

**Document No:** A612564

## **Report To:            Audit and Risk Committee**



**Meeting Date:**        17 May 2022

**Subject:**                **Declaration of Members' Conflicts of Interest**

### **Purpose of Report**

- 1.1     The purpose of this business paper is for members to –
- 1        Declare interests that may be deemed a potential 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 Interests and Conflicts**

2.8     At the beginning of each triennial council term, elected members are requested to disclose known interests on behalf of themselves (including spouses and partners). It is up to the elected member to judge whether they have any interests to declare. Some elected members may not have any, other elected members may have many.

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 These declarations should be clear as to whether there is just an "interest" with no pecuniary benefit and no greater benefit than to any member of the public, or they may be a Council appointed representative to an organization, or whether there is a "conflict of interest" in that there could potentially be a pecuniary or other direct benefit to the elected member.
- 2.11 Members who have declared a "conflict of interest" at the commencement of a meeting should make a further declaration when that item of business is considered and leave the meeting table (or the meeting room) and not take part in any discussion, debate or voting on the matter of conflict.
- 2.12 Attached to and forming part of this business paper is information to assist elected members in determining conflicts of interest.

## Declarations

The Chairperson will invite Committee 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 Committee member must provide the following information relating to the Declaration:

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

<b>Elected Member Name:</b>		
<b>Item(s) of Business on the Order Paper</b>	<b>Reason for Declaration</b>	<b>Type of Conflict</b> Financial Non-Financial Conflict of Roles Pre-Determination
Item No -	•	•



MICHELLE HIGGIE  
**MANAGER – GOVERNANCE SUPPORT**

## Local Authority (Members' Interests) Act 1968

- 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 2018

4.1 The following are extracts from WDC's Procurement Policy:

WDC's procurement activities will be conducted in line with the core Procurement Principles and a decision framework that ensures:

- **Adherence** – all procurement is required and is undertaken in accordance with the Procurement Policy and all other associated WDC Policies and Strategies;
- **Openness** - all procurement is made in an open and transparent manner with full and fair opportunity for all eligible suppliers;
- **Fairness** - all procurement is carried out in a fair manner and decisions are made with impartiality and without bias;
- **Integrity** - all WDC employees and/or authorises third parties undertaking procurement do so ethically, equitably and with behavioural standards of the highest levels;
- **Value for Money** – all procurement considers the costs and benefits over the life of the goods, services and/or works, and in doing so takes into consideration local procurement;
- **Risk** – all procurement considers the risks (commercial and otherwise) and ensures these are managed appropriately;
- **Lawfulness** - all procurement is within the law and meets WDC's legal and organisational obligations;
- **Accountability** - employees and/or authorised third parties and suppliers are accountable for their performance; and
- **Sustainability** - all procurement is environmental and socially sustainable wherever possible, having regard to economic, environmental, and social impacts over their lifecycle.

### **Conflict of Interest and Declarations Policy 2018**

WDC is required to identify, disclose, document and manage employees' conflicts of interest, and to ensure that decisions made on behalf of WDC and the community are fair and free of bias or perceived bias.

Note: the words "decision" and "decisions" should be taken to include recommendations and advice:

- (a) that might significantly influence decisions that will be made by other people; or
- (b) on development of strategies and policies that will guide future WDC decision making on service provision, purchasing, contracting or staff employment.

WDC recognises that the professional and personal interests of employees mean that conflicts of interest sometimes cannot be avoided, and can arise without necessarily establishing a fault. Conflict need not cause difficulties, and can be managed so that the best interests of WDC and its ratepayers, residents or customers are served.

### **DEFINITION OF CONFLICT OF INTEREST**

A **conflict of interest** exists when an employee could be influenced or could be perceived as being influenced by a personal or private interest in **any transaction** while performing their WDC duties and/or responsibilities. A personal or private interest is an interest that may bring benefit to an employee as an individual, or to others associated with the employee i.e. spouse or family member, to whom the employee may later benefit.

A **transaction** includes, but is not limited to:

- (a) the exercise or performance of a function, duty, or power of WDC; or
- (b) an arrangement, agreement, or contract to which WDC is a party; or
- (c) a proposal that WDC enter into an arrangement, agreement, or contract; or
- (d) development of a strategy or policy that will guide future decision making on service provision, purchasing, contracting or staff employment; or
- (e) the consideration of or decision made by or at a meeting of Council or its committees and subcommittees.

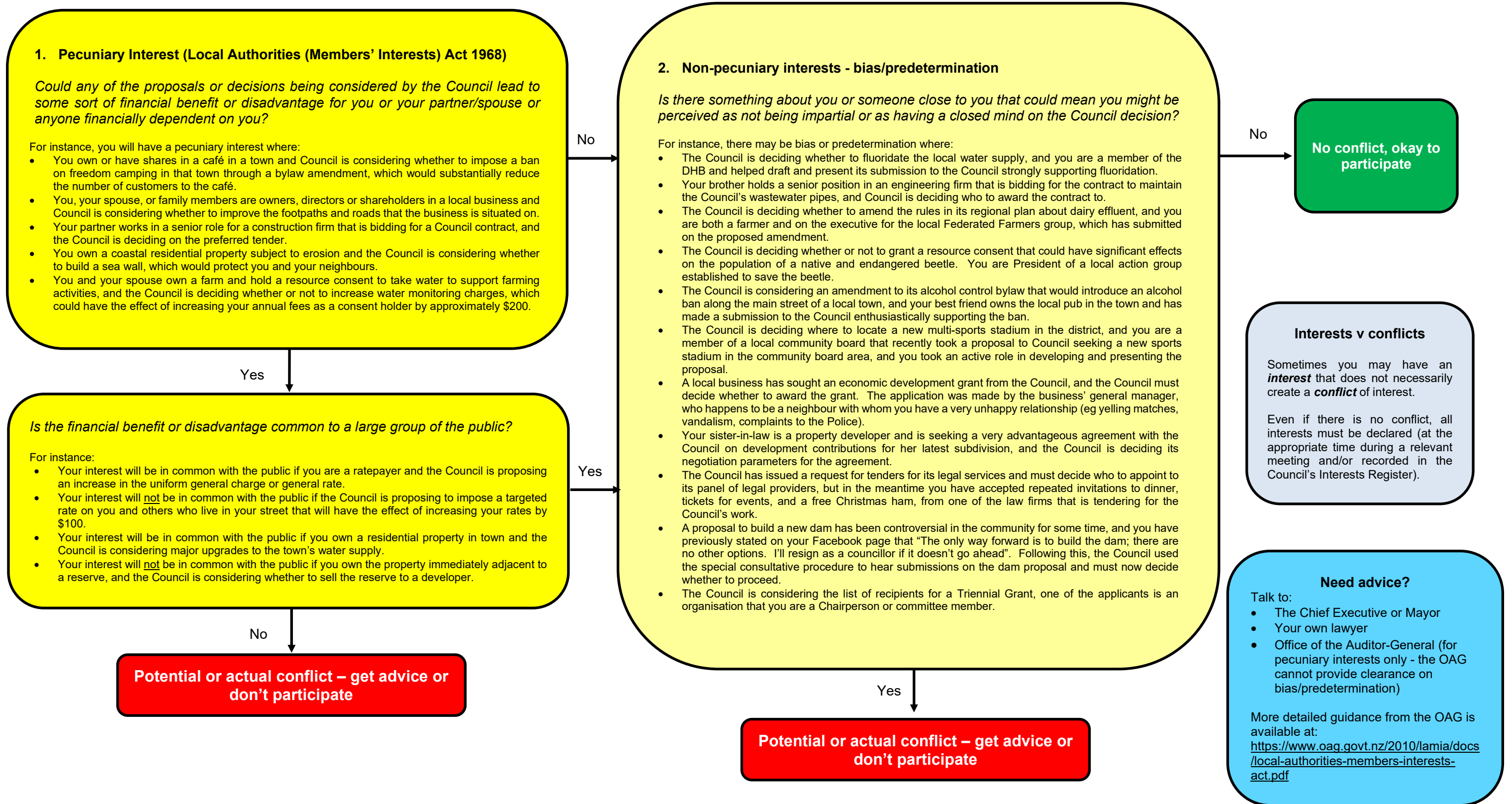
A Conflict of Interest may exist where the employee:

- will or may derive a benefit from the transaction – a financial, professional or personal benefit;
- has a financial interest in another party to a transaction;
- is a director, shareholder, officer or trustee of another party to the transaction, or is a person who will or may derive a financial benefit from the transaction;
- has an interest in another party tendering for work which WDC is considering; or
- is the partner, parent, child, spouse, sibling, or close friend of another party to the transaction, or a person who will or may derive a benefit from the transaction; or
- is an affected member or interested party in a proposal considered by Council.

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!

# Managing conflicts of interest

A conflict of interest is a situation where the responsibilities you have in your work for a public organisation are affected by an interest or relationship you have in your private life.

Having a conflict of interest does not necessarily mean you have done anything wrong. It all depends on how you manage it.

You need to ask yourself not just whether the interest or relationship means you are biased, but also whether someone looking in from the outside could have reasonable grounds to think you might be.

The "rules" for managing conflicts of interest in the public sector are generally stricter than in the private sector. If you work for a public organisation, the public needs to have confidence that any decisions you make:

- are made impartially and for the right reasons; and
- are not influenced by personal interests or ulterior motives.

Any decisions about conflicts of interest should take into account the core public service values:

- integrity;
- impartiality
- trustworthiness;
- respect; and
- responsiveness.



## Tips for managing conflicts

- Make sure you know what rules apply to you, whether in your employment contract, contract for services, terms of appointment, or any internal policies of the entity you work for.
  - Declare any interests you have that might pose a conflict. This shows you are being open. It will also help the entity you work for avoid putting you in a situation where a conflict might arise, or to manage a conflict if one arises.
  - Follow any rules or guidance provided by the entity you work for when deciding how to manage a conflict.
- As a minimum, declare any conflicts you have as soon as you become aware of them, preferably in writing.
  - Think about what else you might need to do to manage the conflict. Get advice if you need to. Talk to your manager, or if you are on a board, the chairperson.
  - You need to consider ethics as well as legal rules. Just because it's not unlawful to participate, that does not necessarily mean it would be appropriate to participate.

If in doubt, stay out.



## When you have to make a decision, ask yourself:

FINANCIAL	<p>Do you stand to gain or lose financially from the decision?</p> <p>Does someone close to you – like an immediate family member – or a business you are involved with stand to gain or lose financially from the decision?</p>	<p>A situation does not need to involve cash changing hands to be considered a financial interest. A financial interest could, for example, relate to an effect on the value of property.</p> <p>A financial interest might be direct or indirect. In situations that someone close to you or a business you are involved with has a financial interest, you might be considered to share their interest.</p> <p>Financial interests are generally treated more strictly than other types of interest. If you have a financial conflict of interest, the law presumes you are biased. This is why you should automatically treat a financial conflict of interest seriously, even if it seems trivial to you.</p> <p>For some entities in the public sector, there are specific statutory requirements that apply to managing the financial conflicts of interest, which you need to be aware of.</p>
NON-FINANCIAL	<p>Is someone close to you or an organisation you are involved with likely to be affected by the decision you make?</p> <p>If so, is there a risk that you will be seen to be biased in your decision because of this relationship or association?</p>	<p>If you have a conflict of interest, but not one from which you stand to gain or lose financially, the law does not automatically assume you are biased.</p> <p>This does not necessarily mean a non-financial conflict is less serious than a financial conflict – but there is generally more room for judgement about whether it is acceptable for you to participate.</p> <p>Questions you need to think about include:</p> <ul style="list-style-type: none"> <li>- How close is your relationship with this other person or organisation?</li> <li>- Will they be directly affected by the decision?</li> <li>- How seriously will they be affected?</li> </ul>
CONFLICT OF ROLES	<p>Will a second organisation you have a role in (entity B) be affected by the decision you are making for the public organisation you work for (entity A)?</p> <p>If so:</p> <ul style="list-style-type: none"> <li>• Is there a risk that you will be seen to be acting in the interests of entity B rather than entity A?</li> <li>• If you participate in this decision, is there a risk that you might breach obligations you owe to either entity – for example, a duty of loyalty or confidentiality?</li> </ul>	<p>The issue with a conflict of roles is not so much whether you personally have a conflict, but whether the interests of the two organisations conflict.</p> <p>If you have a conflict of roles, you will need to consider whether it is appropriate for you to participate in the decision-making process "on both sides of the table". You will also need to think about whether you are going to be in a position to fulfil your obligations to both entities at the same time.</p> <p>If there is a risk that there might be conflicts at some point during the decision-making process, you should discuss your situation with both entities. This gives each an opportunity to consider the risks from their perspective and decide whether they are comfortable with you participating on both sides.</p>
PRE-DETERMINATION	<p>Is there anything you have previously done or said that might make people think you are not going to listen fairly to all the relevant information before you make your decision?</p>	<p>It is accepted that people working for public entities will have their own views on many matters, and, in many cases, might already have views on what the "right answer" to an issue is.</p> <p>You are not required to approach every decision as though you have given it no prior thought, or have no existing knowledge or opinion. However, you are required to keep an open mind, and you must be prepared to change or adjust your views if the evidence or arguments warrant it.</p> <p>That means you need to take care that what you do or say does not make it look like you have already made your decision before you have considered all the relevant information and evidence.</p>



## Where to read more

FINANCIAL	NON-FINANCIAL	CONFLICT OF ROLES	PRE-DETERMINATION
Paragraphs 3.7-3.11	Paragraphs 3.12-3.24	Paragraphs 3.25-3.31	Paragraphs 3.32-3.40
Scenarios 3, 5	Scenarios 1, 2, 3, 9, 11	Scenarios 8, 10	Scenarios 4, 7
If you are an elected member of a local council, or a member of the governing body of any other entity to which the Local Authorities (Members' Interests) Act 1968 applies, please also read our Guide on that Act.			

## WAITOMO DISTRICT COUNCIL AUDIT, RISK AND FINANCE COMMITTEE

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### MINUTES OF A MEETING OF THE WAITOMO DISTRICT COUNCIL AUDIT, RISK AND FINANCE COMMITTEE HELD VIA ZOOM ON TUESDAY 15 FEBRUARY 2022 AT 9.00AM

**PRESENT:** Independent Chairperson Bruce Robertson, Mayor John Robertson, Deputy Mayor Guy Whitaker, Councillors Phil Brodie, Allan Goddard, Lisa Marshall, Janene New and Sue Smith

**IN ATTENDANCE:** Chief Executive, Chris Ryan; Manager – Governance Support, Michelle Higgie; General Manager – Business Support, Alister Duncan; Manager – Strategy and Policy, Alex Bell; General Manager – Community Services, Helen Beever; General Manager – Infrastructure Services, Shyamal Ram and Special Projects Coordinator, Greg Boyle

#### **1. Declaration of Member Conflicts of Interest**

No declarations of conflicts of interest with items on the Agenda were declared.

#### **2. Confirmation of Minutes – 12 October 2021**

##### **Resolution**

The Minutes of the Waitomo District Council Audit, Risk and Finance Committee meeting of 12 October 2021, including the Public Excluded minutes, be confirmed as a true and correct record.

B Robertson/J New Carried

#### **3. Mastercard Expenditure Report (July – December 2021)**

The Committee considered a business paper presenting for the Committee's information and consideration, details of expenditure incurred via Waitomo District Council issued Corporate Mastercard.

The Manager – Governance Support answered Members questions.

##### **Resolution**

The Mastercard Expenditure Report for the period July to December 2021 be received.

B Robertson/P Brodie Carried

#### **4. Progress Report: Procurement Summary Schedule (July – December 2021)**

The Committee considered a business paper presenting a a summary of the procurements made in the period 1 July 2021 to 31 December 2021 in accordance with Waitomo District Council's Procurement Policy.

The Chief Executive and General Manager – Business Support expanded verbally on the business paper and answered Members' questions.



The Chair requested that the General Manager – Business Support circulate by email an update on the Audit Plan, noting the impact of COVID-19 on the procurement of other services.

## **Resolution**

The Progress Report: Procurement Summary Schedule (July 2021 to December 2021) be received.

B Robertson/P Brodie Carried

## **5. Civic Financial Services Ltd - Statement of Intent 2022**

The Committee considered a business paper presenting the Civic Financial Services Ltd Statement of Intent for the ensuing year.

The General Manager – Business Support expanded verbally on the business paper and answered Members' questions.

## **Resolution**

- 1 The business paper on Civic Financial Services Ltd Statement of Intent for the Year ended 31 December 2022 be received.
- 2 The Civic Financial Services Ltd Statement of Intent for the Year ended 31 December 2022 be received.

B Robertson/J New Carried

## **6. Impact of COVID-19 on Revaluation timeline and Progress Report: 2021 General Revaluation**

The Committee considered a business paper providing an update on the impact of COVID-19 on the Waitomo District 2021 General Revaluation.

The General Manager – Business Support expanded verbally on the business paper and answered Members' questions.

## **Resolution**

The Impact of COVID-19 on Revaluation timeline and Progress Report: 2021 General Revaluation be received.

B Robertson/A Goddard Carried

## **7. MAGIQ Software Limited – Sale to Springbrook Software**

The Committee considered a business paper informing of the sale of MAGIQ Software Limited to Springbrook Software.

The General Manager – Business Support expanded verbally on the business paper and answered Members' questions.

## **Resolution**

The business paper on MAGIQ Software Limited – Sale to Springbrook Software be received.

B Robertson/G Whitaker Carried

## **8. Draft Fraud and Corruption Policy**

The Committee considered a business paper presenting the draft Fraud and Corruption Policy for recommendation to Council for adoption.

The General Manager – Business Support expanded verbally on the business paper and answered Members' questions.

The Chief Executive reiterated that subject to the seriousness of any fraud or corruption crime, this Policy would be overruled by legislation.

The Committee noted the following for addressing in the draft Policy prior to consideration by Council –

- An overall edit for accuracy is required, including ensuring all references to "Fraud" also include "and/or Corruption" as appropriate.
- Add "Corruption" in the Definitions section.
- Amend Clause 3.3 to include in brackets after reference to the Protected Disclosures Act 2002 – "(also known as the Whistle Blowers Act)".
- Amend Clause 4.2(c) by replacing "the Chief Executive" with "the Independent Member of the Audit, Risk and Finance Committee"
- An additional clause 4.3 clarifying that in the event of suspected fraud and/or corruption involving the Chief Executive, the Mayor will assume all of the responsibilities and actions of the Chief Executive under this Policy.
- An additional clause 6.3 requiring that at the appropriate stage of any investigation, the Chief Executive will inform the Office of the Auditor General of such investigation.

### **Resolution**

- 1 The business paper on Draft Fraud and Corruption Policy be received.
- 2 The Audit, Risk and Finance Committee recommend to Council the adoption of the draft Fraud and Corruption Policy subject to editorial amendment as discussed.

B Robertson/J New Carried

## **9. Draft Policy on Community Organisations Insurance Arrangements through Council – Recommendation to Council**

The Committee considered a business paper presenting the Draft Policy on Community Organisations Insurance Arrangements through Council (Draft Policy) for consideration and, subject to amendment, recommendation to Council for adoption.

The General Manager – Business Support expanded verbally on the business paper and answered Members' questions.

### **Resolution**

- 1 The business paper on Draft Policy on Community Organisations Insurance Arrangements through Council be received.
- 2 The Audit, Risk and Finance Committee recommend to Council the adoption of the Policy on Community Organisations Insurance Arrangements through Council, subject to any amendments agreed at this meeting.

B Robertson/P Brodie Carried

## **10. Progress Report: Risk Management – Monitoring and Reporting**

The Committee considered a business paper informing of progress in respect to the implementation of the Risk Management Framework.

The General Manager – Business Support expanded verbally on the business paper and answered Members' questions.

### **Resolution**

The business paper on Progress Report: Risk Management – Monitoring and Reporting be received.

B Robertson/L Marshall Carried

## **11. Progress Report: WDC Resource Consents – Compliance Monitoring**

The Committee considered a business paper providing a brief on compliance reporting against Resource Consent conditions, due during the first quarter of 2021/22.

The General Manager – Business Support expanded verbally on the business paper and answered Members' questions.

### **Resolution**

The Progress Report, WDC Resource Consents – Compliance Monitoring, be received.

B Robertson/J New Carried

## **12. Progress Report: Health and Safety**

The Committee considered a business paper providing a brief on Waitomo District Council's health and safety performance.

The General Manager – Business Support expanded verbally on the business paper and answered Members' questions.

### **Resolution**

The Progress Report: Health and Safety be received.

B Robertson/J New Carried

## **13. Financial and Performance Delivery Report - period ended 31 December 2021**

The Committee considered a business paper providing an overall progress report on Waitomo District Council's financial and non-financial activities for the period ending 31 December 2021.

The General Manager – Business Support expanded verbally on the business paper and answered Members' questions.

### **Resolution**

The business paper on Quarterly Report for period ended 31 December 2021 be received.

B Robertson/G Whitaker Carried

There being no further business the meeting closed at 11.50am.

Dated this        day of        2021.

BRUCE ROBERTSON  
**INDEPENDENT CHAIRPERSON**

**Document No:** A612561

## **Report To: Audit, Risk and Finance Committee**



**Meeting Date:** 17 May 2022

**Subject:** **Mastercard Expenditure Report  
January 2022 – March 2022**

**Type:** Information Only

### **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 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 Mastercard Statements and actual signed Authorisation Forms 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.

## **Suggested Resolution**

The Mastercard Expenditure Report for the period January 2022 to March 2022 be received.



MICHELLE HIGGIE

**MANAGER – GOVERNANCE SUPPORT**

Attachments: (1) Mastercard Authorisation Forms: January – March 2022  
(2) Credit Card Policy (Doc A207793)



A599645

CONSOLIDATED STATEMENT

TAX INVOICE  
GST NO. 93 259 688

RECEIVED

02 FEB 2022

WAITOMO DISTRICT  
COUNCIL

27 January 2022

THE DIRECTOR  
WAITOMO DISTRICT COUNCIL  
P O BOX 404  
TE KUITI 3941

Westpac Cards Services  
53 Galway Street  
Auckland 1010  
Phone: 0800 888 111  
From overseas: +64 9 914 8026



Business Mastercard®

Account summary

Facility Number: 0030 1565 8499  
Total Cardholder Limit: \$20,000.00  
Total Cardholder Net Balance: \$0.00  
Total Interest and Fees: \$0.00

Statement period: 29/12/2021 to 27/01/2022

Consolidated summary

CARDHOLDER NAME	ACCOUNT NUMBER	LIMIT \$	BALANCE \$
Ms M D Higgle	0030 2936 5933	10,000	0.00
Mr A M Bell	0030 6627 0319	5,000	0.00
Mr B E Smit	0030 6638 4672	5,000	0.00
TOTALS		\$20,000	\$0.00

Direct Debit payment

We advise that \$0.00 will be directly charged to your account 03-0449-0070201-00 on 20 February 2022, please note this transaction for your records.

Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated.

Westpac Business Mastercard Conditions of Use and applicable fees apply. See [westpac.co.nz/business/products-services/credit-cards/business-mastercard/](http://westpac.co.nz/business/products-services/credit-cards/business-mastercard/) for details.

## CONSOLIDATED STATEMENT

TAX INVOICE  
GST NO. 93 259 688

RECEIVED

03 MAR 2022

WAITOMO DISTRICT  
COUNCIL

27 February 2022

THE DIRECTOR  
WAITOMO DISTRICT COUNCIL  
P O BOX 404  
TE KUITI 3941Westpac Cards Services  
53 Galway Street  
Auckland 1010  
Phone: 0800 888 111  
From overseas: +64 9 914 8026

## Business Mastercard®

## Account summary

Facility Number: 0030 1565 8499  
 Total Cardholder Limit: \$10,000.00  
 Total Cardholder Net Balance: \$1,610.98  
 Total Interest and Fees: \$10.00

Statement period: 30/08/2021 to 27/02/2022

## Consolidated summary

CARDHOLDER NAME	ACCOUNT NUMBER	LIMIT \$	BALANCE \$
Mr A M Duncan	0030 6052 5296	5,000	1,600.98
Mr S C Ram	0030 6674 8769	5,000	10.00
TOTALS		\$10,000	\$1,610.98

## Direct Debit payment

We advise that \$1,610.98 will be directly charged to your account 03-0449-0070201-00 on 20 March 2022, please note this transaction for your records.

Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated.

Westpac Business Mastercard Conditions of Use and applicable fees apply. See [westpac.co.nz/business/products-services/credit-cards/business-mastercard/](http://westpac.co.nz/business/products-services/credit-cards/business-mastercard/) for details.



**File 1 - Page 17**  
**Mastercard Statement Authorisation Form**

**Name:** Alister Duncan  
**Position:** General Manager – Business Support  
**Statement Date:** 27 / 02 / 22

(1) **Creditor:** Vimeo  
**Date:** 14 February 2022  
**Amount:** 1600.98 NZD (1035 USD)  
**GL Code:** 816 21 700 IT Costs  
**Expenditure:** Vimeo Premium Subscription  
*Note: Vimeo is a video hosting, sharing, and services platform.*

**I certify that:**

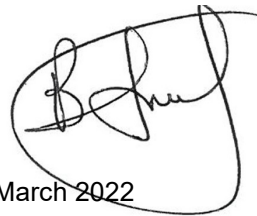
- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

**Signature of**  
**GM – Business Support**



**Date:** 18 March 2022

**Authorised by**  
**Chief Executive:**



**Date:** 21 March 2022



## CARDHOLDER STATEMENT

TAX INVOICE  
GST NO. 93 259 688

27 February 2022

Mr A M Duncan  
Waitomo District Council  
P O Box 404  
Te Kuiti 3941

Westpac Cards Services  
53 Galway Street  
Auckland 1010  
Phone: 0800 888 111  
From overseas: +64 9 914 8026



## Business Mastercard®

## Account summary

<b>Opening Balance</b>	<b>\$0.00</b>
Payments & Credits	<b>\$0.00</b>
Purchases, Cash Advances, Charges & Interest	<b>\$1,600.98</b>
<b>Closing Balance</b>	<b>\$1,600.98</b>

Card number: \*\*\*\* \* 9717  
Account number: 0030 6052 5296  
Statement period: 30/08/2021 to 27/02/2022  
Credit limit: \$5,000.00

## Transactions

DATE	REFERENCE	DETAILS	AMOUNT \$
14 Feb 22	MT220460211000010002406	Vmo*vimeo Premium 646-470-8422 Ny 1035.00 USD, Foreign Currency Fee \$39.03 NZD Included	1,600.98

Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated.

## Transactional information

Please retain copies of your receipts and proof of purchases to verify them against this statement, and retain your statement as a permanent record of transactions. If you would like to dispute a transaction, please contact us.

Westpac Business Mastercard Conditions of Use and applicable fees apply. See [westpac.co.nz/business/products-services/credit-cards/business-mastercard/](http://westpac.co.nz/business/products-services/credit-cards/business-mastercard/) for details.

**File 1 - Page 19**  
**Mastercard Statement Authorisation Form**

**Name:** Shyamal Ram  
**Position:** General Manager – Infrastructure Services  
**Statement Date:** 27 / 02 / 22

(1) **Creditor:** Westpac  
**Date:** 27 February 2022  
**Amount:** \$10.00  
**GL Code:** 811 18 705  
**Expenditure:** Westpac Courier Charge for delivery of Mastercard

*No Invoice or Receipt provided*

**I certify that:**

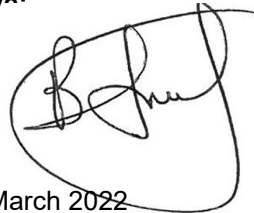
- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

**Signature of**  
**GM – Infrastructure Services**



**Date:** 18 March 2022

**Authorised by**  
**Chief Executive**



**Date:** 21 March 2022



## CARDHOLDER STATEMENT

TAX INVOICE  
GST NO. 93 259 688

27 February 2022

Mr S C Ram  
Waitomo District Council  
PO Box 404  
Te Kuiti 3941

Westpac Cards Services  
53 Galway Street  
Auckland 1010  
Phone: 0800 888 111  
From overseas: +64 9 914 8026



## Business Mastercard®

## Account summary

<b>Opening Balance</b>	<b>\$0.00</b>
Payments & Credits	\$0.00
Purchases, Cash Advances, Charges & Interest	\$10.00
<b>Closing Balance</b>	<b>\$10.00</b>

Card number: \*\*\*\* \* 4448  
Account number: 0030 6674 8769  
Statement period: 30/08/2021 to 27/02/2022  
Credit limit: \$5,000.00

## Transactions

DATE	REFERENCE	DETAILS	AMOUNT \$
27 Feb 22	09999999980222000680018	Courier Fee - Domestic	10.00

Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated.

## Transactional information

Please retain copies of your receipts and proof of purchases to verify them against this statement, and retain your statement as a permanent record of transactions. If you would like to dispute a transaction, please contact us.

Westpac Business Mastercard Conditions of Use and applicable fees apply. See [westpac.co.nz/business/products-services/credit-cards/business-mastercard/](http://westpac.co.nz/business/products-services/credit-cards/business-mastercard/) for details.



# CONSOLIDATED STATEMENT

TAX INVOICE  
GST NO. 93 259 688

27 March 2022

THE DIRECTOR  
WAITOMO DISTRICT COUNCIL  
P O BOX 404  
TE KUITI 3941

Westpac Cards Services  
53 Galway Street  
Auckland 1010  
Phone: 0800 888 111  
From overseas: +64 9 914 8026



## Business Mastercard®

### Account summary

Facility Number: **0030 1565 8499**  
Total Cardholder Limit: **\$25,000.00**  
Total Cardholder Net Balance: **\$4,510.24**  
Total Interest and Fees: **\$0.00**

Statement period: **28/01/2022 to 27/03/2022**

### Consolidated summary

CARDHOLDER NAME	ACCOUNT NUMBER	LIMIT \$	BALANCE \$
Ms M D Higgle	0030 2936 5933	10,000	3,092.41
Mr A M Duncan	0030 6052 5296	5,000	0.00
Mr B E Smit	0030 6638 4672	5,000	1,417.83
Mr S C Ram	0030 6674 8769	5,000	0.00
TOTALS		<b>\$25,000</b>	<b>\$4,510.24</b>

### Direct Debit payment




We advise that \$4,510.24 will be directly charged to your account 03-0449-0070201-00 on 20 April 2022, please note this transaction for your records.

Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated.

Westpac Business Mastercard Conditions of Use and applicable fees apply. See [westpac.co.nz/business/products-services/credit-cards/business-mastercard/](http://westpac.co.nz/business/products-services/credit-cards/business-mastercard/) for details.

# File 1 - Page 22

## Mastercard Statement Authorisation Form

<b>Name:</b>	<b>Michelle Higgie</b>	
<b>Position:</b>	<b>Manager – Governance Support</b>	
<b>Statement Date:</b>	<b>28 / 01 / 22</b>	
<b>(1) Creditor:</b>	Waka Kotahi NZ Transport Agency	
<b>Date:</b>	25 February 2022	
<b>Amount:</b>	\$764.80	
<b>GL Code:</b>	820 27 765	
<b>Expenditure:</b>	10,000km of Road User Charges for WDC Fleet Vehicle (Rego KBU338)	
<b>(2) Creditor:</b>	Te Kuiti Bakery	
<b>Date:</b>	10 March 2022	
<b>Amount:</b>	\$33.21	
<b>GL Code:</b>	811 20 700	
<b>Expenditure:</b>	Council Workshop Lunch (Mayor, Deputy Mayor and Councillors Brodie, Goddard and Smith)	
<b>(3) Creditor:</b>	Waka Kotahi NZ Transport Agency	
<b>Date:</b>	18 March 2022	
<b>Amount:</b>	\$764.80	
<b>GL Code:</b>	820 27 72	
<b>Expenditure:</b>	10,000km of Road User Charges for WDC Fleet Vehicle (Rego NHZ59)	
<b>(4) Creditor:</b>	Waka Kotahi NZ Transport Agency	
<b>Date:</b>	18 March 2022	
<b>Amount:</b>	\$764.80	
<b>GL Code:</b>	820 27 742	
<b>Expenditure:</b>	10,000km of Road User Charges for WDC Fleet Vehicle (Rego LHC172)	
<b>(5) Creditor:</b>	Waka Kotahi NZ Transport Agency	
<b>Date:</b>	18 March 2022	
<b>Amount:</b>	\$764.80	
<b>GL Code:</b>	820 27 748	
<b>Expenditure:</b>	10,000km of Road User Charges for WDC Fleet Vehicle (Rego LPS822)	
<b>I certify that:</b>		
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:		
<b>Signature of Manager – Governance Support</b>	<b>Authorised by Chief Executive:</b>	<b>Authorised by Mayor:</b>
		
<b>Date:</b> 12 April 2022	<b>Date:</b> 13 April 2022	<b>Date:</b> 13 April 2022



## CARDHOLDER STATEMENT

TAX INVOICE  
GST NO. 93 259 688

27 March 2022

Ms M D Higgle  
Waitomo District Council  
P O Box 404  
Te Kuiti 3941

Westpac Cards Services  
53 Galway Street  
Auckland 1010  
Phone: 0800 888 111  
From overseas: +64 9 914 8026



## Business Mastercard®

## Account summary

<b>Opening Balance</b>	<b>\$0.00</b>
Payments & Credits	\$0.00
Purchases, Cash Advances, Charges & Interest	\$3,092.41
<b>Closing Balance</b>	<b>\$3,092.41</b>

Card number: \*\*\*\* \* 9264  
Account number: 0030 2936 5933  
Statement period: 28/01/2022 to 27/03/2022  
Credit limit: \$10,000.00

## Transactions

DATE	REFERENCE	DETAILS	AMOUNT \$
25 Feb 22	MT220570121000010562568	NZ Transport Agency Palmerston No NZL	764.80
10 Mar 22	MT220700221000010312136	Te Kuiti Bakery Te Kuiti NZL	33.21
18 Mar 22	MT220780121000010523278	NZ Transport Agency Palmerston No NZL	2,294.40

Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated.

## Transactional information

Please retain copies of your receipts and proof of purchases to verify them against this statement, and retain your statement as a permanent record of transactions. If you would like to dispute a transaction, please contact us.

Westpac Business Mastercard Conditions of Use and applicable fees apply. See [westpac.co.nz/business/products-services/credit-cards/business-mastercard/](http://westpac.co.nz/business/products-services/credit-cards/business-mastercard/) for details.




**File 1 - Page 24**  
**Mastercard Statement Authorisation Form**

<b>Name:</b>	<b>Ben Smit</b>
<b>Position:</b>	<b>Chief Executive</b>
<b>Statement Date:</b>	<b>28 / 01 / 22</b>

<b>(1) Creditor:</b>	<b>Kahoot!</b>
<b>Date:</b>	<b>18 March 2022</b>
<b>Amount:</b>	<b>\$936.00 (US Dollars) \$1,417.83 NZ Dollars</b>
<b>GL Code:</b>	<b>816 21 700</b>
<b>Expenditure:</b>	<b>Annual Subscription - Kahoot! 360 Pro for Microsoft Teams</b>

**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:

<b>Signature of Chief Executive:</b>  <b>Date: 13 April 2022</b>	<b>Authorised by Mayor:</b>  <b>Date: 13 April 2022</b>	<b>Signature of Manager – Governance Support</b>  <b>Date: 12 April 2022</b>
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## CARDHOLDER STATEMENT

TAX INVOICE  
GST NO. 93 259 688

27 March 2022

Mr B E Smit  
Waitomo District Council  
PO Box 404  
Te Kuiti 3941

Westpac Cards Services  
53 Galway Street  
Auckland 1010  
Phone: 0800 888 111  
From overseas: +64 9 914 8026



## Business Mastercard®

## Account summary

<b>Opening Balance</b>	<b>\$0.00</b>
Payments & Credits	\$0.00
Purchases, Cash Advances, Charges & Interest	<b>\$1,417.83</b>
<b>Closing Balance</b>	<b>\$1,417.83</b>

Card number: \*\*\*\* \* 2942  
Account number: 0030 6638 4672  
Statement period: 28/01/2022 to 27/03/2022  
Credit limit: \$5,000.00

## Transactions

DATE	REFERENCE	DETAILS	AMOUNT \$
17 Mar 22	MT220780120000010042356	Kahoot! Asa Oslo Dub 936.00 USD, Foreign Currency Fee \$34.57 NZD Included	1,417.83

Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated.

