintenance costs are also less than budget for Benneydale, Piopio and Te Waitere schemes.
- Investigation and planning expenditure was incurred for the possible supply of sewerage services for Waitomo Village.

Operating Revenue was 32% (\$272,000) more than budget for the year.

- Trade waste revenue for Te Kuiti is more than forecast due to an increase in the quantity of discharge from the major commercial users. The likely reason for increase in quantity of discharge may be due to seasonal factor notwithstanding existing process in place for better pre-treatment of trade waste to reduce nutrient loads in their discharge.
- Trade waste revenue in Piopio and Benneydale was more than full year budget.
- Connection fees revenue has also been received for Te Kuiti, Te Waitere and Benneydale.

Water Supply

WATER SUPPLY (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Expenditure					
- Te Kuiti	1,032	1,064	1,041	(23)	
- Mokau	247	212	188	(24)	
- Piopio	217	280	181	(99)	
- Benneydale	109	99	87	(12)	
- Waitomo Village	9	0	18	18	
Total Direct Expenditure	1,614	1,655	1,515	(140)	-8%
- Allocated Costs	290	248	266	18	
- Interest	264	458	276	(182)	
- Depreciation	552	627	545	(82)	
Total Expenditure	2,720	2,988	2,602	(386)	-13%
Operating Revenue					
- Te Kuiti	(2)	0	(7)	(7)	
- Mokau	0	0	(4)	(4)	
- Piopio	(2)	0	0	0	
- Benneydale	0	0	(2)	(2)	
Total Operating Revenue	(4)	0	(13)	(13)	
Subsidy Revenue					
- Te Kuiti	0	0	0	0	
- Mokau	(8)	0	(6)	(6)	
Total Subsidy Revenue	(8)	0	(6)	(6)	
Total Revenue	(12)	0	(19)	(19)	
Net Operating Cost/(Surplus)	2,708	2,988	2,583	(405)	-14%

Net Operating Cost for the Water Supply Activity was 14% (\$405,000) less than budget for the year ended 30 June 2018.

Direct Expenditure was 8% (\$140,000) less than budget for the year.

- Expenditure for chemicals, electricity and pump station maintenance and operational costs were less than budget for Te Kuiti. These were partly offset by increased reticulation maintenance and internal WSBU charges.
- Expenditure for internal WSBU and overall operational expenditure was less for Piopio, Mokau and Benneydale.
- Investigation and planning expenditure was incurred for the possible supply of water services for Waitomo Village.
- The disposal of old building at Te Kuiti water treatment plant is still to be processed as part of end of year disposals.

Operational Revenue was \$19,000 more than budget for the year.

- Revenue received is for new water connections in Te Kuiti, Mokau and Benneydale.

- The Ministry of Health allowed claiming the full subsidy for Mokau water which resulted in an increase in the subsidy revenue.

Roads and Footpaths

ROADS AND FOOTPATHS (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	Unaudited Interim Actual June 2018	Variance June 2018	% Variance
Direct Expenditure					
- Subsidised Roads	5,496	6,019	6,306	288	
- Unsubsidised Roads	158	257	118	(139)	
Total Direct Expenditure	5,654	6,276	6,424	149	2%
- Allocated Costs	17	0	0	0	
- Interest	699	862	575	(287)	
- Depreciation	2,961	2,958	2,872	(86)	
Total Expenditure	9,331	10,096	9,871	(224)	-2%
Operating Revenue					
- Subsidised Roads	(6,465)	(7,562)	(7,733)	(171)	
- Unsubsidised Roads	(124)	(90)	(99)	(9)	
Total Operating Revenue	(6,589)	(7,652)	(7,832)	(180)	2%
Net Operating Cost/(Surplus)	2,742	2,444	2,039	(404)	-17%
Subsidised Roads Maintenance (Excluding losses on asset disposals)	5,496	5,918	6,185	313	
Subsidised Roads Capital	4,561	5,680	5,498	(182)	
Combined Maintenance and Capital	10,057	11,598	11,683	131	1%
Subsidy Revenue for Subsidised Roads	(6,317)	(7,422)	(7,533)	(111)	1%

Net Operating Cost for the Roads and Footpaths Activity was 17% (\$404,000) less than budget for the year ended 30 June 2018.

Direct Expenditure was 2% (\$149,000) more than budget for the year.

- The Emergency Re-instatement (first response) expenditures were more than full year budget due to weather related damages on the network.
- Sealed pavement maintenance and traffic services maintenance expenditures were more than full year budget.
- Network and Asset Management expenditures were more than full year budget. Additional costs have also been incurred for asset management plan.
- The overspent items detailed above are partly offset by reduced expenditures in unsealed pavement maintenance, community coordination charges and environmental maintenance.
- Unsubsidised roads expenditure was less than budget for street cleaning and footpath maintenance.

Operating Revenue was 2% (\$180,000) more than budget for the year.

- Subsidy revenue is based on both maintenance and capital expenditure and for most work categories the subsidy rate is 64%. As maintenance expenditure was more than forecast the subsidy associated with this is also more than budget. In addition to that the subsidy rate for LED street lights upgrade is 85%, which was not budgeted for.