## Transactional information

Please retain copies of your receipts and proof of purchases to verify them against this statement, and retain your statement as a permanent record of transactions. If you would like to dispute a transaction, please contact us.

Westpac Business Mastercard Conditions of Use and applicable fees apply. See [westpac.co.nz/business/products-services/credit-cards/business-mastercard/](https://westpac.co.nz/business/products-services/credit-cards/business-mastercard/) for details.



# **Credit Card Policy**

## Contents

1.0	POLICY BACKGROUND.....	1
2.0	ELIGIBILITY FOR CREDIT CARDS .....	1
3.0	ISSUANCE OF ADDITIONAL CARDS .....	1
4.0	MAINTENANCE AND REVIEW OF CARD HOLDER LIST .....	1
5.0	PROCEDURE FOR ISSUING CARDS.....	1
6.0	VALID EXPENDITURE .....	1
7.0	LIABILITY FOR INAPPROPRIATE EXPENDITURE .....	2
8.0	PROCEDURE WHEN MORE THAN ONE CARDHOLDER IS PRESENT .....	2
9.0	DOCUMENTATION TO ACCOMPANY MONTHLY STATEMENTS.....	2
10.0	MONITORING .....	3
11.0	APPROVAL OF EXPENDITURE .....	3
12.0	CARD LIMITS.....	3
13.0	PROCEDURE FOR THE SURRENDER OF CARDS .....	4
14.0	LOST OR STOLEN CARDS .....	4
15.0	BREACH OF POLICY .....	4
16.0	POLICY REVIEW .....	4
17.0	STAFF CONTACT .....	4
18.0	POLICY REVIEW DATE.....	4

## **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 Manager – Governance Support
- 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#A207787) 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 General Manager – Business Support.

## **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'.
- 10.2 Credit card use is also monitored by the Audit, Risk and Finance Committee.

## 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 Manager - Governance Support.
  - 3 The Mayor's statements must be approved jointly by the Manager - Governance Support and Chief Executive.
  - 4 The Manager - Governance Support'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 Manager - Governance Support 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 Manager - Governance Support 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 Manager - Governance Support'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 Manager - Governance Support'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 Manager - Governance Support
Chief Executive	Mayor (or Deputy Mayor in the Mayor's absence) and Manager - Governance Support
Manager - Governance Support	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
  - Manager - Governance Support to CE \$10,000

## 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 General Manager – Business Support 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: August 2022 (2 years)

Policy Approved:



**Chris Ryan**  
Chief Executive

Date: 6 August 2020

Document No: A578296

## Report To: **Audit, Risk and Finance Committee**



Meeting Date: **17 May 2022**

Subject: **Cyber Security – Quarterly Status Report**

### Purpose of Report

- 1.1 The purpose of this business paper is to update the Committee on the Cyber Security work plan through the Cyber Security Quarterly Status Report.

### Background

- 2.1 Cyber Security is recognized as an area of ongoing risk for all businesses and organisations. It will require WDC to continually invest effort and funding to minimize the likelihood of cyber security events and its impact on our services.
- 2.2 **SAM for Compliance ALGIM Framework**
- 2.3 Association of Local Government Information Management (ALGIM) in conjunction with SAM for Compliance Ltd (SAM) has developed the ALGIM Cybersecurity Framework, with requirements largely derived from the CIS Critical Security Controls and National Institute of Standards and Technology (NIST) as a base standard for establishing the level of information systems operational risk.
- 2.4 A continuous work programme will identify the initiatives that will improve our overall score against the self-assessment and management system for standards compliance, SAM for Compliance ALGIM framework.
- 2.5 SAM conducted initial risk assessment for Waitomo District Council in January 2020, as part of the initial deployment of the ALGIM Cybersecurity Framework. Members of the Information Services team were interviewed with regard to the technologies, systems, processes and controls associated with the management and use of computer systems and information within Council.
- 2.6 WDC scored 41.90% against the SAM compliance benchmark, indicating the need to consider and develop a robust fit for purpose cyber security plan. The result has confirmed the view held by the Information Services Team and the results were not unexpected. The report provided focus areas that needed to be addressed.
- 2.7 WDC adopted the cyber security framework called SAM - Local Government (ALGIM Local Government Cybersecurity Programme).

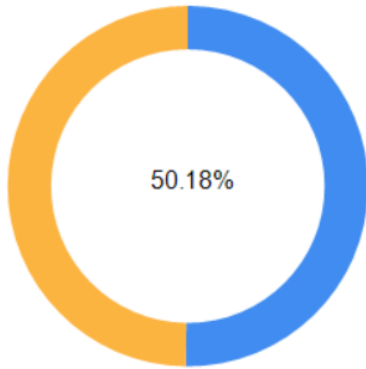
### Commentary

- 3.1 Since the initial assessment was completed in January 2020 high priority tasks have been implemented or completed to improve WDC's cyber security profile. WDC's score has improved to 50.18% against the framework, which is 10% increase from initial assessment. Below figures show the comparison against ALGIM and Waikato Region.

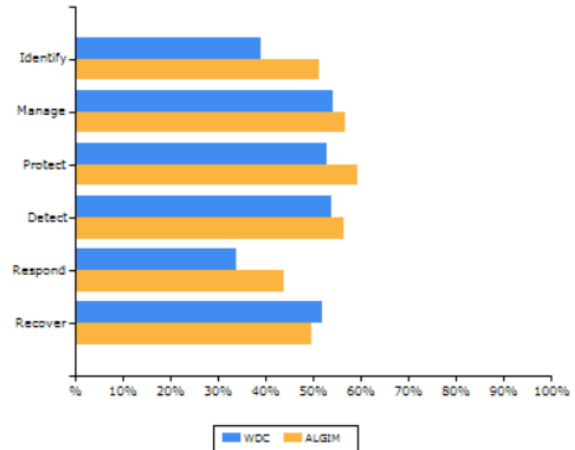


Benchmark Group Selected:

**ALGIM Local Government Programme Compliance Status**

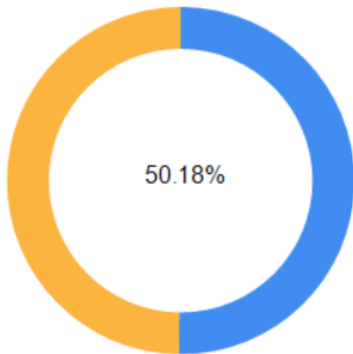


**Function Benchmark Comparison**

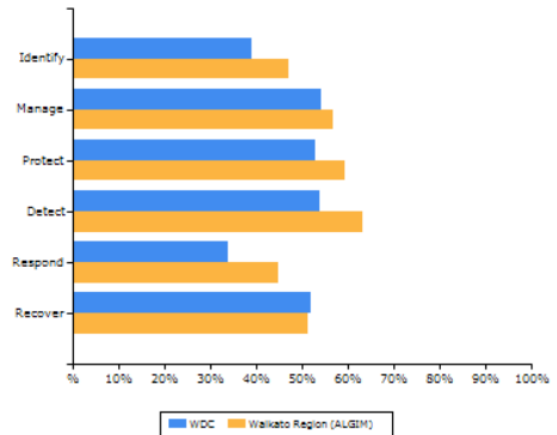


Benchmark Group Selected:

**ALGIM Local Government Programme Compliance Status**



**Function Benchmark Comparison**



### 3.2 Baseline Simulated Phishing Campaign

3.3 There has been a surge in email-based Phishing attacks. Many types of cyber-attack rely on people clicking on links or downloading something that gives the attacker access to a network or system. Attackers often target businesses through their staff as they are the weakest point.

3.4 To improve WDC online security and provide cyber security training and awareness to elected members and staff, WDC has procured Phriendly Phishing (through Scientific Software & Systems Ltd (SSS), an Australian-based company that provides security awareness and phishing simulation training solutions.

3.5 Phriendly Phishing offers phishing awareness training programs designed to ward off potential security threats and minimise the impact of cyberattacks.

3.6 Baseline Simulated Phishing Campaign was conducted for four weeks in October 2021. The campaign measured WDC's Phishing risk by tracking the click through rates.

3.7 Key points from the campaign are –

- Total of 101 emails were sent to Elected members, WDC staff and Contractors. Out of 101 emails, 37 emails were opened, and 13 urls\links were clicked.
- The baseline click-through rate provides comparative information around the time, industry, and region. The average baseline for the local government sector is 14.43%. WDC reports at 12.87% for the period 24/08/2021 - 17/11/2021, compared to local government sector which was 16.04%.
- This means, that WDC is performing better as the overall percentage of 'clicks' is lower than the comparison data. The higher the percentage means more reported clicks in the organisation.

3.8 There are three training modules offered by Phriendly Phishing, first module S.C.A.M 101 has been completed by 72 staff members. Through the campaign, phishing emails are sent to targeted staff on regular basis.

3.9 Second baseline campaign is scheduled for later in 2022.

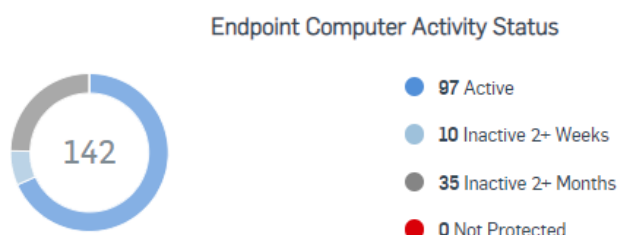
### 3.10 **Sophos Email Gateway**

3.11 The Sophos gateway provides email security by blocking confirmed spam, bulk, and suspected spam, through enhanced email malware scan feature, time of click URL protection, organisation custom base policies, and reporting.

3.12 WDC has enabled Smart Banners in Sophos central for extra protection which allows users to block and report emails to Sophos – this is highly convenient to report false negative emails back to Sophos.

3.13 Emails from external and untrusted sources will have an option to block the sender. This option will let the user block the sender and report to Sophos Lab. Users can self-manage the emails with the Quarantine summary email feature.

3.14 Sophos Endpoint Protection - below is the updated list of Endpoints that are having Sophos Antivirus.



### 3.15 **Microsoft 365**

3.16 WDC upgraded from on-premises exchange server to Microsoft 365 in December 2022, benefits are-

- Ability to work remotely seamlessly
- Streamlined Business Collaboration
- Simplified Virtual Communication
- Advanced Security Features – Data encryption both at rest and in transit, enforced multifactor authentication (MFA) for users, region-based data residency, and phishing email protection through Outlook.

3.17 Additional measures undertaken to enhance WDC's cyber security are -

- Users have been removed from the local administrator's group on majority of the WDC's computers.
- Blacklisted and blocked the WhatsApp traffic through the WDC firewall.
- Monthly patching of all servers.
- Immediate patching of Systems and Software whenever the vulnerabilities are identified.
- Actively subscribed with major security advisory subscription services (National Cyber Security Centre, CERT NZ, NIST etc)

## **Suggested Resolution**

The business paper on Cyber Security – Quarterly Status Report be received.



ALISTER DUNCAN  
**GENERAL MANAGER – BUSINESS SUPPORT**

9 May 2022

Document No: A612945

## Report To: Audit, Risk and Finance Committee



**Meeting Date:** 17 May 2022

**Subject:** **Progress Report: Risk Management – Monitoring and Reporting**

**Type:** Information Only

### Purpose of Report

- 1.1 The purpose of this business paper is to inform the Audit, Risk and Finance Committee of progress in respect to the implementation of the Risk Management Framework (RMF).

### Background

- 2.1 Council adopted its first Risk Management Framework (RMF) and Risk Management Implementation Plan (RMIP) in May 2019.
- 2.2 A review of the RMF commenced in December 2020, with further workshops in 2021 resulting in the nine strategic risks being identified and risk assessments being completed for these strategic risks.
- 2.3 The nine strategic risks are:
1. Health Safety and Wellbeing
  2. Cyber Security
  3. Climate Change and Adaption
  4. Significant Internal and External Disruptions
  5. Programme and Project Delivery
  6. Theft Fraud and Corruption
  7. Fit for Purpose Assets
  8. Three Waters Infrastructure
  9. Financial
- 2.4 The next steps identified at the August 2021 workshop are:
- An in-depth analysis/review of each of the strategic risks
  - Development of Corporate Risk Registers
  - Development of Project Risk Registers
- 2.5 The Risk Management Framework and Guideline and the Strategic Risk Register were adopted by Council at the Council meeting held on 26 October 2021 and the Strategic Risk Work Plan was endorsed.

### Commentary

#### 3.1 Strategic Risk Review

- 3.2 The schedule for the in-depth analysis/review of the strategic risks is as follows:

Strategic Risk In-Depth Analysis / Review	February 2022	April 2022	May 2022	August 2022	October 2022
SR01 – Health, Safety and Wellbeing	✓				
SR02 – Cyber Security	✓				
SR03 – Climate Change and Adaptation	✓				
SR04 – Significant Internal and External Disruptions			✓		
SR05 – Programme and Project Delivery		✓			
SR06 – Theft, Fraud and Corruption		✓			
SR07 – Fit for Purpose Assets			✓		
SR08 – Three Waters Infrastructure				✓	
SR09 – Financial		✓			
SR10 – Stakeholder Relationships					✓
SR11 – District Vibrancy / Growth					✓

- 3.3 At workshops in February and April 2022 the Committee completed an in-depth analysis of Health, Safety and Wellbeing, Cyber Security, Climate Change and Adaptation, Programme and Project Delivery, Theft Fraud and Corruption and Financial.
- 3.4 The Workshop Reader for strategic risks - Significant Internal and External Disruption and Fit for Purpose Assets has been distributed for a workshop following the Committee Meeting today.
- 3.5 Two additional Strategic Risks - Stakeholder Relationships and District Vibrancy/Growth were identified at the April Workshop. The initial stage of defining the strategic risk has been completed and included in the Workshop Reader distributed for the workshop following the Committee Meeting today.
- 3.6 Confirmation of the two new Strategic Risks and Council’s risk appetite will be discussed at a workshop in August 2022, followed by the in-depth analysis in October 2022.

### 3.7 Corporate Risk Registers

- 3.8 These risk registers have not been progressed to date as they will be informed by the completion of the strategic risk reviews.

### 3.9 Project Risk Registers

- 3.10 The Project Risk Registers are being developed, due to the variable size and scale of projects, not all projects will require individual risk registers.
- 3.11 Instead, a Programme Delivery Risk Register is currently being developed to cover the key risks that will apply to most projects (e.g., Health and Safety, resourcing and capacity, cost increases, etc.), and standard controls will be put in place at the beginning of the project.
- 3.12 Based on the current workloads and resource capacity, the planned implementation of the Project Risk Registers and the Programme Delivery Risk Register will be in the 2022/2023 financial year.

<b>Suggested Resolution</b>
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The business paper on Progress Report: Risk Management – Monitoring and Reporting be received.



ALISTER DUNCAN  
**GENERAL MANAGER - BUSINESS SUPPORT**

**Document No:** A612645

**Report To: Audit, Risk and Finance Committee**



**Meeting Date:** 17 May 2022

**Subject:** **Insurance Update Report for the Insurance Year to 31 October 2022**

**Type:** Information Only

## Purpose of Report

- 1.1 The purpose of this business paper is to brief the Committee on Council's 2021-22 insurance arrangements currently in place.

## Background

- 2.1 Council is a member of the Co-Lab (previously WLASS) Insurance Advisory Group which has a membership of ten councils in the greater Waikato area. Council has been part of this arrangement under the umbrella of Co-Lab since its inception in June 2012.

## Commentary

- 3.1 For the Insurance Policies taken out under the Co-Lab insurance collective arrangement, AON New Zealand (AON) acts as the Insurance Brokers.
- 3.2 There have been many benefits of being a member of the Insurance Advisory Group including reduced premiums through greater buying power and continued reassessment of Council's insurance requirements.
- 3.3 The Insurance Policies taken out under the Co-Lab Collective arrangement were renewed on 31 October 2021 for a 12 month period to 31 October 2022.
- 3.4 The Public Liability and Professional Indemnity Policy was renewed earlier for the year ending 30 June 2022 through Marsh Insurance Brokers, with placement in the London Combined Liability Market.
- 3.5 Valuations for insurance purposes were undertaken for financial year 30 June 2021 and have now been incorporated into the declared values for the relevant policies; being Material Damages and the Infrastructure Policies.
- 3.6 The table summarising the insurance policies currently in place along with a brief description of the coverage and respective excess arrangements is included in Appendix 1.
- 3.7 Forestry Cover**
- 3.8 Standing timber Forestry cover insurance was increased during the year to take into consideration the value of the crop, which became apparent after a valuation was undertaken for harvesting purposes. The premiums prior to that covered fire fighting and reestablishment costs only. The revised cover did not extend to windstorm damage, as this was prohibitively expensive for crops reaching maturity and ready for harvest. Now that the harvesting is completed, investigation in having the policy cancelled or suspended for the rest of the insurance is currently being undertaken.

## 3.9 Commercial Motor Vehicles

3.10 For this insurance renewal coverage for windscreens was removed as it was found for commercial fleets providing this cover became a "dollar for dollar" swap exercise. The benefit each council received through reduced premiums was influenced on their past claims' history for this peril. Council is now self-insuring for windscreen damage to its fleet vehicles.

## 3.11 Material Damage and Business Interruption

3.12 The Material Damage Fire and Non-Fire and Business Interruption covers which were held under three policies, have now been combined into one. This change had no impact on premium cost but will add in the small way to efficiencies.

## 3.13 Cyber Policy

3.14 There was significant increase in premiums and also coverage amounts for cyber-attacks. This reflected insurers better understanding of the risk around this exposure. The insurers are wanting to provide this cover because it complements the other insurance policies on offer, however they have mandated several minimum control requirements for information systems. (This is an industry wide issue, not just an issue for councils).

3.15 In response to this Council has implemented several enhancements to ensure minimum requirements are met along with the adoption of a cyber security framework called SAM<sup>1</sup> - Local Government (ALGIM<sup>2</sup> Local Government Cybersecurity Programme) which is based on NIST<sup>3</sup> and CIS<sup>4</sup> Controls principles. The below security improvements are part of the council cyber security framework functions.

- **MFA** - Multi-factor authentication (MFA) have been enabled and enforced across organization for all Microsoft 365 users, this includes remotely connecting VPN users.
- **Phriendly Phishing Security Training** - Module 1 of the Cyber awareness training for all staff and other users of the Council's systems has been completed and is a ongoing process.
- **End of life systems** - Most of the End of Life Systems have been removed, however, there are still a few remaining that need removal.
- **Backups** - Offsite backups and replications of all critical servers are in place along with separate Office 365 user account backups that run at regular intervals and a Business Continuity capability is in place, with documentation of the recovery processes is still to be completed.

## 3.16 Insurances for Community Organisations

3.17 For some rural halls and other organisations within the District, Council arranges Material Damages insurance for the halls and passes the cost onto the Committees.

3.18 Provision of insurance cover to rural halls is now conducted under a policy adopted by Council in February 2022. The policy allows for charity organisations (where their facilities are located on Council owned or Council reserve land) to have their insurance cover conducted through Council. The cost of the insurance cover is passed through, with the addition of an administration charge. This is an option for those organisations, there is no compulsion to be part of the scheme.

3.19 Processes is underway to create awareness for eligible organisations for the scheme.

3.20 The existing rural halls committees and other community organisations under this arrangement are listed in the table below.

<sup>1</sup> Self Assessment and Monitoring [System]

<sup>2</sup> Association of Local Government Information Management

<sup>3</sup> National Institute of Standards and Technology

<sup>4</sup> Centre for Internet Security

Description of Activity	Total MD Sum Insured	Cover Type	Comment
Aria Community Hall	970,000	Replacement Value	
Benneydale Public Hall & Library	1,687,000	Functional Replacement	
Mahoenui Community Hall	1,082,000	Replacement Value	
Mapiu Hall	854,000	Replacement Value	
Mokau War Memorial Hall & Library	497,000	Indemnity Only	Charged 50% due to use of power for the public toilets
Mokauti War Memorial Hall	850,600	Replacement Value	
Mairoa Hall	843,800	Replacement Value	
Waitanguru Hall	507,300	Replacement Value	
Marokopa Community Hall	700,000	Replacement Value	
Hall & Public Toilets (Awakino)	1,010,000	Replacement Value	Charged 50% due to the provision of public toilets for Council
Historical Society (Post Office Building)	3,581,000	Replacement Value	
Historical Society (Rora Railway Dwelling)	283,600	Replacement Value	
Community House (Second Floor of Library)	2,699,400	Replacement Value	Share of insurance cost is based on share of floor area used by the Community House Trust
Sir Colin Meads Exhibition Items	180,000	Replacement Value	To provide cover of the exhibition items, based on a valuation for memorabilia

- 3.21 Replacement value includes the buildings replacement value, a replacement inflationary provision, demolition costs and contents within the hall. Functional replacement assumes the building's replacement will be a smaller structure, more fit for purpose rather than a total replacement of the existing structure. Indemnity value is the market value of the building just prior to damage but includes an indemnity inflationary provision and demolition costs.
- 3.22 As noted in the table above, the Mokau War Memorial Hall Committee has elected indemnity value cover and the Benneydale Hall Society has elected functional replacement rather than full replacement cover.
- 3.23 The excess for the halls is \$10,000, the same for all other buildings and structures included in the material damages policy. This excess applies to Council due the value of assets insured being greater than \$70 million.
- 3.24 The insurers have repeatedly made clear, they have no appetite to lower the excess level of Council (or any of the other councils in the collective). If they did agree to a lower excess, this would be done under a separate policy with additional premiums due.

## Suggested Resolution

The business paper on the Insurance Update Report for the Insurance Year to 31 October 2022 be received.



ALISTER DUNCAN  
**GENERAL MANAGER – BUSINESS SUPPORT**

9 May 2022

Appendix 1: Summary of Insurance Policies



## Appendix 1: Summary of Insurance Policies

Policy	Description	Values Covered	Premiums (Excluding GST)	Excess
Material Damage and Business Interruption (Combined into one Policy)	<p><b>Material Damage:</b> Covers all risks to identified buildings, contents such as computers, books and furniture. Also covers above ground infrastructural assets such as treatment plants and reservoirs and other community assets such as playgrounds and statues.</p> <p><b>Business Interruption:</b> Covers consequential loss resulting from physical loss or damage to Council owned property such as loss of rental income if a building burns down. The policy has both shared limits and sub limits specific to each member Council.</p>	Replacement value covered \$112,103,773 Fire Limit \$15 million  Business Interruption declared value \$1,660,000	Premiums \$123,316 Fire Service Levy \$18,550 Natural Disaster Premium \$40,930 Buildings Earthquake Commission \$6,914  Total \$189,710	Deductible \$10,000.  Landslip or Subsidence \$25,000.
Infrastructure Insurance (40% Placement)	Physical loss to insured assets caused by a Natural Catastrophe Event including: Earthquake, Natural Landslip, Flood, Tsunami, Tornado, Windstorm, Volcanic Eruption, Hydrothermal and Geothermic Activity and Subterranean Fire.  [Insured assets are underground, water supply, waste water, stormwater assets and bridges and retaining walls which are part of the road network].	Declared value \$132,390,296. Limit of Liability: Combined limit is 40% of \$300 million, subject to each council's sublimit, with Waitomo DC's being \$30 million.	Premium \$49,033	Deductible \$500,000 to be applied 100% to the full loss in any one event, prior to the 40% claim settlement adjustment from Central Government  Sub-limit \$30 million
Infrastructure 60% Sidecar Policy (renamed - previously Primary Layer)	Additional primary layer cover is also in place to cover the first \$10 million layer of the government's 60% share of a natural hazard claim. This policy would respond to claim for smallish event which the government chooses not to cover. Shared limit with the other eight WLASS councils.	Declared value \$132,390,296 Limit of Liability: Combined limit is 60% of \$10 million, subject to each council's sublimit, with Waitomo DC's being \$1 million for enablement costs, capital additions \$2 million and contract works \$1 million.	Premium \$11,893	Deductible \$500,000 to be applied 100% to the full loss in any one event, prior to the 60% claim settlement adjustment from Central Government
Commercial Motor Vehicle	Cover for the motor vehicle fleet and provides for third party property and bodily injury. (Windscreen cover has been removed).	Fleet value insured \$1,882,751. Third party liability \$20 million. Except for Airside Liability restricted to \$2 million	Premium \$17,955  Fire Service Levy \$576  Total \$18,531	Each and every claim 1% of the vehicle's value with a minimum of \$500. Except for drivers aged 21 years and under \$1,000.
Statutory Liability	Covers defense costs, fines (to the extent allowable by law) and reparation orders arising from an investigation and/or prosecution by a Statutory Body for an unintended breach or breaches of an Insured Act (There are some excluded Acts).	For Fines and Reparations \$1 million Defense costs \$1 million.	Premium \$5,182	Excess \$10,000, except for claims under the Health and Safety Act and Resource Management Act \$25,000.
Employer's Liability	Legal liability to an employee of the Insured who sustains personal injury arising out of or in the course of their work, which is not covered by Accident Rehabilitation Act 1992	Policy limit is \$1 million in the aggregate for loss and \$1M in aggregate for defense costs	Premium \$1,224	Each and every claim (including Defense costs) \$1,000
Fidelity/Crime	Direct financial loss suffered by the Insured as a result of a criminal act committed by their employee and arising from or in connection with any single act or series of related, continuous or repeated acts.	Policy limit is \$2 million any one claim and in aggregate	Premium \$5,073	Each and every claim including costs \$50,000

## File 1 - Page 42

Policy	Description	Values Covered	Premiums (Excluding GST)	Excess
Machinery Breakdown	Policy covers risks that are excluded from the Material Damage policy (Excluding Fire policy). The types of perils covered are breakdowns within a machine, rather than external to machine, for instance an unforeseen fault that causes sudden damage to the machine and/or other processes or equipment around it.	Sum insured \$4,099,256	Premium \$8,258	Plant and Machinery valued up to \$100,000; Excess \$1,000, valued between \$100,001 and \$200,000; \$2,000, valued more than \$200,001; \$5,000.
Cyber Insurance Policy	Covers losses from and actual breach, or actual breach, of the Insured's computer systems, or extortion threat with and intent to harm or restrict access to the Insured's computer network or electronic data	Any one claim and in the aggregate (excluding damages) \$7.5 million.  Any one claim and in the aggregate for damages \$2,500,000.	Premium \$7,358	Excess \$100,000 for each and every claim, actual of suspected Breach or Extortion Threat.
Aviation Hull (UAV) Policy	Accidental physical loss or damage to specified Unmanned Aerial Vehicle (Drones), their spare parts and accessories, and legal liability for bodily injury or property damage to third parties arising from their use.	The Hull, spares and equipment. Flight legal liability \$10 million, Public Legal Liability \$1 million	Premium \$593	Damage to System: 1% of sum insured subject to a minimum of \$500 for each and every claim.  Flight Legal Liability: \$Nil Public Legal Liability: \$2,500 each and every loss in respect of Property Damage
Standing Timber (Forestry Cover)	Loss or damage to standing timber at Insured forestry locations.	Declared Value \$526,928 Firefighting \$250,000, Removal of debris and replanting \$15,700 and claims preparation \$10,000.	Premium \$1,709	Each and every claim 1.5% of sum insured, subject to a minimum excess of \$5,000 and maximum excess of \$2,500,000.
Airport Owners and Operators Liability	Legal liabilities arising in connection with the ownership, operation and management of an airport as a result of an accident.	\$10,000,000 limit for each accident for bodily injury and/or property damage any one occurrence	Premium less discount \$1,315	Excess \$2,500 each and every claim
Public Liability and Professional Indemnity Insurance.  (Insurance Year to 30 June 2022)	<u>Public Liability</u> Protection for legal liability in connection with the business and arising from occurrences resulting in personal injury or property damage. <u>Professional Indemnity</u> Protection for legal liability in respect of a breach of a professional duty by way of negligent act, error or omission, including defense costs and expenses.	<u>Public Liability</u> \$300 million for any one claim and in aggregate <u>Professional Indemnity</u> \$300 million any one claim and in aggregate. \$500,000 in respect of the Weathertightness extension to the policy.	Premium and placement fee \$42,621	<u>Public Liability</u> Excess \$5,000 each and every claim including costs <u>Professional Indemnity</u> Excess \$30,000 each occurrence. Weathertightness Excess \$50,000
Environmental Impairment Insurance  (Insurance Year to 30 June 2022)	Protection for legal liability as a result of a claim for property damage, clean up or natural resource damage resulting from pollution that is at, on, under or migrating from the Insured premises.	\$1 million each claim and every policy aggregate	Premium \$1,559	Each and every claim \$25,000 In respect to wastewater treatment plants \$100,000

**Document No:** A611018

**Report To:** Audit, Risk and Finance Committee



**Meeting Date:** 17 May 2022

**Subject:** **Progress Report: Procurement Summary Schedule (January 2022 – March 2022)**

Information Only

## Purpose of Report

- 1.1 The purpose of this business paper is to present to the Committee a summary of the procurements made in the period 1 January 2022 to 31 March 2022 in accordance with Waitomo District Council's Procurement Policy.

## Background

- 2.1 Waitomo District Council's (WDC) Procurement Register (Register) provides a formal "one stop" reference to record WDC's procurement decisions.
- 2.2 The Register, at an operational level, provides a summary of the procurement decisions together with the associated financial components.
- 2.3 The Register provides procurement information including:
  - Procurement Description
  - Type of Contract: Physical Works, or Professional services, or goods and services
  - Term of contract
  - Procurement Selection process adopted: All of Government (AOG), Syndicated, Tender, Quote or Direct Appointment
  - Reason for exemption (if applicable)
  - Number of tenders/quotes received
  - Tender/quote range
  - Evaluation method
  - Awarded contract value
  - Contractor/supplier
- 2.4 The Register provides key financial information for each procurement including:
  - Total cumulative value
  - Price range of Tenders/Quotes received
- 2.5 The keeping of records is part of an overall Risk Management Framework and assists in the early identification of risks.
- 2.6 All procurement documents such as the quotes, tender responses, notices to tenderers and related correspondence are held in the relevant physical contract folder, captured electronically, and the detail added to the Register.

## Commentary

- 3.1 WDC's Procurement Policy (the Policy) was last reviewed and adopted with amendments by Council on 27 October 2020. Some of the amendments made to the Policy as part of that review include:
  1. Incorporating procurements relating to a Recovery Plan in response to both COVID-19 and the Three Waters Reform Programme.

2. Provision that the detail of contracts awarded for an amount greater than \$150,000 + GST may be publicly released.
- 3.2 The Tenders Subcommittee (a subcommittee of WDC's Senior Management Team) operates to assist the Chief Executive in undertaking the management of procedures to ensure sound probity methods are followed, risks are mitigated, and quality documentation is produced in relation to the procurement of goods and services necessary to deliver WDC's work programme and operations as provided for in adopted 10 Year Plans and Annual Plans.

## Procurement Summary Schedule

4.1 The attached Procurement Summary Schedule (PSS) provides details of procurements completed by the Tenders Subcommittee during the relevant period in accordance with the Policy i.e. awarded for a value over \$150,000 + GST, or pursuant to the COVID-19 Recovery Plan or the Three Waters Reform Programme.

### 4.2 Exemption Reason

4.3 The Audit, Risk and Finance Committee have requested that the reason for granting a Procurement Exemption be included in the PSS. As a result, the Headings of the five criteria provided for in the Policy will now be included in the PSS as the reason for granting an exemption.

4.4 The Policy extract below provides detail of those five criteria, of which at least one must be met for a Procurement Exemption to be granted.

### *Procurement Exemption*

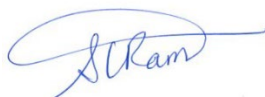
*The process for the relevant level identified above should be followed fully. If deviation from the process is required, the reason for the deviation should comply with one or more of the following criteria:*

1. **Monopoly situation:** *Where there is a monopoly situation and only one Supplier capable of supplying the requirements (e.g. engaging an arrangement for the supply of electricity on a network where the network is owned by a single party); or*
2. **Proprietary technology:** *Where a Supplier is the sole Supplier and/or patent holder of a specific product that is required by WDC. WDC must be satisfied that the proprietary technology is the most appropriate for the needs of WDC; or*
3. **Benefits and costs of competition:** *The time and costs of a competitive process outweigh the benefits of competition; or*
4. **Unique business proposition:** *Where a Supplier has a unique business proposition that can minimise risks or costs to WDC. This could include existing knowledge relevant to a project; or*
5. **Existing contract:** *If goods, services and/or works are in addition to, or necessary for the completion of, delivery of an existing contract, provided that the original contract was publicly advertised, and a change of Supplier cannot be made for economic, technical, legal or practical reasons.*

*The key requirement is the direct appointment represents best value for WDC. Poor planning or organisation of procurement is not justification for deviation from the framework. In all instances a procurement exemption must be signed off by the Tenders Subcommittee.*

## Suggested Resolution

The Progress Report: Procurement Summary Schedule (January 2022 to March 2022) be received.



SHYAMAL RAM  
**GENERAL MANAGER – INFRASTRUCTURE SERVICES**

1 May 2022

Attachment: Procurement Summary Schedule (Doc A611019 / Sheet 2022\_Q1)

Contract / Order No.	Contract Title / Procurement Description	Type of Contract (Physical Works, Professional Services or Goods and Services)	Term of Contract	One-off or Ongoing Supply	Selection Process (AOG, Syndicated, Panel, Tender, Quote or Direct Appointment)	Exemption Reason	No. of Tenders / Quotes Received	Tender / Quote Range (GST exclusive)	Evaluation Method	Awarded Contract Value (Total cumulative)	Awarded To	Meeting Date	GM
500/22/002	Security Services – Covid Protection Framework	Services	6 Months	One off	Direct Appointment (Procurement Exemption)	Unique business proposition and benefits and cost of competition	N/A	N/A	N/A	\$180,000.00	Maniapoto Security Services 2009 Ltd	2/02/2022	Business Support
500/21/019	Quarry Assessments	Services	1 Year	One off	Direct Appointment (Procurement Exemption)	Unique business proposition and benefits and cost of competition	N/A	N/A	N/A	\$36,500.00	Tonkin + Taylor	2/02/2022	Infrastructure Service
500/21/041	Mayors Taskforce for Jobs	Professional Services	1 Year	One off	Extend Provision of Services (2nd Tranche)	N/A	N/A	N/A	N/A	\$220,000.00	Waitomo Christian Fellowship Trust Board	2/02/2022	Community Services
500/22/005	Specialist Health and Safety Services	Professional Services	3 Years	One off	Direct Appointment (Procurement Exemption)	Unique business proposition and benefits and cost of competition	N/A	N/A	N/A	\$90,000.00	Health & Safety Connexions Ltd	18/02/2022	Community Services
TBA	FlagTrax System	Goods and Services	1 Year	One off	Direct Appointment (Procurement Exemption)	Unique business proposition and benefits and cost of competition	N/A	N/A	N/A	\$24,880.00	Nexus Australasia Ltd	18/02/2022	Community Services
500/21/010	Waimiha Road Pavement Rehabilitation	Goods and Services	1 Year	One off	Tender	N/A	2	\$512,338.28 - \$573,844.11	LPC	\$573,844.11	Inframax Construction Ltd	18/02/2022	Infrastructure Services
PO 71004	Specialist Recruitment Services	Professional Services	1 Year	One off	Direct Appointment (Procurement Exemption)	Unique business proposition and benefits and cost of competition	N/A	N/A	N/A	12-15% of Total Remuneration	Peak Recruitment New Zealand Ltd	16/03/2022	Community Services
500/18/008B	Mokau Toilet - Septic Treatment system	Goods and Services	1 Year	One off	Direct Appointment (Procurement Exemption)	Unique business proposition and benefits and cost of competition	N/A	N/A	N/A	\$273,597.65	Innoflow Technologies Ltd	24/03/2022	Infrastructure Services
500/18/008A	Mokau Toilet - Toilet Block	Goods and Services	1 Year	One off	Quote (Procurement Exemption)	Unique business proposition and benefits and cost of competition	2	\$ 314,500.00 - \$ 323,500.00	N/A	\$314,500.00	Exeloo Ltd	24/03/2022	Infrastructure Services
500/21/003	Te Kuiti Reticulation Renewals	Goods and Services	1 Year	One off	Tender	N/A	3	\$ 515,933 - \$855,327.05	PQM	\$515,933.00	McIndoe Group Ltd	24/03/2022	Infrastructure Services
PO 70123	TWR5 Pump station renewals	Goods and Services	1 Year	One off	Direct Appointment	N/A	N/A	N/A	N/A	\$2,547.00	Stratalign Ltd	N/A	Infrastructure Services
PO 70150	TWR6 Backflow Preventers	Goods and Services	1 Year	One off	Direct Appointment	N/A	N/A	N/A	N/A	\$3,796.27	Acuflo Ltd	N/A	Infrastructure Services
PO 70177	TWR2 WTP Critical Spares	Goods and Services	1 Year	One off	Direct Appointment	N/A	N/A	N/A	N/A	\$14,366.98	Advantage Plastics Ltd	N/A	Infrastructure Services
PO 70192	TWR10 Design and installation for current Mokau upgrade project	Goods and Services	1 Year	One off	Direct Appointment	N/A	N/A	N/A	N/A	\$12,552.00	McIndoe Group Ltd	N/A	Infrastructure Services
PO 70426	TWR17 Critical spares for all sites	Goods and Services	1 Year	One off	Quote	Only 1 capable supplier	1	\$54,178.00	N/A	\$54,178.00	Wavelength Water Services Ltd	N/A	Infrastructure Services
PO 70532	TWR10 Design and installation for current Mokau upgrade project	Goods and Services	1 Year	One off	Direct Appointment	N/A	N/A	N/A	N/A	\$35,000.00	Delvin Flow	N/A	Infrastructure Services
PO 70534	TWR18 Acceleration of critical WW P/S renewal	Goods and Services	1 Year	One off	Direct Appointment	N/A	N/A	N/A	N/A	\$12,250.00	Neuflow Ltd	N/A	Infrastructure Services
PO 70589	TWR7 Piopio WTP Improvements	Goods and Services	1 Year	One off	Direct Appointment	N/A	N/A	N/A	N/A	\$42,000.00	Neuflow Ltd	N/A	Infrastructure Services
PO 70585	TWR10 Design and installation for current Mokau upgrade project	Goods and Services	1 Year	One-off	Direct Appointment	N/A	N/A	N/A	N/A	\$4,745.00	McIndoe Group Ltd	N/A	Infrastructure Services

**Document No:** A611000

## **Report To: Audit, Risk and Finance Committee**



**Meeting Date:** 17 May 2022

**Subject:** **Waka Kotahi NZTA Final Procedural Audit Report 2021**

**Type:** Information Only

### **Purpose of Report**

- 1.1 The purpose of this business paper is to inform the Audit, Risk and Finance Committee on the final Waka Kotahi New Zealand Transport Agency Investment (Procedural) audit report for 2021.

### **Background**

- 2.1 Waka Kotahi New Zealand Transport Agency (Waka Kotahi NZTA) has a legal obligation to audit organisations that are funded through the National Land Transport Programme (NLTP).
- 2.2 The audit programme includes two types of investment audits:
  - a) technical investment audit; and
  - b) procedural investment audit.
- 2.3 Procedural audits typically take place every three years and technical audits every six years.
- 2.4 The objective of the procedural investment audit is to provide assurance that Waka Kotahi NZTA's investment in Waitomo District Council's land transport programme is being well managed and delivering value for money.
- 2.5 The audit also seeks assurance that Council is appropriately managing risk associated with Waka Kotahi NZTA investment and identifies recommended improvements where appropriate.

### **Commentary**

- 3.1 As part of the rating audit assessment, Waka Kotahi NZTA reviewed five subject areas:
  - a) Previous audit issues
  - b) Financial processes
  - c) Procurement procedures
  - d) Contract management
  - e) Professional services.
- 3.2 Waitomo District Council received an Overall Rating assessment of 'Some Improvement Needed' across these areas.
- 3.3 Waka Kotahi NZTA noted the following in the Executive Summary of the final report:
  - a) *Claims for funding assistance for three years ending June 2020 were confirmed against Council's financial records. We commend Council for the work it has done in establishing a well-structured general ledger and the clear financial records presented to support the claims for funding assistance*

- b) *The review of procurement procedures revealed some issues including non-compliance with contract tender conditions and inconsistencies in meeting Waka Kotahi procurement requirements. Quality assurance processes in this area need improving.*
- c) *Road safety audit requirements are well understood and are being considered for all non-maintenance activities*
- d) *Council's in-house professional services business unit is set up correctly within the finance system and the applied overhead multiplier is well within acceptable limits.*

3.4 The following audit recommendations were made:

- 1. Investigate retentions being held for the Waitahi Road Reseals contract to ensure they are still valid.
- 2. Confirm that Council will meet Waka Kotahi NZTA procurement procedure requirements.
- 3. Implement quality assurance procedures to improve tender evaluation processes.

3.5 Since the audit, improvements and progression has been made in the following areas:

- 1. Progressing the use of Government Electronic Tenders Service (GETS) alongside Tenderlink.
- 2. More transparent procurement process will be used for Cyclone Dovi permanent reinstatement work.
- 3. Rooding professional services provider, Pinnacles Civil, are fully inducted and providing expertise in the delivery of operational and capital programmes.

## **Suggested Resolution**

The business paper on the Waka Kotahi NZTA Final Procedural Audit Report 2021 be received.



NICK MURPHY  
**MANAGER – PROGRAMME DELIVERY**



SHYAMAL RAM  
**GENERAL MANAGER – INFRASTRUCTURE SERVICES**

29 April 2022

Attachment:

- 1 Waka Kotahi NZTA Investment Audit Report of Waitomo District Council 2021 (A583270)

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# INVESTMENT AUDIT REPORT

## Procedural Audit of Waitomo District Council

### **Monitoring Investment Performance**

Report of the investment audit carried out under Section 95(1)(e)(ii) of the Land Transport Management Act 2003.

TONY PINN

5 NOVEMBER 2021



<b>Approved Organisation (AO):</b>	Waitomo District Council
<b>Waka Kotahi NZ Transport Agency Investment (2018 – 2021 NLTP):</b>	\$26,173,000 (budgeted programme value)
<b>Date of Investment Audit:</b>	16th June – 18th June 2021
<b>Auditor:</b>	Tony Pinn
<b>Report No:</b>	RATPI-2091

**AUTHORITY SIGNATURES**

Prepared by:



.....  
Tony Pinn, Senior Investment Auditor

Approved by:



.....  
Yuliya Gultekin, Practice Manager Audit & Assurance

5/11/2021

.....  
Date

**DISCLAIMER**

WHILE EVERY EFFORT HAS BEEN MADE TO ENSURE THE ACCURACY OF THIS REPORT, THE FINDINGS, OPINIONS, AND RECOMMENDATIONS ARE BASED ON AN EXAMINATION OF A SAMPLE ONLY AND MAY NOT ADDRESS ALL ISSUES EXISTING AT THE TIME OF THE AUDIT. THE REPORT IS MADE AVAILABLE STRICTLY ON THE BASIS THAT ANYONE RELYING ON IT DOES SO AT THEIR OWN RISK, THEREFORE READERS ARE ADVISED TO SEEK ADVICE ON SPECIFIC CONTENT.

## EXECUTIVE SUMMARY

Claims for funding assistance for three years ending June 2020 were confirmed against Council's financial records. We commend Council for the work it has done in establishing a well-structured general ledger and the clear financial records presented to support the claims for funding assistance.

The review of procurement procedures revealed some issues including non-compliance with contract tender conditions and inconsistencies in meeting Waka Kotahi procurement requirements. Quality assurance processes in this area need improving.

Road safety audit requirements are well understood and are being considered for all non-maintenance activities.

Council's in-house professional services business unit is set up correctly within the finance system and the applied overhead multiplier is well within acceptable limits.

## AUDIT RATING ASSESSMENT

Subject Areas		Rating Assessment*
1	Previous Audit Issues	N/A
2	Financial Processes	Effective
3	Procurement Procedures	Some Improvement Needed
4	Contract Management	Effective
5	Professional Services	Effective
Overall Rating		Some Improvement Needed

**Note:** Before being finalised this report was referred to Waitomo District Council for comment. Council's responses are included in the body of this report and presented in full as Appendix C.

\* Please see Introduction for Rating Assessment Classification Definitions

## RECOMMENDATIONS

The table below captures the audit recommendations. Agreed dates are provided for the implementation of recommendations by the approved organisation.

We recommend that Waitomo District Council:		Implementation Date
R2.1	Investigates retentions being held for the Waitahi Road Reseals contract to ensure they are still valid.	31 December 2021
R3.1	Confirms it will meet Waka Kotahi procurement procedure requirements.	31 December 2021
R3.2	Implements quality assurance procedures to improve its tender evaluation processes.	31 December 2021

## 1.0 INTRODUCTION

### Audit Objective

The objective of this audit is to provide assurance that the Waka Kotahi NZ Transport Agency's (hereafter the Waka Kotahi) investment in Council's land transport programme is being well managed and delivering value for money. We also seek assurance that the Council is appropriately managing risk associated with Waka Kotahi investment. We recommend improvements where appropriate.

### 1.1. Assessment Ratings Definitions

	Effective	Some Improvement Needed	Significant Improvement Needed	Unsatisfactory
<b>Investment management</b>	Effective systems, processes and management practices used.	Acceptable systems, processes and management practices but opportunities for improvement.	Systems, processes and management practices require improvement.	Inadequate systems, processes and management practices.
<b>Compliance</b>	Waka Kotahi and legislative requirements met.	Some omissions with Waka Kotahi requirements. No known breaches of legislative requirements.	Significant breaches of Waka Kotahi and/or legislative requirements.	Multiple and/or serious breaches of Waka Kotahi or legislative requirements.
<b>Findings/ deficiencies</b>	Opportunities for improvement may be identified for consideration.	Error and omission issues identified which need to be addressed.	Issues and/or breaches must be addressed, or on-going Waka Kotahi funding may be at risk.	Systemic and/or serious issues must be urgently addressed, or on-going Waka Kotahi funding will be at risk.

## 2.0 ASSESSMENT FINDINGS

Our findings relating to each subject area are presented in the tables below. Where necessary, we have included recommendations and/or suggestions.

<b>1. Previous Audit Issues</b>	
There was one recommendation resulting from the October 2017 procedural audit relating to road safety audit requirements. This issue has been addressed.	
Waitomo District Council's comment.	Noted

\* \* \*

<b>2. Financial Processes</b>	<b>Effective</b>
<p>Claims for funding assistance for the three financial years to 30 June 2020 were successfully reconciled against Council's general ledger records. We commend Council for the work it has done in establishing a well-structured general ledger and clear financial records to appropriately support the claims for funding assistance.</p> <p>We tested a number of transactions posted to the Land Transport Disbursement Account. All were correctly coded and eligible for funding assistance. We noted that there was one invoice relating to the Te Kuiti Overbridge contract incorrectly coded to network and asset management instead of the project. This may need adjusting given the capital nature of this expenditure. There are also good processes in place to ensure all expenditure is captured and claimed prior to the end of year close off dates for claims.</p> <p>The contract retentions account is reconciled regularly. The balance of the retentions account was confirmed with the list of retentions being held against individual projects. We noted that a retention is still being held relating to resealing on Waitaha Road as part of the 2018/19 resealing programme. We recommend that this is followed up with the contractor, and either the work is completed, or the retention released if there are no outstanding defects requiring remediation.</p>	
Recommendation	<p>We recommend that Council:</p> <p>R 2.1 Investigates the retentions being held for Waitahi Road Reseals contract to ensure they are still valid.</p>
Waitomo District Council's comment.	Underway

\* \* \*

<b>3. Procurement Procedures</b>	<b>Some Improvement Needed</b>
<p>Council has a current Waka Kotahi endorsed Procurement Strategy in place. This Strategy expires in October 2022.</p> <p>Seven physical works contracts were reviewed for compliance with the Waka Kotahi Procurement Manual.</p> <p>We identified the following issues during our review:</p>	

## Te Kuiti Overbridge Project 500/20/006

The Request for Tender (RFT) for this contract listed the members of the Tender Evaluation Team (TET). One member was later replaced, and this was notified through a notice to tenderers. However, the tender evaluation report showed that the original TET evaluated the tenders. The disclosure of the TET members presents an opportunity for potential tenderers to declare any conflicts of interest to Council. Any change to the makeup of the TET should be communicated to minimise the risk of a challenge to the tender process.

Note: Disclosure of TET members in contract documents is not a Waka Kotahi requirement.

## Emergency Works Packages 500/17 (017 - 029)

The Waitomo District suffered considerable damage to its roading network after Cyclone's Debbie and Cook in April 2017.

The repairs and permanent reinstatement works were split into 12 zones, each with an estimated cost of less than \$100,000. Expedited procedures were used to award all the zones directly to Council's maintenance contractor as separate contracts. It was clear from the Council records that the primary reason for this arrangement was to comply with Waka Kotahi value thresholds for the direct appointments which if bundled would have required an open competitive tender process.

Whilst we acknowledge the value for money considerations, and the urgency of the initial works was considered and was well documented, we question whether this was clearly communicated to Waka Kotahi i.e., that Council intended to direct appoint all work associated with this event to one contractor.

A more transparent process would have been to instruct the maintenance contractor to carry out the initial emergency works. The permanent reinstatement work could then be competitively tendered e.g. bridge/culvert replacements, retaining/retreating, pavement work.

General:

### Tender Invitation

Section 10.6 of the Waka Kotahi Procurement Manual states "An approved organisation must openly advertise all opportunities to supply, which are required to commence as an open competitive process, on the Government Electronic Tenders Service (GETS). We remind Council of this requirement when tendering for future financially assisted contracts.

### Price Quality Method

We noted provisional sums were not always deducted from the Supplier Quality Premium (SQP) calculations. These items are normally deducted as part of the evaluation process as they could potentially affect the SQP. There may be a risk that in certain circumstances this could change the outcome. The latest PQM spreadsheet template automatically deducts provisional sums, but this was not the template that was used in all cases. We suggest that Council uses the latest PQM spreadsheet which clearly highlights the treatment of provisional sums.

### Late Tenders

Council needs to have a consistent late tenders policy. We noted a number of variations on the treatment of late tenders, from being considered under certain circumstances to not accepted at all. Late tenders can be considered providing this does not prejudice the other tenderers who meet the deadline, but this must be clearly stated in the request for tender.

### Recommendations

We recommend that Council:

R3.1 Confirms it will meet Waka Kotahi procurement procedure requirements.

R3.2 Implements quality assurance procedures to improve its tender evaluation processes.

Waitomo District Council's comment.

R3.1: Confirms it will meet Waka Kotahi procurement procedure requirements.

WDC notes the Audit findings and confirms it will meet

Waka Kotahi procurement procedure requirements.

Specifically:

Te Kuiti Overbridge Project 500/20/006

TET members will be disclosed in future RFTs and NTTs sent when members are changed/updated.

Emergency Works Packages 500/17 (017 - 029)

Expedited procedures were used to award all 12 contracts directly to WDC's maintenance contractor.

At the time this was judged to be the best value for money method, considering the urgency of the initial works and Council's approval of this is well documented. TSC Business paper, meeting 2 February 2018 (A382743), TSC Minutes 2 February 2018 (A383629) refer.

However, in future a more transparent process will be used, i.e., to instruct the maintenance contractor to carry out the initial emergency works. The options for permanent reinstatement work will then be decided to achieve best value, taking account of the value of work, urgency, nature of work and availability of appropriately qualified and experienced contractors. Options include direct appointment and competitive tendering e.g., bridge/culvert replacements, retaining/retreating, pavement work

Tender Invitation

We note section 10.6 of the Waka Kotahi Procurement Manual, which states "An approved organisation must openly advertise all opportunities to supply, which are required to commence as an open competitive process, on the Government Electronic Tenders Service (GETS)."

Currently all externally advertised WDC contracts are advertised via Tenderlink. We will progress use of the GETS service alongside Tenderlink.

R3.2: Implements quality assurance procedures to improve its tender evaluation processes.

WDC commits to implementation of quality assurance procedures to improve its tender evaluation processes.

Specifically:

Price Quality Method

The auditor noted that provisional sums were not always deducted from the Supplier Quality Premium (SQP) calculations. This will be corrected in future tender evaluations through the use of the latest Waka Kotahi PQM Spreadsheet.

Late Tenders

Treatment of late tenders, consistent late tenders policy: The process is in place for review of RFTs and this will include consideration of the treatment of late tenders for all contract documents issued after this audit.

Auditors Comment	After considering Council's responses to the draft report, the initial rating of <b>"Significant Improvement Needed"</b> has been amended to <b>"Some Improvement Needed"</b>
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\* \* \*

<b>4. Contract Management</b>	<b>Effective</b>
<p>From the records provided and discussions held with staff, we were confident that Council has in place a regular monitoring regime for the management of its roading network.</p> <p>Council has a good understanding of the road safety audit requirements for non-maintenance works. We reviewed the detailed design audit for the Te Kuiti Overbridge project. A tracking form documenting Council's final decision relating to the report's recommendations was well documented.</p>	
Waitomo District Council's comment.	Noted

\* \* \*

<b>5. Professional Services</b>	<b>Effective</b>
<p>Council operates an in-house professional services business unit, approved by Waka Kotahi through its endorsement of Council's Procurement Strategy. Outsourced services such as bridge inspections and capture of asset condition rating data are procured through a shared services model and managed by the Regional Asset Technical Accord (RATA). The business unit is set up correctly within the finance system and the overhead multiplier of 1.79 is well within acceptable limits.</p> <p>Whilst earlier audits requested Council to capture the business unit's hours through time sheeting, we now have confidence that Council is accurately capturing the actual costs of this activity. Council may wish to consider calculating future revenue and expenditure based on the historical data unless it considers that a time sheeting system is still necessary.</p> <p>Actual costs of administration are clearly identified and calculated using acceptable accounting methodology. We noted charges for the business unit are separately calculated into professional services and administration charges. These costs can be consolidated into a single labour charge.</p> <p>Overall professional services and administration costs are managed effectively.</p>	
Suggestion	We suggest that Council considers calculating professional services business unit revenue and expenditure based on historical data unless it considers that the retention of timesheets is still necessary. Business unit's costs can be inclusive of both administration and professional services.
Waitomo District Council's comment.	Use of timesheets will continue for the time being, due to the need to keep track of staff time during the present transition process on-boarding of the new Roding Professional Services Provider.

\* \* \*



## 3.0 APPENDICES

### APPENDIX A

#### Audit Programme

1. Previous audit – October 2017
2. Land Transport Disbursement Account
3. Final claims for 2017/18, 2018/19 and 2019/20
4. Transactions (Accounts Payable)
5. Retentions Account
6. Procurement Procedures
7. Contract Variations
8. Contract Management and Administration
9. Professional Services
10. Multi-Party Agreements (if applicable)
11. Transport Investment On-line (TIO) Reporting
12. Other issues that may be raised during the audit
13. Close-out meeting

## Contracts Audited

Contract Number	Tenders Received	Date Let	Description	Contractor		
			<b>Physical Works</b>			
500/20/006	2	Oct 20	Te Kuiti Pedestrian Overbridge	Fulton Hogan	Estimate Let Price Final Cost	\$1,218,534 \$2,217,577 ongoing
500/18/024	4	Feb 19	Footpaths Maintenance	Camex Civil	Estimate Let Price Final Cost	\$839,025 \$870,831 ongoing
500/19/004	8	Jul 20	Road Pavement Rehabilitation 2019/20 and 2020/21	Inframax	Estimate Let Price Final Cost	\$1,954,010 \$1,473,077 ongoing
500/17/021	Direct Appoint	Oct 17	Cyclone Debbie and Cook Reinstatement - Zones P and R.	Inframax	Estimate Let Price Final Cost	\$77,427 \$77,427 \$77,427
500/17/015	1	Feb 19	Road Pavement Rehabilitation 2018/19	Inframax	Estimate Let Price Final Cost	\$1,899,803 \$2,206,905 ongoing
500/19/003	4	June 20	Bridge Structural Repairs 2019/20 and 2020/21	Inframax	Estimate Let Price Final Cost	\$696,000 \$576,372 ongoing
500/18/003	1	May 18	Bridge Structural Repairs 2017/18	Whitaker Civil	Estimate Let Price Final Cost	\$268,920 \$229,446 ongoing

APPENDIX C



A580383: JR

28 October 2021

**DIGITALLY DELIVERED**

Tony Pinn  
Senior Investment Auditor  
Waka Kotahi  
Tauranga Office  
PO Box 13-055  
Tauranga 3141

Sent by Email to: [Tony.Pinn@nzta.govt.nz](mailto:Tony.Pinn@nzta.govt.nz)

Dear Tony,

WAITOMO DISTRICT COUNCIL RESPONSE TO DRAFT INVESTMENT AUDIT REPORT

Thank you for your draft report provided for Waitomo District Council (WDC)'s review on 16 July 2021. Apologies for the time taken to respond.

## AUDIT RECOMMENDATIONS

The table below captures the audit suggestions/recommendations with WDC's proposed implementation dates:

We recommend that Waitomo District Council Use the Home tab to apply Audit Location to the text that you want to appear here.:		Implementation Date
R2.1	Investigates retentions being held for the Waitahi Road Reseals contract to ensure they are still valid.	31 December 2021
R3.1	Confirms it will meet Waka Kotahi procurement procedure requirements.	31 December 2021
R3.2	Implements quality assurance procedures to improve its tender evaluation processes.	31 December 2021

The table below provides WDC responses to the assessment findings:

1. Previous Audit Issues	N/A
There was one recommendation resulting from the October 2017 procedural audit relating to road safety audit requirements. This issue has been addressed.	
Waitomo District Council's comment	Noted.

2. Financial Processes	Effective
We recommend that Council:  R 2.1 Investigates the retentions being held for Waitahi Road Reseals contract to ensure they are still valid.	
Waitomo District Council's comment	Underway.

3. Procurement Procedures	Significant Improvement Needed
We recommend that Council:  R3.1: Confirms it will meet Waka Kotahi procurement procedure requirements.  R3.2: Implements quality assurance procedures to improve its tender evaluation processes.	

<p>Waitomo District Council's comment</p>	<p><u>R3.1: Confirms it will meet Waka Kotahi procurement procedure requirements.</u></p> <p>WDC notes the Audit findings and confirms it will meet Waka Kotahi procurement procedure requirements. Specifically:</p> <p>Te Kuiti Overbridge Project 500/20/006</p> <p>TET members will be disclosed in future RFTs and NTTs sent when members are changed/updated.</p> <p>Emergency Works Packages 500/17 (017 - 029)</p> <p>Expedited procedures were used to award all 12 contracts directly to WDC's maintenance contractor.</p> <p>At the time this was judged to be the best value for money method, considering the urgency of the initial works and Council's approval of this is well documented. TSC Business paper, meeting 2 February 2018 (A382743), TSC Minutes 2 February 2018 (A383629) refer.</p> <p>However, in future a more transparent process will be used, i.e., to instruct the maintenance contractor to carry out the initial emergency works. The options for permanent reinstatement work will then be decided to achieve best value, taking account of the value of work, urgency, nature of work and availability of appropriately qualified and experienced contractors. Options include direct appointment and competitive tendering e.g., bridge/culvert replacements, retaining/retreating, pavement work</p>
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	<p>Tender Invitation</p> <p>We note section 10.6 of the Waka Kotahi Procurement Manual, which states “An approved organisation must openly advertise all opportunities to supply, which are required to commence as an open competitive process, on the Government Electronic Tenders Service (GETS).”</p> <p>Currently all externally advertised WDC contracts are advertised via Tenderlink. We will progress use of the GETS service alongside Tenderlink.</p> <p><u>R3.2: Implements quality assurance procedures to improve its tender evaluation processes.</u></p> <p>WDC commits to implementation of quality assurance procedures to improve its tender evaluation processes. Specifically:</p> <p>Price Quality Method</p> <p>The auditor noted that provisional sums were not always deducted from the Supplier Quality Premium (SQP) calculations. This will be corrected in future tender evaluations through the use of the latest Waka Kotahi PQM Spreadsheet.</p> <p>Late Tenders</p> <p>Treatment of late tenders, consistent late tenders policy: The process is in place for review of RFTs and this will include consideration of the treatment of late tenders for all contract documents issued after this audit.</p>
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4. Contract Management	Effective
<p>From the records provided and discussions held with staff, we were confident that Council has in place a regular monitoring regime for the management of its Roading network.</p> <p>Council has a good understanding of the road safety audit requirements for non-maintenance works. We reviewed the detailed design audit for the Te Kuiti Overbridge project. A tracking form documenting Council’s final decision relating to the report’s recommendations was well documented.</p>	
Waitomo District Council’s comment	Noted.

5. Professional Services	Effective
<p>We suggest that Council considers calculating professional services business unit revenue and expenditure based on historical data unless it considers that the retention of timesheets is still necessary. Business unit’s costs can be inclusive of both administration and professional services.</p>	

Waitomo District Council's comment	Use of timesheets will continue for the time being, due to the need to keep track of staff time during the present transition process on-boarding of the new Roading Professional Services Provider.
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## DISCUSSION:

### Procurement Practices

WDC acknowledges the need for some improvement in procurement practices but disagrees that WDC's Procurement Procedures require "significant improvement", as stated in the NZTA audit. Under that rating, the NZTA compliance definition is "significant breaches of Waka Kotahi and/or legislative requirements", which is clearly an overstatement of the situation. The main concern raised was isolated to one, dated contract (the oldest one out of the 7 contracts audited) and the other matters are all minor and simple procedural/administrative issues to fix.

Since October 2017, significant work has gone into strengthening Council's procurement processes. We note that the main concern relates to a one-off occasion involving widespread damage to the condition of our network, that has not been experienced since.

### Te Ara Tika tendering process

The current draft report reads:

The Request for Tender (RFT) for this contract listed the members of the Tender Evaluation Team (TET). One member was later replaced, and this was notified through a notice to tenderers. However, the tender evaluation report showed that the original TET evaluated the tenders. The disclosure of the TET members presents an opportunity for potential tenderers to declare any conflicts of interest to Council. Any change to the makeup of the TET should be communicated to minimise the risk of a challenge to the tender process.

Note: Disclosure of TET members in contract documents is not a Waka Kotahi requirement.

The first part of this comment is incorrect. The TET was named in the RFT. A subsequent change was however made to the TET but no NTT was issued to advise tenderers.

There has been some internal discussion on options moving forward, because disclosure of TET members in contract documents is not a Waka Kotahi requirement. The two options considered were:

- Not to disclose the TET in future RFTs
- To continue to disclose the TET in future RFTs but to take more care to issue an NTT if TET members change.

## SUMMARY

In our view, NZTA's assessment of item 3 Procurement Procedures as requiring "significant improvement" is harsh and not reflective of the progress made over the last few years to improve our performance in this area. Whilst we accept that there are still some "error and omission issues identified which need to be addressed", this description is in line with the rating "some improvement needed". With this, we respectfully request that the rating be adjusted accordingly.

## AUDITEE FEEDBACK FORM

Please also find attached the Auditee Feedback Form 2021-22 – Completed (document number A575755).

Yours sincerely,


A handwritten signature in blue ink, appearing to read 'Greg Boyle', with a large, stylized initial 'G'.

GREG BOYLE

ACTING GENERAL MANAGER – INFRASTRUCTURE SERVICES

Attachments:           1.           NZTA Communication on Emergency Works (A382728)  
                                  2.           Auditee Feedback Form 2021-22 – Completed (A575755)



<b>Document No:</b> A612685	
<b>Report To:</b>	<b>Audit, Risk and Finance Committee</b>
	<p><b>Meeting Date:</b> 17 May 2022</p> <p><b>Subject:</b> <b>Progress Report: WDC Resource Consents – Compliance Monitoring</b></p> <p><b>Type:</b> Information Only</p>

## Purpose of Report

1.1 The purpose of this business paper is to brief Council on compliance reporting against Resource Consent conditions, due during the third quarter of 2021/22.

## Risk Considerations

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

## Commentary

3.1 WDC is required to report on resource consent compliance to Waikato Regional Council (WRC) in accordance with the conditions that regulate the various resource consents held by WDC.

3.2 The following tables set out details of the compliance reporting requirements for WDC’s resource consents.

RESOURCE CONSENT	REPORT DUE
<b>Monthly</b>	
No. 116844 - Benneydale Water Treatment Plant Condition 9 (Surface Water Take)	Monthly
No. 117290 - Piopio Wastewater Treatment Plant Condition 26 (Discharge)	Monthly
No. 140685 - Rangitoto Quarry Landfill, William Street, Te Kuiti Conditions 65, 66	<i>Not yet commenced</i>
<b>Quarterly</b>	
No. 112639 - Te Kuiti Wastewater Treatment Plant Conditions 7 to 19 (Discharge) Condition 30	December, March, June, September
No. 140685 - Te Kuiti Landfill, William Street Conditions 65 and 66	<i>Not yet commenced</i>

RESOURCE CONSENT	REPORT DUE
No. 101753 - Te Kuiti Landfill, William Street Condition 11 ( <i>Within 2 months of sampling</i> )	February, May, August, November
<b>Six Monthly</b>	
No. 133317 - Te Kuiti Water Treatment Plant Condition	January/July
No. 118813 - Benneydale Wastewater Treatment Plant Condition 16 - 23	January/July
No. 117945 - Benneydale Water Treatment Plant (Backwash) Condition 3	April/October
No. 107477 - Piopio Water Treatment Plant Conditions 6, 7, 8 & 9	May/November
No. 107478 - Piopio Water Treatment Plant Conditions 10, 15 & 16	May/November
No. 140685 - Te Kuiti Landfill, William Street Conditions 62, 63 ( <i>Within 2 months of sampling</i> )	<i>Not yet commenced</i>
<b>Annual</b>	
No. 118813 - Benneydale Wastewater Treatment Plant Condition 26	31 March
No. 120340 - Mokau Closed Landfill Condition 3, 6 & 10	Monitoring Ceased by mutual agreement with WRC (11/2017)
No. 105054/55/56/57/58/59/60 - Waitomo Stormwater Schedule A (22) Conditions 4,5 & 6	31 May
No. 105054 - Te Kuiti Stormwater Condition 6	31 May
No. 116274 - Benneydale Water Treatment Plant Conditions 2, 3, 4 & 7 (Groundwater Take)	1 June
No. 113544 - Mokau Water Treatment Plant (Water Take)	July
No. 113545 - Mokau Water Treatment Plant (Backwash)	July
No. 140685 - Rangitoto Quarry Landfill, William Street, Te Kuiti Annual Report Condition 71.	<i>Not yet commenced</i>
No. 101753 - Te Kuiti Landfill, William Street Annual Report Condition 4 <b>Independent Peer Reviewer</b>	May

RESOURCE CONSENT	REPORT DUE
No. 120048 - Te Kuiti Wastewater Treatment Plant Condition 7	1 December
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 20 (Discharge)	September
No. 103287, 103288 and 103289 - Te Kuiti Walker Road - Closed Landfill	November
No. 103193 - Benneydale Closed Landfill SH30 Conditions 2, 3 and 5 No. 103194 - Conditions 2 and 3	Monitoring Ceased by mutual agreement with WRC (08/2018)
No. 103196 - Piopio Closed Landfill Condition 2, 3 and 4	Monitoring Ceased by mutual agreement with WRC (08/2018)
No. 103198 - Aria Closed Landfill Conditions 2 and 4	Monitoring Ceased by mutual agreement with WRC (08/2018)
<b>Biennial</b>	
No. 117290 - Piopio Wastewater Treatment Plant Condition No 7 and 9 (Discharge) (Review Operations and Management)	September 2014, 2016, 2018, etc.
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 24 (Review Operations Management Plan)	June 2015 ( <i>and every two years after</i> )
No. 118813 - Benneydale Wastewater Treatment Plant Condition 27 (Review Management Plan Review)	from 2010 every two years
<b>Other</b>	
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 28 (Complete Passage/Migration Barrier Assessment within 3 years of commencement date)	Within 3 years: 18 December 2017 Completed: 1 July 2020

3.3 The following Resource Consent Compliance Reports have been made to WRC during the second and third quarter of 2021/22:

**1. AUTH116844.01.01 – Maniaiti/Benneydale Water Treatment Plant  
Condition 9 (Surface Water Take)  
Report Due: Monthly**

<b>Activity Description</b>	Take up to 180 cubic metres per day of water from an unnamed tributary of the Mangapehi Stream for Benneydale water supply purposes.
<b>Reporting Period:</b>	January 2022
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A600062

<b>Reporting Period:</b>	February 2022
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A605041

<b>Reporting Period:</b>	March 2022
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A609751

<b>Reporting Period:</b>	April 2022
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A612255

**2. AUTH117290.01.01 – Piopio Wastewater Treatment Plant  
Condition 26 (Discharge)  
Report Due: Monthly**

<b>Activity Description</b>	Discharge up to 135.4 cubic metres of treated municipal sewage in any 24-hour period from the Piopio Wastewater Treatment System to the Mokau River.
<b>Reporting Period:</b>	October 2021 – February 2022
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A583750

<b>Reporting Period:</b>	March 2022
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A610942

**3. AUTH112639.01.01 – Te Kuiti Wastewater Plant  
Conditions 7, 17 and 19 (Discharge)  
Report due: Quarterly**

<b>Activity Description</b>	To discharge treated wastewater to the Mangaokewa Stream from the Te Kuiti Wasterwater Plant
<b>Reporting Period:</b>	July 2021 - December 2021
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A597538

<b>Reporting Period:</b>	January 2022 – March 2022
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A610254

**4. AUTH101753.01.01 – Te Kuiti Landfill  
Condition 11 (Leachate monitoring)  
Report due: Quarterly**

<b>Activity Description</b>	Place up to 232,000 tonnes of municipal solid waste onto or into land, in the Rangitoto Quarry Landfill, William Street, Te Kuiti
<b>Reporting Period:</b>	October 2021 – December 2021
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A594998

<b>Reporting Period:</b>	January 2022 – March 2022
<b>Compliance Status:</b>	Compliant
<b>WDC Reference:</b>	A610878

## Suggested Resolution

The Progress Report, WDC Resource Consents – Compliance Monitoring, be received.



SHYAMAL RAM  
**GENERAL MANAGER – INFRASTRUCTURE SERVICES**

**Document: A612976**

**Report To: Audit, Risk and Finance Committee**



**Date:** 17 May 2022

**Subject:** **Progress Report: Health and Safety**

**Type:** Information Only

## Purpose of Report

- 1.1 The purpose of this business paper is to brief the Committee on Waitomo District Council's (WDC) health and safety performance for 2021/22 quarter three (January to March 2022).

## Background

- 2.1 Under the Health and Safety at Work Act 2015, "Officers" are required to exercise due-diligence to provide them with a level of assurance that health and safety is being effectively managed. Due-diligence requires the need for "Officers" to keep up to date with health and safety matters and information; ensure critical risks are effectively controlled; ensure health and safety is adequately resourced; ensure appropriate monitoring and reviews are conducted to provide assurance and verify that health and safety matters are being appropriately addressed.
- 2.2 This new report format aligns with the SafePlus programme developed by WorkSafe NZ, ACC and MBIE in 2017. The programme is voluntary and aims to support organisations wanting to improve health and safety culture and exceed minimum compliance requirements.
- 2.3 Identified improvements and actions set for completion during the period are:
  - 2.3.1 Approved Fire Evacuation Schemes in place for Treatment Plants where the quantities of hazardous substances meet the threshold.
  - 2.3.2 Completion of rollout of Desk Files and educational workshops for LASS Regional Health and Safety Framework implementation.
  - 2.3.3 Complete health and safety assessments across WDC's quarry network.
  - 2.3.4 Support and encourage a continued increase in site safety inspections and near miss recording.
  - 2.3.5 Implementation of a Health and Safety Annual Plan with objectives and key performance indicators.