Appendix 2: Balance Sheet as at 30 June 2018

STATEMENT OF FINANCIAL POSITION (Amounts in \$000's)	Actual 30 June 2017	Unaudited Interim Actual Position 30 June 2018	Movement from 30 June 2017	Exceptions Annual Plan 30 June 2018	Variance from EAP
Equity					
- Accumulated Funds	210,367	212,405	2,038	214,879	2,474
- Other Reserves	13,287	16,552	3,265	6,741	(9,811)
- Revaluation Reserve	70,536	70,281	(255)	77,413	7,132
TOTAL EQUITY	294,190	299,238	5,048	299,033	(205)
Current Assets					
- Cash and Cash Equivalents	112	1,762	1,650	100	(1,662)
- Inventory	49	69	20	38	(31)
- Other Financial Assets	378	378	0	3	(375)
- Receivables (Non-exchange)	5,966	4,896	(1,070)	5,690	794
- Receivables (Exchange)	395	395	0	357	(38)
- Assets Held for Sale	1,050	0	(1,050)	9	9
Total Current Assets	7,950	7,500	(450)	6,197	(1,303)
Current Liabilities					
- Payables and Deferred Revenue (Exchange)	4,111	3,776	(335)	2,811	(965)
- Payables and Deferred Revenue (Non-exchange)	685	685	0	719	34
- Current Portion of Borrowings	13,419	21,737	8,318	5,200	(16,537)
- Provisions	26	26	0	20	(6)
- Employee Entitlements	549	616	67	514	(102)
- Derivative Financial Instruments	608	605	(3)	561	(44)
Total Current Liabilities	19,398	27,445	8,047	9,825	(17,620)
NET WORKING CAPITAL	(11,448)	(19,945)	(8,497)	(3,628)	16,317
Non Current Assets					
- Property Plant and Equipment	331,301	335,246	3,945	345,685	10,439
- Intangible Assets	388	318	(70)	733	415
- Investment Property	750	750	0	742	(8)
- Other Financial Assets	788	421	(367)	5	(416)
- Investment in CCO & Civic Financial Services Ltd	4,520	4,520	0	4,520	0
- Derivative Financial Instruments	0	0	0	0	0
Total Non Current Assets	337,747	341,255	3,508	351,685	10,430
Non Current Liabilities					
- Payables and Deferred Revenue (Non-exchange)	141	0	(141)	0	0
- Borrowings	30,000	20,000	(10,000)	45,936	25,936
- Employee Entitlements	0	0	0	0	0
- Provisions	940	940	0	933	(7)
- Derivative Financial Instruments	1,028	1,132	104	2,155	1,023
Total Non Current Liabilities	32,109	22,072	(10,037)	49,024	26,952
NET ASSETS	294,190	299,238	5,048	299,033	(205)

TREASURY REPORT

FOR



FOR THE QUARTER ENDED 30 JUNE 2018



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (FOR THE JUNE 2018 QUARTER)

Geopolitical developments wrestled with central banks for financial market dominance in the June quarter. The main fear is that tariff wars will threaten global growth and the nascent post-GFC recovery in developed and emerging market economies. The main geopolitical points were the on-off-on summit between the US and North Korea, off-on again threats of global trade wars as the US imposed tariffs on imports of steel and aluminium from Canada, Mexico and the European Union (“EU”), off-on US threats and then delivery of trade tariffs on Chinese imports.

The main central bank focal point was the Federal Reserve (“Fed”) delivering a well signalled interest rate rise. It raised the Fed Funds rate in June by 25 basis points for the second time this year, to a range of 1.75%-2.00%. Of greater interest to the markets was the Fed members’ consensus forecast for the Fed Funds rate that increased the number of interest rate hikes this year from three to four and for 2019 to three.

The European Central Bank (“ECB”) was the only other major central bank close to normalisation of its easy monetary policy settings, decreasing its monthly bond purchases from EUR30 billion to EUR15 billion at the end of September. During the quarter, the Bank of England and Bank of Canada cast doubt on previously signalled official interest rate rises, while the Bank of Japan and Reserve Bank of Australia remain steadfastly neutral.

US Treasury yields were higher over the quarter because of the upward pressure from Fed interest rate rises. The 2 year Treasury yield ended June at 2.52%, from 2.26% at the end of March. The benchmark 10 year Treasury yield attempted to break above the psychologically important 3.00% barrier in the quarter and ended June at 2.86%, from 2.74% at the end of the March quarter. The benchmark yield curve measure, the spread between US 2 year and 10 year Treasury yields, fell from 0.48% at the end of March to 0.34% at the end June, its lowest since August 2007.

1.2 NEW ZEALAND MARKET OVERVIEW (FOR THE JUNE 2018 QUARTER)

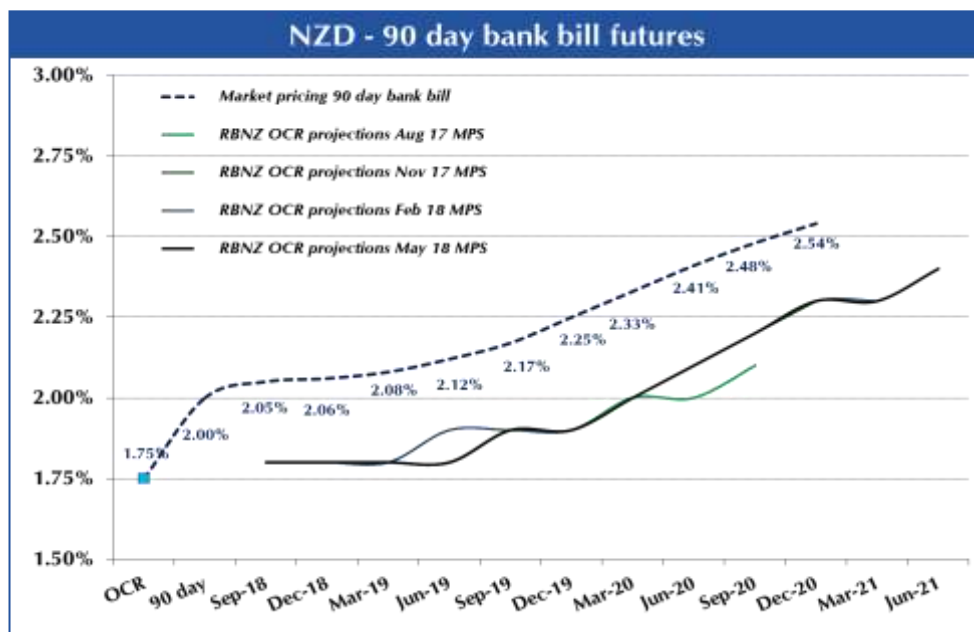
	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
31-Mar-18	1.75%	1.96%	2.22%	2.36%	2.62%	2.83%	3.06%
30-Jun-18	1.75%	2.01%	2.15%	2.28%	2.54%	2.78%	3.03%
Change	Nil	+0.05%	-0.07%	-0.08%	-0.08%	-0.05%	-0.03%