## Commentary

- 3.1 **LEADERSHIP COMMITMENT**
- 3.2 Management is committed to ensuring health and safety is managed effectively. The Health and Safety Administrator and Advisor attend Senior Management Team (SMT) meetings on a monthly basis to provide an update on performance and highlight any areas of concern.
- 3.3 Objectives and actions are progressing, with the Health and Safety Implementation Plan (Attachment 1) updated regularly. This Plan is now also being monitored by SMT monthly. All objectives are on track for being achieved by the end of June 2022.

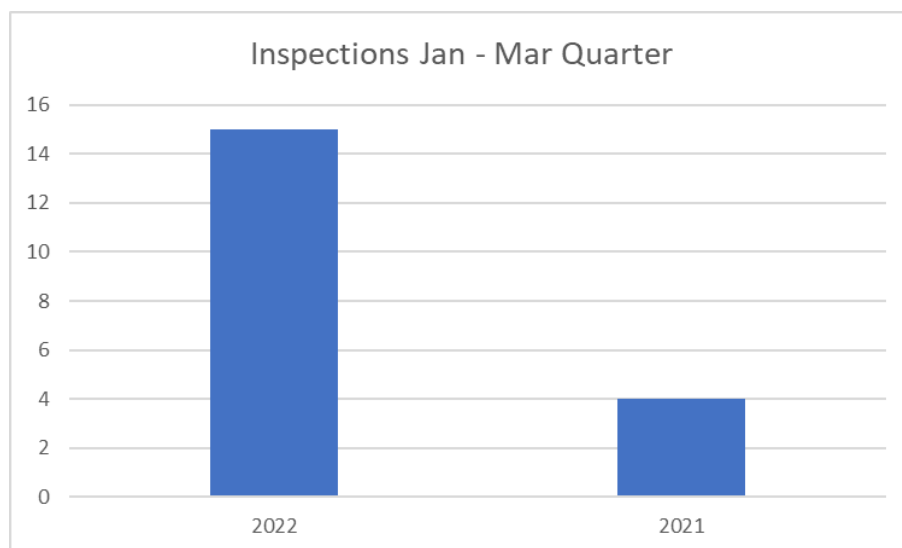
3.4 Key Performance Indicators (KPI's) support progress and completion of our objectives. Our traffic light table provides an indication to how WDC is tracking against the KPI targets. There has been some improvement, with further work being done to ensure we meet the targets within the next quarter.

KPI	Target	Status
Site Inspections	5 per month	
Workplace Inspections	1 quarterly	
Managers H&S Conversations	5 per month (1 per group)	
Health and Safety Committee Meetings	1 per month	
Near Miss Reporting	10% increase	

Red light = target not reached – management focus required  
 Yellow light = target almost reached – maintain management focus  
 Green light = target achieved or exceeded

3.5 A new template was developed to assist management in initiating and recording health and safety conversations with staff. This was trialled by a General Manager in February 2022 and has now been rolled out to SMT and managers.

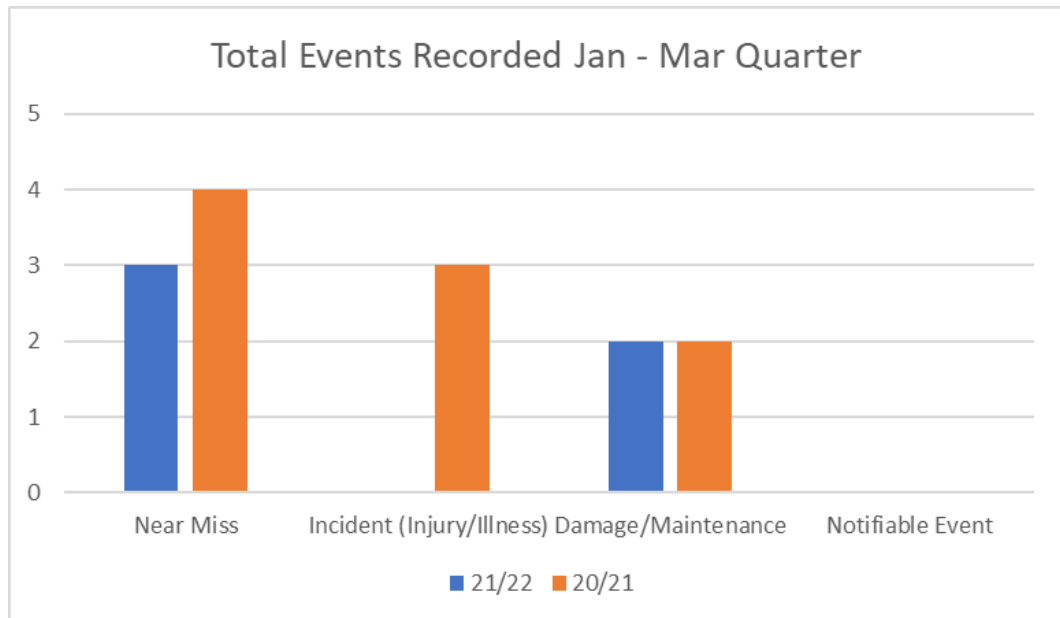
3.6 While the above traffic light table indicates site inspections remain a management focus, the graph below highlights the significant improvement that has been made during this quarter and indicates WDC to be on track by the next quarter.



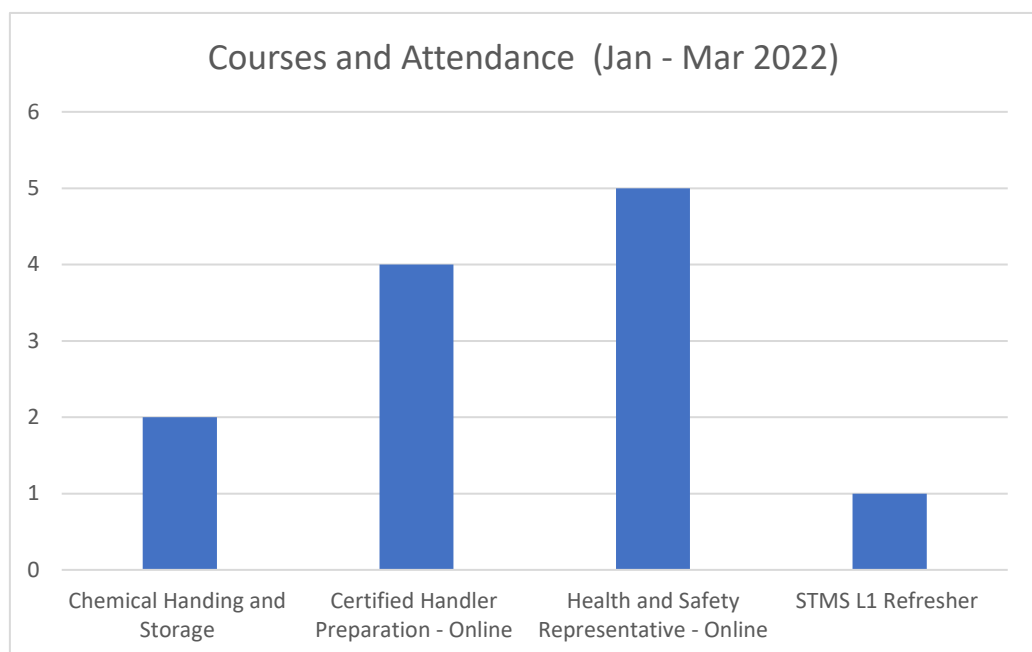
3.7 **WORKER ENGAGEMENT PARTICIPATION AND REPRESENTATION**

3.8 To support and encourage worker participation and representation WDC continues to maintain a Health and Safety Committee.

- 3.9 Formal Health and Safety Representative training was completed by three Representatives in February 2022. There has since been another new Representative appointed following a resignation that training will be arranged for.
- 3.10 The Health and Safety Committee continue to meet, with the last meeting held on 23 March 2022 via Zoom. There were no issues/concerns raised.
- 3.11 Ongoing staff consultation processes continue as part of the development of a suite of Desk Files outlining the management of health and safety.
- 3.12 The importance of event (incident) reporting continues to be encouraged, enabling WDC to identify learnings.



- 3.13 Formal training courses have been attended during this quarter to maintain compliance requirements, including the ability to utilise online courses where appropriate (due to COVID-19 restrictions).



3.14 **RISK MANAGEMENT**

- 3.15 The top five risks that have previously been identified by the Senior Management Team remain unchanged:



- 1 **Working Alone** – Lone worker devices are in place and monitored to provide staff with security/support all hours. Vehicle monitoring devices (Smartrak) are installed in vehicles to provide vehicle location (in cell network coverage areas only). Successful testing of the Lone Worker devices was carried out from Mokau recently.
  - 2 **Contractor Management** – The SHE Pre-Qualification used by WDC - contractor's health and safety processes, evidence and insurances are evaluated and approved before carrying out physical works gives WDC an assurance that contractors are managing health and safety. The completion of site safety inspections has been a focus area and an increase in the number of inspections undertaken has occurred.
  - 3 **Confined Spaces** - Training is current. A Job Safety Analysis and permit system has been set up for staff to use when planning a confined space entry. Site safety inspections are required during this activity to ensure safe work practices and procedures are being followed.
  - 4 **Aggressive Behaviour** – Training is current for customer facing roles. Lone Worker Devices are available to all front facing staff to use as necessary. Any aggressive behaviour is recorded as a near miss and investigated. Lone Worker Device testing for customer facing roles is scheduled to occur in the next quarter to ensure the devices function correctly and the process is followed.
  - 5 **Driving and Vehicle Usage** – Driver training has been delivered to those staff who drive off-road and for those who tow trailers. Smartrak is installed in all vehicles to monitor vehicle locations as needed.
- 3.16 The WDC COVID-19 Health and Safety Plan remains actively in place and under constant review due to the ever-changing COVID-19 environment.
- 3.17 An Action Plan has been created to capture actions required to meet hazardous substances legislative requirements. All actions are on track to be completed by end of June 2022.

## Quarter Four Focus

- 4.1 Complete the hazardous substances actions required to obtain Approved Fire Evacuation Schemes and Location Compliance for Treatment Plants where the quantities of hazardous substances meet the thresholds as per the Health and Safety at Work (Hazardous Substances) Regulations 2018 and Fire and Emergency New Zealand (Fire Safety, Evacuation Procedures, and Evacuation Schemes) Regulations 2018.
- 4.2 Complete Desk Files and education sessions for LASS Regional Framework implementation.
- 4.3 Support and encourage a continued increase in site safety inspections and near miss recording.

## Suggested Resolution

The Progress Report: Health and Safety be received.



HELEN BEEVER  
**GENERAL MANAGER – COMMUNITY SERVICES**

May 2022

Attachments:

1. Health and Safety Implementation Plan 2021/22

Attachment 1: Health and Safety Implementation Plan 2021/22

# HEALTH AND SAFETY IMPLEMENTATION PLAN 2021/22



OBJECTIVES	ACTIONS	OWNER	RESPONSIBLE	TARGETED COMPLETION	STATUS
Implement the LASS regional health and safety framework	• Develop 10 desk files for LASS framework	GM-CS	H&S Team	Jul 22	80%
	• Develop/review forms for implementation of desk files	GM-CS	H&S Team	Jun 22	80%
	• Use consultation process before finalising documents	GM-CS	H&S Team	Jun 22	70%
Educate our people on the new health and safety management processes	• Schedule workshops	GM-CS	H&S Team	Jun 22	70%
	• Deliver workshops for each desk file developed to relevant staff	GM-CS	H&S Team	Jun 22	50%
Encourage management to engage in health and safety conversations	• Record management health and safety conversations	GM-CS	SMT/Managers	Monthly (ongoing)	25%
Monitor health and safety performance onsite and in the workplace	• Develop workplace inspections schedule	GM-CS	H&S Team	July 21	100%
	• Complete annual workplace inspections	GM-CS	H&S Team, HSReps	June 22	50%
	• Carry out monthly worksite inspections	SMT	Contract/Project/Operational Team Managers	Monthly – ongoing	50%
Identify and share learnings	• Investigate all events and communicate learnings/preventative actions	GM-CS	H&S Team	Ongoing	100%
Engage with workers on health and safety matters affecting their role	• Implement a documented consultation process	GM-CS	H&S Team	Sept 21	100%

Status key:

- **Red** = not on track – focus required
- **Orange** = in progress / on track
- **Green** = completed



**Document No:** A612574

## **Report To: Audit, Risk and Finance Committee**



**Meeting Date:** 17 May 2022  
**Subject:** **Financial and Performance Delivery Progress Report - period ended 31 March 2022**  
**Type:** Information Only

### **Purpose of Report**

- 1.1 The purpose of this business paper is to provide an overall Progress Report on WDC's financial and non-financial activities for the period ending 31 March 2022.
- 1.2 A copy of the Progress Report for the period ending 31 March 2022 is enclosed separately and forms part of this business paper.

### **Background**

- 2.1 Each quarter, progress reports are prepared to provide a high-level update of Council's activities for the Audit, Risk and Finance Committee. The Progress Reports include:
  - Providing progress on Council's activities (quarterly progress reports); and
  - Council's budget (quarterly financial reporting); and
  - How Council is delivering against the service performance measures (quarterly non-financial reporting).
- 2.2 This business paper outlines a high-level summary of progress on the key aspects of both the financial and non-financial activities as detailed fully in the Progress Report.

### **Commentary**

- 3.1 This quarterly report is the third report relating to the 2021-22 Financial Year.
- 3.2 **COVID-19 PANDEMIC AND THREE WATERS REFORM IMPACTS**
- 3.3 For the January to March 2022 quarter the Waitomo District has had COVID-19 restrictions in place, which have impacted on the delivery of some work programmes and projects. In early December 2021, the COVID-19 Protection Framework (the Framework) came into effect. The Waitomo District has been at Red for most of this quarter.
- 3.4 Due to the COVID-19 Pandemic there continues to be high demand for contractors and delays in delivery of supplies, which is causing delays to completion dates and project delivery. Accessing services and contractors outside of the district is also proving challenging with a backlog of work built up.
- 3.5 **THREE WATERS REFORM (TWR)**
- 3.6 There has been good progress made in this quarter on the expenditure programme related to TWR, a separate report and paper detail this.
- 3.7 The third installment of DIA funding was approved, and payment of \$100,000 excl. GST was made to WDC in March 2022. The next payment request can be made in April 2022.

3.8 These projects continue to be a resource heavy area. External contractors have been engaged to assist with the delivery of some of these projects.

## 3.9 **INCOME STATEMENT HIGHLIGHTS**

### 3.10 **NET OPERATING SURPLUS**

3.11 The net operating surplus of \$5.5 million was \$2.3 million more than budget for the period ended 31 March 2022.

### 3.12 **Expenditure**

3.13 Total Expenditure was \$0.4 million less than budget for the period ended 31 March 2022. This is less than forecast due to:

- **Resource Management:** \$0.7 million below budget, as legal and consultancy fees for the District Plan Review were not fully spent due to timing of this project.
- **Wastewater:** \$0.2 million less than budget for operations and maintenance, consultant fees, sludge disposal and chemicals for Te Kuiti
- **Regulatory Services:** \$0.2 million less than budget for animal control, environmental health officer and noise control costs and building accreditation expenses.
- This reduced expenditure was partly offset by additional costs incurred for first response emergency expenditure for damage to the road network from ex-Cyclone Dovi (funded 75% by Waka Kotahi subsidy) as well as additional expenditure for Mayors Taskforce for Jobs (fully funded by subsidy).
- **Depreciation expense** was more than budget due to the revaluation of building assets, water, wastewater, and stormwater assets at 30 June 2021 which increased the value of these assets and the corresponding depreciation expense.
- **Finance costs** were less than budget due to a lower level of borrowings than forecast and more favourable interest rates than forecast in the 10YP.

### 3.14 **Revenue**

3.15 Total Revenue was \$1.8 million more than budget for the period ended 31 March 2022.

- Rates revenue was below budget for metered water revenue for Te Kuiti and Piopio.
- Subsidy revenue was more than budget for the construction of the King Country Indoor Recreation and Sports Centre and a grant was also received for the Mayors Taskforce for Jobs community recovery programme.
- Additional interest revenue as received from term deposits.
- Fees and charges revenue was less than budget for refuse charges, trade waste and as well as reduced revenue for the Aquatic Centre, Les Munro Centre and Aerodrome.
- Other revenue for the period were more than budget for petroleum tax and insurance proceeds

### 3.16 **CAPITAL EXPENDITURE**

3.17 The revised budget for capital expenditure is \$20.95 million. This includes the construction of the stadium, the carryover of projects that were not completed in 2020/21 year and the Three Water Reform stimulus programme.

3.18 As mentioned, some of the revised capital expenditure programme of \$20.95 million has been delayed due to the ongoing impact of the COVID-19 pandemic on the availability of contractors and supplies, internal resourcing capacity due to a number of vacant positions within the organisation as well as the impact on delivery of the programme through the various 'traffic light' system settings in place through the year.

3.19 The completion of the Three Waters Reform stimulus programme, the construction of the stadium as well as completion of the roading programme remain priorities for the organisation. Of the remaining programme, these projects are at various stages of planning or in the process of being delivered but progress is highly dependent on the constraints mentioned previously.

3.20 The capital expenditure programme will be reviewed prior to end of financial year to determine the projects that may need to be carried over to the next financial year. A number of projects may need to be reassessed and scopes redefined to deliver these projects in the 2022/23 year.

3.21 Capital Expenditure was **\$8.9 million** for the period ended 31 March 2022, of which \$3.1 million (34%) relates to Roads, \$2.3 million (26%) relates to Recreation and Property, and \$1.8 million (21%) relates to Water Supply.

### 3.22 **Recreation and Property**

3.23 The largest underspend is in the following projects:

- The scope of the Mokau public toilet renewal and replacement programme was reviewed and subsequently affected by new land tenure considerations that needed to be resolved with the Ministry of Education. Renewal and upgrade of the effluent field has been completed. Contracts have been awarded for the toilet build and associated wastewater system. Site preparation works will begin next quarter.
- The King Country Indoor Sports and Recreation Centre is reported separately to Council.

### 3.24 **Roads and Footpaths**

- The Te Ara Tika Overbridge Project has a spend of \$610,000 to the end of Quarter 3. This is \$13,000 over budget.
- Completion of the new pedestrian overbridge replacing the previous bridge across the rail corridor at Te Kuiti was practically completed in November 2021. Basketball court painting and remaining architecture was completed in January 2022. The bridge and associated landings are now in the contract maintenance period, due to expire in November 2022.
- The initial response to repairs for ex-Cyclone Dovi has contributed to increased expenditure, although off-set in other areas. There has been some impact on other areas such as maintenance however most programmes have been bought back on scheduled by the end of the quarter.
- The Sealed Road Rehabilitation programme had three sites identified for pavement rehabilitation this season. Due to site complexities, a late start to testing and investigations, only one site will be completed this financial season. Seddon and Lawrence Streets have been deferred through to 2022/23.

### 3.25 **Water Supply**

3.26 The largest underspends are in the Three Waters project, and renewals

- The Three Waters Project capital work programme commenced in March 2021; completion date is 30 June 2022.
- The back-up generators have arrived in New Zealand and will be installed during April 2022, preparation works have commenced onsite. Mokau upgrade has continued though delayed awaiting arrival of equipment, the plant is expected to be commissioned next quarter. The backflow installation project is almost completed with just a small number of installations outstanding, around 900 manifolds have been installed throughout the District.
- Work has been completed on Mokau renewals, significant renewals work is scheduled for next quarter with contracts for Te Kuiti, Mokau, and Piopio.

3.27 **Three Waters Reform Programme**

3.28 A project update is provided on this programme of work in a separate report to Council.

3.29 **BORROWINGS**

3.30 At 31 March 2022, public debt was \$28.2 million and net debt was \$26 million. At 30 June 2021, it was \$34.2 million and net debt was \$29.1 million.

3.31 The assumed interest rate used in the 10YP for the 2021/22 year is 2.75% excluding the credit facility fee. The weighted average interest rate excluding the facility fee was 2.24% at 31 March 2022. Including the credit facility fee the weighted average interest rate was 3.51%.

3.32 **STATEMENT OF SERVICE PERFORMANCE**

3.33 The Statements of Service Performance provide detailed information on the performance measures and targets for each of the significant activities. The performance summary is given on page 5 of the quarterly report with more detailed information disclosed within each activity.

3.34 Of the 59 key performance indicators measured, 31(52%) are on track, 14(24%) achieved, 4(7%) off track, 2(3%) not achieved and 8 (14%) no data available.

## Suggested Resolution

The business paper on Quarterly Progress Report for period ended 31 March 2022 be received.



ALISTER DUNCAN  
**GENERAL MANAGER – BUSINESS SUPPORT**



ALEX BELL  
**GENERAL MANAGER – STRATEGY AND ENVIRONMENT**

5 May 2022

Attachments:

- 1 Progress Report for the period ending 31 March 2022 (A608164)
- 2 Bancorp Treasury Management Report 31 March 2022 (A611270)

# PROGRESS REPORT

FOR THE PERIOD 1 JANUARY TO 31 MARCH 2022





**TABLE OF CONTENTS**

<b>INTRODUCTION .....</b>	<b>3</b>	COMMUNITY OUTCOMES.....	30
<b>SUMMARY .....</b>	<b>4</b>	PROJECTS AND PROGRAMME UPDATES .....	30
<b>FINANCIALS.....</b>	<b>8</b>	SERVICE PERFORMANCE MEASURES .....	31
INCOME STATEMENT HIGHLIGHTS .....	8	FINANCIAL UPDATE .....	32
BALANCE SHEET HIGHLIGHTS.....	9	<b>STORMWATER.....</b>	<b>34</b>
CAPITAL EXPENDITURE .....	10	COMMUNITY OUTCOMES.....	34
TREASURY MANAGEMENT HIGHLIGHTS.....	11	PROJECTS AND PROGRAMME UPDATES .....	34
RATES RECEIVABLES.....	12	SERVICE PERFORMANCE MEASURES .....	35
<b>LEADERSHIP .....</b>	<b>13</b>	FINANCIAL UPDATE .....	36
COMMUNITY OUTCOMES.....	13	<b>RESOURCE MANAGEMENT .....</b>	<b>37</b>
PROJECTS AND PROGRAMME UPDATES .....	13	COMMUNITY OUTCOMES.....	37
SERVICE PERFORMANCE MEASURES .....	16	PROJECTS AND PROGRAMME UPDATES .....	37
FINANCIAL UPDATE.....	17	SERVICE PERFORMANCE MEASURES .....	38
<b>RECREATION AND PROPERTY.....</b>	<b>19</b>	FINANCIAL UPDATE .....	38
COMMUNITY OUTCOMES.....	19	<b>WASTEWATER .....</b>	<b>39</b>
PROJECTS AND PROGRAMME UPDATES .....	19	COMMUNITY OUTCOMES.....	39
SERVICE PERFORMANCE MEASURES .....	19	PROJECTS AND PROGRAMME UPDATES .....	39
FINANCIAL UPDATE.....	21	SERVICE PERFORMANCE MEASURES .....	40
<b>COMMUNITY AND PARTNERSHIPS.....</b>	<b>23</b>	FINANCIAL UPDATE .....	41
COMMUNITY OUTCOMES.....	23	<b>WATER SUPPLY.....</b>	<b>43</b>
PROJECTS AND PROGRAMME UPDATES .....	23	COMMUNITY OUTCOMES.....	43
SERVICE PERFORMANCE MEASURES .....	25	PROJECTS AND PROGRAMME UPDATES .....	43
FINANCIAL UPDATE.....	26	SERVICE PERFORMANCE MEASURES .....	46
<b>REGULATORY SERVICES .....</b>	<b>27</b>	FINANCIAL UPDATE .....	49
COMMUNITY OUTCOMES.....	27	<b>ROADS AND FOOTPATHS.....</b>	<b>51</b>
PROJECTS AND PROGRAMME UPDATES .....	27	COMMUNITY OUTCOMES.....	51
SERVICE PERFORMANCE MEASURES .....	28	PROJECTS AND PROGRAMME UPDATES .....	51
FINANCIAL UPDATE.....	29	SERVICE PERFORMANCE MEASURES .....	55
<b>SOLID WASTE.....</b>	<b>30</b>	FINANCIAL UPDATE .....	57

## INTRODUCTION

The 2021-31 10 Year Plan (10YP) was adopted in June 2021. It sets out outcomes we aim to deliver for our community, through the activities we undertake. Within each group of activities outlined in the 10YP, we have outlined the levels of service we intend to deliver.

Council also uses Activity/Asset Management Plans to outline the detailed work programme and further communicate an annual programme of work at a high level through the Exception Annual Plans 2022/23 and 2023/24.






Progress on Year 1 of the 10YP and Exceptions Annual Plans are reported back to the community at the year-end through Council's Annual Reports.

The purpose of this report is to provide high-level updates of these Council activities for the months of January 2022 to March 2022. The report covers progress on groups of activities (i.e., as outlined in the 10YP and reported annually through the Annual Report). The progress update includes:

- High level summary of progress against major programmes of work and projects.
- Updates on Business as Usual (BAU) programmes, where the activity is linked to the delivery of a core service and/or linked to a 10YP Key performance measure.
- Non-financial KPI reporting.
- Financial reporting.

### Keys

Project / Programme stage	
Scoping	Decision on whether to pursue a project or not, and if pursuing the project, what the scope will be.
Planning	Phase where the project is being planned alongside resourcing, timeframes, and risk identification.
Delivering	Executing all deliverables.
Completed	Completion of the project.
BAU – Business as usual	Ongoing programme of work with no start or end date. Noting that some programmes of work may have projects or programmes that have annual targets which will be treated as a project.

Project/ Programme status	
	Suggests that risks are present that require the intervention of the project team to resolve in order to deliver the project successfully.
	Usually indicates that there are issues and potential risks that may get the project schedule off track and need early intervention to ensure that the project remains on track.
	The project is going well and is progressing as planned, and according to the designated time, budget, and scope.
	Ongoing programme of work with no start or end date. Noting that some programmes of work may have projects or programmes that have annual targets which will be treated as a project.
	Project has been completed.

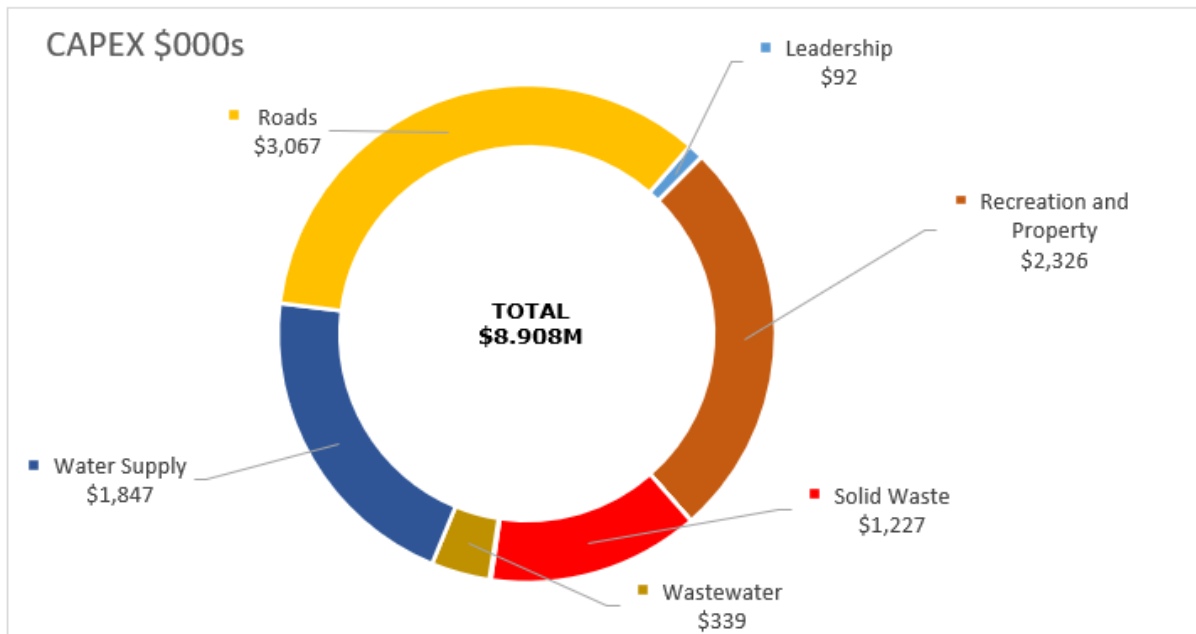
### Performance Measure Status

 Not Achieved	 Off track	 Achieved	 On track	 Data not available
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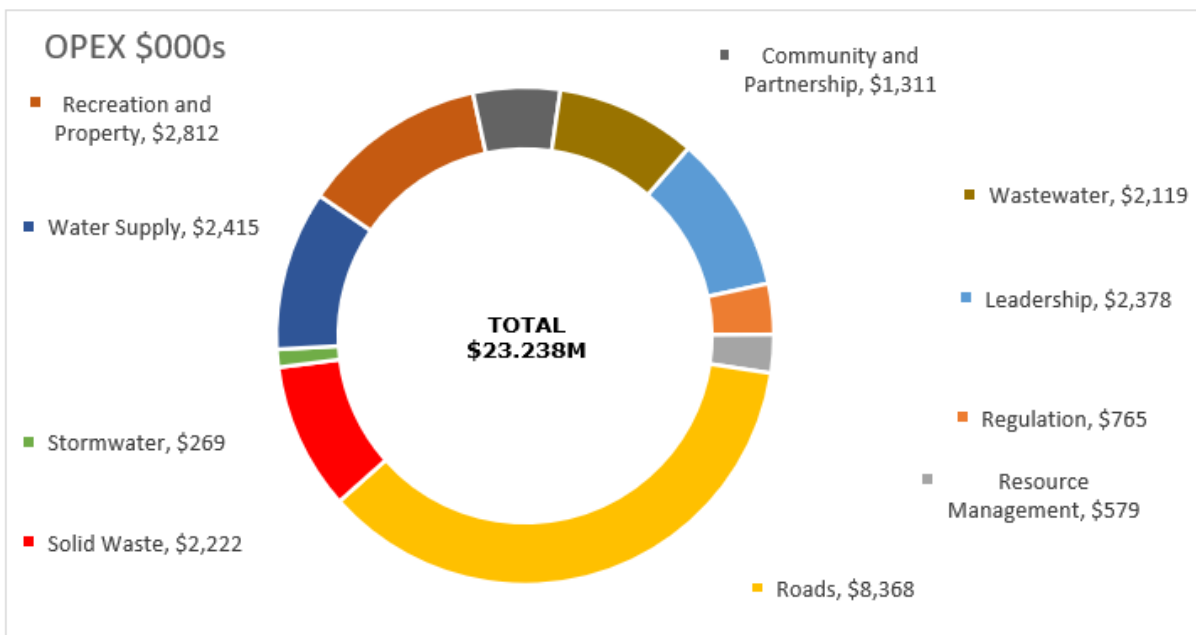
Financials	
Revised Budget	Includes 21/22 10YP Budget plus Three Water Reform Stimulus Programme, carryovers and any additional budgets approved.

## SUMMARY

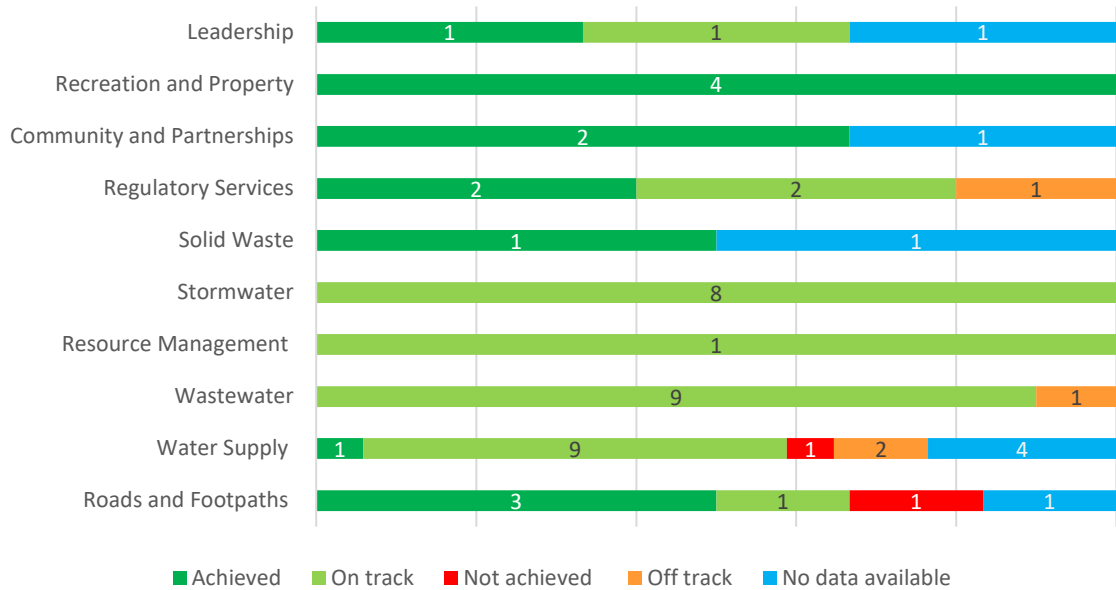
### CAPITAL EXPENDITURE SUMMARY AS AT 31 MARCH 2022



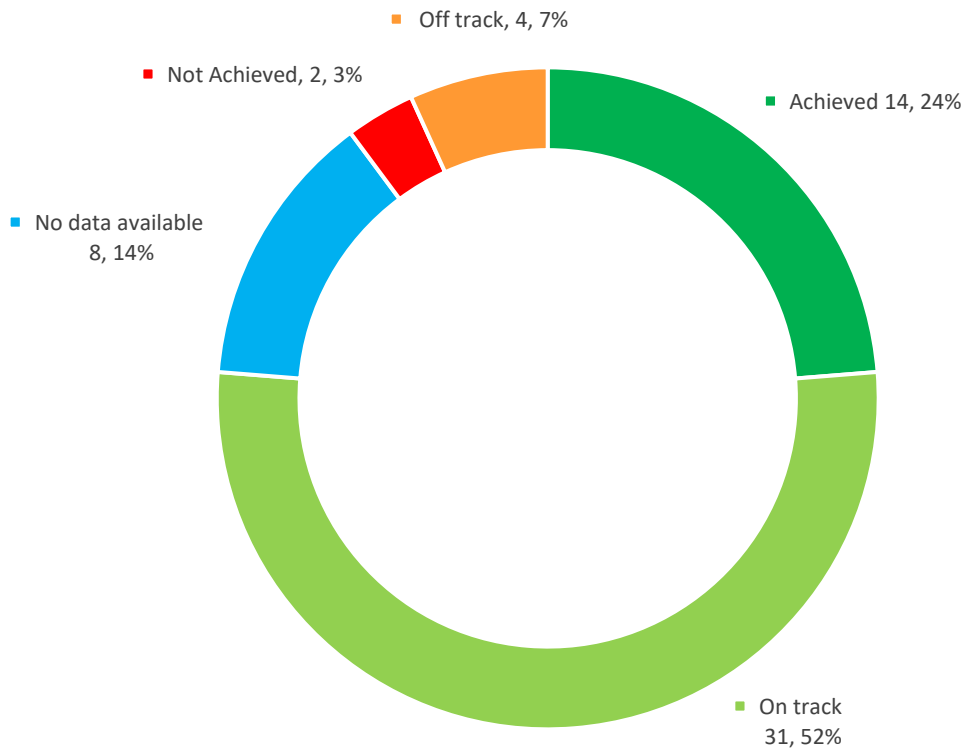
### OPERATIONAL EXPENDITURE SUMMARY AS AT 31 MARCH 2022


























## SERVICE PERFORMANCE SUMMARY AS AT 31 MARCH 2022



















Of the 59 key performance indicators measured, 14 (24%) have been achieved, 31 (52%) on track, 4 (7%) off track, 2 (3%) not achieved, and 8 (14%) with no data available. Data for these measures are largely derived from the Resident Satisfaction Survey. Results will be reported through the Annual Report.



## PROGRAMME/PROJECT PERFORMANCE SUMMARY 31 MARCH 2022

LEADERSHIP		
Programme / Project	Status	
Exceptions Annual Plan	Delivering	
Review of Council's Risk Management Framework and Strategic Risks	Delivering	
Civil Defence	Ongoing	
RECREATION AND PROPERTY		
Programme / Project	Status	
Lease Agreements	Ongoing	
Esplanade Reserves – Mokau beach access	Completed	
Mokau Toilets	Planning/Delivering	
COMMUNITY AND PARTNERSHIPS		
Programme / Project	Status	
Vibrant Safe Waitomo (VSW)	Ongoing	
Youth Liaison/ Waitomo District Youth Council	On Hold	
Mayor's Taskforce for Jobs (MTFJ) Community Recovery Programme	Delivering	
Novice Driving Training Programme	Delivering	
Community Development Fund Policy Implementation	Ongoing	
Community / Civic Events	Ongoing	
REGULATORY SERVICES		
Programme / Project	Status	
All programmes of work - <i>specific reporting on exceptions basis</i>	Ongoing	
SOLID WASTE		
Programme / Project	Status	
Landfill	Ongoing	
Waste minimisation promotion and educational programmes	Ongoing	
Infrastructure maintenance and transfer station safety improvements	Planning	
STORMWATER		
Programme / Project	Status	
Completion of Stormwater Catchment Plans	Planning	
Completion of the annual renewals programmes based on conditions assessment	Planning/delivering	
Monitoring and maintenance of stormwater exit and entry points	Ongoing	
RESOURCE MANAGEMENT		
Programme / Project	Status	
All Programmes of work – <i>reporting on exceptions basis</i>	Ongoing	
District Plan Review	Delivering	
WASTEWATER		
Programme / Project	Status	
Renew and Extend Soakage Field (Te Waitere)	Planning	
Riparian Planting at Te Kuiti	Delivering	

WATER SUPPLY		
Programme / Project	Status	
Installation of backflow preventers – Te Kuiti, Mokau, and Piopio	Delivering	
Te Kuiti Supervisory control and data acquisition (SCADA)	Ongoing	
Mokau water-main renewals	Delivering	
Additional monitoring and control Maniaiti/Benneydale	Delivering	
Mechanical renewals – Te Kuiti	Delivering	
Treatment Plant Upgrade – Mokau	Delivering	
Reticulation Renewals – Piopio and Te Kuiti	Delivering	
Improvements to WDC reservoirs	Scoping	

ROADS AND FOOTPATHS		
Programme / Project	Status	
Road and Footpath Maintenance	Ongoing	
Sealed Road Pavement Rehabilitation	Delivering	
Sealed Road Resurfacing	Completed	
Bridge and Structural Renewals	Delivering	
Footpath Renewals	Delivering	
Minor Improvements Local Roads	Planning/delivering	
Unsealed Road Metaling	Ongoing	
Te Ara Tika	Delivered/under maintenance	

Several build projects have had delays primarily due to issues with contractor availability and supply of materials. This has resulted in pushing out expected completion dates, in some cases by several months. With the current economic stimulus from central government, tight labour market and global supply chain issues all projects currently face a higher risk of delays. A few projects have had to be re-scoped, or fixes applied during the project, as problems were encountered after the commencement of the project. This has also led to budget overspends or putting the project on hold until additional budget is approved.

## FINANCIALS

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

### INCOME STATEMENT HIGHLIGHTS

Set out below is the summary of financial information for the period ended 31 March 2022 (A cost of service statement and commentary on significant variances can found within each Group of Activities).

\$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(20,906)	(20,601)	(20,601)	(15,438)	(15,511)	73	A
Subsidies and Grants	(11,151)	(11,154)	(17,405)	(10,282)	(8,421)	(1,861)	B
Interest Revenue	(12)	(9)	(9)	(23)	(7)	(16)	C
Fees and Charges	(4,065)	(3,826)	(3,827)	(2,858)	(2,904)	46	D
Other Revenue incl Gains/Losses	(1,714)	(153)	(153)	(145)	(114)	(31)	E
<b>Total Revenue</b>	<b>(37,848)</b>	<b>(35,743)</b>	<b>(41,995)</b>	<b>(28,746)</b>	<b>(26,957)</b>	<b>(1,789)</b>	<b>7%</b>
<b>Operating Expenditure</b>							
Other Expenditure	22,008	24,816	25,608	17,291	17,724	(433)	F
Depreciation	6,513	6,878	6,880	5,234	5,159	75	G
Finance Costs	1,198	1,118	1,118	713	838	(125)	H
<b>Total Operating Expenditure</b>	<b>29,719</b>	<b>32,812</b>	<b>33,606</b>	<b>23,238</b>	<b>23,721</b>	<b>(483)</b>	<b>-2%</b>
<b>Net (Surplus)/Deficit</b>	<b>(8,129)</b>	<b>(2,931)</b>	<b>(8,389)</b>	<b>(5,508)</b>	<b>(3,236)</b>	<b>(2,272)</b>	<b>70%</b>

**Net Operating Surplus:** The net operating surplus of \$5.5 million was \$2.3 million more than budget for the period ended 31 March 2022.

**Total Revenue** was \$1.8 million more than budget for the period ended 31 March 2022.

- A Rates revenue was below budget for metered water revenue for Te Kuiti and Piopio.
- B Subsidy revenue was more than budget for the construction of the King Country Indoor Sport and Recreation Centre and a grant was also received for the Mayors Taskforce for Jobs community recovery programme.
- C Additional interest revenue was received on term deposits.
- D Fees and charges revenue was less than budget for refuse charges and trade waste revenue, as well as reduced revenue for aquatic centre, Les Munro Centre and aerodrome.
- E Other revenue for the period were more than budget for petroleum tax and insurance proceeds.

**Total Operating Expenditure** was \$0.5 million less than budget for the period ended 31 March 2022.

- F Other expenditure was \$0.4 million less than budget due to the following:
  - Resource Management: \$0.7 million below budget, as legal and consultancy fees for the District Plan Review were not fully spent due to timing of this project.
  - Wastewater: \$0.2 million less than budget for operations and maintenance, consultant fees, sludge disposal and chemicals for Te Kuiti
  - Regulatory Services: \$0.2 million less than budget for animal control costs, environmental officer fees, noise control costs and building accreditation expenses.

- This reduced expenditure was partly offset by additional costs incurred for first response emergency expenditure for damage to the road network from ex-Cyclone Dovi (funded 75% by Waka Kotahi subsidy) as well as additional expenditure for Mayors Taskforce for Jobs (fully funded by subsidy).
- G Depreciation expense was more than budget due to the revaluation of building assets, water, wastewater, and stormwater assets at 30 June 2021 which increased the value of these assets and the corresponding depreciation expense.
- H Finance costs were less than budget due to a lower level of borrowings than forecast and more favourable interest rates than in the 10YP.

## BALANCE SHEET HIGHLIGHTS

Balance Sheet highlights presented below show the movement in Council's financial position from 30 June 2021 to 31 March 2022.

BALANCE SHEET HIGHLIGHTS (Amounts in \$000's)	Actual Position 30 Jun 2021	Actual Position 31 Mar 2022	Movement from 30 Jun 2021
<b>Assets</b>			
- Cash and cash equivalents	6,379	3,576	(2,803)
- Receivables	4,748	3,656	(1,092)
- Other current assets	111	111	0
- Other financial assets	9,396	9,300	(96)
- Non-current assets	381,747	384,313	2,566
<b>TOTAL ASSETS</b>	<b>402,381</b>	<b>400,956</b>	<b>(1,425)</b>
<b>Liabilities</b>			
- Other Liabilities	7,095	6,149	(946)
- Total Borrowings	34,191	28,205	(5,986)
- Derivative financial instruments	1,539	1,539	(0)
<b>Total Liabilities</b>	<b>42,825</b>	<b>35,892</b>	<b>(6,933)</b>
<b>Equity</b>			
- Equity	359,556	365,064	5,508
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>402,381</b>	<b>400,956</b>	<b>(1,425)</b>

Total Assets have decreased from \$402.38 million to \$400.96 million.

- Cash and cash equivalents have decreased by \$2.8 million from \$6.4 million to \$3.6 million due to cash being used for debt repayment.
- Receivables decreased by \$1.1 million since 30 June 2021 from \$4.7 million to \$3.7 million mostly due to the reduced Waka Kotahi subsidy receivable compared to June; reduction in the GST receivable compared to June and a reduction in solid waste receivables (due to a large one off debtor that was outstanding at June 2021).
- Non-current assets have increased by \$2.6 million. The increase is due to the net effect of asset additions of \$8.9 million less depreciation of \$5.2 million, loss on asset disposal of \$0.5 million, and the surrender NZU of \$0.6 million to satisfy ETS obligations for calendar year 2021.

Total Liabilities decreased from \$42.8 million to \$35.9 million.

- Other Liabilities decreased by \$1.0 million due to a decrease in general payables compared to June 2021.
- Total Borrowings were \$28.2 million a decrease of \$6.0 million from June due to debt repayment.

Total equity increased by \$5.5 million to \$365.1 million, which was the net surplus for the period.



## CAPITAL EXPENDITURE

Set out below is the full year Capital Expenditure budget for the year compared to actual expenditure for the period ended 31 March 2022.

(Amounts in \$000's)	EAP Budget	Plus Carry-overs	Plus Three Waters Reforms	Plus KCISRC (stadium)	Plus Additional budget	Revised Budget	Mar YTD Actual	Var - Actuals vs Revised Budget
Leadership	616	609	0	0	0	1,225	92	1,113
Recreation and Property	742	1,081	0	4,955	293	7,071	2,326	4,745
Regulation	10	0	0	0	0	10	0	10
Solid Waste	704	56	0	0	656	1,416	1,227	189
Stormwater	125	0	0	0	0	125	10	115
Wastewater	883	100	16	0	0	999	339	660
Water Supply	1,609	266	1,177	0	96	3,148	1,847	1,301
Roads	5,661	1,298	0	0	0	6,959	3,067	3,891
<b>Total</b>	<b>10,350</b>	<b>3,411</b>	<b>1,193</b>	<b>4,955</b>	<b>1,045</b>	<b>20,953</b>	<b>8,908</b>	<b>12,044</b>

The capital expenditure budget was revised to incorporate unspent carryovers from the 2020/21 year as well as the Three Waters Reform stimulus funding, KCISRC (stadium) construction, and advance purchase of NZU for FY 2022/23 to give a total budget of \$20.95 million. In addition to the Three Waters Reform stimulus and Stadium projects, the significant projects carried over from the prior year are Te Ara Tika and the adjacent amenity area, seismic strengthening of the Administration Building, Marokopa Road-end protection and Mokau public toilets.

Capital Expenditure was \$8.9 million for the period ended 31 March 2022, of which \$3.1 million (34%) relates to Roads, \$2.3 million (26%) relates to Recreation and Property, and \$1.8 million (21%) relates to Water Supply.

Some of the revised capital expenditure programme of \$20.95 million has been delayed due to the ongoing impact of the COVID-19 pandemic on the availability of contractors and supplies, internal resourcing capacity due to a number of vacant positions within the organisation as well as the impact on delivery of the programme through the various 'traffic light' system settings in place throughout the period.

The completion of the Three Waters Reform stimulus programme, the construction of the stadium as well as completion of the roading programme remain priorities for the organisation. Of the remaining programme, these projects are at various stages of planning or in the process of being delivered but progress is highly dependent on the constraints mentioned previously. In the Three Waters activities, for example, the focus is on completion of the TWR stimulus programme to ensure that this is completed by end of June to meet the funding conditions however as there are limited contractors available to complete this work as well as the remaining annual plan projects, it is unlikely that all of the annual plan projects will be delivered this financial year and will need to be carried over to the 2022/23 year.

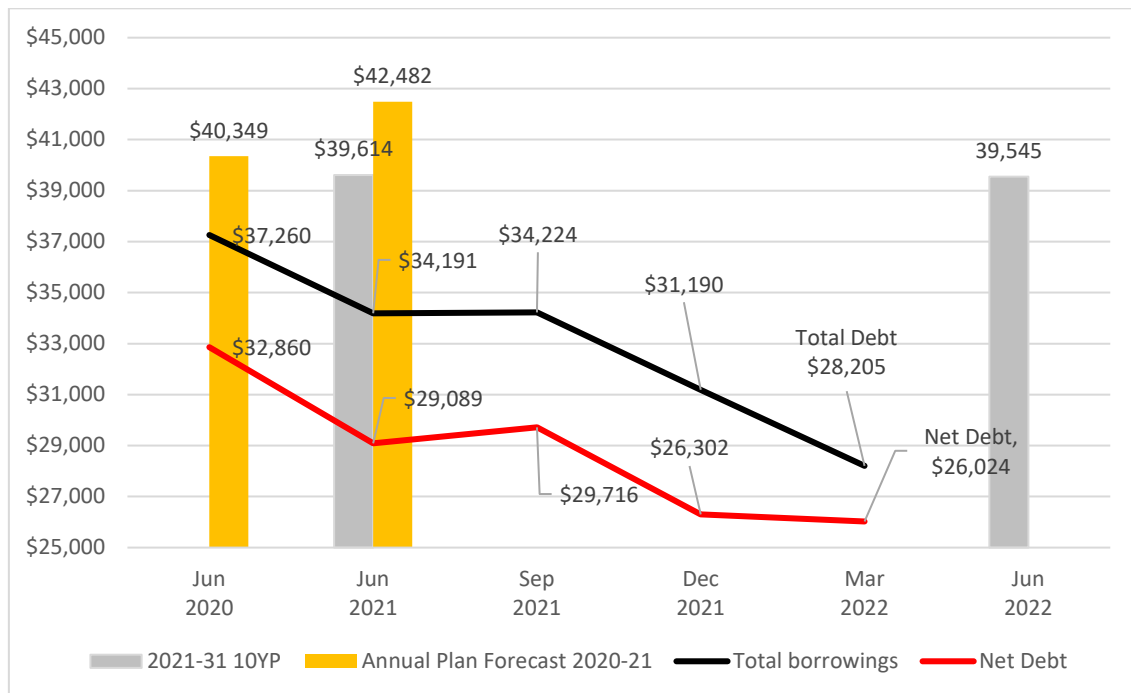
The capital expenditure programme will be reviewed prior to end of financial year to determine the projects that may need to be carried over to the next financial year. A number of projects may need to be reassessed and scopes redefined to deliver these projects in the 2022/23 year.

## TREASURY MANAGEMENT HIGHLIGHTS

At 31 March 2022 public debt was \$28.2 million and net debt<sup>1</sup> was **\$26.0** million. At 30 June 2021 public debt was \$34.2 million and net debt was \$29.1 million.

The assumed interest rate used in the 10YP for the 2021/22 year is 2.75% excluding the credit facility fee. The weighted average interest rate excluding the facility fee was 2.24% at 31 March 2022. Including the credit facility fee the weighted average interest rate was 3.51%.

The following graph portrays the total borrowings and net debt position compared to forecast debt from the 10YP's and Annual Plans.



The decrease in total borrowings during the last two quarters was due to instances of repaying debt. The first was a part repayment of a maturing Floating Rate Note (FRN) in November, where \$6 million FRN matured, of which \$3 million was repaid in cash and \$3 million Commercial Paper was issued. The further reduction in total borrowings during the March quarter was due to the full repayment of \$3 million Commercial Paper in February. This brings total repayments for the year to \$6 million.

The borrowing limits set in the Financial Strategy are as follows:

	Limit	Actual Jun 2021	Actual Mar 2022
Net debt to total revenue	<165%	80%	Measured at the end of the year
Net interest to annual rates	<20%	6%	5%

A standby credit facility with Westpac bank with a credit limit of \$10 million is in place. At the report date, none of this facility had been drawn from.

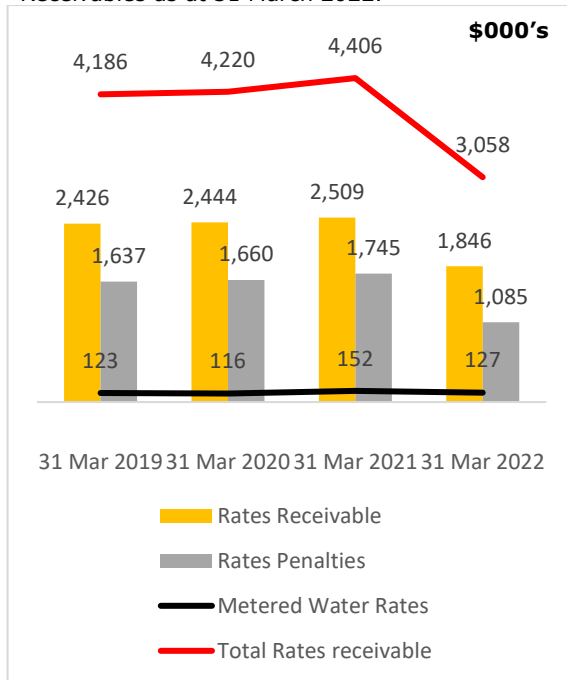
For more details of Council's public debt and the position of Council's financial risk minimisation strategies in relation to debt please refer to the Bancorp Treasury Report for the year ended 31 March 2022, as attached.

<sup>1</sup> Net debt is total public debt less LGA Borrower notes and unrestricted cash.

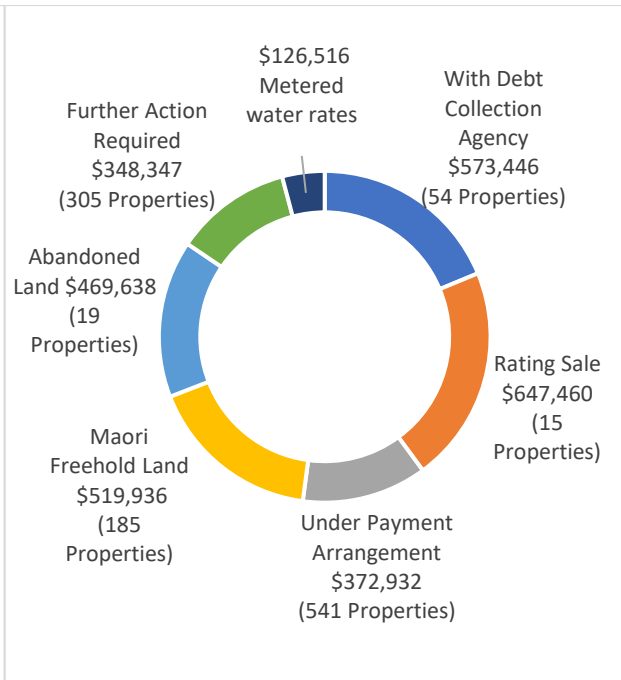
## RATES RECEIVABLES

### TOTAL RATES RECEIVABLES

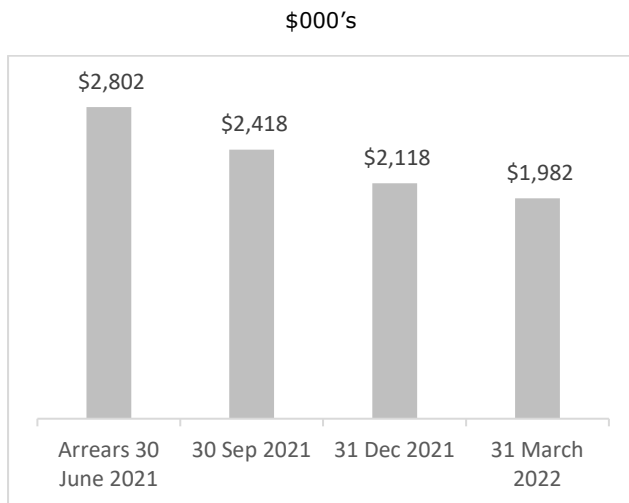
Set out below is the summary of Rates Receivables as at 31 March 2022.



### RATES ARREARS AS AT 31 MARCH 2022



### PREVIOUS YEARS RATES ARREARS SUMMARY\*



\*excludes metered water rates

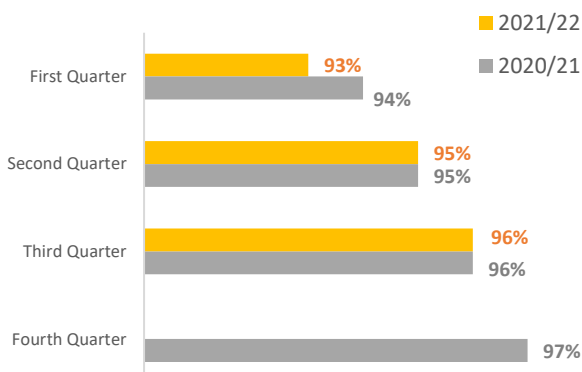
#### Progress:

This quarter has been a very busy one for the rates team. Staff have been working through the General Revaluation process which included sending valuation notices to ratepayers and owners, processing objections. In addition to this staff have also prepared rates modelling and analysis of the impact of the General Revaluation on the proposed rates for 2022/23. Accordingly, the time available to progress debt collection matters has been limited.

#### Rates Rebate update:

231 applications have been received and approved for the nine months ended 31 March 2022 (totalling \$149,289). 286 rates rebate applications were approved during the 2020/21 rating year (totalling \$180,613).

### RATES INSTALMENT COLLECTION TRACKER



## LEADERSHIP

This group comprises of Representation, Strategy and Engagement, Investments, and Emergency Management. Treasury Management and Organisational Overhead activities and service groups are also included in this groups.

- **Representation** involves enabling, promoting, and supporting local democracy by providing governance advice and democratic services to elected members, the public and staff.
- **Strategy and Engagement** involves research and analysis to prepare strategies, policies, plans and bylaws. This activity also coordinates and undertakes community engagement and consultation.
- **Investments** includes investment in Waikato Local Authority Shared Services (WLASS), Inframax Construction Ltd (ICL), Council owned quarries and investment in Civic Financial Services Ltd
- **Emergency Management** involves the administration of the Civil Defence Emergency Management function to coordinate a response to an emergency, and to manage recovery in the District.

## COMMUNITY OUTCOMES



A district for people



A district that works with you

## PROJECTS AND PROGRAMME UPDATES

### Exceptions Annual Plan 2022/23

**Project Summary:** The purpose of the Exceptions Annual Plan (EAP) is to report any exceptions from the forecast work plans and budgets set out in the 10 Year Plan (10YP) for the given financial year. The LGA requires the EAP to contain the proposed annual budget and funding impact statement for the year to which the EAP relates. Workshops in February and March 2022 have worked through the budgets and rates revenue requirements. An information document is in development to provide the community more detailed information on the impact of the revaluations and capping the Uniform Annual General Charge (UAGC). The Annual Plan will be presented for adoption at the May Council meeting.



	Q1	Q2	Q3	Q4
<b>Project Stage</b>	<b>Delivering</b>	<b>Delivering</b>	<b>Delivering</b>	

**End date:** October 2022

### Review of Council's Risk Management Framework and Strategic Risks

**Project Summary:** Review of Council's Risk Management Framework and Strategic Risks.

**Progress:** The Risk Management Framework was reviewed in May. The new framework was adopted by Council in October as well as the Strategic Risk Register. The Strategic Risk Work Plan was also endorsed which sets out the workshops to review each strategic risk. The Project Risk Register is being developed by the Programme Delivery Unit. Through the review and assessment of the risk registers, the residual risk and risk appetite will be established. At the completion of the reviews, risk management will move to business as usual and be reported quarterly to the Audit Risk and Finance Committee, this will include updates on implementation of mitigating controls. Review of the Strategic risks has commenced with the first workshop in February covering health safety and wellbeing, cyber security, climate change and adaption.

Project Stage	Q1	Q2	Q3	Q4
	Delivering 	Delivering 	Delivering 	

**End date:** May 2023

## Emergency Management

**Programme Summary:** WDC provides Civil Defence and Emergency Management (CDEM) functions for the District as required by the Civil Defence and Emergency Management Act 2002. Emergency Management activities are assisted by the Emergency Management Operations Manager and Emergency Management Coordinator employed by Waipā District Council to provide a shared service arrangement for Waitomo, Waipā and Ōtorohanga District Councils; jointly operating and collaborating as the Western Waikato Emergency Operating Area (WWEOA).

The New Zealand integrated approach to civil defence emergency management can be described by the four areas of activity, known as the '4 Rs': Reduction, Readiness, Response and Recovery.

### Progress:

#### Reduction

Staff have been actively involved with the introduction of HereToHelpU in the Western Waikato Districts. This group provides a service to help people in need for any purpose, be it food, counselling, financial help, assistance with pick up or delivery of items etc. Individuals register with the service who then provide a triage and sends their details to the appropriate provider nearest to the individual concerned. In Waitomo, HereToHelpU is facilitated through the Maniapoto Māori Trust Board.

This provision is not only related to the COVID response and will have a significant impact on reducing demand to Government Agencies and CDEM staff in any future emergency.

***Facilitated through the Maniapoto Māori Trust Board.***

#### Readiness

Local Civil Defence staff continued to be involved with planning of a Regional Exercise that was intended to be held in November 2021. The exercise was deferred due to COVID-19 restrictions and is now likely to be held end of May 2022. Emergency Operating Centre staff from Waitomo, Waipā and Ōtorohanga District Councils will all participate in this region-wide exercise to test readiness and capability.

#### WHISPIR

In September 2020 the Joint Committee agreed to purchase and maintain WHISPIR as the Group wide public warning and responder notification tool. This decision was made to meet two Waikato Group-wide needs:

- Ability to consistently warn affected people in a timely manner.
- Ability to consistently notify staff and stakeholders required to activate.

EOC staff distribution lists required for WHISPIR and testing of the messaging templates, that will be used to create consistent and accurate messaging is underway. It is important that the work is completed before the go-live training is carried out and distribution lists are active. A go-live activation is planned for June 2022.

#### Community Engagement

Considerable community engagement has been held with the Marokopa community after Cyclone Dovi. Staff have assisted in community meetings with affected farmers and also with clean up days in conjunction with the Rural Support Trust.

#### Response

##### Alerts and Warnings

National and Regional Alerts were received as below which required advisory action in accordance with the appropriate response plans. No further action was required:

15 January	Volcanic eruption Tonga – tsunami warning and strong unusual currents
29 January	Mag 6.6 earthquake Kermadec Islands region – tsunami warning and strong unusual currents
5 February	Heavy rain warning for Waipa/Waitomo/Otorohanga Districts
12/13 February	Severe weather warning whole Waikato – see below

20 March

Severe heavy rain watch Waitomo – thunderstorms and heavy rain watch

The Waikato Regional Council's Flood Room was activated on Saturday 12 February 2022 in response to a Severe Weather Watch received for the greater Waikato region. This was mainly focussed away from the Western Waikato catchment. Considerable flooding occurred in the Waitomo District which saw Marokopa completely isolated as all roads into the village suffering major slips both on top of the road, and under the road which resulted in roads being impassable.

Staff were in constant contact through the Community Response Plan process with residents of outlying farming areas, inside the village and neighbouring settlements to monitor the situation and keep abreast of the situation. Power was able to be restored after the Lines Company flew a crew into the area.



(Photos courtesy of The Lines Company)

Flooding in Te Kuiti saw the Ambulance move to the Hospital which is on higher ground, in anticipation of further rain. Te Kuiti Primary School suffered flooding to three-quarters of their grounds and expressed concern if the rain continued. The rain ceased mid-afternoon and the flooded areas were quickly drained with no permanent damage reported.

Some erosion occurred at the coastal township of Mokau during this event.

## Legislative review - Trifecta Programme

The National Emergency Management Agency (NEMA) has established a Regulatory Framework Review Programme (also known as the "Trifecta") to bring together three projects that have significant alignment. The projects are:

- Developing a new Emergency Management Act (the Act);
- Review of the National Civil Defence Emergency Management Plan Order (the Plan Order) 2015 and the accompanying Guide to the National CDEM Plan (the Guide) 2015; and
- Development of the National Disaster Resilience Strategy (NDRS) Roadmap.

The Trifecta will improve the emergency management system by:

- Improving the clarity of roles and responsibilities across the emergency management system.
- Maximising the opportunity of legislative and regulatory change to update and improve the CDEM Act and National CDEM Plan Order, so they are fit for purpose.
- Providing advice on regulatory, legislative and policy solutions to ensure that the emergency management system is responsive, inclusive and effective and recognises the role of Māori as Treaty partners.
- Improving locally led emergency management, including by continuing to implement the Government's response to the Technical Advisory Group.

The CEG and Joint Committee members have held a series of workshops and provided feedback as requested. NEMA received strong feedback, regarding their engagement, timing and processes. A conversation with the Minister was held on 22 March 2022. There will be further opportunity for submissions through the parliamentary processes.

## SERVICE PERFORMANCE MEASURES

		<b>Overall result for GOA</b> <i>(as at 31 March 2022)</i>				
<b>Leadership</b>						
	<b>You can expect</b>	<b>Measure</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Target/Result</b>
The percentage of Council agendas that are publicly available two working days or more before the meeting.	All agendas publicly available two working days or more.	○	○	○	<b>Target:</b> 100% <b>Result:</b> On track	All agendas made publicly available two working days or more for this period.
Effective communication with the community.	Percentage of residents satisfied with the effectiveness and usefulness of Council Communications	●	●	●	<b>Target:</b> 90% <b>Result:</b> 90%	The result from the June 2021 Residents Satisfaction Survey was 90%
The evaluation of annual exercise as a measure of effectiveness of training	Baseline assessment – new measure	●	●	●	<b>Target:</b> 1 <b>Result:</b> N/A	Performance will be reported when completed within the year. Evaluation exercise has been re-scheduled to take place end of May 2022.

## FINANCIAL UPDATE

LEADERSHIP \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(2,856)	(3,365)	(3,365)	(2,660)	(2,583)	(77)	A
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	(11)	(9)	(9)	(23)	(7)	(16)	B
Fees and Charges	(150)	(76)	(76)	(79)	(60)	(19)	C
Other Revenue incl Gains/Losses	(10)	0	0	0	0	0	
<b>Total Revenue</b>	<b>(3,027)</b>	<b>(3,450)</b>	<b>(3,450)</b>	<b>(2,762)</b>	<b>(2,650)</b>	<b>(112)</b>	<b>4%</b>
<b>Operating Expenditure</b>							
Other Expenditure	2,007	2,820	2,917 <sup>2</sup>	1,948	1,923	25	D
Depreciation	477	626	626	388	469	(81)	E
Finance Costs	14	102	102	42	77	(35)	F
<b>Total Operating Expenditure</b>	<b>2,498</b>	<b>3,548</b>	<b>3,645</b>	<b>2,378</b>	<b>2,469</b>	<b>(91)</b>	<b>-4%</b>
<b>Net (Surplus)/Deficit</b>	<b>(529)</b>	<b>98</b>	<b>195</b>	<b>(384)</b>	<b>(181)</b>	<b>(203)</b>	<b>112%</b>

**Variance comments:**

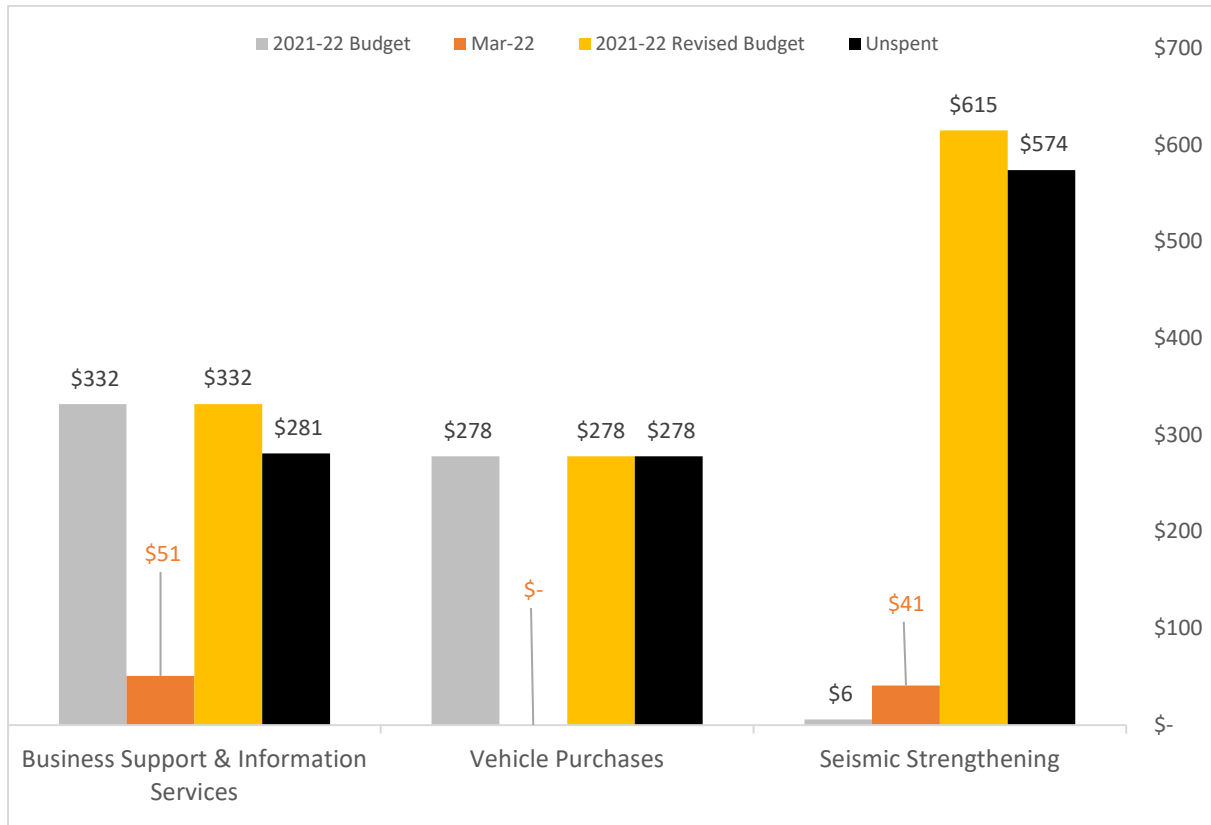
- A Rates penalty revenue was more than forecast. At the time the budget was prepared, it was unclear what the impact on future penalty revenue would be from implementing the changes from the Local Government (Rating of Whenua Maori) Amendment Act 2021.
- B Interest revenue was more than the full year forecast for interest earned on term deposits.
- C Fees and charges revenue was more for quarry royalties received for Council owned quarries.
- D Other expenditure was more than forecast for regional initiatives including Water Collaboration expenditure.
- E Depreciation costs for Information Services were below budget as some capital projects are still work in progress and therefore not yet depreciated. It is anticipated that these projects will be completed in current year. Fleet vehicle renewals have also been delayed due to the impact of the pandemic on supply chains.
- F Interest costs for Council's investment in Inframax Construction Limited was less than budget. An average interest rate of 2.75% was assumed over Council's entire debt portfolio. Interest costs attributable to ICL investment was less than the average forecast due to \$5 million of the \$6 million external debt on a floating rate interest rate profile attracting an interest rate of between 1.4% and 1.855% during the period.

<sup>2</sup> Revised budget includes carryover for consultants' fees and planning costs for Strategy and Engagement.



## CAPITAL EXPENDITURE

000's



Total expenditure at 31 March 2022 was \$92,000 against the revised budget (including carryovers) of \$1,225,000

The renewal of fleet vehicles has been impacted by the pandemic with very long delivery delays being experienced. Fleet vehicles currently on order are now expected to be received in the next financial year.

## RECREATION AND PROPERTY

This group comprises parks and recreation, housing and property, community, and public facilities.