Economic data over the June quarter reinforced the notion that the New Zealand economy, though performing well, is coming off the boil. GDP rose 0.5% in the March quarter, down from 0.6% in the December 2017 quarter. Compared to the same quarter last year, GDP was 2.7% higher, from 2.9% in December. The GDP data matched market expectations and much of the March quarter's GDP weakness is considered temporary. Nevertheless, there were some disappointing elements - the quarter's GDP gain was below the Reserve Bank of New Zealand's ("RBNZ") forecast in its May *Monetary Policy Statement* ("MPS") and GDP per capita was flat in the March quarter after 0.1% rises over the previous two quarters. This shows how much of GDP growth has been due to strong inward migration.

The newly installed RBNZ Governor, Adrian Orr, put his mark on monetary policy in the May MPS. The key message was that a 1.75% Official Cash Rate ("OCR") is "*here for a while.*" The RBNZ's forecasts in the MPS delayed the timing of the first OCR rise by one quarter but the end point was unchanged. The June *OCR Review* not only repeated the RBNZ's neutral message in the MPS but also revealed new ways of saying that the OCR will remain 'lower for longer' — "*continued supportive monetary policy for some time to come*" and ensuring that "*the OCR is at an expansionary level for a considerable period.*"

The RBNZ's delay in the timing of the first OCR rise, the softer approach to inflation threats in the June *OCR Review* and the conditions that led to sharply lower global bonds yields (and domestic swap rates) saw local markets shift the pricing of the first OCR rise from late 2019 to early 2020, which closely aligns to the RBNZ's forecast.

The graph below shows the RBNZ's OCR projections from the last four MPSs and the local interest rate market pricing at the end of June for the 90 day bank bill rate.



New Zealand interest rates were generally lower but the yield curve was slightly steeper over the June quarter. Short term swap rates fell in response to the RBNZ's 'lower for longer' sentiment for the OCR while any falls by longer term swap rates were constrained by the higher US 10 year Treasury yield. However over the last nine months there has been a disconnect between New Zealand and US rates medium and long term rates, with New Zealand rates showing less inclination to rise than US rates, thus leading to a convergence between the two. This is due to the differing stages of the economic and monetary policy cycles that the two countries are at and is illustrated below with the 10 year swap rates of the respective countries.

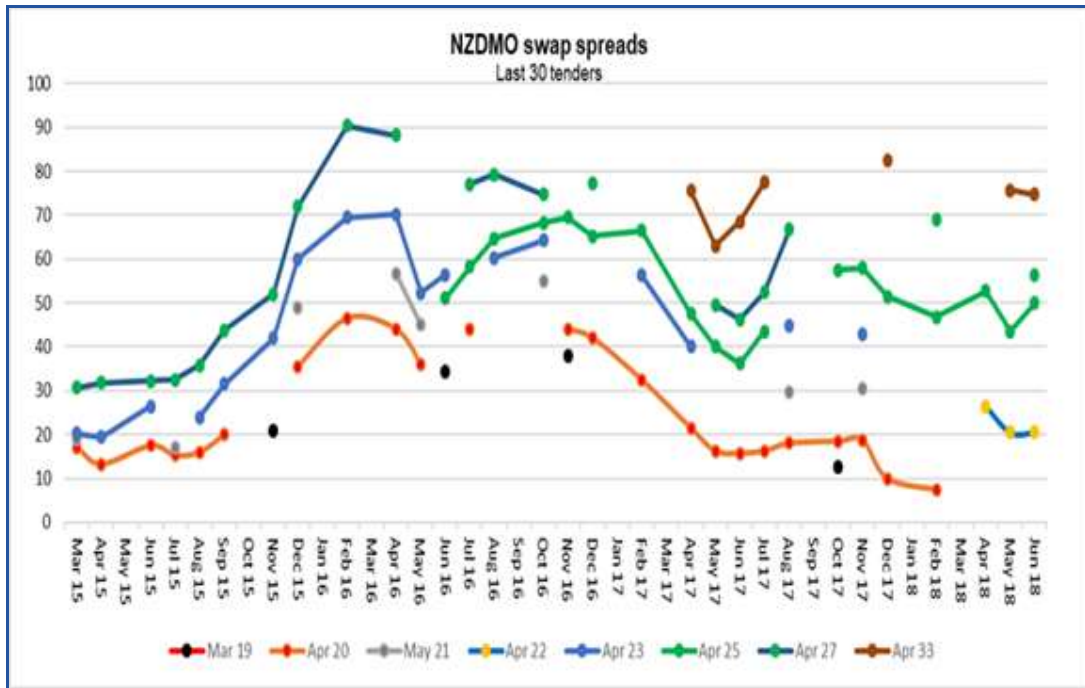


1.3 LOCAL AUTHORITY SECTOR

Listed in the table below are the credit spreads and applicable interest rates as at 30 June 2018 for Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"), which Waitomo District Council ("WDC") could use to source debt from the Local Government Funding Agency ("LGFA").

Maturity	Credit Spread	FRN Rate	Fixed Rate Bond
March 2019	0.39%	2.42%	2.46%
April 2020	0.41%	2.44%	2.68%
May 2021	0.47%	2.50%	2.82%
April 2022	0.51%	2.54%	3.03%
April 2023	0.70%	2.73%	3.31%
April 2025	0.80%	2.83%	3.72%
April 2027	0.91%	2.94%	3.91%
April 2033	1.12%	4.15%	4.51%

The chart below illustrates the credit spreads (measured over the applicable swap rate) for all current LGFA debt dating back to March 2015.



2. DEBT AND HEDGING

2.1 DEBT

As at 30 June 2018, WDC had \$41,475,000 of external debt, up from \$40,750,000 at the end of March 2018. Of the total debt, \$35,000,000 was sourced from the LGFA, utilising a combination of Commercial Paper ("CP"), FRNs and FRBs. In addition, WDC had the following other debt:

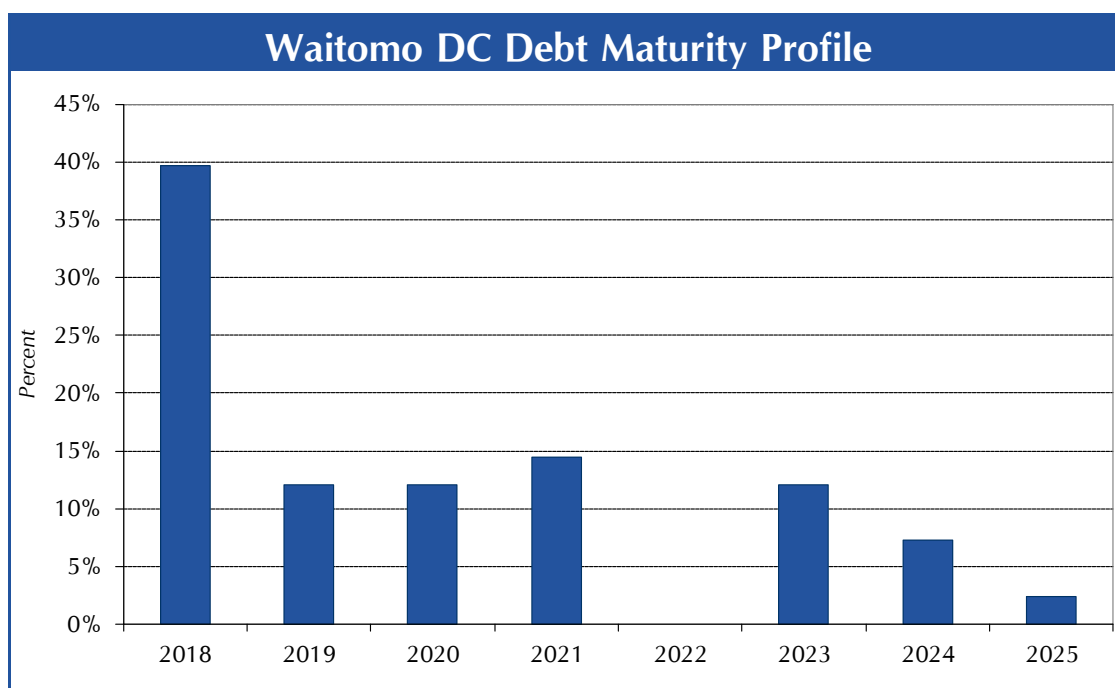
- \$5,000,000 of FRNs issued by WDC.
- \$1,100,000 from Westpac Bank Multi Option Credit Line Facility
- A Term Loan of \$375,000 from Westpac that was on-lent to Inframax.

A breakdown of the funding profile is contained in the table below:

Value Date	Loans		Amount
	Reprice/Maturity	Base Rate	
LGFA FRNs			
19-Jun-2017	18-Apr-2024	2.044%	3,000,000
19-Jun-2017	15-Nov-2021	2.010%	6,000,000
19-Jun-2017	10-Sep-2020	2.000%	5,000,000
19-Jun-2017	24-Apr-2023	2.040%	5,000,000
19-Jun-2017	28-Jun-2019	2.010%	5,000,000
LGFA Fixed Rate Bond			
19-Jun-2017	19-Apr-2025	3.680%	1,000,000
Westpac Debt			
30-Jun-2018	03-Jul-2018	1.950%	1,100,000
Inframax Loan			
13-Nov-2017	24-Nov-2018	5.100%	375,000
LGFA CP			
18-Apr-2018	18-Jul-2018	2.044%	5,000,000
02-Feb-2018	02-Aug-2018	1.905%	5,000,000
WDC FRNs			
28-Aug-2015	24-Aug-2018	1.980%	5,000,000
TOTAL			41,475,000

The Term Loan of \$375,000 has been on-lent to Inframax at a rate of 5.25%, with the next interest rate reprice on 24 November 2018.

The maturity profile of WDC's debt is depicted in the graph on the following page. The Term Loan on-lent to Inframax is included as a 2018 maturity.



Section 7.2 of WDC's Liability Management Policy ("LMP") states that "To avoid a concentration of debt maturity dates Council will, where practicable, aim to have no more than 50% of debt subject to refinancing in any 12 month period." While this is an objective, not an actual requirement, it is nonetheless being complied with.

2.2 HEDGING

As at 30 June 2018, WDC had eight interest rate swaps to convert a portion of the floating rate exposures associated with the FRNs and bank debt into fixed rate. Seven of the interest rate swaps are current and one is forward starting. Details of the interest rate swaps are contained in the table below:

Swaps				
Start Date	Maturity Date	Rate	Amount	Market Value
24-Jan-2017	24-Jan-2024	3.840%	5,000,000	(\$340,103)
30-Aug-2013	30-Aug-2019	3.900%	3,500,000	(\$79,638)
30-Aug-2013	30-Aug-2019	3.900%	1,500,000	(\$34,131)
18-Oct-2013	20-Apr-2020	4.315%	5,000,000	(\$217,248)
11-Sep-2017	11-Sep-2020	3.780%	5,000,000	(\$177,817)
31-Mar-2014	17-May-2021	4.900%	6,000,000	(\$467,296)
18-Apr-2017	18-Apr-2023	3.950%	3,000,000	(\$208,905)
Total current swap hedging			<u>29,000,000</u>	
Forward starting swaps				
20-Apr-2020	20-Apr-2025	3.930%	5,000,000	(\$212,308)
				<u>(\$1,737,446)</u>

There were no new interest rate swaps entered into during the June 2018 quarter, as WDC is currently complying with its fixed rate hedging parameters.