- **Parks and Recreation** involves the provision of parks and reserves for recreation, green places and landscapes that are restful and enhance the visual amenity of our communities.
- **Housing and Property** involves the provision of housing community facilities such as halls and housing.
- **Community Facilities** involves the provision of recreation and cultural opportunities to support the health and well-being of the community.
- **Public Facilities** involves the provision of cemeteries, public car parks, public toilets, street furniture and our CCTV system.

### COMMUNITY OUTCOMES



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### PROJECTS AND PROGRAMME UPDATES

#### Lease Agreements

**Project Summary:** Currently a review on all property arrangements is being taken to ensure all required lease agreements, H&S and other legislative requirements are in place. This also includes condition assessments and maintenance inspections to determine the current structural condition of playgrounds and other structures located on these properties. Lease agreements are required to meet applicable New Zealand legislation such as the Residential Tenancies Act 1986, Property Law Act 2007, and Land Transfer Act 1952.

**Progress:** An initial investigation and assessment of the status of existing lease and deed documentation has identified a range of administrative matters which will require specialist legal advice to address issues and challenges.

**Update:** The project scope is limited to addressing leases or license agreements that are coming up for renewal or expiry due to capacity and competing priorities. Progress of the review of historic agreements is on a case-by-case basis.

**BAU | Ongoing**

#### Esplanade Reserves: Mokau

**Project Summary:** Maintaining beach access points in Mokau.

**Progress:** The Tokopapa Street beach access/staircase has been completed.

**End date:** Completed

#### Mokau Toilets

**Project Summary:** The project entails the construction of an additional toilet block at Mokau to help meet demand during weekend and holiday periods.

The first stage will involve reconstruction of the existing effluent disposal system, which has been found to have not been constructed correctly when it was originally installed. The installation of a supplementary treatment system will follow ahead of the supply and installation of a new toilet block and associated utilities/civil works.

**Progress:** Renewal and upgrade of effluent field has been completed. Contracts awarded for toilet build and wastewater system. Site enablement/preparation works to begin in coming months.

	Q1	Q2	Q3	Q4
<b>Project Stage</b>		<b>Planning</b>	<b>Planning/delivery</b>	

End date: November 2022

## SERVICE PERFORMANCE MEASURES

Recreation and Property		Overall result for GOA <i>(as at 31 March 2022)</i>				
You can expect	Measure	Q1	Q2	Q3	Target/Result	Commentary
We provide parks and open spaces across our district.	Percentage of residents satisfied with or parks and open spaces.	●	●	●	<b>Target:</b> New measure <b>Result:</b> N/A	The result from the June 2021 Residents Satisfaction Survey was 89%
We provide pools and community facilities that are compliant with legislative standards.	Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules.	●	●	●	<b>Target:</b> Achieve <b>Result:</b> N/A	All BWOFF's have been received and are current
We will provide a comprehensive library facility for our community.	Percentage of residents satisfied with the quality of the library facility and service	●	●	●	<b>Target:</b> > 85% <b>Result:</b> N/A	The result from the June 2021 Residents Satisfaction Survey was 97%
We provide public toilets for our community and visitors to the district.	Percentage of residents satisfied with the quality of public toilets	●	●	●	<b>Target:</b> ≥ 85% <b>Result:</b> N/A	The result from the June 2021 Residents Satisfaction Survey was 89%

## FINANCIAL UPDATE

RECREATION AND PROPERTY \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(3,715)	(3,464)	(3,464)	(2,602)	(2,598)	4	
Subsidies and Grants	(240)	(1)	(3,774) <sup>3</sup>	(1,748)	(1)	(1,747)	A
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(444)	(504)	(504)	(311)	(384)	73	B
Other Revenue incl Gains/Losses	(1,509)	(3)	(3)	(1)	(2)	1	
<b>Total Revenue</b>	<b>(5,908)</b>	<b>(3,972)</b>	<b>(7,745)</b>	<b>(4,662)</b>	<b>(2,985)</b>	<b>(1,677)</b>	<b>56%</b>
<b>Operating Expenditure</b>							
Other Expenditure	3,284	3,007	3,007	1,923	2,004	(81)	C
Depreciation	952	987	987	835	740	95	D
Finance Costs	93	88	88	54	66	(12)	
<b>Total Operating Expenditure</b>	<b>4,329</b>	<b>4,082</b>	<b>4,082</b>	<b>2,812</b>	<b>2,810</b>	<b>2</b>	<b>0%</b>
<b>Net (Surplus)/Deficit</b>	<b>(1,579)</b>	<b>110</b>	<b>(3,663)</b>	<b>(1,850)</b>	<b>(175)</b>	<b>(1,675)</b>	<b>957%</b>

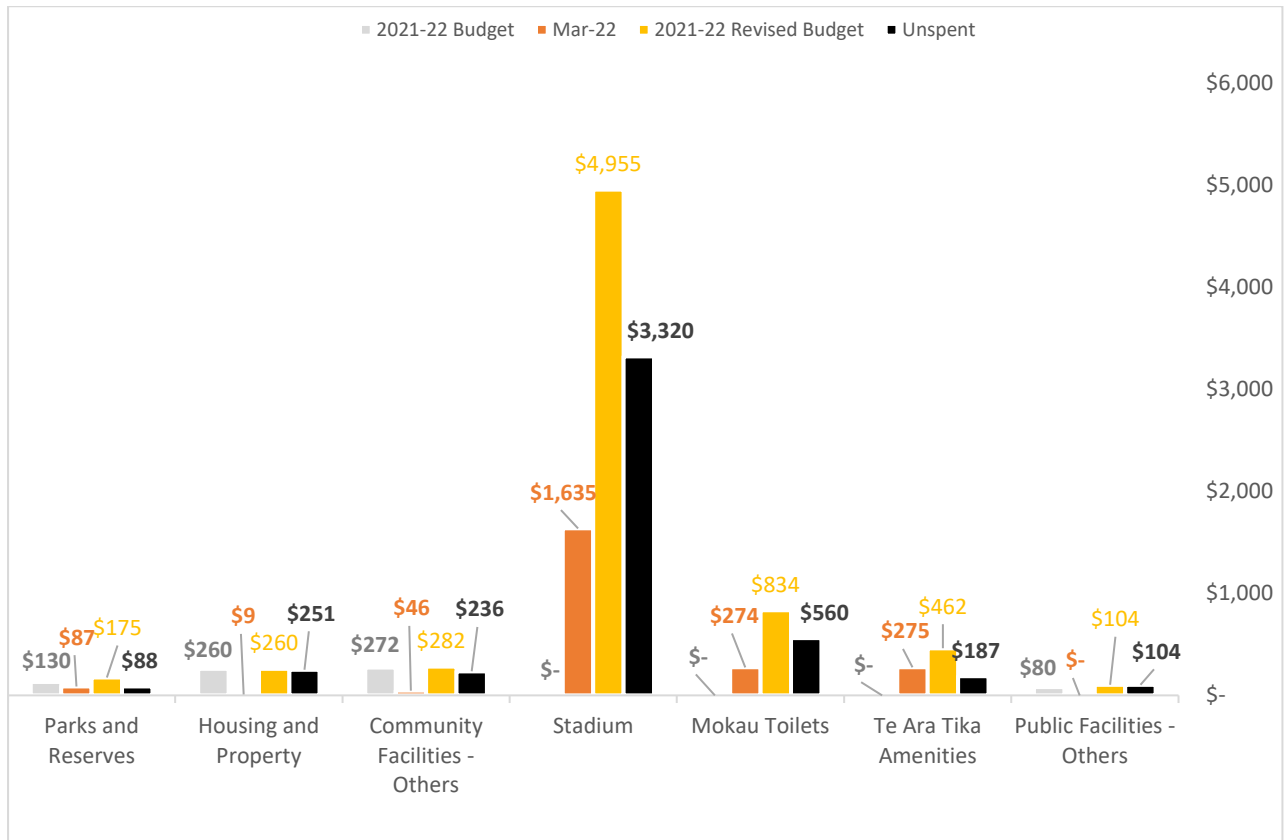
### Variance comments:

- A Grant revenue of \$1.97 million was received for the construction of King Country Indoor Recreation and Sports Centre. Of this total, \$1.6 million was recognised as revenue which corresponds to the actual capital expenditure of the stadium at 31 March 2022. The remaining amount is recognised as Deferred Revenue.
- Subsidy revenue was also received for library partnership programme and for Brook Park tree planting project. These were not included in the budget. The revenue received for the tree planting project will be reclassified as Deferred Revenue as this project has been deferred to August 2022 due to the availability of plants.
- Subsidy revenue was also received for Mokau Public toilets construction during the period.
- B Fees and charges revenue was less than budget due to the impact of the pandemic on aerodrome landing charges, learn to swim and pool hire revenue and Les Munro Centre hire.
- C Other expenditure was generally less than forecast across the Recreation and Property activities for repairs and maintenance expenditure, energy costs and organisational capacity costs were less due to vacant positions.
- D Depreciation is more than budget due to the valuation of buildings carried out at 30 June 2021. The increase in the value of these assets was more than forecast in the 10YP, as was the corresponding depreciation expense.

<sup>3</sup> Revised budget includes subsidy revenue for construction of Mokau Public Toilets and the grant funding for the construction of the stadium.

## CAPITAL EXPENDITURE

000's



Total expenditure at 31 March 2022 was \$2,326,000 against the revised budget (including carryovers and stadium construction budget) of \$7,071,000. Refer to projects and programme updates section for progress on key capital projects.

The budget for Housing and Property includes \$200,000 for Lawrence Street development costs. This project is no longer required due to the newly announced collaboration with Kainga Ora – Homes and Communities. Kainga Ora has purchased the vacant site at Lawrence St, Te Kuiti and will complete the development of 11-13 new public homes.

The revised budget for Community Facilities of \$282,000 includes the replacement of the main air-conditioning unit at the Les Munro Centre, library book renewals, and other minor renewals of the library building, aquatic centre and aerodrome.

The revised budget for Public Facilities of \$103,500 includes the renewal of the access-way at Te Kuiti cemetery and other minor public facility renewals.

## COMMUNITY AND PARTNERSHIPS

This group of activities represents a range of collaborative and partnership approaches and initiatives involving many agencies and organisations. These activities involve a common theme of promoting a better quality of life within the District.

- **Community Development** supports the wellbeing of our communities by enabling local organisations and private providers to deliver a variety of community-based services and activities to meet the needs of our community.
- **District Promotion** is delivered through a partnership between Central Government, Local Government, and the Tourism Industry.
- **Economic Development** involves the facilitation and support of initiatives that will enhance the District's economic sustainability.

## COMMUNITY OUTCOMES



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## PROJECTS AND PROGRAMME UPDATES

### Vibrant Safe Waitomo (VSW)

**Programme Summary:** Vibrant Safe Waitomo is a community led collaboration that provides leadership and direction, with everyone working in partnership to create a safer community. The Vibrant Safe Waitomo Strategy provides a road map to collectively address community safety issues in the district. The VSW Regional Coalition Group is the owner of the Strategy and supports the activities and projects that form the yearly VSW Action Plans.

**Progress:** The Action Plan for 2021/22 has been endorsed by the Regional Coalition and will be presented to Council. Within the Action Plan there is a total of 37 actions with the flexibility to add more as the year progresses. The actions belong to, and are led by, the organisations of the Coalition and localised Stakeholders that deliver services within the District.

The Regional Coalition met on 17 March 2022. Forming part of the agenda was a presentation on the local delivery of the Mayors Taskforce for Jobs programme.

**BAU| Ongoing**



### Youth Liaison/ Waitomo District Youth Council

**Programme Summary:** Support the positive development of youth within the Waitomo District.

**Progress:** The Waitomo District Youth Council (WDYC) work programme has been disrupted due to the effects of COVID-19 restrictions.



**BAU| On Hold**



### Mayor's Taskforce for Jobs (MTFJ) Community Recovery Programme

**Project Summary:** The MTFJ Community Recovery Programme has been developed in collaboration with the Ministry of Social Development (MSD) as a response to the COVID-19 pandemic. The programme sees rural Councils assisting local businesses with recruitment, training, guidance and in some cases subsidies, to assist small businesses to take on young workers.

**Progress:** As at 31 March 2022, 40 Sustainable Employment Outcomes have been achieved and additional outcomes are well on track for delivery. Placements have been made in various sectors including retail, building and construction, administration, education, and the meat industry.

Project Stage	Q1	Q2	Q3	Q4
	Delivering 	Delivering 	Delivering 	

**Start date:** 1 July 2021  
**End date:** 30 June 2022

## Novice Driving Training Programme

**Project Summary:** To support a locally delivered driver training programme with a goal of reducing the number of young drivers involved in road crashes and improving their safety on our roads.

Target rate for learners (15 p.a.), restricted (25 p.a.) and full licence (15 p.a.).

**Progress:** As of 31 March 2022, 30 people had gained their learner licence, 21 had gained their restricted licence and 17 had gained their full driver licence making a total of 68 young people who have moved from one stage of their driver licence to the next.

Project Stage	Q1	Q2	Q3	Q4
	Delivering 	Delivering 	Delivering 	

**Start date:** 1 July 2021  
**End date:** 30 June 2022

## Community Development Fund Policy

**Programme Summary:** The Community and Partnership Fund Policy establishes funding policies and principles, which form the basis for the provision of funding grants to assist organisations and funding partners who provide projects, activities, services, and facilities that benefit communities within the Waitomo District. The Policy includes the following grant types; Single-Year Community Assistance Grant, Multi-Year Community Partnership Grant, Community Events Fund, Community Halls Grant (Non-Contestable). The Policy also captures the grants disbursed on behalf of the DC Tynan Trust, Creative Communities New Zealand Fund and Sport NZ – Rural Travel Fund.

**Progress:** At its meeting of 31 August 2021 Council approved an application to the Community Events Fund to the value of \$2,181.50.

At its meeting of 28 September 2021 Council approved 4 applications to the Single-Year Community Assistance Grant Fund to the value of \$27,000.00 and 19 applications to the Multi-Year Community Partnership Grant Fund to the value of \$212,450.00.

**BAU | Ongoing** 

## Community / Civic Events

**Programme Summary:** This programme of work includes the Citizens Awards, Combined Mayoral Industry Training Organisation (ITO) Graduation Ceremony, Citizenship Ceremony, the Great NZ Muster and Te Kuiti Christmas Parade.

**Progress:**

### Christmas Parade

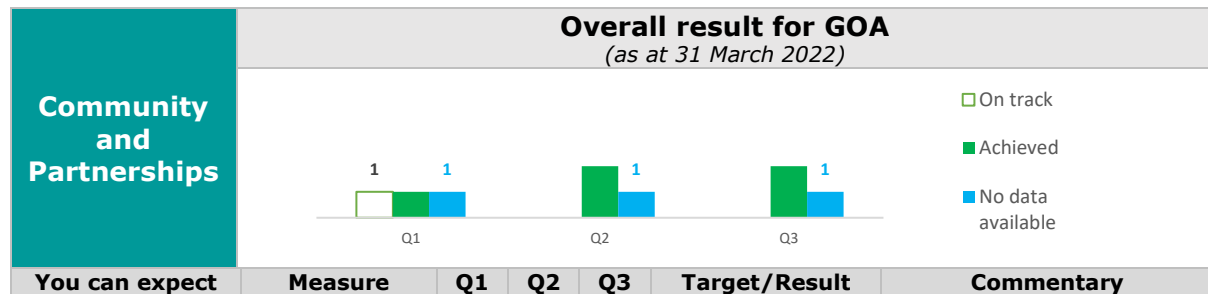
Due to numerous uncertainties around the COVID-19 pandemic and related restrictions, the Waitomo District Christmas Parade was cancelled for the 2021 year.

### The Great NZ Muster

The Great NZ Muster was scheduled to take place on 2 April 2022 however due to numerous uncertainties around the COVID-19 pandemic and related restrictions, the event has been cancelled.

**BAU | Ongoing** 

## SERVICE PERFORMANCE MEASURES



Contestable grant funding is disseminated through a robust process.

New measure - Percentage of grants funding available is disseminated



**Target:** 75% Compliance  
**Result:** Achieved

76.5% of grant funding has been disseminated through the contestable grant funds.

Council supports the delivery of youth related projects by the Youth Council.

Youth Council undertakes two youth related projects per year.



**Target:** 2 per annum  
**Result:** No data available

Due to current COVID restrictions and on-going disruption to schooling Youth Council is on hold till restriction are reduced.

Involvement in economic development initiatives and promotional opportunities.

New measure - ≥5 initiatives or promotional opportunities



**Target:** ≥5 per annum  
**Result:** 10

A 'Waitomo Wellbeing Package' was developed by Hamilton & Waikato Tourism (HWT) to support tourism operators in the Waitomo Village. The Waitomo District was profiled through a range of key publications, campaigns, and initiatives.



## FINANCIAL UPDATE

COMMUNITY AND PARTNERSHIP \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(1,856)	(1,717)	(1,717)	(1,290)	(1,288)	(2)	
Subsidies and Grants	(510)	0	(500) <sup>4</sup>	(367)	0	(367)	A
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(14)	(4)	(4)	(2)	(3)	1	
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
<b>Total Revenue</b>	<b>(2,380)</b>	<b>(1,721)</b>	<b>(2,221)</b>	<b>(1,659)</b>	<b>(1,291)</b>	<b>(368)</b>	<b>29%</b>
<b>Operating Expenditure</b>							
Other Expenditure	2,016	1,642	2,120	1,307	1,118	189	B
Depreciation	13	2	2	4	2	2	
Finance Costs	0	25	25	0	19	(19)	C
<b>Total Operating Expenditure</b>	<b>2,029</b>	<b>1,669</b>	<b>2,147</b>	<b>1,311</b>	<b>1,139</b>	<b>172</b>	<b>15%</b>
<b>Net (Surplus)/Deficit</b>	<b>(351)</b>	<b>(52)</b>	<b>(74)</b>	<b>(348)</b>	<b>(152)</b>	<b>(196)</b>	<b>129%</b>

**Variance comments:**

- A Grant revenue of \$500,000 was received from Mayors Taskforce for Jobs (MTFJ) for community recovery programme and \$5,000 from Accident Compensation Corporation (ACC) to support Vibrant Safe Waitomo programme. A portion of the grant revenue is held as Deferred Revenue and will be recognised as the expenditure is incurred.
- B Other expenditure for the Community and Partnerships activity is more than forecast for the third quarter reporting period. Expenditure for the MTFJ of \$362,000 was not budgeted however is fully funded by grant revenue received. Partly offsetting this additional expenditure were rates and penalty remissions and organisational capacity costs being less than forecast.
- C No interest costs were incurred during the period. The budget included interest costs for the grant for the stadium.

<sup>4</sup> Revised budget includes subsidy revenue and other expenditure for MTFJ programme.

## REGULATORY SERVICES

We undertake many activities that contribute to keeping our community safe (wellbeing) and help to make Waitomo District a safe place to be.

Our regulatory activities are governed and directed by national legislation, regional and local policies, and bylaws.

- **Building Services** responsible for processing and monitoring building consents and issuing Code of Compliance Certificates pursuant to the Building Act. This activity also covers the monitoring and enforcement of earthquake-prone building requirements, and swimming pools.
- **Alcohol licensing** responsible for administering the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee on behalf of the Alcohol Regulatory and Licensing Authority, which encourages the responsible sale and use of alcohol through licensing, monitoring of premises and enforcement of the Act.
- **Environmental Health** provides a range of services to ensure food outlets maintain high food safety standards, and that noise and nuisance complaints, hazardous substances and contaminated sites are all managed.
- **Bylaw administration** involves managing a range of bylaws to allow Council to manage issues associated with community nuisance, protect public health, and manage Council's assets
- **Animal and Dog control** delivers animal control services in the areas of dog registration, complaint response, wandering stock, and general animal control, as required by the Dog Control Act 1996, Impounding Act 1955 and Council's Dog Control Policy and Bylaw. This is achieved through active enforcement of requirements and via the education of dog owners and the general public.

## COMMUNITY OUTCOMES



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## PROJECTS AND PROGRAMME UPDATES

Consents are closely monitored to ensure statutory timeframes are adhered to. Building processes are monitored biannually with an audit undertaken by IANZ (International Accreditation New Zealand). WDC's latest IANZ audit was undertaken in June 2020, with accreditation achieved. The next accreditation assessment is due in June 2022.

Feedback from our customers is one form used to ensure these activities are being delivered to a high standard and will continue to be used as a key indicator.

The work programmes in the Compliance Group are statutory in nature and 'business as usual' to comply with Council's legislative requirements. Progress reporting on the programme of work will be undertaken on an exceptions basis.

The Earthquake Prone Building (EPB) work programme is progressing, with initial profiling of buildings largely completed subject to final review processes. The project is a multi-year project and will continue into 2021/22 and beyond. The first letters informing owners their buildings are potentially an EPB were sent out at the end of April 2021, these relate to priority buildings only. The owners of these buildings have until April 2022 to provide an engineering assessment.

The next round of letters to owners advising of potential EPBs are currently programmed to be sent in September 2023.

BAU | Ongoing 

## SERVICE PERFORMANCE MEASURES

	Overall result for GOA <i>(as at 31 March 2022)</i>					
Regulatory Services						
You can expect	Measure	Q1	Q2	Q3	Target/Result	Commentary
We ensure the public sale and supply of alcohol is undertaken safely and responsibly.	All premises that sell alcohol are licensed.	○	○	○	<b>Target:</b> 100% Compliance <b>Result:</b> 100% for Q3	100% compliance for this period
Building consents are processed in a timely fashion.	Building consents are processed within 20 working days.	○	○	○	<b>Target:</b> 100% <b>Result:</b> 71% for Q3	9 of 31 building consents processed in this period were over statutory processing day timeframes. This was due to a staff member being on a prolonged period of sick leave, and COVID related interruption.
Council will process, inspect, and certify building work in the Waitomo District.	WDC maintains building control systems and process to meet IANZ Audit requirements	●	●	●	<b>Target:</b> BCA Accreditation achieved <b>Result:</b> Achieved	Accreditation achieved.
We provide land information Services (LIMs) efficiently.	LIMs are processed within statutory timeframe.	●	●	●	<b>Target:</b> 100% <b>Result:</b> 100% for Q3	LIM timeframes met for Q3, timeframes not met for Q1 on 2 applications.
We provide an effective Animal Control Service.	Percentage of residents satisfied with the provision of the Animal Control Service.	●	●	●	<b>Target:</b> ≥ 75% <b>Result:</b> 81%	81% of respondents were satisfied with animal control services in the 2021 Residents Survey.

## FINANCIAL UPDATE

REGULATORY SERVICES \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(781)	(825)	(825)	(620)	(619)	(1)	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(553)	(439)	(439)	(416)	(637)	(49)	A
Other Revenue incl Gains/Losses	(13)	(15)	(15)	(10)	(11)	1	
<b>Total Revenue</b>	<b>(1,347)</b>	<b>(1,279)</b>	<b>(1,279)</b>	<b>(1,046)</b>	<b>(997)</b>	<b>(49)</b>	<b>5%</b>
<b>Operating Expenditure</b>							
Other Expenditure	1,046	1,272	1,272	760	920	(160)	B
Depreciation	7	7	7	5	5	0	
Finance Costs	0	0	0	0	0	0	
<b>Total Operating Expenditure</b>	<b>1,053</b>	<b>1,279</b>	<b>1,279</b>	<b>765</b>	<b>925</b>	<b>(160)</b>	<b>-17%</b>
<b>Net (Surplus)/Deficit</b>	<b>(294)</b>	<b>0</b>	<b>0</b>	<b>(281)</b>	<b>(72)</b>	<b>(209)</b>	<b>290%</b>

**Variance comments:**

- A Building control revenue and dog registration fees were more than budget for the period.
- B Other expenditure was below budget for animal control contractor costs, environmental health officer fees, noise control and building accreditation costs.

**CAPITAL EXPENDITURE**

There was no expenditure at 31 March 2022 against the revised budget of \$10,000 for animal and dog control.

## SOLID WASTE

This group provides for the environmentally safe reduction, diversion, collection, and disposal of the District's solid waste.

- **Waste minimisation** focuses on the reduction and diversion (reuse, recycling, and recovery) of solid waste.
- **Kerbside recyclables and refuse collection** are provided for the residents of Te Kuiti, Piopio, Awakino, Mokau, Waitomo Village and some surrounding rural roads.
- **Waste transfer** stations are provided for the communities of Maniaiti/Benneydale, Piopio, Marokopa, Kinohaku and Awakino and a fully consented landfill is located at Te Kuiti.

## COMMUNITY OUTCOMES



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## PROJECTS AND PROGRAMME UPDATES

Solid Waste Management is the combination of asset management, financial, engineering, and technical practices to reduce and dispose of general refuse and the promotion of waste minimisation.

The Solid Waste Activity provides for education on waste minimisation, collection and separation of recyclables, and the disposal of residual waste to landfill.

WDC is meeting its waste management obligations under the WMA and SWaMMP by providing:

- weekly kerbside refuse and recyclables collection services
- rural transfer stations, including free recycling services
- street side recycling units

### Landfill

**Programme Summary:** The Waitomo District landfill has a previously consented volume of 232,000 tonnes. Investigations in 2017 confirmed actual landfill volume, at that time, was approximately 173,000m<sup>3</sup> (equivalent to 155,000 tonnes). At the then fill rate, the remaining physical life of the landfill would exceed the consent life by an estimated 11 years.

In response, Council's strategy is to optimise the physical capacity of the landfill over the current footprint to enable an ongoing income from user charges to fund historical landfill loan principal and interest repayments. To facilitate that, a new consent was applied for and came into effect on 24 September 2019 for a term of 35 years. That now allows the optimised physical life (2044) to better align with the new consent life (2054), consistent with WDC's landfill development strategy

That landfill development plan requires staged lining of the high-wall over the next 20 years. The design finish level of the existing cell will be reached in approximately two years so work needs to progress expeditiously to keep ahead of that capacity limitation. The first stage of that involves installation of a gas collection system over next 18 months to mitigate increasing ETS charges, with the first stage of highwall stabilisation and lining over the existing, consented, landfill footprint, overlapping the latter end of that.

#### Progress:

An investigation has been completed to determine the method and costs involved to stabilise the highwall. That information has been fed into an updated economic analysis that has confirmed the relative economic viability of extending the life of the landfill over the alternative option of early closure, capping and aftercare of the landfill and re-configuring the Te Kuiti waste transfer station suitable for long distance transport of waste to an alternative, out of district, regional scale landfill site.

Proposals have been sought for the modelling and design of an appropriate gas collection system.

**BAU Ongoing** 

Description	Quarter 3		
	Tonnes Deposited Oct 2021	Tonnes Deposited Nov 2021	Tonnes Deposited Dec 2021
<b>Total To Landfill</b>	516.46	556.73	550.02

### Diverted Material

- A total of 79.95 tonnes of recyclables has been diverted from the landfill for this period.
- A total of 553.31 tonnes of recyclables have been collected from kerbside collections and transfer stations this period.

### Waste Minimisation Promotion and Educational Programmes

**Programme Summary:** Events, promotions and workshops held in the community to raise awareness and encourage the minimisation of waste being sent to landfill.

**Progress:** Due to COVID restrictions events are planned for later in the year.

BAU | Ongoing ●

### Infrastructure Maintenance and Transfer Station Safety Improvements

**Project Summary:** Maintenance and improvement of assets located within the Waitomo District landfill and five rural transfer station sites in Piopio, Maniaiti/Benneydale, Marokopa, Kinohaku and Awakino.

**Progress:** Assessments of asset condition has been completed. Rainwater tanks have been installed for cleaning purposes along with hand sanitiser stations. Other safety aspects are to be audited at all sites and improvements explored during 2021/22.

Project Stage	Q1	Q2	Q3	Q4
	Delivering <span style="color: green;">●</span>	Planning <span style="color: green;">●</span>	Planning <span style="color: green;">●</span>	

### SERVICE PERFORMANCE MEASURES

		Overall result for GOA (as at 31 March 2022)						
You can expect	How we measure performance	Q1	Q2	Q3	Target/Result	Commentary		
We provide safe solid waste facilities within District.	Percentage of users that are satisfied with the rural transfer service stations.	<span style="color: blue;">●</span>	<span style="color: blue;">●</span>	<span style="color: blue;">●</span>	<b>Target:</b> New measure <10 per week <b>Result:</b> N/A	Baseline to be established in 2021/22.		
We will provide a reliable kerbside rubbish collection to stop rubbish becoming a health risk*.	There are no more than 10 justifiable complaints per week about uncollected rubbish.	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<b>Target:</b> New measure <10 per week <b>Result:</b> 1.2	17 complaints received for the Q3 period.		

\* Services offered in Te Kuiti, Waitomo Village, Piopio and Mokau

## FINANCIAL UPDATE

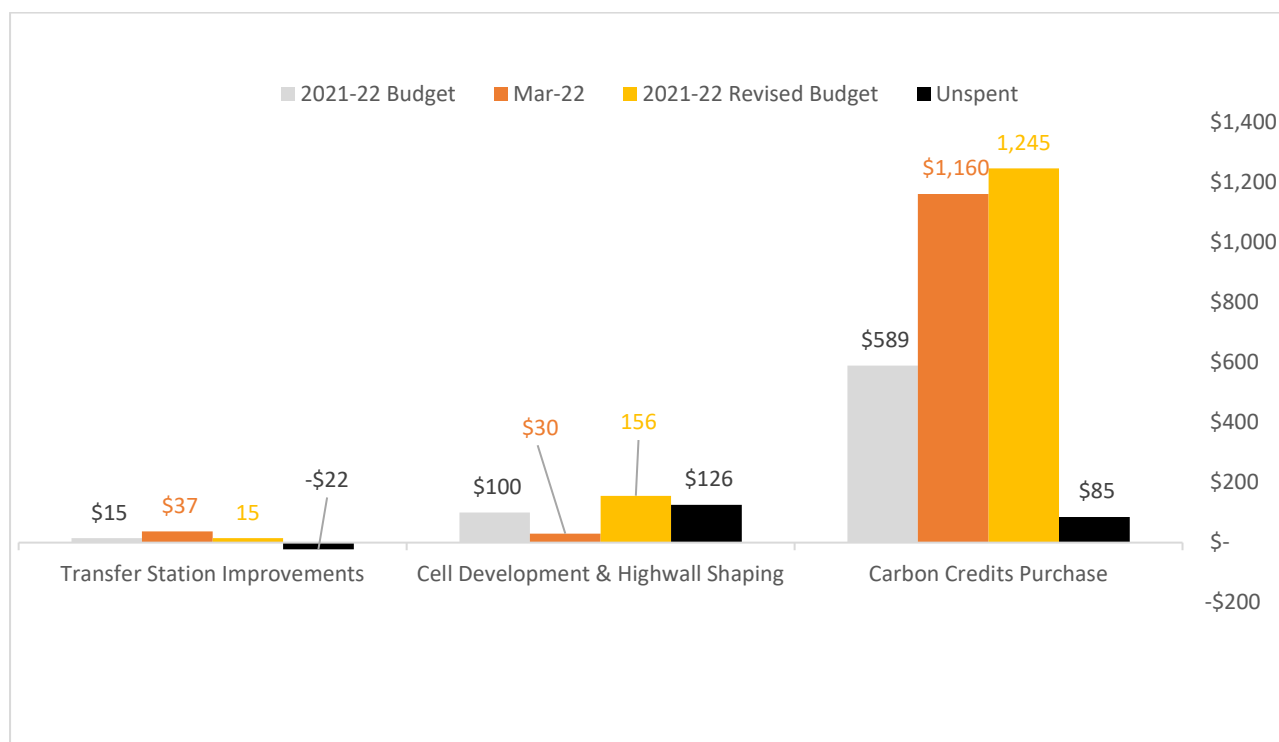
SOLID WASTE \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(883)	(1,144)	(1,144)	(863)	(858)	(5)	
Subsidies and Grants	(13)	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(1,537)	(1,677)	(1,678)	(1,132)	(1,258)	126	A
Other Revenue incl Gains/Losses	(35)	(35)	(35)	(24)	(26)	2	
<b>Total Revenue</b>	<b>(2,468)</b>	<b>(2,856)</b>	<b>(2,857)</b>	<b>(2,019)</b>	<b>(2,142)</b>	<b>123</b>	<b>-6%</b>
<b>Operating Expenditure</b>							
Other Expenditure	2,182	2,661	2,661	2,087	2,140	(53)	B
Depreciation	94	68	68	66	51	15	
Finance Costs	136	113	113	69	85	(16)	
<b>Total Operating Expenditure</b>	<b>2,412</b>	<b>2,842</b>	<b>2,842</b>	<b>2,222</b>	<b>2,276</b>	<b>(54)</b>	<b>-2%</b>
<b>Net (Surplus)/Deficit</b>	<b>(56)</b>	<b>(14)</b>	<b>(15)</b>	<b>(203)</b>	<b>134</b>	<b>69</b>	<b>51%</b>

**Variance comments:**

- A Revenue received at the landfill was less for general refuse charges due to a decrease in the volume of waste deposited at the landfill. This was partly offset by increase in revenue from special waste and sale of rubbish bags.
- B Other expenditure was less for waste minimisation levy expenditure due to reduced waste volumes, waste minimisation programme expenditure and resource consent compliance costs. These reductions were partly offset by increased costs to purchase material for cover and increased contract costs for removal of recycling and landfill bin movement.

## CAPITAL EXPENDITURE

000's



Total expenditure at 31 March 2022 was \$1,227,000 against the revised budget of \$1,416,000. Refer to projects and programme updates section for progress on key capital projects.

The revised budget of \$1,245,000 for carbon credits purchase includes the 2022/23 budget which has been bought forward to enable additional carbon credits to be purchased in current year at a lower cost than is forecast in the next financial year. A total of 16,800 units have been purchased in the current year at a cost of between \$68 and \$70 per unit. The current spot price is \$76.40. 11,594 units were surrendered in March for calendar year 2021, leaving 9,674 units on hand for next years surrender obligation.



## STORMWATER

The Stormwater Group provides for the collection, diversion, and disposal of urban surface water runoff following rainfall. Surface water flooding can occur in the absence of an effective stormwater drainage system.

The main activities of this group are:

- Maintenance (Planned and Unplanned)
- Renewals
- New Works/Augmentation

### COMMUNITY OUTCOMES



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### PROJECTS AND PROGRAMME UPDATES

#### Completion of Stormwater Catchment Plans

**Project Summary:** Development of the draft Stormwater catchment plans which will be used for the development of Assessment of Environmental Effects required for the application for the comprehensive stormwater discharge consent.

**Progress:** Planning is underway to continue to develop the catchment management plans. Staff have undertaken assessment of hydraulic capacity, which is now under review.

Project Stage	Q1	Q2	Q3	Q4
	Scoping/ planning	Planning	Planning	

**End Date:** June 2022

#### Completion of the Annual Renewals Programmes based on Conditions Assessment

**Project Summary:** This project is currently being scoped. A project summary and progress will be reported once the project planning has been completed.

**Progress:** Pricing for condition assessments of a representative network sample has been received. A programme of renewal works will be determined using the results from criticality and condition assessments. Condition assessments are being and planned. The condition assessment will be completed in Q3. Review of catchments hydraulic profile will also occur in Q3.

Contract has been awarded to upgrade stormwater pipe in King Street West to accommodate new sewer main alignment.

Project Stage	Q1	Q2	Q3	Q4
	Scoping/ planning	Scoping/ planning	Planning/ delivering	

#### Monitoring and Maintenance of Stormwater Exit and Entry Points

**Project Summary:** This work involves manhole checks, inspection of streamside outlet points for debris and condition (before and after winter flows), fixing outlet grates that are damaged, or opening and collecting built-up debris, and reattaching any opened outlet points with new shearing bolts (break away structural feature for pressure on grate).

**Progress:** Inspections have been carried out as required. Identified upgrades required and currently seeking quotes from contractors to install safety grates.