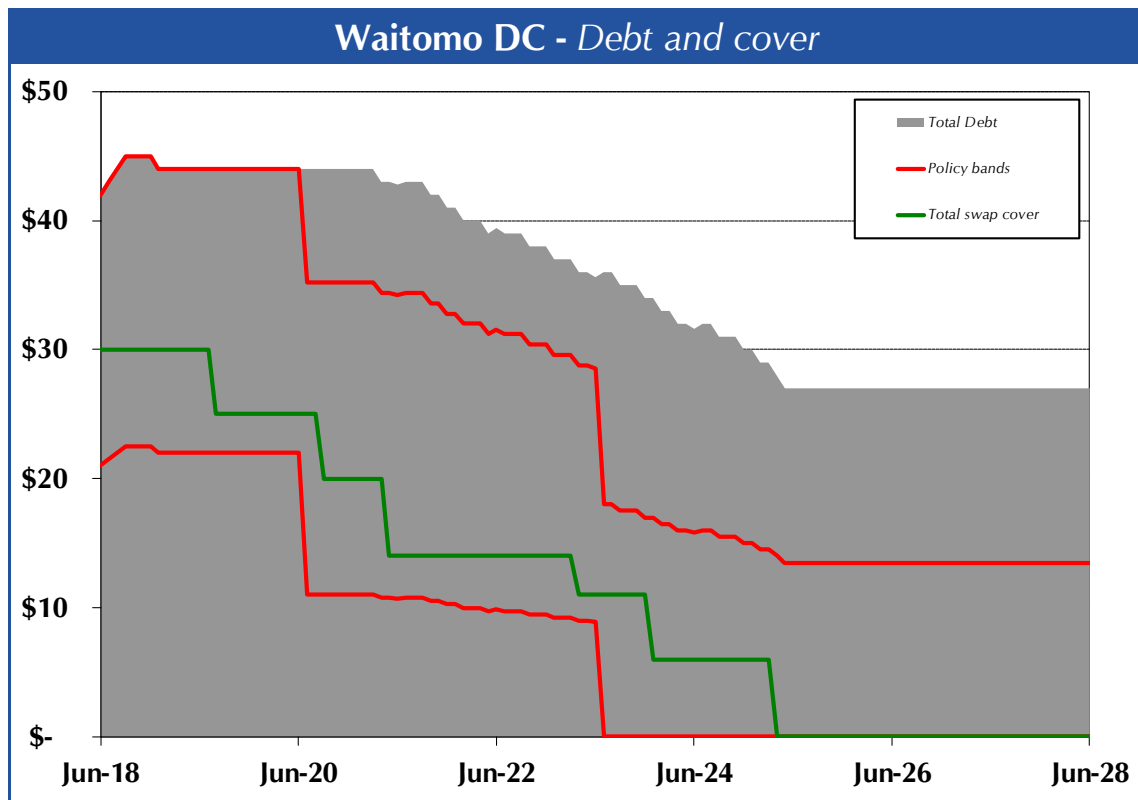
The 'marked to market' revaluation on the swap portfolio improved slightly, from a loss of \$1,743,205 at the end of March 2018, to a loss of \$1,737,446 at the end of June 2018.

2.3 DEBT AND HEDGING PROFILE

WDC manages its debt under the fixed rate hedging parameters detailed in the table below.

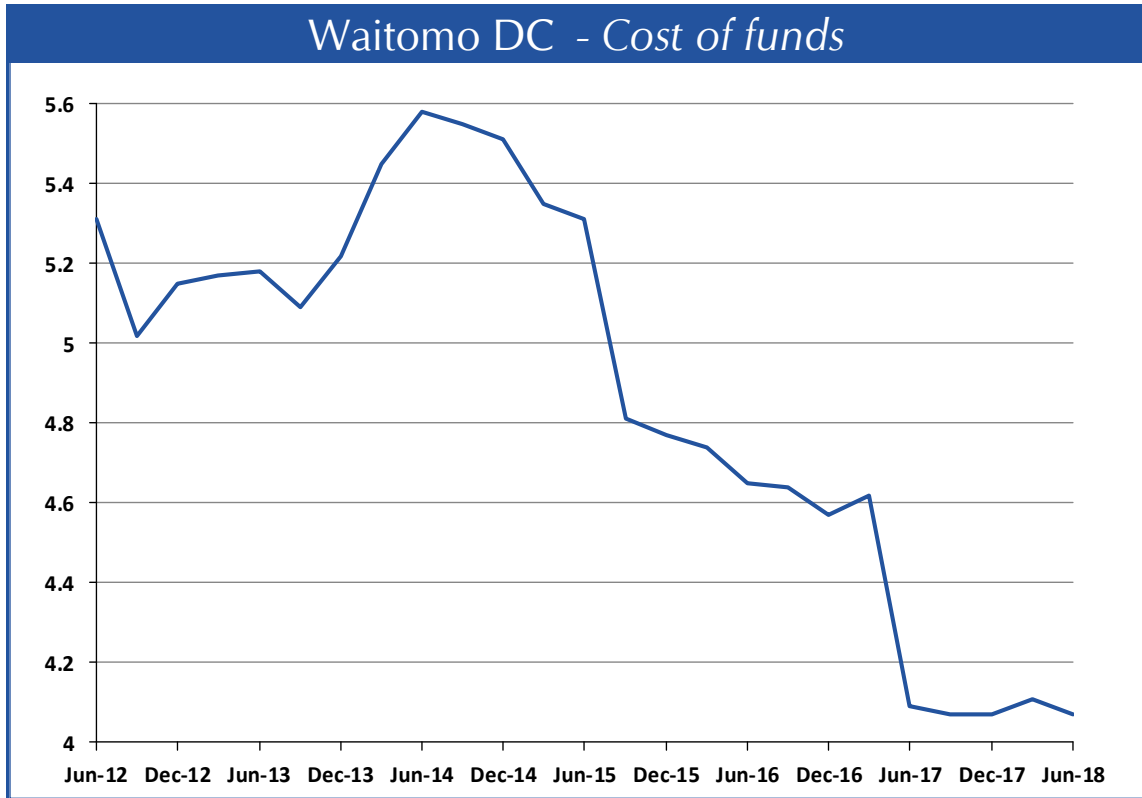
Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0–2 years	50%	100%
2–5 years	30%	80%
5–10 years	0%	50%

The debt profile incorporating these parameters, interest rate swaps and the FRB, as well as the projected debt figures as supplied by WDC, are depicted in the graph below. This indicates that, as at 30 June 2018, WDC was policy compliant.



WDC's weighted average cost of funds as at 30 June 2018, including the bank line fee, was 4.07%, a decrease of 0.04% since the end of March 2018.

WDC's cost of funds is still well below many other local authorities, many of which have a credit rating and therefore all other things being equal should have a lower cost of funds than WDC. WDC's cost of funds since June 2012 is depicted in the graph below.



2.4 POLICY COMPLIANCE AS AT 30 JUNE 2018

	Yes/No
<i>Have all transactions been entered into compliance with policy?</i>	√
<i>Are the fixed rate hedging percentages within policy control limits?</i>	√
<i>Is WDC maintaining liquidity within policy control limits?</i>	√
<i>Are all counterparty exposures within policy control limits?</i>	√
<i>Is WDC compliant with the financial covenants contained in the LMP</i>	√

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Document No: A404061

Report To: **Audit and Risk Committee**



Meeting Date: 21 August 2018

Subject: **Progress Report: Development of Risk Management Framework**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to provide an update on the development of the Risk Management framework.

Background

- 2.1 The establishment of a formal risk management regime and framework is the key component to enable an appropriate oversight mechanism both at the operational and governance level.
- 2.2 Waitomo District Council (WDC) has good practices in place to monitor and mitigate these risks generally, however, formally assessing organisational risk maturity and putting processes in place that ensure upward movement on the maturity scale is important from the accountability perspective and would also provide assurance that key risks have been identified and are being managed.
- 2.3 WDC joined up with a WLASS joint agreement with KPMG for the provision of internal audit and risk assurance services (to be taken up as when Council's required it).

Commentary

- 3.1 The key areas of risk for Councils, broadly, fall under the following categories-
- **Financial Management** – examples: fraud detection, procurement processes, over/under expenditure and the like
 - **Personnel Risks** – examples: Health and Safety, key personnel, managing performance
 - **Asset Management** – examples: timely renewals and upgrades, optimal maintenance regime
 - **Information Management** – examples: business continuity practices, security of information, storage and retrieval
 - **Legislative and Regulatory Compliance** – examples: LGA 2002, Drinking Water Standards, Building Act.

- 3.2 Although processes exist to monitor and manage operational key risks, which are reported at management and governance levels, that effort does not constitute a robust risk management arrangement.
- 3.3 The development of this work stream component had to be parked due to organisational capacity and resource constraints resulting from the 2018-28 Long Term Plan (2018 LTP) development process.
- 3.4 With the 2018 LTP complete, attention has been turned back on to risk management and development of an overarching framework.
- 3.5 The scope of work will involve:
- Agree key risk identification and prioritisation methodology
 - Identify key risks within the organisation (based on agreed methodology)
 - Develop/ identify/ document processes for measuring and managing these risks
 - Develop a programme of reporting – both at management level and governance level
 - Develop a roadmap for developing WDC's risk maturity
- 3.6 In the last six months we have developed an internal capacity with adequate competency to carry out this work. This would be preferable to taking up the LASS offering as there have been considerable over deployments in that resource leading to delays in delivery (anecdotally).
- 3.7 It is intended to present further details including timeframes at the next meeting once the initial assessment has been completed and a programme of work developed.


Suggested Resolution

The Progress Report: Risk Management Framework be received.



VIBHUTI CHOPRA
GROUP MANAGER CORPORATE SERVICES

15 August 2018

Document No: A404006	
Report To: Audit and Risk Committee	
 <p>Waitomo District Council</p>	Meeting Date: 21 August 2018
	Subject: Progress Report: WDC Resource Consent – Compliance Monitoring
	Type: Information Only

1.0 Purpose of Report

- 1.1 The purpose of this business paper is to brief Council on compliance reporting against Resource Consent conditions.

2.0 Local Government Act S.11A Considerations

- 2.1 Section 11A of the LGA reads as follows:

11A Core services to be considered in performing role

In performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities:

- (a) *network infrastructure;*
- (b) *public transport services;*
- (c) *solid waste collection and disposal;*
- (d) *the avoidance or mitigation of natural hazards;*
- (e) *libraries, museums, reserves, and other recreational facilities and community amenities.*

- 2.2 Compliance and monitoring against Resource Consent conditions is consistent with Section 11A of the Local Government Act 2002.

3.0 Risk Considerations

- 3.1 This is a progress report only, and as such no risks have been identified in regards to the information contained in this business paper.

4.0 Commentary

- 4.1 WDC is required to report on Resource Consent compliance to the Waikato Regional Council (WRC) in accordance with the conditions that regulate the various Resource Consents held by WDC.
- 4.2 The following tables set out details of the compliance reporting requirements for WDC's Resource Consents.