**Project Stage:** Ongoing

## SERVICE PERFORMANCE MEASURES

Stormwater		Overall result for GOA <i>(as at 31 March 2022)</i>				
You can expect	Measure	Q1	Q2	Q3	Target/Result	Commentary
We maintain and operate the stormwater network in a way that minimises the likelihood of stormwater entering habitable buildings.	The number of flooding events* that occur in the district in a financial year.	○	○	○	<b>Target:</b> 0 <b>Result:</b> 0	There have been no flooding events in this period.
	For each flooding event* the number of habitable floors affected in a financial year.	○	○	○	<b>Target:</b> ≤ 1 per 1000 connections <b>Result:</b> 0	There have been no flooding events in this period.
We comply with our resource consent conditions and minimise the impact of stormwater on the environment	abatement notices	○	○	○	<b>Target:</b> 0 <b>Result:</b> 0	There have been no notices received.
	infringement notices	○	○	○	<b>Target:</b> ≤ 2 <b>Result:</b> 0	There have been no notices received.
	enforcement orders	○	○	○	<b>Target:</b> 0 <b>Result:</b> 0	There have been no enforcement orders.
	successful prosecutions	○	○	○	<b>Target:</b> 0 <b>Result:</b> 0	There have been no successful prosecutions.
We will respond within a reasonable timeframe to flooding.	The median response time to attend a flooding event*, (measured from the time that the notification is received to the time that service personnel reach the site).	○	○	○	<b>Target:</b> ≤ 180 minutes (3hrs) <b>Result:</b> 0.0 hours	There have been no flooding events in this period.
	The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.					
The Council provides a reliable stormwater collection service.	The number of complaints received about the performance of the Council's urban stormwater system per 1,000 properties connected.	○	○	○	<b>Target:</b> ≤ 4 complaints per 1,000 properties (2,056 connections) <b>Result:</b> 0	There have been no complaints relating to urban stormwater in this period.

*\* A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. Habitable floor refers to the floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.*

## FINANCIAL UPDATE

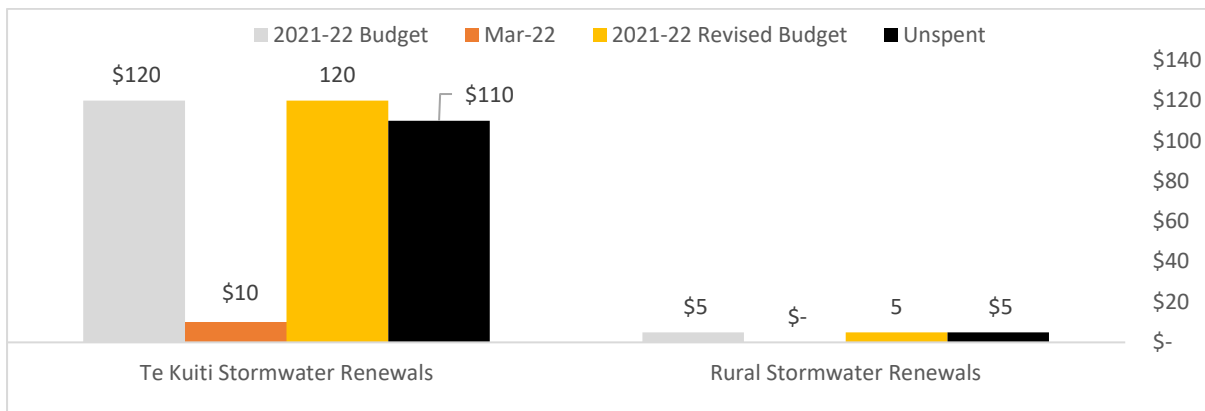
STORMWATER \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(405)	(456)	(456)	(344)	(342)	(2)	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(17)	0	0	(5)	0	(5)	A
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
<b>Total Revenue</b>	<b>(422)</b>	<b>(456)</b>	<b>(456)</b>	<b>(349)</b>	<b>(342)</b>	<b>(7)</b>	<b>2%</b>
<b>Operating Expenditure</b>							
Other Expenditure	196	255	255	100	111	(11)	
Depreciation	194	195	195	164	146	18	B
Finance Costs	9	7	7	5	5	0	
<b>Total Operating Expenditure</b>	<b>399</b>	<b>457</b>	<b>457</b>	<b>269</b>	<b>262</b>	<b>7</b>	<b>3%</b>
<b>Net (Surplus)/Deficit</b>	<b>(23)</b>	<b>1</b>	<b>1</b>	<b>(80)</b>	<b>(80)</b>	<b>0</b>	<b>0%</b>

### Variance comments:

- A Revenue was received for connection fees.
- B Depreciation expense was more than forecast due to the revaluation of stormwater assets at 30 June 2021 resulting in an increase in asset value and a corresponding increase in depreciation.

### CAPITAL EXPENDITURE

000's



Total expenditure at 31 March 2022 was \$10,000 against a revised budget of \$125,000. Refer to projects and programme updates section for progress on key capital projects.

## RESOURCE MANAGEMENT

This group involves the administration, application and enforcement of the Operative Waitomo District Plan and District Planning.

- **District Plan Administration** covers the planning functions under the Resource Management Act 1991, including the processing, issuing, and monitoring of resource consents, designations, and other application types. It also includes monitoring compliance with Waitomo’s Operative District Plan.
- **District Planning** involves setting the direction, form, and shape of our urban and rural communities to ensure development is sustainably managed, while protecting our cultural and historic heritage, outstanding landscapes, and significant natural features. District Plan reviews and structure planning are included in this activity.

### COMMUNITY OUTCOMES



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### PROJECTS AND PROGRAMME UPDATES

The work programmes in the Resource Management Group are statutory in nature and ‘business as usual’ to comply with Council’s legislative requirements. Progress reporting on the programme of work will be undertaken on an exceptions basis.

A review of the resource consent raw data was undertaken to identify consents that require monitoring. The work has now been completed and all land use consents that require monitoring have been identified. Council staff are now reviewing these consents and scheduling the appropriate monitoring. Not all consents are active limiting the number that require on going monitoring.

**BAU| Ongoing**

#### District Plan Review

**Programme Summary:** A review of the Operative Waitomo District Plan in accordance with statutory requirements.

The Proposed Waitomo District Plan (PDP) must be legally robust and provide guidance for long term resource management issues in the District and is inherently complex with many associated workstreams. This project will continue into 2021/22.

**Progress:** The PDP has been pre-notified to Iwi Authorities in accordance with the requirements of the Resource Management Act 1991. The section 32 (evaluation reports) is on-going. Maniapoto Māori Trust Board has responded to the PDP, this is currently being reviewed by WDC staff. WDC has released a draft version of the Proposed District Plan for consultation, with the consultation period closing on 31 May 2022.

	Q1	Q2	Q3	Q4
Project Stage	Delivering	Delivering	Delivering	

## SERVICE PERFORMANCE MEASURES

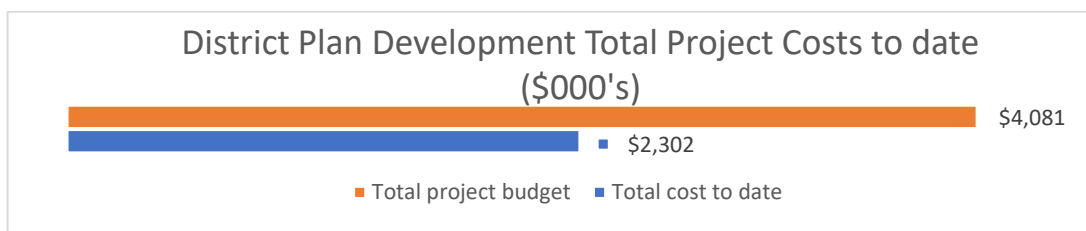
Overall result for GOA (as at 31 March 2022)						
Resource Management						
	Q1	Q2	Q3			
				<b>Target/Result</b> <b>Target:</b> 100% <b>Result:</b> 100%		
You can expect	Measure	Q1	Q2	Q3	Target/Result	Commentary
Resource consents are processed in accordance with legislation.	All non-notified resource consents are processed within statutory timeframes.	○	○	○	<b>Target:</b> 100% <b>Result:</b> 100%	All consents were processed within 20 working days for this period.

## FINANCIAL UPDATE

RESOURCE MANAGEMENT \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(377)	(397)	(397)	(298)	(298)	0	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(188)	(180)	(180)	(197)	(135)	(62)	A
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
<b>Total Revenue</b>	<b>(565)</b>	<b>(577)</b>	<b>(577)</b>	<b>(495)</b>	<b>(433)</b>	<b>(62)</b>	<b>14%</b>
<b>Operating Expenditure</b>							
Other Expenditure	827	1,681	1,864 <sup>5</sup>	557	1,231	(674)	B
Depreciation	0	0	0	0	0	0	
Finance Costs	31	35	35	22	26	(4)	
<b>Total Operating Expenditure</b>	<b>858</b>	<b>1,716</b>	<b>1,899</b>	<b>579</b>	<b>1,257</b>	<b>(678)</b>	<b>-54%</b>
<b>Net (Surplus)/Deficit</b>	<b>293</b>	<b>1,139</b>	<b>1,322</b>	<b>84</b>	<b>824</b>	<b>(740)</b>	<b>-90%</b>

**Variance comments:**

- A Resource consent revenue is more than forecast for the full year.
- B Other expenditure was less during the period for consultancy services and legal fees. District Plan Development expenditure was less than expected for this period. Due to the involved and complex nature of this project it is not unexpected to have variations in the timing of expenditure.



<sup>5</sup> Revised budget includes a carryover for District Plan Development project.

## WASTEWATER

The Wastewater Group provides for the environmentally safe collection, treatment, and disposal of the District's sewage waste in Te Kuiti, Te Waitere, Maniaiti/Benneydale and Piopio.

There are three activities under this Group, namely:

- Maintenance
- Renewals and replacements
- Improvements

## COMMUNITY OUTCOMES



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## PROJECTS AND PROGRAMME UPDATES

### Renew and Extend Soakage Field (Te Waitere)

**Project Summary:** This project involves an investigation of the Te Waitere Sewerage soakage field performance to assess work required to renew and extend the soakage field.

**Progress:** Investigation into the performance was completed in Q2 and some remedial work was undertaken. A more detailed report was required for loading rates and soakage area necessary for compliance with discharge consent. The detailed report from consultant engineers has now been received. The report identifies a significant increase in soakage area is required. Physical works has been put on hold due to discussions with landowner for lease arrangements.

Project Stage	Q1	Q2	Q3	Q4
	Rescoping/Pricing	Rescoping	Planning	

**End date:** New completion date will be determined once agreement has been finalised with landowner.

### Riparian Planting at Te Kuiti

**Project Summary:** Riparian planting is a condition of the resource consent for wastewater discharge from Te Kuiti Wastewater Treatment Plant.

**Progress:** Initial clearing of willow trees on stream bank completed, planting, and fencing to follow in subsequent financial years. Work will be undertaken with Waikato Regional Council to clear poplar trees along the stream bank.

Project Stage	Q1	Q2	Q3	Q4
	Delivering	Delivering	Delivering	

## SERVICE PERFORMANCE MEASURES

		<b>Overall result for GOA</b> <i>(as at 31 March 2022)</i>				
<b>Wastewater</b>						<span style="color: orange;">■</span> Off track <span style="color: green;">■</span> On track
You can expect	Measure	Q1	Q2	Q3	Target/ Result	Commentary
We will attend and resolve issues with the wastewater system within a reasonable timeframe.	The median attendance time for call-outs, from the time that we received notification to the time that our service personnel reach the site.	○	○	○	<b>Target:</b> ≤180 minutes (3hrs) <b>Result:</b> 1hr 29mins	
	The median resolution time of call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	●	●	○	<b>Target:</b> Piopio ≤660 minutes (11hrs) <b>Result:</b> 5 hrs. 2mins.	
	The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	●	●	○	<b>Target:</b> Rest of District ≤540 minutes (9hrs) <b>Result:</b> 4hrs. 46mins	
Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of the following (received by Council in a financial year)	abatement notices	○	○	○	<b>Target:</b> 0 <b>Result:</b> 0	Achieved.
	infringement notices	○	○	○	<b>Target:</b> 0 <b>Result:</b> 0	Achieved.
	enforcement orders	○	○	○	<b>Target:</b> 0 <b>Result:</b> 0	Achieved.
	convictions received	○	○	○	<b>Target:</b> 0 <b>Result:</b> 0	Achieved.
Our wastewater system is operated and maintained to minimise odour and blockages.	The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system.	●	●	●	<b>Target:</b> Piopio Total complaints per 1,000 connections ≤35 (Total number of connections 210) <b>Result:</b> 228.6	For Piopio in Q3 a total of 48 complaints were received for Sewerage -4 for Odour - 24 for System faults 20 Council's response to issues.
	The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system.	○	○	○	<b>Target:</b> Rest of District complaints per 1,000 connections ≤35 (Total number of connections 1774) <b>Result:</b> 10.7	For Te Kuiti, Maniaiti/Benneydale and Mokau in the third quarter a total of 19 complaints were received for Sewerage -2 for Odour - 4 for System faults 13 Council's response ot issues.
Our wastewater system is optimised to reduce the risk of harm to the community and environment.	Number of dry weather overflows in a financial year	○	○	○	<b>Target:</b> Total complaints per 1,000 connections ≤10 (Total number of connections 1,984) <b>Result:</b> 0.0	No dry weather overflow complaints were received this quarter

## FINANCIAL UPDATE

WASTEWATER \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(2,107)	(2,176)	(2,176)	(1,635)	(1,632)	(3)	
Subsidies and Grants	(12)	(584)	(559) <sup>6</sup>	(258)	(160)	(98)	A
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(931)	(821)	(821)	(601)	(616)	15	B
Other Revenue incl Gains/Losses	0	0	0	(14)	0	(14)	C
<b>Total Revenue</b>	<b>(3,050)</b>	<b>(3,581)</b>	<b>(3,556)</b>	<b>(2,508)</b>	<b>(2,408)</b>	<b>(100)</b>	<b>4%</b>
<b>Operating Expenditure</b>							
Other Expenditure	1,668	2,103	2,061	1,314	1,471	(157)	D
Depreciation	818	855	855	669	641	28	E
Finance Costs	244	194	194	136	145	(9)	
<b>Total Operating Expenditure</b>	<b>2,730</b>	<b>3,152</b>	<b>3,110</b>	<b>2,119</b>	<b>2,257</b>	<b>(138)</b>	<b>-6%</b>
<b>Net (Surplus)/Deficit</b>	<b>(320)</b>	<b>(429)</b>	<b>(446)</b>	<b>(389)</b>	<b>(151)</b>	<b>(238)</b>	<b>158%</b>

**Variance comments:**

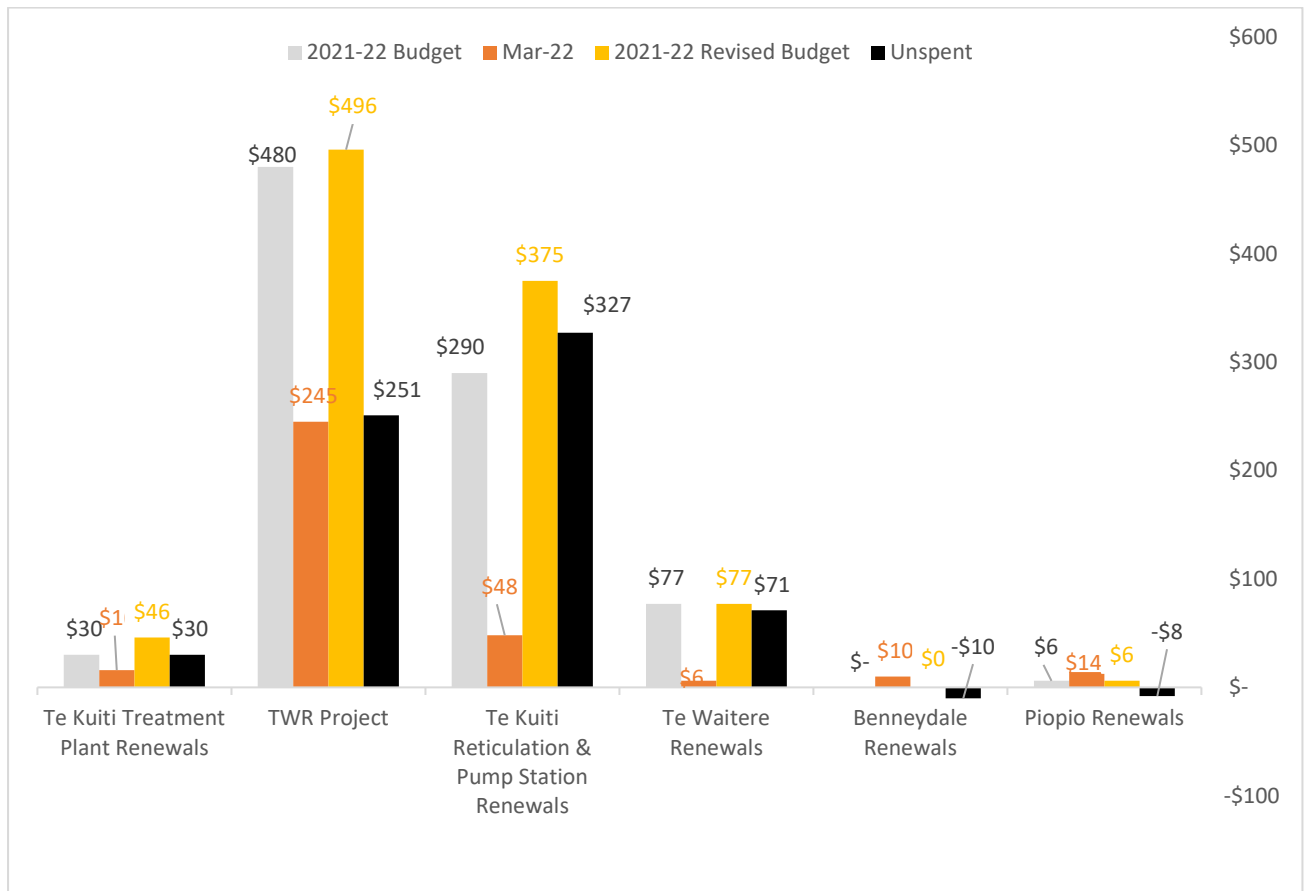
- A Subsidy revenue was more than forecast due to the additional TWR stimulus funding recognised. Of the total \$258,000 recognised, \$230,000 relates to funding of capital expenditure.
- B Te Kuiti trade waste revenue was less for the period, this was offset in part by an increase in trade waste revenue for Piopio and connection fees received in Te Kuiti and Piopio.
- C Other revenue was more for proceeds from insurance for the damage to the automatic entrance gates at Te Kuiti wastewater plant.
- D Other expenditure was less due to a decrease in wastewater operations and maintenance, consultant fees, sludge disposal and chemicals for Te Kuiti.
- E Depreciation expense was more than forecast due to the revaluation of wastewater assets at 30 June 2021 resulting in an increase in asset value and a corresponding increase in depreciation.

<sup>6</sup> Revised budget includes a carryover of subsidy revenue and operational expenditure for the Three Waters Reform programme.



## CAPITAL EXPENDITURE

000's



Total expenditure at 31 March 2022 was \$339,000 against a revised budget (including carryovers and Three Waters Reform programme) of \$999,000. Refer to projects and programme updates section for progress on key capital projects.

## WATER SUPPLY

The Water Supply activity provides for the environmentally safe collection, treatment, and reticulation of Council's public water supplies. Water supply schemes are provided by Council at Te Kuiti, Maniaiti / Benneydale, Piopio and Mokau.

There are three aspects of operations under this group:

- Maintenance
- Renewals and replacements
- Improvements

## COMMUNITY OUTCOMES



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## PROJECTS AND PROGRAMME UPDATES

### Installation of Backflow Preventers – Te Kuiti, Mokau, and Piopio

**Project Summary:** The 2009 Water Safety Plan identified the risk of supply contamination due to the absence of back flow preventers at each point of supply. An annual programme is in place to progressively install back-flow preventers across the network.

**Progress:** This work is ongoing; old tobies are replaced with new manifold backflow preventers. Three Waters Reform delivery programme has enabled acceleration of this project with funding to install 1200 manifolds. To date ~900 have been installed across the district. Annual plan budget is also incorporated into this project.

Project Stage	Q1	Q2	Q3	Q4	
Delivering	🟢	Delivering	🟢	Delivering	🟢

**End date:** 30 June 2022

### Districtwide Supervisory Control and Data Acquisition (SCADA)

**Project Summary:** To ensure compliance with the New Zealand Drinking Water Standards (NZDWS), WDC must ensure that our SCADA system can report on the requirements.

**Progress:** As part of general renewals and Three Waters Reform Programme SCADA upgrades are being undertaken to replace outdated equipment across the district.

**BAU | Ongoing** 🟡

### Mokau Water-Main Renewals

**Project Summary:** This project involves the replacement of an old asbestos cement (AC) pipe in Mokau.

**Progress:** Replacement of AC pipes has been completed along Tainui (North), Rangī, and Rerenga Streets. Additional projects are currently being priced for completion this financial year.




Project Stage	Q1	Q2	Q3	Q4	
Delivering	🟢	Delivering	🟢	Delivering	🟢

**End Date:** 30 June 2022

## Additional Monitoring and Control – Maniaiti / Benneydale

**Project Summary:** This project includes an additional UV unit; this is being sourced from the Mokau treatment plant that is undergoing an upgrade.

**Progress:** This project is currently with contractor Nueflow who are project managing, pricing to be received, scheduled to complete in quarter 4.




Project Stage	Q1	Q2	Q3	Q4
	Planning 	Planning 	Delivering 	

**End Date:** 30 June 2022

## Mechanical Renewals – Te Kuiti

**Project Summary:** Renewals of water supply infrastructure involves the replacement of these assets at the end of their useful lives. Mechanical and electrical assets are serviced regularly and repaired as needed.

**Progress:** Quotes have been received and work is being scheduled. Delivery of the project is expected to commence in early 2022. Equipment removed from pond and on route to be serviced.




Project Stage	Q1	Q2	Q3	Q4
	Planning 	Delivering 	Delivering 	

**End Date:** 30 June 2022

## Treatment Plant Renewals - Mokau

**Project Summary:** This project is to replace the treatment plant sand filters and UV systems and installation of purpose-built coagulation and settling stage.

**Progress:** Clarifier and AVG filters have been delivered and installation completed, commissioning has begun. Commissioning on track for completion before the end of the financial year.

Project Stage	Q1	Q2	Q3	Q4
	Delivering 	Delivering 	Delivering 	



**End Date:** 30 June 2022

## Reticulation Renewals – Piopio and Te Kuiti

**Project Summary:** This project is to carry out the replacement of AC pipe infrastructure due to condition and line breaks.

Potential sites are being investigated and engineering drawings being finalised.

**Progress:** Contract has been awarded. Work to commence in April for completion by 30 June.




Project Stage	Q1	Q2	Q3	Q4
	Planning 	Delivering 	Delivering 	

**End Date:** 30 June 2022

## Improvements to WDC Reservoirs

**Project Summary:** This project involves destructive testing when the reservoir is empty. This is not currently an option without significant project planning.

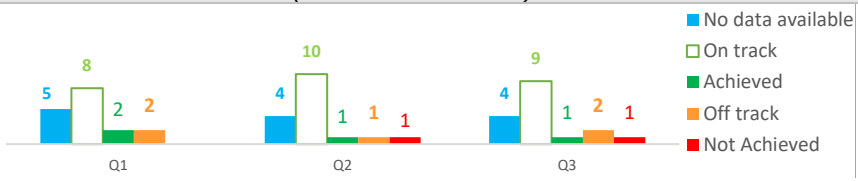
**Progress:** The survey undertaken was a general condition assessment of the reservoirs. Improvements and maintenance planned, a new flowmeter at the Hospital Reservoir, possible replacement of the reservoir at Awakino Road (Blackman's Reservoir)

Project Stage	Q1	Q2	Q3	Q4
Scoping	Scoping 	Scoping 	Scoping 	

**End Date:** 30 June 2022

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## SERVICE PERFORMANCE MEASURES

		<b>Overall result for GOA</b> <i>(as at 31 March 2022)</i>					
Water Supply							
You can expect	Measure	Q1	Q2	Q3	Target/Result	Commentary	
<i>The New Zealand Drinking Water Standards are monitored by Taumata Arowai as a national standard for public safety.</i>							
We provide water that is safe to drink and hygienic to use which meets the drinking water standards.	Water quality complies with the drinking water standards for (a) bacteria	●	●	●	<b>Target:</b> Achieve Compliance <b>Result:</b> Achieved	WDC Water Treatment Plants and Zones (reticulation) have had no bacterial transgressions during Q3.	
	Water quality complies with the drinking water standards for (b) protozoa	●	●	●	<b>Target:</b> 100% <b>Result:</b> N/A	Protozoal compliance is reported at the end of the fiscal year. As is the case each year any data loss of >1min will cause technical non-compliance.	
We provide an efficient and effective water supply. We will achieve this by undertaking activities such as water leakage detection and maintaining the network of water pipes.	Percentage of real water loss from the Council's networked reticulation system in a financial year in: <i>('Water Losses' includes real losses through leaks in the network and apparent losses through metering inaccuracies or water theft. This does not include unauthorised consumption).</i>						
	Te Kuiti	●	●	●	<b>Target:</b> ≤ 20% <b>Result:</b> N/A	The minimum night flow is measured June 2021 and July 2022 for the fiscal year of 2021-2022	
	Mokau	●	●	●	<b>Target:</b> ≤ 5% <b>Result:</b> N/A		
	Piopio	●	●	●	<b>Target:</b> ≤ 5% <b>Result:</b> N/A		
	Maniaiti / Benneydale	●	●	●	<b>Target:</b> ≤ 10% <b>Result:</b> N/A		

You can expect	Measure	Q1	Q2	Q3	Target/Result	Commentary
<i>Resolution and attendance based on working days are defined as Monday – Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframes start from the next working day.</i>						
We will respond within a reasonable timeframe to issues with the water supply.	The median attendance time for urgent call-outs, from the time that we received notification to the time that our service personnel reach the site. *	●	○	○	<b>Target:</b> ≤ 180 minutes (3 hrs.) <b>Result:</b> 1hr	
	The median resolution time of urgent call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved. **	●	○	○	<b>Target:</b> ≤ 540 minutes (9 hrs.) <b>Result:</b> 8hrs 45mins.	
	The median attendance time, in working days, for non-urgent call-outs, from the time that we received notification to the time that our service personnel reach the site. *	○	○	○	<b>Target</b> ≤ 660 minutes (11 hrs.) <b>Result:</b> 2hrs 20mins	
	The median resolution time, in working days, of non-urgent call-outs, from the time we received notification to the time that our service personnel confirm the fault or interruption has been resolved**.	○	○	○	<b>Target:</b> ≤ 96 hours (4 days) <b>Result:</b> 1 hr 1min.	

You can expect	Measure	Q1	Q2	Q3	Target/Result	Commentary
The total number of complaints received by Council in a year for: (Total number of connections (2640))						
We provide water that is wholesome and is reliably supplied. The measure indicates customers and community satisfaction with the quality of the water.	Drinking water clarity				<b>Target:</b> ≤ 20 per 1000 connections <b>Result:</b> 3.41	
	Drinking water taste				<b>Target:</b> ≤ 5 per 1000 connections <b>Result:</b> 0.38	
	Drinking water odour				<b>Target:</b> ≤ 5 per 1000 connections <b>Result:</b> 0.38	
	Drinking water pressure flow				<b>Target:</b> ≤ 20 per 1000 connections <b>Result:</b> 0.38	
	Continuity of supply				<b>Target:</b> ≤20 per 1000 connections <b>Result:</b> 20.45	
	Council's response to any of these issues.				<b>Target:</b> New measure ≤20 per 1000 connections <b>Result:</b> 2.35	
We provide efficient management of demand for water for our community.	The average consumption of drinking water per Waitomo District resident, per day.				<b>Target:</b> ≤ 400 liters per person per day <b>Result:</b> 500 liters /day	Increased water consumption with warmer drier weather in Q3 particularly January. Main burst in Mokau also contributed.

\* measured from the time that the local authority received notification to the time that service personnel reach the site.

\*\* measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption.

## FINANCIAL UPDATE

WATER SUPPLY \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(2,711)	(2,711)	(2,711)	(1,866)	(2,033)	167	A
Subsidies and Grants	(338)	(1,335)	(2,591) <sup>7</sup>	(1,605)	(1,335)	(270)	B
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(52)	0	0	(17)	0	(17)	C
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
<b>Total Revenue</b>	<b>(3,101)</b>	<b>(4,046)</b>	<b>(5,302)</b>	<b>(3,488)</b>	<b>(3,368)</b>	<b>(120)</b>	<b>4%</b>
<b>Operating Expenditure</b>							
Other Expenditure	2,230	2,207	2,286	1,694	1,611	83	D
Depreciation	631	693	693	552	520	32	E
Finance Costs	287	243	243	169	182	(13)	
<b>Total Operating Expenditure</b>	<b>3,148</b>	<b>3,143</b>	<b>3,222</b>	<b>2,415</b>	<b>2,313</b>	<b>102</b>	<b>4%</b>
<b>Net (Surplus)/Deficit</b>	<b>47</b>	<b>(903)</b>	<b>(2,080)</b>	<b>(1,073)</b>	<b>(1,055)</b>	<b>(18)</b>	<b>2%</b>

**Variance comments:**

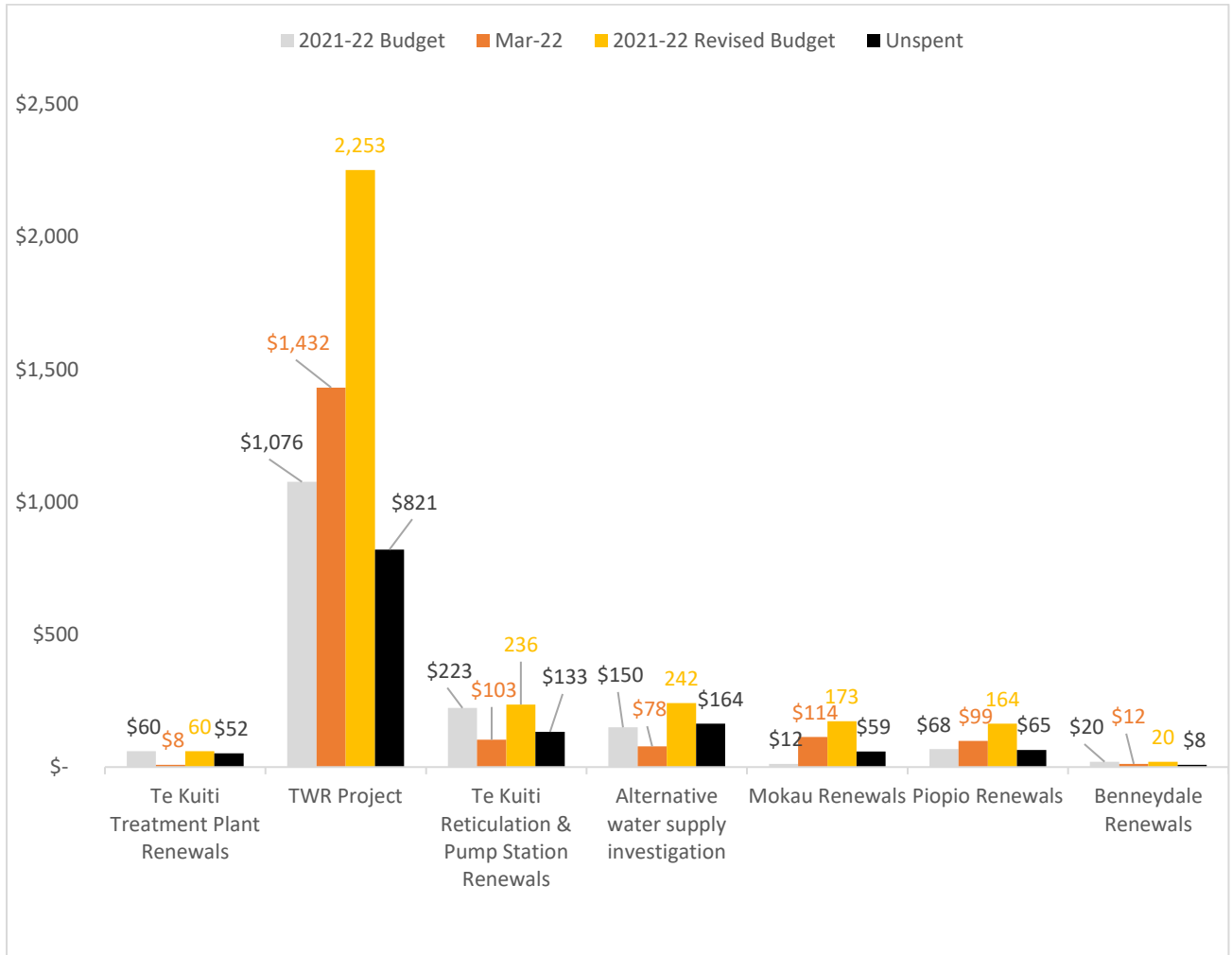
- A Rates revenue was less than budget for Te Kuiti and Piopio metered water charges.
- B Subsidy revenue was received for Three Water Reform programme, including \$1.4 million of subsidy for capital expenditure.
- C Connection fees revenue for Te Kuiti was received during the period.
- D Other expenditure was more than forecast for consultants fees, contract costs for the smart water programme, reticulation maintenance expenditure in Te Kuiti and Mokau and insurance.
- E Depreciation expense was more than forecast for the period due to the revaluation of water assets at 30 June 2021 resulting in an increase in asset value and a corresponding increase in depreciation.

<sup>7</sup> Revised budget includes subsidy revenue and operational expenditure for Three Water Reforms programme.



## CAPITAL EXPENDITURE

000's



Total expenditure at 31 March 2022 was \$1,847,000 against the revised budget (including carryovers and Three Waters Reform programme) of \$3,148,000. Refer to projects and programme updates section for progress on key capital projects.

## ROADS AND FOOTPATHS

The Roads and Footpaths activity provides a safe and reliable transport infrastructure network to facilitate the movement of people and goods, which includes the provision of roads (excluding state highways), footpaths, bridges, traffic services, streetlights, carparks, and traffic safety programmes.

- **Road Network:** WDC manages and maintains a network of 461km of sealed roads and 553km of unsealed roads. This includes identifying the need for and undertaking maintenance and renewals of the road network, footpaths, and ancillary systems such as streetlights, signs, and road markings.
- **Subsidised roading:** New Zealand Transport Agency (Waka Kotahi - NZTA), provides a subsidy for works that meet their criteria via Waikato Regional Council's Land Transport Programme.
- **Unsubsidised roading:** These activities are carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience but are not subsidised by NZTA.

## COMMUNITY OUTCOMES



A prosperous district



A district for people



A district that cares for its environment



A district that works with you

## PROJECTS AND PROGRAMME UPDATES

### Road and Footpath Maintenance

**Programme Summary:** The Waitomo District Council network comprises of 1014km of local roads of various classification. Within the 1014km, 459km is sealed and the remaining 555km is unsealed. Unique to this roading network is the way in which the routine maintenance is undertaken. A zonal maintenance approach has been adopted and this results in the network being split into 24 zones and each zone being maintained twice per year.

**Progress:** On the 11th and 12th of February 2022, the Waitomo District Council roading network was struck by Cyclone Dovi. The cyclone left an aggressive path of destruction around the network, resulting in many roads being damaged, significant flooding and trees being blown over.

The effects from the cyclone have resulted in the zonal maintenance falling behind schedule as all efforts were placed on restoring the network to the desired levels of service. Concerted efforts have been placed on catching up with the programming and as at the end of Q3, most programmes were back on schedule.

BAU | Ongoing 

### Sealed Road Pavement Rehabilitation

**Programme Summary:** Sealed Road pavement rehabilitation involves rehabilitating and renewing the asset with the correct treatment at the optimum time so that the required level of service is maintained whilst minimising total life cycle costs.

Road pavements which have reached the end of their lives require major rehabilitation - that is strengthening the pavement structure prior to resurfacing. Rehabilitation involves removing the existing chip seal and constructing an additional layer of road metal on top of the existing pavement reconstruction.

**Progress:** There were three sites identified for pavement rehabilitation this season. Due to site complexities and a late start to testing and investigations, only one site will be completed this financial season - Waimiha Road. Both Seddon and Lawrence Streets have been deferred through to 2022/23.

Road Rehab Site	Notes	% Complete
Waimiha Road	Pavement overlay and chip sealing, to be tendered early December	80%
Seddon Street	Pavement Dig-out, draining improvement and Asphalt, to be tendered late December.	10%
Lawrence Street	Pavement Dig-out, draining improvement and Asphalt, to be tendered late December.	10%

Project Stage	Q1	Q2	Q3	Q4
	Planning		Delivering	

## Sealed Road Resurfacing

**Programme Summary:** Sealed Road resurfacing is carried out on sections of road with defects in the road surface, where the structural condition of the carriageway is sound.

The program occurs annually. The total length of the sealed network is 459km so in order to achieve a 12-year resurfacing cycle, an annual target of 32km is appropriate. Road resurfacing is carried out by Higgins as a subcontractor to Inframax Construction Ltd under Contract 500/16/028.

**Progress:** The annual sealing programme of 25km (5.4% of sealed network) commenced in November 2021. Crews have focused on completing all urban works within Te Kuiti, then progressing into the rural regions of the network.

By the end of March 2022, the programme was 100% complete..

### Programme Stage:

Project Stage	Q1	Q2	Q3	Q4
	Planning		Delivering	

**Start date:** November 2021 | **End date:** 30 March 2022

## Bridge and Structural Renewals

**Programme Summary:** Bridge and structural renewals is undertaken when parts of the structure have reached the end of their economic life.

Works are programmed based on an economic evaluation with projects being justified when the future saving achieved by doing the work exceeds the cost of the work. Physical Works for Bridge Maintenance 2019/20 and 2020/21 Contract 500/19/003 was awarded to Conspec Construction Ltd on 24 June 2020.

**Progress:** Works contracted in 2019/20 were not completed before the end of the last financial year. Good progress has been made on completing the contracted works and is due for completion by 30 June 2022.

Project Stage	Q1	Q2	Q3	Q4
	Delivering		Planning	

**Start date:** 1 July 2021 | **End date:** 30 June 2022

## Footpath Renewals


**Programme Summary:** Footpath renewals is a program of work comprising of new footpaths that are constructed where there is a gap in the network and footpath improvements which involves widening existing footpaths (typically < 1m wide) to meet the 1.5m width standard.

Footpath renewals are prioritised based on proximity to community infrastructure such as schools, medical centres, access to amenities, pedestrian counts, and streets where there are no footpaths. Both technical levels of service and customer levels of service are both considered to be very important.

Footpaths should provide a safe, comfortable, and efficient network of footpaths catering for pedestrians (including the physically disabled) and mobility scooters. Footpaths provide a valuable service to residents, especially those of lower socio-economic means who cannot afford vehicles and the elderly.

**Progress:** Footpaths and Associated Works 2021/22 has been designed and is close to going out to the open market upon finalisation of the available budget. Generally, the programme of works is based around Te Kuiti and stake holders will be consulted and informed once the contract works are awarded.

Footpath Site	Notes	Q1 % Complete	Q2 % Complete	Q3 % Complete	YE % Complete
Waitomo Village and Mokau footpaths	Completed (\$177,000)	100%			
Te Kuiti	Designed and awaiting construction			10%	
Piopio	Designed and awaiting construction			10%	

Project Stage	Q1	Q2	Q3	Q4
	Delivering		Delivering	

**Start date:** July 2021 | **End date:** 30 June 2022

## Minor Improvements Local Roads

**Programme:** This programme of works includes projects that are considered to be low cost, low risk (LCLR) capital works. A number of projects are considered to fall within this category.

Improvements can be made to any of the roading assets (drainage, footpaths etc.) and are not restricted to only the carriageway.

### Taharoa Road Drainage (LCLR)



**Project Summary:** Several projects under LCLR are either in the investigation/design phase or construction phase.

Te Waitere has been deferred through to 2022/23 given the project requires working within the stream bed and consent conditions will not allow winter works.

Oparure Road has undergone temporary pavement repairs which are holding up well and drainage improvements will be undertaken prior to the end of the financial year.

Kiwirail have indicated that the road over rail crossing in Te Kuiti requires repair and works could potentially be undertaken this financial year.

Taharoa flooding section is currently undergoing investigation and design in the attempt to determine if delivery of a long-term solution is viable.

Project Stage	Q1	Q2	Q3	Q4
	Planning		Planning	

**Start date:** July 2021 | **End date:** 30 June 2022

## Unsealed Road Metalling

**Programme Summary:** This programme of works is a seasonal activity and is best completed when there is more moisture in the air and on the ground. There are four primary methods of maintenance for our unsealed networks, three have been utilised:

1. Maintenance grading is where the existing formation is graded, shaped, and compacted; no new aggregate is imported to site.
2. Maintenance metalling is where the existing formation is graded, new material (GAP30) is imported to site and overlaid in increments of approximately 50mm thickness. The purpose of this treatment type is to improve the wearing coarse and minor structural improvements.
3. Structural maintenance is where the existing formation receives a hard cut (Grade), isolated areas of failures are removed and a structural layer of GAP65 is imported, graded, and shaped to improve the structural integrity of the unsealed network. Given the unsealed network is in reasonable condition, this treatment is undertaken less frequently.

**Progress:** To date, roughly 13% of the unsealed road network has undergone maintenance grading and/or structural improvement.

The approximate distance treated is tabled and graphed below:

Treatment	Q1 km	Q2 km	Q3 km	YE km
Maintenance grading	210	243	278	
Maintenance metaling	37	34	0.5	
Structural maintenance	0.4	0.2	0.5	

**BAU | Ongoing** 




## Te Ara Tika

**Project Summary:** Replacement of the pedestrian overbridge in Te Kuiti.

**Progress:** Completion of the new pedestrian overbridge replacing the previous bridge across the rail corridor at Te Kuiti was practically completed in November 2021. The bridge and associated landings are now in the contract maintenance period, due to expire in November 2022.

Construction of the new precast concrete bridge beams was coordinated with the construction of a new basketball half-court alongside the existing skatepark, landscaping, picnic areas and a small carpark. The former commenced on 17 July 2021, with the two large beams across the main span and the ramps on the Rora Street side installed by 19 July 2021. The remaining ramps forming the spiral section were installed by 10 August 2021.

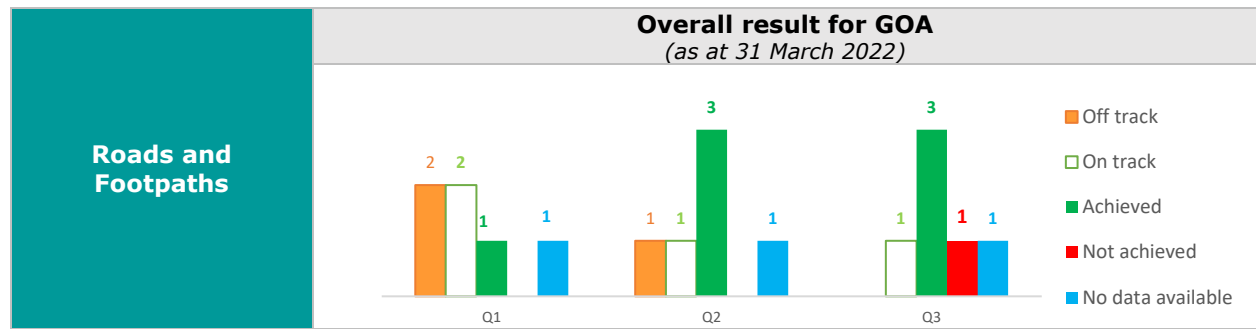
Landscaping and amenity work completed late last year with the bridge opened for public use on 20 November 2021. The cultural elements have since been added to the structure, earlier delayed due to the extended Covid lockdown in Auckland, preventing access to the site by the required specialist subcontractor. Basketball court painting and remaining architecture was completed in January 2022.

Project Stage	Q1	Q2	Q3	Q4
	Delivering 	Delivering 	Delivered/under maintenance 	







**End date:** 30 November 2022

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## SERVICE PERFORMANCE MEASURES



You can expect	Measure	Q1	Q2	Q3	Target/Result	Commentary
<p>We are working towards a safe network with a vision of a decreasing trend of deaths and serious injuries on Waitomo District roads within ten years. We aim to achieve this by delivering projects that are focused on maintaining, upgrading, or changing the conditions of the roading environment to keep our community safe</p>	<p>The change from the previous financial year in the number of fatalities and serious injury crashes on Waitomo District's local road network.</p>	○	○	○	<p><b>Target:</b> 1 (or maintain at 0)</p> <p><b>Result:</b> Serious Injury crashes YTD: 1 Fatal crashes YTD: 0</p> <p>Change in serious injury: 0 Change in fatality: 0</p>	<p>There has been 1 serious crash and zero fatal crashes on the Waitomo District Council network this reporting year. (Year to date at the same time last year: 1 fatal and 5 serious crashes).</p>
<p>We aim for a smooth road that provides comfort for road users and improves the safety of the roads.</p> <p><i>* NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort.</i></p>	<p>The average smooth travel exposure rating across the sealed road network.</p> <p><i>(Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.)</i></p>	●	●	●	<p><b>Target:</b> 90% (of total network)</p> <p><b>Result:</b> 90.0%</p>	<p>This is due to be remeasured in 2022.</p>
<p>We will maintain the overall condition of the unsealed roads to a specified adequate standard.</p>	<p>Percentage of unsealed road metaled each year.</p>	○	●	●	<p><b>Target:</b> 10% (of total network)</p> <p><b>Result:</b> 13%</p>	<p>As of the end of Q3 2021/22, 13% of the network has received maintenance aggregates for structural improvements. Q1 6.7% and Q2 6.3%.</p>
<p>We will maintain the road network by resealing it as needed. Resurfacing is only undertaken as required depending on the condition of the surface in that financial year.</p>	<p>The percentage of Waitomo District's sealed local road network that is resurfaced each year.</p>	●	●	●	<p><b>Target:</b> 7% (of total network)</p> <p><b>Result:</b> 6%</p>	<p>The expected length of resurfacing this year is 27.7km which will be a percentage of 6% which will meet network need. Due to the above</p>

You can expect	Measure	Q1	Q2	Q3	Target/Result	Commentary
						average road width this is slightly below the 7% target. 8.63km has been sealed this quarter.
We will provide footpaths that are well maintained. The measure is the percentage of footpaths that meet the service level	The percentage of footpath network that falls within a condition rating of 3.				<b>Target:</b> 90% <b>Result:</b> 94%	Condition rating of footpaths is undertaken every 3 years, the next assessment was due in 2021. Given the COVID-19 restrictions it has been delayed till 2022. The 2018 result was 94%.
We will investigate and respond to the customer about their request for service relating to road and footpath issues.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days.				<b>Target:</b> 80% <b>Result:</b> 90%	170 service requests were received during Q3.  162 were responded to within the 10-day period. 8 were not responded to within the 10-day period.  Resulting in a compliance rate of 90%

## FINANCIAL UPDATE

ROADS AND FOOTPATHS \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(5,215)	(4,346)	(4,346)	(3,260)	(3,260)	0	
Subsidies and Grants	(10,036)	(9,233)	(9,981) <sup>8</sup>	(6,304)	(6,925)	621	A
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(180)	(125)	(125)	(98)	(81)	(17)	B
Other Revenue incl Gains/Losses	(149)	(100)	(100)	(96)	(75)	(21)	C
<b>Total Revenue</b>	<b>(15,580)</b>	<b>(13,804)</b>	<b>(14,552)</b>	<b>(9,758)</b>	<b>(10,341)</b>	<b>583</b>	<b>-6%</b>
<b>Operating Expenditure</b>							
Other Expenditure	6,552	7,165	7,165	5,601	5,195	406	D
Depreciation	3,327	3,447	3,447	2,551	2,585	(34)	E
Finance Costs	384	311	311	216	233	(17)	
<b>Total Operating Expenditure</b>	<b>10,263</b>	<b>10,923</b>	<b>10,923</b>	<b>8,368</b>	<b>8,013</b>	<b>(355)</b>	<b>4%</b>
<b>Net (Surplus)/Deficit</b>	<b>(5,317)</b>	<b>(2,881)</b>	<b>(3,629)</b>	<b>(1,390)</b>	<b>(2,328)</b>	<b>938</b>	<b>-40%</b>

**Variance comments:**

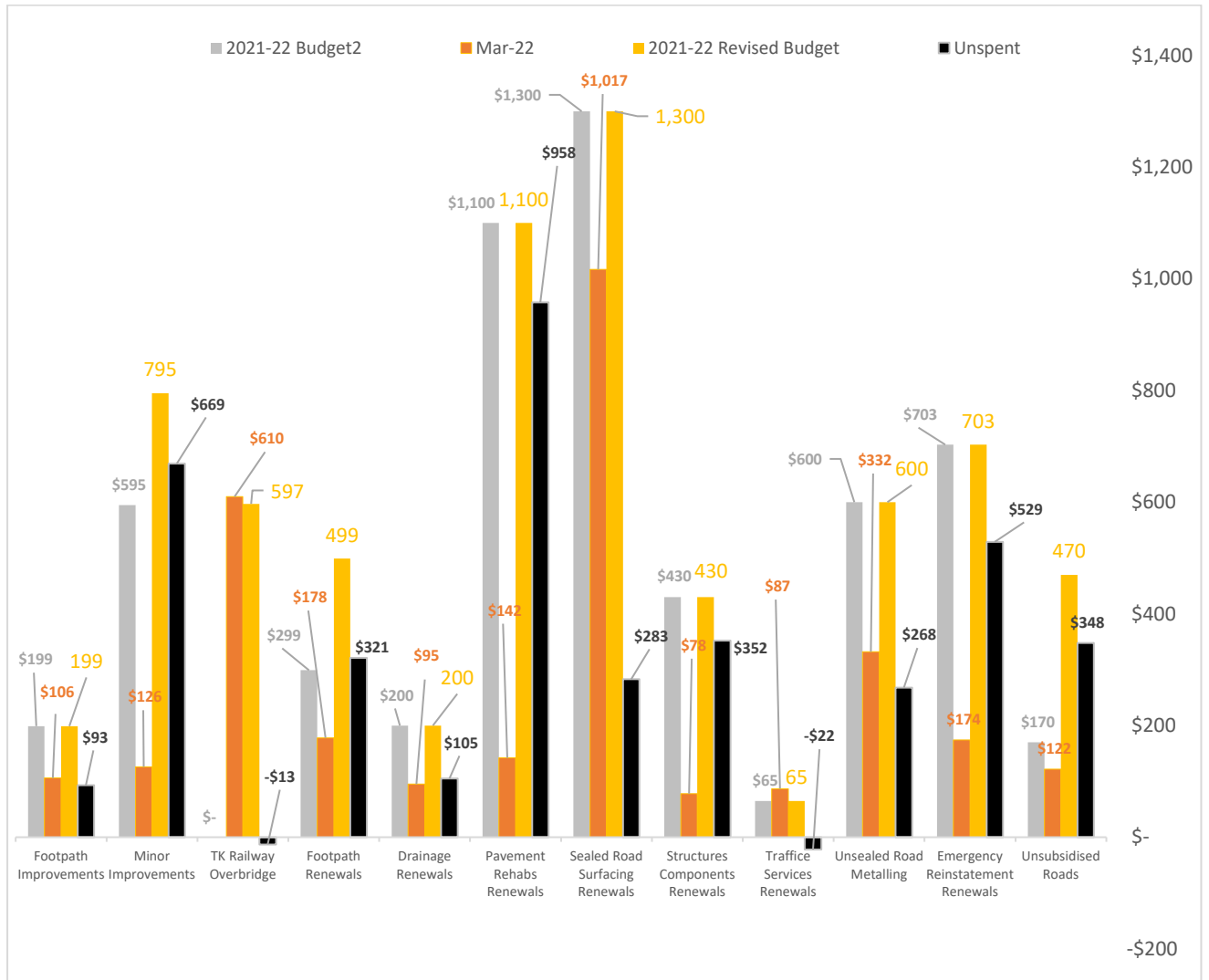
- A Subsidy revenue is based on both maintenance and capital expenditure and for most work categories the subsidy rate is 75%. As capital expenditure was less than budget, the subsidy associated was also less than budget.
- B Sundry revenue was more than forecast for heavy vehicle permits and contributions towards vegetation and tree removal.
- C Petroleum tax proceeds were more than forecast for the period.
- D First response emergency expenditure for damage to the road network by ex-Cyclone Dovi, professional services and sealed pavement maintenance were more than budget for the period. This was partly offset by reduced expenditure for RBU costs, traffic services maintenance and routine drainage maintenance.
- E Depreciation was less than forecast. At the time the budgets were prepared, a higher level of capital expenditure was expected to be completed in 2020/21 year. The prior year's capital expenditure programme completion was impacted by available internal capacity which delayed programme delivery and was further compounded by the pandemic response.

<sup>8</sup> The revised budget includes forecast subsidy revenue of \$748,000 for the construction of Te Ara Tika, footpath renewals and minor improvements. These projects were originally budgeted in a previous year and were carried over to the current financial year.



**CAPITAL EXPENDITURE**

000's



Total expenditure at 31 March 2022 was \$3.067 million against a revised budget (including carryovers) of \$6.959 million. Refer to projects and programme updates section for progress on key capital projects.

CONFIDENTIAL

TREASURY REPORT

FOR



FOR THE QUARTER ENDED 31 MARCH 2022



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

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## CONTENTS

<b>1.</b>	<b>MARKET ENVIRONMENT.....</b>	<b>1</b>
1.1	GLOBAL MARKETS OVERVIEW (FOR THE MARCH 2022 QUARTER) .....	1
1.2	NEW ZEALAND MARKET OVERVIEW (FOR THE MARCH 2022 QUARTER) .....	2
1.3	LOCAL AUTHORITY SECTOR .....	3
<b>2.</b>	<b>DEBT AND HEDGING.....</b>	<b>4</b>
2.1	DEBT.....	4
2.2	HEDGING .....	5
2.3	DEBT AND HEDGING PROFILE .....	5
2.4	POLICY COMPLIANCE AS AT 31 MARCH 2022 .....	7

## 1. MARKET ENVIRONMENT

### 1.1 GLOBAL MARKETS OVERVIEW (FOR THE MARCH 2022 QUARTER)

Omicron was pushed off the front pages of global newspapers on 24 February with the Russian invasion of Ukraine and the consequent upward shift in oil prices to as much as USD130 per barrel (from ~USD 85). Pre-existing concerns over inflation and global supply lines were further magnified by this conflict which is likely to have continuing significant effects on many key products such as oil, wheat and nickel. COVID-19's impacts are still considerable in China; its lockdown of Shanghai, with its population of 26 million people, is also impacting global supply lines.

The initial reaction from bond markets to the invasion was to push the US 10-year bond yield well below 2.00%, to as low as 1.68% at the start of March on safe-haven demand and to cut the expectations for US Federal Reserve ("Fed") hikes this year. Subsequently, in response to inflation data showing US headline inflation at a fresh 40 year high of 7.9%, the US 10-year bond yield traded above 2.20% for the first time since mid-2019 and finished the quarter at 2.40%, having been as high as 2.55%.

In reaction to the invasion of Ukraine, the S&P500 share index fell by 5.1% and was 14.5% below the all-time highs of 4,814 seen on 4 January. Subsequently, the US equity markets recovered somewhat as bargain hunters discounted the global impact of the conflict, with the S&P500 recovering around 10% from the late February lows. However, there remains a significant risk of intra-day swings on every new report from the war zone.

Concerns around inflation and a move away from the 'transitory' view of inflation saw the Fed deliver its first rate hike since 2018 in March, but it sent slightly mixed messages in its data forecasts. The Fed lowered its growth projections and upped its inflation forecasts but didn't see signs of wage inflation while expecting unemployment to drop to 3.5%. The Fed's dot plot endorsed market pricing, suggesting six further hikes this year.

The People's Bank of China ("PBoC") left its medium-term lending rate unchanged in March when the consensus was for a 5 to 10 basis point cut. However, recent data has been positive, with industrial production and retail sales numbers doubling expectations at 7.5% and 6.7% year to date, respectively. In saying this, these numbers were for February and didn't consider recent COVID-19 related lockdowns.

The release of the Reserve Bank of Australia minutes from the March meeting confirmed that the central bank is in no hurry to raise the cash rate stating that it is prepared to wait "*until actual inflation is sustainably within the 2 to 3 per cent target band*". However, the market is increasingly sceptical of these views and is now pricing in multiple rate hikes.

## 1.2 NEW ZEALAND MARKET OVERVIEW (FOR THE MARCH 2022 QUARTER)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
31 Dec 2021	0.75%	0.92%	2.17%	2.42%	2.55%	2.60%	2.64%
31 Mar 2022	1.00%	1.61%	3.29%	3.38%	3.39%	3.39%	3.38%
Change	+0.25%	+0.69%	+1.11%	+0.96%	+0.84%	+0.79%	+0.74%

In New Zealand, the market has continued to price in an aggressive response by the RBNZ to contain inflation. Current market pricing has the Official Cash Rate (“OCR”) at 2.25% by July 2022, 3.00% by December 2022 and 3.50% by May 2023, while the 3-month bank bill rate is projected to reach 3.50% by December 2022 and 3.70% by June 2023. The Reserve Bank of New Zealand’s (“RBNZ”) projections for the OCR contained in the February *Monetary Policy Statement* have the OCR at 2.20% by December 2022 and 2.80% by June 2023. This very aggressive pricing, especially from the markets, is the result of expectations that the inflation rate, currently at 5.9%, will climb sharply with the RBNZ projecting it to increase to 6.6% in the March 2022 quarter, while one local bank sees it at 7.4% for the same period.

Undoubtedly, inflation will increase, driven primarily by the surge in fuel prices. This will necessitate sharp increases in the OCR, but whether current market pricing proves to be correct is doubted by some. As history shows, both central banks and the markets tend to move too far in easing and tightening expectations. At the same time, there are also concerns that New Zealand households will not be able to withstand the already considerable cost of living increases that flow from increasing mortgage rates, fuel and food costs etc.

Since January 2004, mortgage and personal debt levels have increased from around NZD100 billion to just under NZD350 billion currently, according to the RBNZ. To put that in perspective, the 3.25% increase in the OCR over the 2004 to 2007 tightening cycle would have implied a circa NZD3.3 billion transfer from consumption/savings to debt servicing. A move from 0.25% to 3.25% this cycle will mean a circa NZD10.5 billion impact, a 218% increase. As a comparison, since 2004, New Zealand’s GDP has increased from circa NZD140.0 billion to NZD345.0 billion, a 142.8% increase.

Headwinds for the domestic economy include higher mortgage rates, a higher cost of living, supply shortages, the COVID-19 Omicron outbreak, the impact on consumer confidence that a cooling housing market will have and weak business confidence. This is before considering the potential longer-term impact of the Ukraine invasion. On the flip side, unemployment is at record lows and could fall further, and we are seeing signs of wage inflation. New Zealand’s terms of trade remain robust, with dairy returns at record levels and border restrictions are being lifted.

Swap rates have lifted across the yield curve, driven by sharply higher inflation expectations in New Zealand and overseas. Over the March quarter, the 2 year swap increased from 2.17% to 3.29%, the 5 year swap from 2.55% to 3.38% and the 10 year swap from 2.64% to 3.38%. Whether rates can be sustained at these levels depends on future RBNZ monetary policy action; if the tightening cycle does not materialise to the extent that is currently projected, then rates may well decline.

## 1.3 LOCAL AUTHORITY SECTOR

Listed in the table below are the credit spreads and interest rates as at 31 March for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Waitomo District Council (“WDC”) could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP) Rate	FRB
3 month CP	0.20%	1.80%	N/A
6 month CP	0.20%	2.37%	N/A
April 2023	0.43%	2.03%	3.16%
April 2024	0.46%	2.06%	3.73%
April 2025	0.53%	2.13%	3.90%
April 2026	0.62%	2.23%	4.05%
April 2027	0.69%	2.29%	4.08%
April 2028	0.75%	2.35%	4.17%
April 2029	0.77%	2.37%	4.21%
May 2031	0.81%	2.41%	4.23%
April 2033	0.93%	2.53%	4.31%
May 2035	1.00%	2.60%	4.42%
April 2037	1.04%	2.64%	4.47%

Margins for LGFA debt increased slightly during the quarter, as credit markets tightened up in response to the invasion of Ukraine. The yields for both CP and FRNs increased noticeably in line with the increase in the 3 month bank bill rate. The most pronounced increases however were in the yields for FRBs, which increased significantly following sharp rises in global bond yields and New Zealand swap rates. For example, the April 2026 bond yield rose from 3.12% to 4.05% and the May 2031 yield from 3.45% to 4.23%.

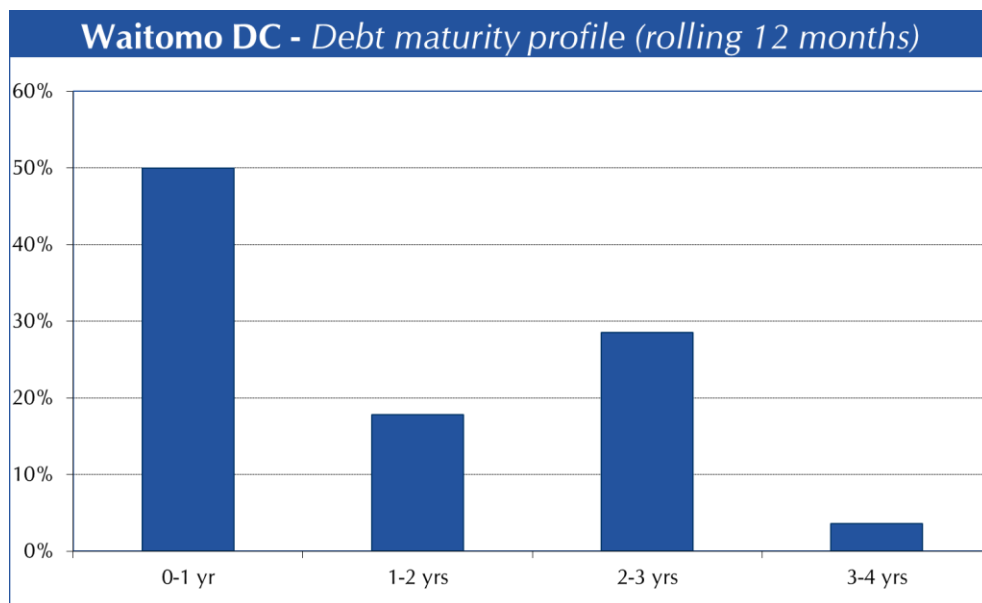
## 2. DEBT AND HEDGING

### 2.1 DEBT

As at 31 March 2022, WDC had \$28.0 million of external debt, down from \$31.0 million at the end of December. All of WDC’s debt was sourced from the LGFA through a combination of CP, FRNs and one FRB. WDC also has a Westpac Bank Multi Option Credit Line Facility for \$10.0 million that matures on 1 July 2022, which has an annual line fee of 0.35% and a margin of 0.90%. As at 31 March, there were no drawings under the Westpac facility. A breakdown of the funding profile (excluding the Westpac facility) is contained in the table below.

Instrument	Start Date	Maturity Date	Margin	Rate	Amount
LGFA FRN	18-Jul-18	18-Apr-22	60 bps	1.645%	\$5,000,000
LGFA CP	10-Nov-21	10-May-22	20 bps	1.24%	\$4,000,000
LGFA FRN	28-Jun-19	30-Aug-22	59.5 bps	1.855%	\$5,000,000
LGFA FRN	19-Jun-17	24-Apr-23	64 bps	1.71%	\$5,000,000
LGFA FRN	19-Jun-17	18-Apr-24	65.5 bps	1.70%	\$3,000,000
LGFA FRN	10-Sep-20	11-Sep-24	69 bps	2.17%	\$5,000,000
LGFA FRB	19-Jun-17	19-Apr-25	71 bps	3.68%	\$1,000,000
			<b>TOTAL</b>		<b>\$28,000,000</b>

The maturity profile of WDC’s drawn debt as at 31 March based on a rolling 12 month basis is depicted in the following chart.



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 33% of debt subject to refinancing in any 12 month period.” As at 31 March, WDC was not complying with this guideline. As it is only a guideline it is not considered to be a policy breach. The funding maturity profile will be smoothed out in April and May 2022 when maturing debt is

(presumably) rolled over to longer-dated maturities which will result in the guideline being adhered to.

## 2.2 HEDGING

As at 31 March, WDC had four interest rate swaps (“swaps”) which convert a portion of the floating interest rate exposures into fixed interest rate exposures. Details of the swaps are contained in the table below:

Start Date	Maturity Date	Rate	Amount	Market Value
18-Apr-2017	18-Apr-2023	3.950%	3,000,000	(\$54,385)
24-Jan-2017	24-Jan-2024	3.840%	5,000,000	(\$84,648)
20-Apr-2020	20-Apr-2025	3.930%	5,000,000	(\$107,731)
11-Sep-2020	11-Sep-2026	2.890%	5,000,000	\$100,429
<b>Total current swap hedging</b>			<b>18,000,000</b>	<b>(\$146,334)</b>

The ‘marked to market’ valuation on the swap portfolio improved noticeably since the last report, from a loss of \$653,460 at the end of December, to a loss of \$146,334 at the end of March. This improvement was due to the continued (and sharp) increase in interest rates that occurred during the March quarter.

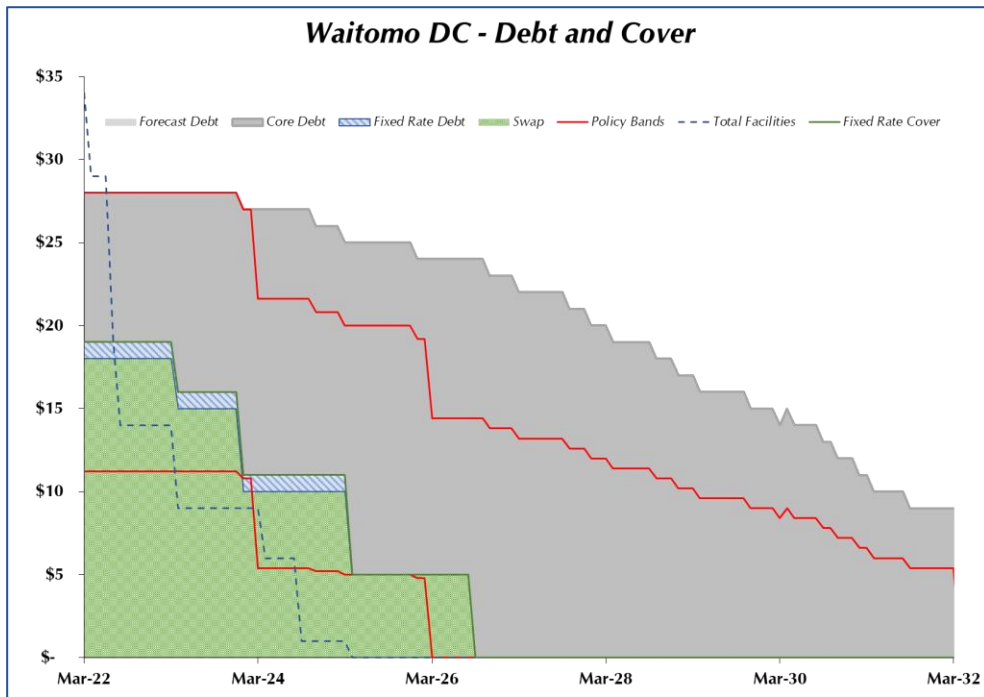
## 2.3 DEBT AND HEDGING PROFILE

WDC manages the interest rate risk on its debt under the amended fixed rate hedging parameters detailed in the following table.

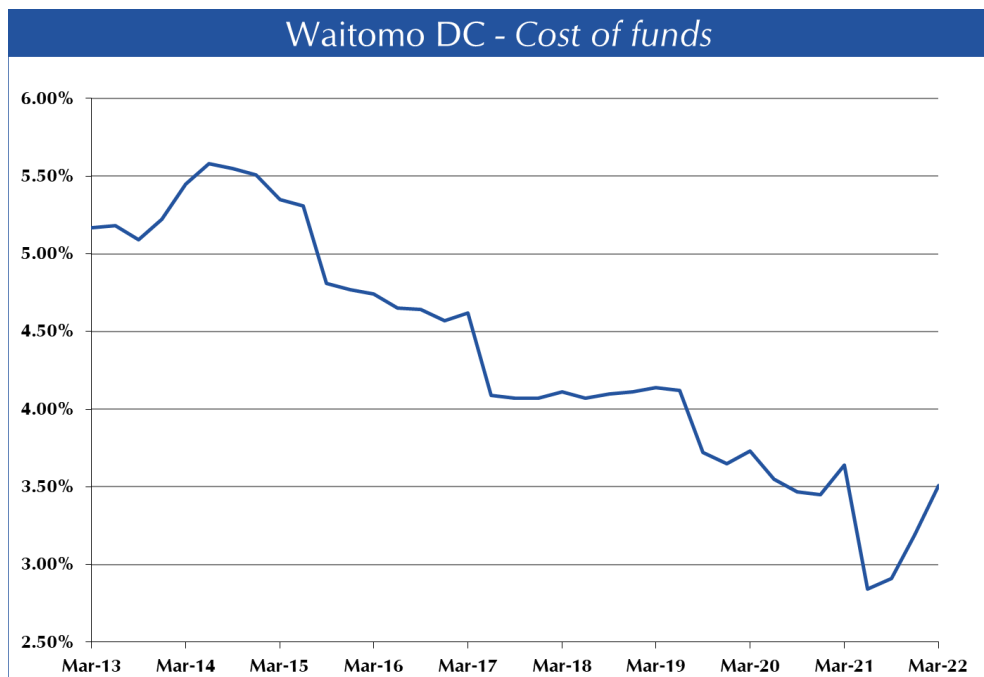
Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0 – 2 years	40%	100%
2 – 4 years	20%	80%
4 – 10 years	0%	60%

The debt profile incorporating these parameters, the swaps and the FRB, and using the projected debt figures as supplied by WDC, is depicted in the graph on the following page. The graph indicates that, as at 31 March, WDC was policy compliant.





As at 31 March, WDC’s cost of funds, including the line fee on the committed Westpac facility, was 3.51%, up from 3.19% at the end of December. The increase in the cost of funds was due to the rise in interest rates during the quarter and the reduction in the debt level which meant that the low yielding CP was reduced from \$8.0 million to \$5.0 million. WDC’s cost of funds since March 2013 is depicted in the following graph.



## 2.4 POLICY COMPLIANCE AS AT 31 MARCH 2022

	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 TMP?</i>	√

**Document No:** A613089

## Report To: Audit, Risk and Finance Committee



**Meeting Date:** 12 October 2021

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

### Purpose

- 1.1 The purpose of this business paper is to enable consideration as to whether or not the public should be excluded from the consideration of Council business.
- 1.2 The Committee may choose whether or not to consider any of the items in the public or public excluded portion of the meeting.

### Commentary

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

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1. Accounting Treatment: King Country Indoor Sport and Recreation Centre	Section 7(2)(i) – To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations);	Section 48(1)(d) – That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceedings to which this paragraph applies.

- 3 Council agree the following staff, having relevant knowledge to assist in the consideration of the items of business to be public excluded, remain in attendance to assist the Committee with its decision making:

Staff Member	Reason for Remaining in Attendance
Chief Executive	Council CEO
Manager – Governance Support	Committee Secretary
General Manager – Business Support	Portfolio Holder

- 4 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 which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in the public.



MICHELLE HIGGIE  
**MANAGER – GOVERNANCE SUPPORT**