RESOURCE CONSENT	REPORT DUE
Monthly	
No. 112639 - Te Kuiti Wastewater Treatment Plant Conditions 7 to 19 (Discharge) Condition 30 (Reasonable Mixing)	Monthly
No. 116844 - Benneydale Water Treatment Plant Condition 9 (Surface Water Take)	Monthly
No. 117290 - Piopio Wastewater Treatment Plant Condition 26 (Discharge)	Monthly
Quarterly	
No. 101753 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 11 TEKLR 20	February, May, August, November
No. 124718 - Rangitoto Quarry Landfill, William Street, Te Kuiti Conditions 7 and 14 (SW2) TEKLR 32	February, May, August, November
Six Monthly	
No. 133317 - Te Kuiti Water Treatment Plant Condition 11 (Water Take)	January/July
No. 118813 - Benneydale Wastewater Treatment Plant Condition 16 to 23	January/July
No. 120048 - Te Kuiti Wastewater Treatment Plant Condition 6 (Groundwater b1 to b7)	February and August <i>(also include in Annual Report 30th September)</i>
No. 117945 - Benneydale Water Treatment Plant (Backwash)	April/October
No. 124718 - Te Kuiti Landfill (William Street) Condition 6 and 14 DH2/3/4/7 (Oct to March, April to Nov)	April/October
No. 107477 - Piopio Water Treatment Plant Conditions 6 and 9 (Water Take) (Nov-April, May-Oct)	May/November
No. 107478 - Piopio Water Treatment Plant (Backwash) (Nov-April, May-Oct)	May/November
No. 101753 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 10 TEKLR10 (*)	May/October

RESOURCE CONSENT	REPORT DUE
Annually	
No. 118813 - Benneydale Wastewater Treatment Plant Condition 26 (Discharge to Land and Water)	31st March
No. 124718 - William Street, Te Kuiti Conditions 7 & 14 (SW1,SW2, SW3, SW4, SW5)	April or May
No. 120340 - Mokau Closed Landfill Condition 3, 6 & 10	May
No. 113038 - Te Kuiti Water Treatment Plant Conditions 1 & 2 (Ground Water Take)	1st of May
No. 105054/55/56/57/58/59/60 - Waitomo Stormwater Schedule A (22) Conditions 4,5 & 6	31st May
No. 105054 - Te Kuiti Stormwater Condition 6	31st May
No. 116274 - Benneydale Water Treatment Plant Conditions 2, 3, 4 & 7 (Groundwater Take)	1st of June
No. 113544 - Mokau Water Treatment Plant (Water Take)	July
No. 113545 - Mokau Water Treatment Plant (Backwash)	July
No. 101753, 101754 and 124718 - Rangitoto Quarry Landfill, William Street, Te Kuiti Annual Report Condition Schedule 1(5) and 13	1st August
No. 101753, 101754 - Rangitoto Quarry Landfill, William Street, Te Kuiti Annual Report Consents Schedule 1 (6) <i>Independent Peer Reviewer</i>	1st September
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 20 (Discharge)	September 30th
No. 103287, 103288 and 103289 - Te Kuiti Walker Road - Closed Landfill Discharge to Land, Air and Divert (Nov, Jun)	November <i>(within two months of sampling)</i>
No. 103193 - Benneydale Closed Landfill SH30 Conditions 2, 3 and 5	November <i>(within two months of sampling)</i>
No. 103194 - Conditions 2 and 3	

RESOURCE CONSENT	REPORT DUE
No. 103196 - Piopio Closed Landfill Condition 2, 3 and 4	November <i>(within two months of sampling)</i>
No. 103198 - Aria Closed Landfill Conditions 2 and 4	November <i>(within two months of sampling)</i>
Biennial	
No. 120048 - Te Kuiti Wastewater Treatment Plant Condition 7 (Groundwater b1 to b7)	December 2016
No. 117290 - Piopio Wastewater Treatment Plant Condition No 7 and 9 (Discharge) (Operations and Management)	September 2014, 2016, 2018, etc.
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 24	June 2015 <i>(and every two years after)</i>
No. 118813 - Benneydale Wastewater Treatment Plant Condition 27 (Management Plan Review)	from 2010 every two years
Other	
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 28 (after 3 years Fish Passage/Migration Barrier Assessment)	Monday, 18 December 2017
No. 133317 - Te Kuiti Water Treatment Plant Condition 10 (Telemeter)	1st July 2018

4.3 The following Resource Consent Compliance Reports have been made to WRC:

1. RC 117290 – Piopio Wastewater Treatment Plant, Exceedance Report – May 2018 (Doc A393039).
 - During routine maintenance some of the UV sleeves and lamps were accidentally damaged, leaving the UV system temporarily out of service. The damaged parts were replaced with new parts the same week as the damage occurred.
2. RC 117945– Benneydale Water Treatment Plant Backwash discharge, October 2017 to March 2018 (Doc A393317).
 - Full Compliance achieved.
3. RC 101753 – Te Kuiti Landfill: Leachate monitoring, January 2018 to April 2018 (Doc A393583).
 - Full compliance achieved.
4. RC 105054 – Mangaokewa Stream non-routine contaminant from stormwater system, May 2018.
 - Run off entering the storm water reticulation and discharge of contaminants into the Mangaokewa Stream. A contractor was sent to site to assist in sucking up the water to minimise entry into the storm water drain.
5. RC 124718 – Te Kuiti landfill, Leachate monitoring in Groundwater- November 2017 to April 2018.
 - Full compliance achieved.
6. RC 112639 – Te Kuiti Wastewater Treatment Plant (TKWWTP) discharge, April 2018.
 - Full compliance achieved.
7. RC 101753 – Te Kuiti landfill – leachate monitoring, November 2017 to April 2018.
 - Full Compliance achieved.
8. RC 107477 – Piopio Water Treatment Plant – surface water take, November 2017 to April 2018.
 - Partial compliance achieved.
 - There was one exceedance of the 450m³ water take limit during the reporting period on the 28th December 2017.
 - A level sensor malfunctioned in the main reservoir as a consequence of a power failure. The level sensor reading froze at the moment of the power

outage, sending that level reading constantly, and therefore the Plant kept producing water. The malfunction was fixed as soon as it was noticed.

9. RC 107478 – Piopio Water Treatment Plant- backwash discharge to water, November 2017 to April 2018.
 - Partial compliance achieved.
 - There were two exceedances during December 2017 at 0.092 mg/l, and January 2018 at 0.083 mg/l. This was probably due to an increase in the water take during the month of December 2017, which resulted in an increase in the volume of backwash discharge.
10. RC 116274 – Benneydale Water Supply, Groundwater take June 2017 to May 2018 (Doc A396482).
 - Partial compliance achieved.
 - Daily water take limit on the 8 April 2018 - 182m³.
11. RC 117290 - Piopio Wastewater Treatment Plant, April to May 2018 (Doc A397614).
 - Partial compliance achieved
 - During routine maintenance, some of the UV sleeves and lamps were accidentally damaged, leaving the UV system temporarily out of service. The damaged parts were replaced with new parts the same week as the damage occurred.
12. RC 124718 – Te Kuiti Landfill, Leachate monitoring Annual report 2017/2018 (Doc A396574).
 - Partial compliance
 - There was no exceedances in sampling point SW1 during the current reporting period. There were exceedances to the WRC trigger limits within the parameters; total ammoniacal nitrogen and chloride in sampling locations SW2 and SW3, while sampling point SW5 exceeded chloride trigger limits during the current reporting period. Further samples will be taken for total ammoniacal nitrogen and chloride at sampling sites SW2, SW3 and SW5 in order to confirm if these exceedances are a consistent or a temporary trend, and to take the corresponding remedial actions if necessary.
13. RC 112639 – Te Kuiti Wastewater Treatment Plant Discharge, May 2018 (Doc A397021).
 - Full compliance achieved.

- 14.** RC 118813 – Benneydale Wastewater Treatment Plant Discharge, January to December 2017 (Doc A398161).

 - Partial compliance achieved
 - There were several exceedances to Condition 7 during this assessment period particularly during September 2017. The inflow (Outflow) was over 85 m³ in 14 occasions. The exceedances were probably due to constant high rainfall, which reached approximately 270 mm during September 2017.
 - Most quality parameters remain below trigger levels, remedial actions were successfully applied, after de-sludging the wetland values of Suspended Solids returned to below trigger levels.

- 15.** RC 112639 – Te Kuiti Wastewater Treatment Plant Discharge, June 2018 (Doc A399403).

 - Full compliance achieved.

- 16.** RC 116844 – Benneydale Water Supply, Surface water take, June 2018 (Doc A398932).

 - Full compliance achieved.

- 17.** RC 113544 – Mokau Water Treatment Plant, Surface water take, July 2017 to June 2018 (Doc A399990).

 - Full compliance achieved.

- 18.** RC 118813 – Benneydale Wastewater Treatment Plant Discharge, January 2018 to June 2018 (Doc A400005).

 - Partial compliance achieved.
 - The inflow (Outflow) was over 85 m³ in several occasions, particularly during May 2018, this was probably due to a constant high rainfall during this assessment period, reaching 210 mm during May 2018.

- 19.** RC 116844 – Benneydale Water Supply, Surface water take, June 2018 (Doc A396985).

 - Full compliance achieved.

- 20.** RC 105054/55/56/57/58/59/60 – Waitomo District Comprehensive Stormwater Discharge, June 2017 to May 2018.

 - Full compliance achieved.

21. RC 101753 – Te Kuiti Landfill, Leachate monitoring – Ring drain (Doc A402252).
- Partial compliance.
 - The results from the sampling monitoring of SW2, SW3, SW4 and SW5 revealed that the exceedances observed in the ring drain may be affecting the final composition of the stormwater leaving the Landfill, and therefore discharging into the Mangaokewa Stream. As an immediate remedial action, A clean-up of the Ponds was made in order to enhance the pre-treatment of the stormwater. Further sampling and monitoring will be performed.
22. RC 124718 – Te Kuiti Landfill Discharge to land – SW2 (Doc A402800)
- Partial Compliance.
 - The ring drain is showing possible leachate contamination carrying over to the stormwater system. Further sampling and monitoring will be performed.

Suggested Resolution

The Progress Report: Resource Consent – Compliance Monitoring be received.



KOBUS DU TOIT
GROUP MANAGER – ASSETS

Document No: A402465

Report To: Audit and Risk Committee



Meeting Date: 21 August 2018

Subject: Motion to Exclude the Public for the Consideration of Council Business

Purpose of Report

- 1.1 The purpose of this business paper is to enable the Council to consider whether or not the public should be excluded from the consideration of Council business.

Commentary

- 2.1 Section 48 of the Local Government Official Information and Meetings Act 1987 gives Council the right by resolution to exclude the public from the whole or any part of the proceedings of any meeting only on one or more of the grounds contained within that Section.

Suggested Resolutions

- 1 The public be excluded from the following part of the proceedings of this meeting.
- 2 Council agree the following staff, having relevant knowledge, remain in attendance to assist Council with its decision making: ...
- 3 The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
1. Progress Report: Health and Safety	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
2. Progress Report: Risk Management – Procurement/Contract Schedule	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6, Section 7 or Section 9 of the Official Information Act 1982 as the case may require are listed above.



MICHELLE HIGGIE
EXECUTIVE ASSISTANT